



# **QUEBEC PRECIOUS METALS CORPORATION**

(an exploration company)

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended January 31, 2020

# 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 year ended January 31, 2020, and of the Company's financial condition and future prospects. This discussion and analysis supplements, but does not form part of, the audited financial statements for the year ended January 31, 2020. It reports on the Company's performance for the year ended January 31, 2019, and should therefore be read in conjunction with the audited financial statements as at January 31, 2020 and the notes thereto. This review was prepared by management with information available as at the date of the MD&A.

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 OTCQB Venture Market 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 April 30, 2020.

## 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 (flagship project): 32 drill holes (7,448 m) have been drilled since the beginning of the year. These drill holes are part of the 25,000 m 2020 drilling program announced by the Company. The drilling results indicate the continuity of the gold mineralized system and significant exploration potential southwest of the La Pointe deposit.
- New Elmer East project: Acquisition by map designation of a 100% interest in this new project and completion of a helicopter-borne geophysical survey. The project is located along strike from the recent gold discovery made by Azimut Exploration Inc. ("Azimut") on the Patwon prospect on its Elmer project. The Elmer East project includes the adjacent projects belonging to the Company - Annabelle and Opinaca Gold West.
- OTCQB Venture Market: Commencement of trading of the common shares on this US trading platform.
- Monetization process of non-core assets: is ongoing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ACTIVE PROJECTS

Mining projects	Balance as at January 31, 2019 \$	Addition \$	Proceeds relating to the grant of options on mining projects \$	Gain on disposal of mining project option \$	Rebiling \$	Tax credits related to ressources and mining tax credit \$	Balance as at January 31, 2020 \$
<b>Eeyou Istchee James Bay, Quebec:</b>							
Sakami	4,409,854	-	-	-	-	-	4,409,854
<b>Eeyou Istchee James Bay, Quebec - Non-core Assets:</b>							
Corridor Cheechoo-Eléonore	356,063	-	-	-	-	-	356,063
Blanche-Charles	38,040	-	-	-	-	-	38,040
New Gold	6,855	-	-	-	-	-	6,855
Elmer East	65,481	-	-	-	-	-	65,481
<b>Other Non-core Assets:</b>							
La Loutre	34,600	-	-	-	-	-	34,600
Somanike	208,129	-	(25,000)	-	-	-	183,129
Tansim	40,663	-	(125,000)	84,338	-	-	1
	5,159,685	-	(150,000)	84,338	-	-	5,094,023
<b>Exploration and evaluation expenses</b>							
<b>Eeyou Istchee James Bay, Quebec:</b>							
Sakami	4,203,596	1,913,241	-	-	-	(599,017)	5,517,820
<b>Eeyou Istchee James Bay, Quebec - Non-core Assets:</b>							
Corridor Cheechoo-Eléonore	-	248,283	-	-	-	(103,754)	144,529
Blanche-Charles	45,906	67,952	-	-	-	(23,184)	90,674
Elmer East	85,345	155,652	-	-	-	-	240,997
<b>Other Non-core Assets:</b>							
La Loutre	129,181	13,740	-	-	(14,711)	-	128,210
Tansim	23,669	-	-	-	-	-	23,669
	4,487,697	2,398,868	-	-	(14,711)	(725,955)	6,145,899
	9,647,382	2,398,868	(150,000)	84,338	(14,711)	(725,955)	11,239,922

The table above is presented for informational purposes only and does not refer to the change in accounting policy adopted in September 2019, as mentioned in note 4 to the financial statements.

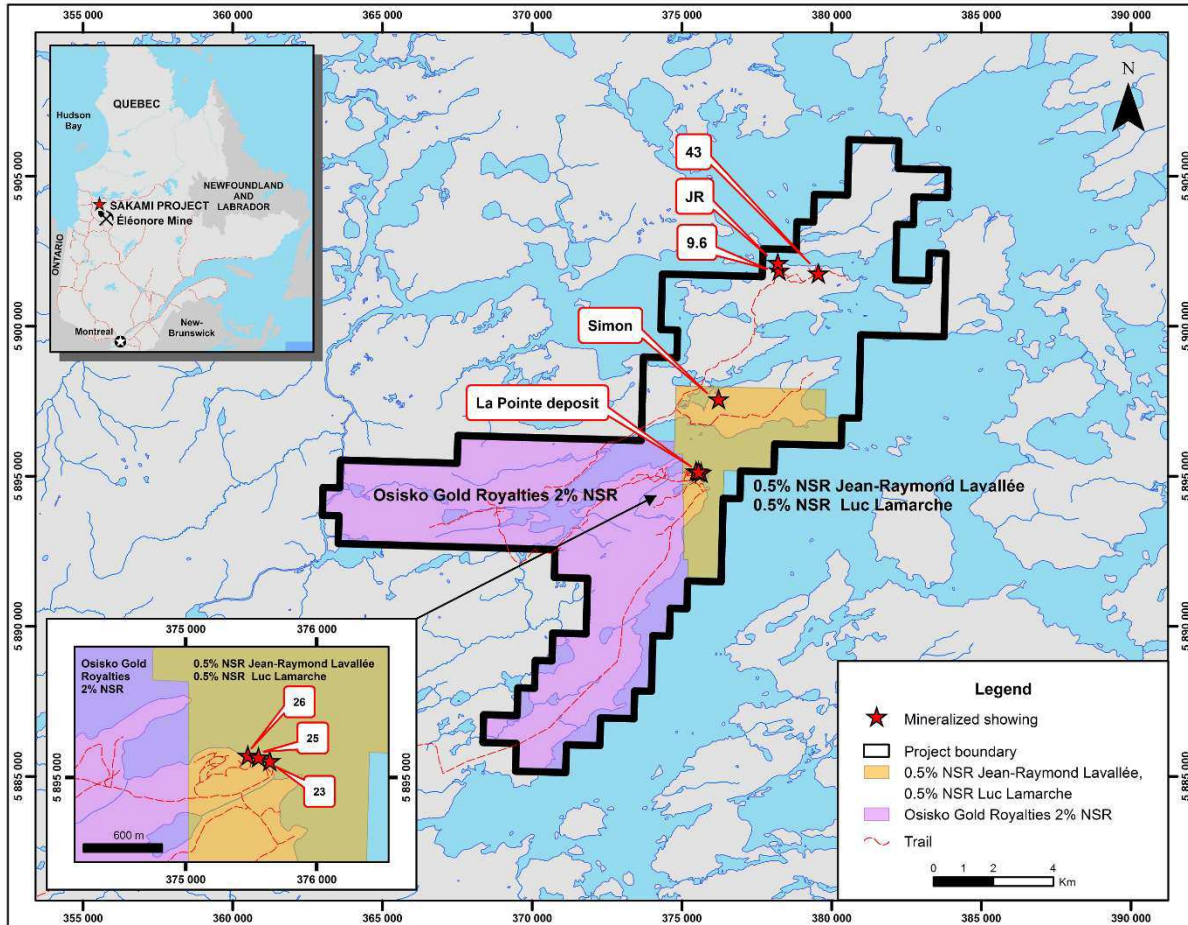
## EXPLORATION PROJECTS

### **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 area). 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 year

Exploration and evaluation expenses of \$1,913,241 were incurred on the Sakami project during the year ended January 31, 2020.

## 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 paragneiss 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-cut 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 confirmed that the known gold mineralization extends 50 m 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; drill 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 drill holes (totalling 2,499 m) completed during the 2019 winter campaign (see table 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Table:** 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
PT-19-134  including	375279	5894944	438	358	-71	303.00	304.50	1.50	3.10
						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
PT-19-135	375254	5894888	465	358	-70	424.70	426.00	1.30	2.46
						429.00	430.50	1.50	3.19
PT-19-136	374801	5895027	540	0	56.5	390.50	399.50	9.00	0.83
						427.50	429.00	1.50	1.44
PT-19-137	374736	5894960	747	360	-65	No significant values			
						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

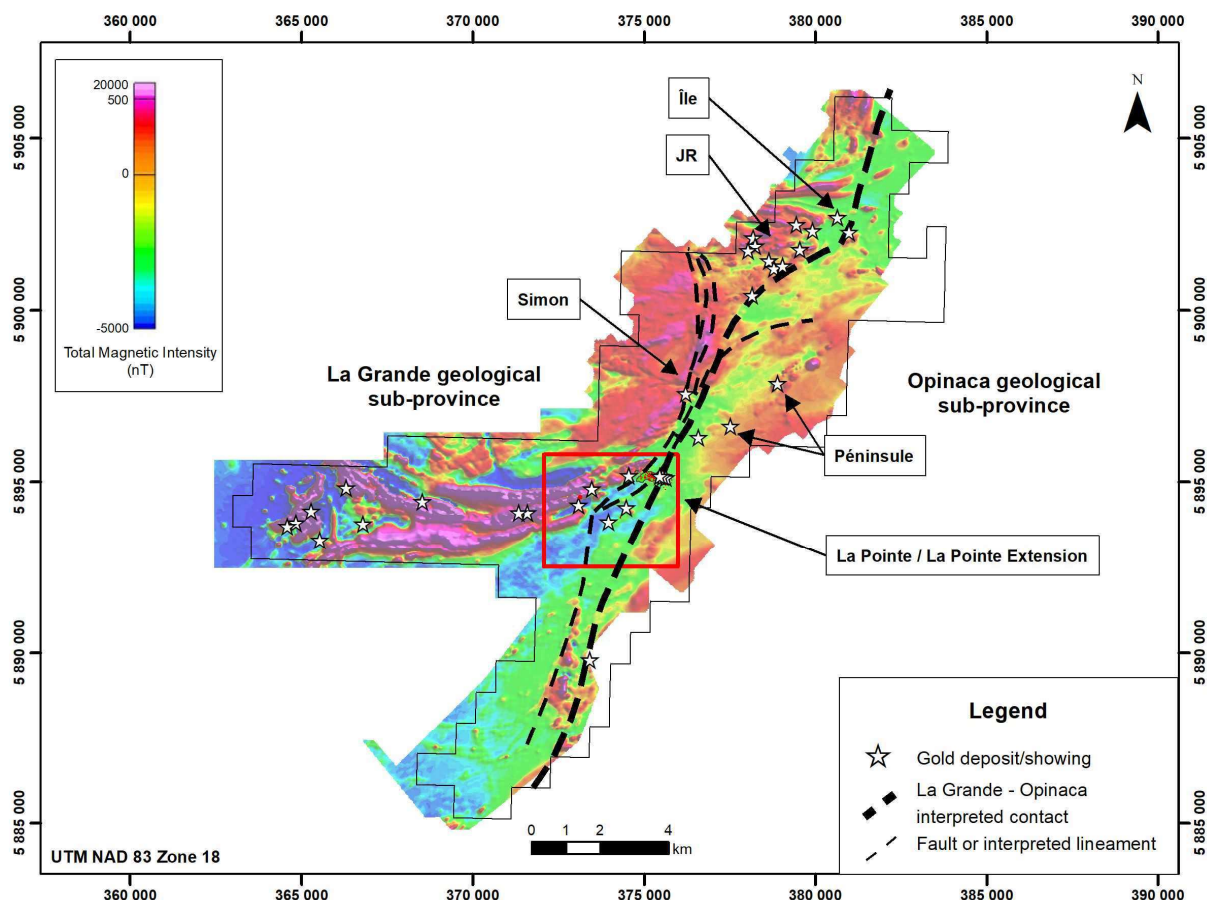
On October 22 2019, the Company announced the results of the helicopter-borne magnetic and radiometric survey (1,400 line-km), induced polarization survey ("IP", 15.6 line-km) and prospecting and sampling program for rock (175 grab samples) and soil (675 samples) conducted during the summer on the Sakami project. These results improved the definition of known targets and identified several new drill targets, including in particular targets representing the extension of the La Pointe deposit (called La Pointe Extension). The targets are characterized as follows:

- located along a 13-km mineralized trend 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 (see figures 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 La Pointe Extension. 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.



# MANAGEMENT DISCUSSION AND ANALYSIS



In January 2020, the Company announced plans to drill 25,000 m on the Sakami project, with the goal of 1) confirming the extension of the La Pointe deposit and the new high-grade Simon discovery (see description below); and 2) testing additional new targets along the 13 km SSW-NNE mineralized trend that includes the Apple, Peninsula, JR and Île areas (with gold mineralization detected in drill holes, grab samples and trenches). A total of 21 holes (5,703 m) were drilled in the winter of 2020.

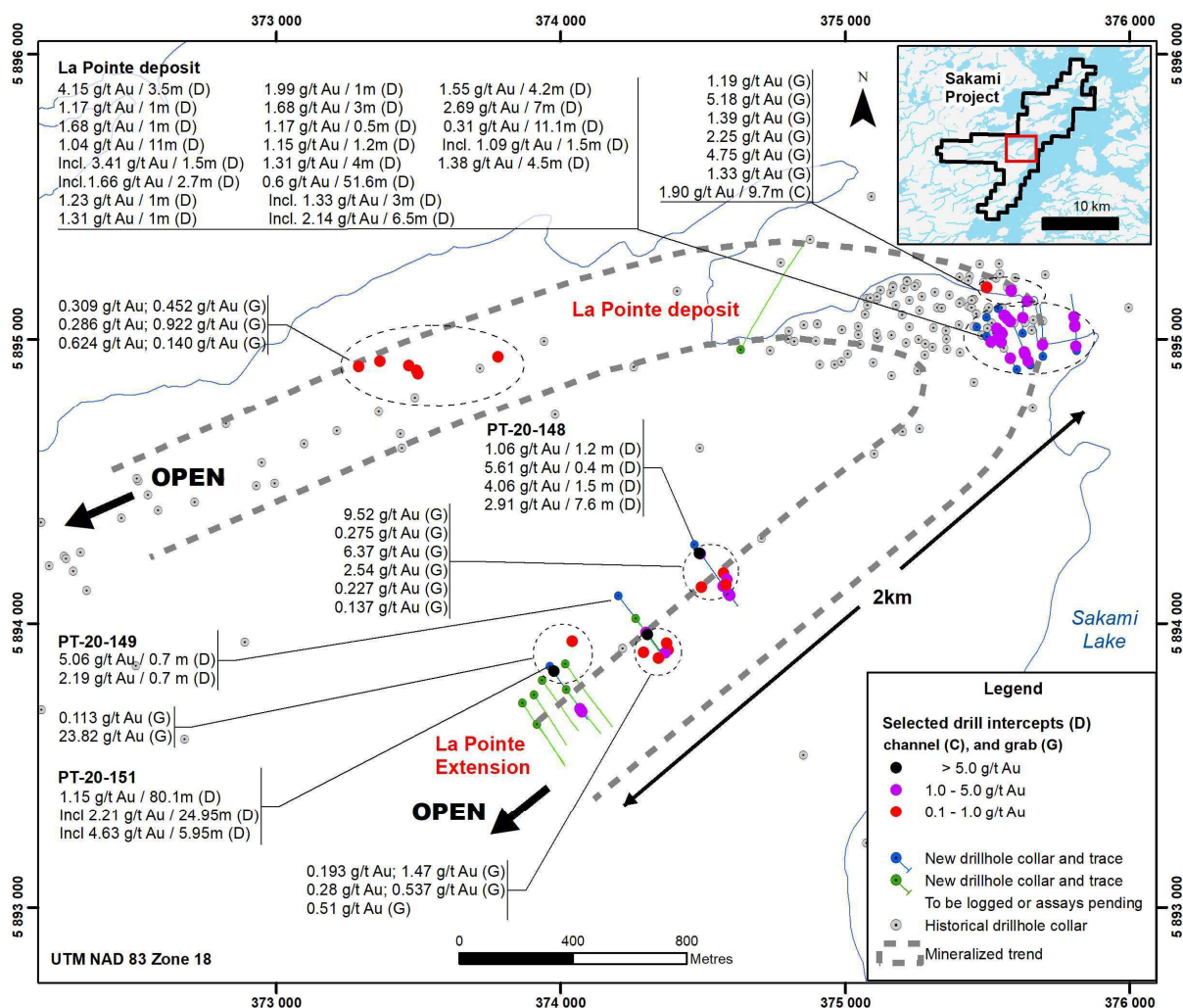
On April 21, 2020, the Company announced the discovery of La Pointe Extension following the winter program (see figure below). Drilling results indicate continuity of the gold mineralized system and significant exploration potential southwest of the La Pointe deposit. The new drill holes reported are 2 km from the current deposit and remain open for future expansion. Selected drilling results received from the winter drilling campaign include:

- PT-20-139: 4.15 g / t Au over 3.5 m
- PT-20-141: 1.04 g / t Au over 11.0 m
- PT-20-145: 2.14 g / t Au over 6.5 m
- PT-20-147: 2.79 g / t Au over 7.0 m
- PT-20-148: 2.91 g / t Au over 7.6 m
- PT-20-151: 1.15 g / t Au over 80.1 m incl. 2.21 g / t Au over 25 m (partial results)

Drilling is expected to resume in June. Quebec government officials have indicated that mineral exploration may resume in May 2020 in response to the COVID-19 pandemic.



# MANAGEMENT DISCUSSION AND ANALYSIS



## Apple area

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.

Re-assay results for recovered samples of historical and untested drill core are shown below. The core samples are from nine drill holes drilled in 2008 by a company that operated the project previously. A total of 51 samples from hole AP-08-12 were re-assayed. Assaying for high-grade nickel mineralization

## MANAGEMENT DISCUSSION AND ANALYSIS

returned 1.28% Ni and 0.26% Cu over 2.55 m (see Table 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 – New re-assay results for historical drill 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 2020.

### Simon-JR area

On March 26 and April 23, 2019, the Company announced the results of 11 reconnaissance drill holes drilled in the Simon-JR area, located 3 to 8 km northeast of the La Pointe deposit. Ten of the 11 holes intersected gold mineralization. Highlights are as follows:

#### *Simon showing*

- S119-02 - 14.20 g/t Au over 2.0 m in a 15.25 m intersection grading 2.34 g/t Au;
- S119-03 - 5.05 g/t Au over 5.06 m; and
- S119-04 - 4.66 g/t Au over 3.5 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. A total of 11 holes (3,168 m) were drilled in the winter of 2020. Results are pending.

### EEYOU ISTCHEE JAMES BAY, QUÉBEC - NON-CORE ASSETS

#### 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. Given the same high degree of metamorphism and similar gold-arsenical paragenesis, the Company considers the project's geological setting to be comparable to that of the Sakami and Cheechoo discoveries and the Éléonore mine.

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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).

### **Work done during the year**

A soil geochemistry survey (952 samples) and a prospecting program (121 grab samples) were conducted in late summer 2019. Anomalous gold values were detected in several soil samples from the northwestern part of the project. Future field work is being planned as part of the 2020 program of work on the Sakami project.

Exploration and evaluation expenses of \$248,283 were incurred on the Cheechoo-Éléonore Trend project during the year ended January 31, 2020.

### **ELMER EAST – GOLD PROJECT**

#### **Project Description**

The Elmer East project (929 claims, 488.42 km<sup>2</sup>) is 100% owned by the Company. The project is located in the extension of the recent gold discovery made by Azimut on the Patwon prospect on its Elmer project. The Elmer East project acquired by QPM includes the adjacent Annabelle and Opinaca Gold West blocks. The western part of the Elmer East Project is contiguous with Azimut's project.

Azimut recently announced significant gold-bearing drill intersections on the Patwon prospect, of 3.15 g/t Au over 102.0 m, including 10.1 g/t Au over 20.5 metres. The western portion of the Elmer East project located closest to the Patwon discovery shows a favourable geological setting for gold mineralization.

The claims cover prospective east-west striking volcano-sedimentary rock sequences and intrusions belonging to the Opinaca subprovince. Gold and arsenic geochemical anomalies have been identified on the Opinaca Gold West block. Follow-up prospecting was carried out in the fall of 2019 (155 grab samples). No significant results were obtained.

### **Work done during the year**

A helicopter-borne magnetic survey was conducted in the winter of 2020 to cover the project. A geological compilation is also underway. The results will be used to plan the summer surface exploration program.

Exploration and evaluation expenses of \$155,652 were incurred on the Elmer East project during the year ended January 31, 2020.

### **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 120 km northeast of the Éléonore mine 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

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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.

### **Work done during the year**

The first field reconnaissance work was carried out on the Charles project in the fall of 2019 (124 selected samples) in order to further validate the copper-gold potential. No significant results were obtained, but the work only covered around 40% of the project. Additional reconnaissance work is planned for the summer of 2020. 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 \$67,952 were incurred on the Blanche-Charles projects during the year ended January 31, 2020.

### **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 year**

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

### **CHEMIN TROÏLUS – GOLD PROJECT**

#### **Project Description**

The Chemin Troïlus 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 Troïlus 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-Troïlus greenstone belt. This corridor includes the Troïlus 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

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with the drilling, the results of till sampling programs confirm the area'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 year**

Exploration and evaluation expenses of \$1,040 were incurred during the year ended January 31, 2020.

### **OTHER NON-CORE ASSETS**

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

##### **Project Description**

The Lac-des-Îles West project consists of one large contiguous block of 23 mineral claims (9.88 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 April 16, 2020, the Company and Lomiko Metals Inc. ("Lomiko") agreed on the terms of an amendment on the option agreement on the Lac-des-Îles and La Loutre projects allowing Lomiko to acquire up to 100% interest in both projects. Lomiko must also pay the Company an additional amount of \$1,125,000 and issue an additional 950,000 common shares to the Company (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, 2021.

At January 31, 2020, the Company owned a 20% interest in the project.

### **Work done during the year**

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

#### **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 April 16, 2020, the Company and Lomiko Metals Inc. ("Lomiko") agreed on the terms of an amendment on the option agreement on the Lac-des-Îles and La Loutre projects allowing Lomiko to acquire up to 100% interest in both projects. Lomiko must also pay the Company an additional amount of \$1,125,000 and issue 1,000,000 common shares to the Company (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, 2021.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 was prepared by B. Turcotte and G. Servelle of 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.

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 January 31, 2020, the Company owned a 20% interest in the project.

### Work done during the year

Exploration and evaluation expenses on La Loutre project totalled \$13,740, of which \$14,711 was incurred by Lomiko following the signature of the option agreements.

### 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 Somanike 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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has an option to acquire a 100% interest in the rights held by Vanicom. Vanicom carried out surface geophysical work on the project in the fall of 2019.

### **Work done during the year**

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

### **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"). Investissement Quebec 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 drill 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 year**

Exploration and evaluation expenses of \$6,610 were incurred on the Kipawa-Zeus project during the year ended January 31, 2020.

### **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").



## MANAGEMENT DISCUSSION AND ANALYSIS

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Under this option 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 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 (condition fulfilled) on exploration work and pay the Company \$250,000. On December 22, 2019, the agreement was extended to December 31, 2020, to defer the payment of the \$250,000 owed to the Company in return for a \$25,000 cash payment (amount paid). 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 geophysical 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 year**

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.

### **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

## MANAGEMENT DISCUSSION AND ANALYSIS

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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 year**

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

### **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 12.77 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 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. IEP and the Company plans to sell their respective interest in the project or identify a partner to continue exploring the projects.

### **Work done during the year**

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

## SELECTED ANNUAL INFORMATION

The following selected financial data is derived from our audited financial statements for the year ended January 31, 2020 and our consolidated audited financial statements for the year ended January 31, 2019.

In \$ 000's except for share data	Year ended January 31, 2020	Year ended January 31, 2019 (restated)
Interest Income and other revenues	51	31
Net loss	(2,576)	(8,219)
Basic and diluted net loss per share	(0,053)	(0,223)
<b>Total assets</b>	<b>7,716</b>	<b>4,112</b>

This selected annual information should be read in conjunction with the audited financial statements filed on [www.sedar.com](http://www.sedar.com) for the year ended January 31, 2020.

## CHANGE IN ACCOUNTING POLICY

The Company had historically capitalized expenditures on Exploration and Evaluation activities after they had reached a certain stage under *IFRS 6 – Exploration and Evaluation of Mineral Resources*.

On September 27, 2019, the Company adopted a voluntary change in accounting policy with respect to Exploration and Evaluation expenses. The Company's new accounting policy is to expense Exploration and Evaluation expenditures in the statement of 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, and such development receives the Board of Directors' approval.

Financial information for the year ended January 31, 2019 and for three-month period ended January 31, 2019 presented in the financial highlights of the MD&A have been restated to reflect the change in accounting policy related to Exploration and Evaluation expenses as adopted in 2020.

A description of the change in accounting policy and its impacts on the financial statements is included in note 4 to the Financial Statements filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## 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. 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 following comments constitute an analysis of the operating results for the year ended January 31, 2020. The selected financial information below is extracted from the audited financial statements for the year indicated.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

	January 31	
	2020	2019
Salaries, General Administrative Expenses and Travel	\$ 884,104	\$ 363,695
Registration, listing fees and shareholders' information	\$ 117,906	\$ 286,414
Professional and consultant fees	\$ 446,335	\$ 607,179
Depreciation of property, plant and equipment	\$ 2,289	\$ 8,342
Exploration and evaluation expenditures	\$ 1,506,067	\$ 6,933,506
Compensation and share-based payments	\$ 277,698	\$ 254,475
Part XII.6 taxes	\$ 38	\$ 7,212
Net change in fair value of marketable securities and warrants	\$ (411,335)	\$ 276,300
Loss on disposal of property, plant and equipment	\$ 35,011	\$ -
Write-off of property, plant and equipment	\$ -	\$ 30,943
	<u>\$ 2,858,113</u>	<u>\$ 8,768,066</u>
Interest income	\$ (32,077)	\$ (29,709)
Other revenues	\$ (18,495)	\$ (1,546)
Gain on write-off of debt	\$ -	\$ (199,583)
Loss before income taxes	<u>\$ 2,807,541</u>	<u>\$ 8,537,228</u>
Deferred income taxes	<u>\$ (231,347)</u>	<u>\$ (318,468)</u>
Net loss and comprehensive loss for the year	<u>\$ 2,576,194</u>	<u>\$ 8,218,760</u>
Cash and cash equivalents	<u>\$ 2,460,498</u>	<u>\$ 3,275,858</u>

### Salaries, General Administrative Expenses and Travel

Salaries, General Administrative Expenses and Travel for the year ended January 31, 2020, consisted mainly of salaries and fringe benefits, insurance, interest and penalties, travel expenses, promotional activities, office expenses and the Company's claim renewal expenses. The \$520,409 increase over last year is mainly due to higher travel and entertainment expenses, claim renewal fees and salaries and fringe benefits. Salaries and fringe benefits were higher than the previous year as the period ended January 31, 2020, covered 12 months of salaries and fringe benefits while the fiscal year ended January 31, 2019, represented only a six-month period. The number of employees during the year ended January 31, 2020, was also higher than during the 2019 fiscal year.

### Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the year ended January 31, 2020, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease of \$168,508 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 year ended January 31, 2020, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. The decrease of \$160,844 compared to the previous year is due to a decrease in legal and accounting expenses offset by a slight increase in business development and in consulting fees.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### Exploration and evaluation expenditures

Exploration and evaluation expenditures included exploration and evaluation expenditures incurred on s Blanche-Charles, Chemin Troilus, Corridor Cheechoo-Éléonore, Elmer East, Kipawa-Zeus, La Loutre, Matheson and Sakami projects. This item also includes the resource tax credit and the credit on duties for these projects, the proceeds relating to the grant of options on Tansim and Somanike mining projects and amounts rebilling. Evaluation and exploration expenditures of \$1,506,067 were incurred during the year ended January 31, 2020.

### Compensation and Share-Based payments

Compensation and Share-based expense of \$277,698 for the year ended January 31, 2020, relates to the assigned value of the 2,070,000 stock options granted to directors, officers and consultants, using the Black-Scholes model.

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

The change in the value of marketable securities and warrants is related to fluctuations in the prices of securities held on the TSX Venture Exchange. During the year ended January 31, 2020, 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 also disposed of the 1,000,000 Metalla's common shares during the same year, for proceeds of \$1,254,085.

### Other revenues

Other revenues for the year ended January 31, 2020 amounted to \$18,495 (\$18,495 in 2019), consisting dividend income, rental income and management fees. Given its status as an exploration company, the Company does not generate any steady income, and must finance its activities by issuing equity.

### SUMMARY OF QUARTERLY RESULTS

The comments below provide an analysis of the operating results for the three-month period ended January 31, 2020. 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

	January 31 (3 months)	
	2020	2019
Salaries, General Administrative Expenses and Travel	\$ 250,908	\$ 149,216
Registration, listing fees and shareholders' information	\$ 50,220	\$ 11,079
Professional and consultant fees	\$ 143,138	\$ (12,326)
Depreciation of property, plant and equipment	\$ 352	\$ 971
Exploration and evaluation expenditures	\$ 1,352,228	\$ 6,943,991
Compensation and share-based payments	\$ (84,186)	\$ 254,475
Part XII.6 taxes	\$ -	\$ 139
Net change in fair value of marketable securities and warrants	\$ (11,250)	\$ 276,300
Loss on disposal of property, plant and equipment	\$ -	\$ (31,043)
Write-off of property, plant and equipment	\$ -	\$ 30,943
	<u>\$ 1,701,410</u>	<u>\$ 7,623,745</u>
Interest income	\$ (14,398)	\$ (16,706)
Other revenues	\$ (6,194)	\$ (753)
Gain on write-off of debt	\$ -	\$ (154,091)
Loss before income taxes	<u>\$ 1,680,818</u>	<u>\$ 7,452,195</u>
Deferred income taxes	<u>\$ (231,347)</u>	<u>\$ (20,271)</u>
Net loss and comprehensive loss for the period	<u>\$ 1,449,471</u>	<u>\$ 7,431,924</u>
Cash and cash equivalents	<u>\$ 2,460,498</u>	<u>\$ 3,275,858</u>

### Salaries, General Administrative Expenses and Travel

Salaries, General Administrative Expenses and Travel for the three-month period ended January 31, 2020, consisted mainly of salaries and fringe benefits, insurance, interest and penalties, travel expenses, promotional activities, office expenses and the Company's claim renewal expenses. The increase of \$101,692 compared to the previous period is mainly due to the increase in renewal fees for the Company's mining titles, as well as salaries and fringe benefits. The number of employees was also higher than during the period of three-month ended January 31, 2020 comparison period in 2019.

### Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the three-month period ended January 31, 2020, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The increase of \$39,141 is mainly due to an increase in relation investors fees following the agreement signed with Red Cloud Financial Services Inc. as well as shareholder information expenses.

### Professional and Consultant Fees

Professional and consulting fees for the three-month period ended January 31, 2020, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. The increase of \$155,464 compared to the previous period is due to an increase in business development as well as legal and accounting fees. The increase seen in the three-month period ended January 31, 2020, was attributable to the fact that the Company had received credits for legal and accounting invoice in the previous period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Exploration and evaluation expenditures

Exploration and evaluation expenditures included exploration and evaluation expenditures incurred on the Blanche-Charles, Chemin Troilus, Corridor Cheechoo-Éléonore, Elmer East, Kipawa-Zeus, La Loutre, Matheson and Sakami projects. This item also includes the resource tax credit and the credit on duties for these projects, the proceed relating to the grant of options on Tansim mining project and amounts rebilling. Evaluation and exploration expenditures of \$1,352,228 were incurred during the three-month period ended January 31, 2020.

## Compensation and Share-Based payments

Compensation and Share-based payments for the three-month period ended January 31, 2020, represent the charge related to the value of the 270,000 stock options granted to an investor's relations firm, offset by a change in the expense associated with a 1,450,000 stock options granted during the year. A negative compensation expense charge of \$84,186 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.

## Other revenues

Other revenues for the three-month period ended January 31, 2020 amounted to \$6,194 (\$753 in 2019), consisting dividend income, rental income and management fees. Given its status as an exploration company, the Company does not generate any steady income, and must finance its activities by issuing equity.

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

\$000s of \$	January 31	October 31	July 31	April 30	January 31	October 31	July 31	April 30
except for share data	2020	2019	2019	2019	2019	2018	2018	2018
Interests Income and other revenues	21	4	6	20	17	11	3	-
Net profit (loss)	(1,449)	(390)	(780)	43	(7,290)	(337)	(570)	(22)
Basic and diluted								
net income (net loss) per share	(0.030)	(0.009)	(0.017)	0.001	(0.162)	(0.008)	(0.018)	(0.001)

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at January 31, 2020, totaled \$2,460,498 compared to \$3,275,858 as at January 31, 2019. 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



## MANAGEMENT DISCUSSION AND ANALYSIS

For the next fiscal year, the Company has budgeted \$1,262,000 for administrative expenses. While management consider that the Company will be able to meet its current exploration obligations and keep its projects in good standing for the next 12 months even if it is unable to raise additional equity financing; 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

	January 31	
	2020	2019
Operating activities	\$ (4,117,516)	\$(3,917,411)
Financing activities	\$ 6,342,906	\$ 5,272,161
Investing activities	\$ (3,040,750)	\$ 228,294
	<u>\$ (815,360)</u>	<u>\$ 1,583,044</u>
Cash and cash equivalents	<u>\$ 2,460,498</u>	<u>\$ 3,275,858</u>

During the year ended January 31, 2020, funds used for operating activities were spent primarily on improving operations and promotion of the Company.

During the year ended January 31, 2020, the main financing activity undertaken by the Company was as follows:

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 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.

During the year ended January 31, 2020, the investment activities consisted in the acquisition and disposal of marketable securities, the acquisition of investment, the sale of property, plant and equipment as well as acquisition of property, plant and equipment.

### CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

#### Commitments

The Company has entered into several services agreements with suppliers and consultants which call for total minimum payments of \$559,474 in 2021. As at January 31, 2020, total prepaid expenses and deposits related to these services agreements amounted to \$554,435, of which \$544,302 is attributable to deposits related to exploration and evaluation activities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ROYALTIES ON MINING PROJECTS

PROJECTS	ROYAL TIES		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
Elmer East	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 and members of the Board of Directors

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.

A) During the year ended January 31, 2020, the Company did not incur professional and consultant fees (\$25,907 in 2019) with its Chief Financial Officer.

B) During the year ended January 31, 2020, the Company incurred \$1,280,292 (\$2,180,113 in 2019) in exploration and evaluation assets, \$62,489 professional and consultant fee (Nil in 2018), general administrative expenses for \$178,210 (\$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 \$221,211 was payable to Consul-Teck Exploration Minière Inc. as at January 31, 2020 (\$703,064 as at January 31, 2019).

C) During the year ended January 31, 2020, 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 January 31, 2020 (Nil as at January 31, 2019).

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.

The following table reflects the remuneration of key management and directors of the Company's:

	January 31, 2020	January 31, 2019
	\$	\$
Salaries and fringe benefits	450,590	124,951
Compensation and share-based payments	216,494	222,335
	<u>667,084</u>	<u>347,286</u>

## SUBSEQUENT EVENTS

Since January 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The Company is continuing off-site activities to further the Company's objectives during this uncertain and rapidly evolving time and to follow the recommendations of Quebec Government and Health Canada/Santé Quebec. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods. However, we anticipate that due to market uncertainty the Company may be restricted in its ability to raise additional funding.

## MANAGEMENT DISCUSSION AND ANALYSIS

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On February 17, 2020, the Company has amended its stock option plan. The amendment increases the maximum number of shares issuable upon exercise of the options granted under the Stock Option Plan from 4,498,055 to 6,743,433.

On February 17 2020, the Company granted \$94,796 in bonuses to employees and a consultant in recognition of their performance during the year ended January 31, 2020.

Since March 12, 2020, the Company's common shares are trading on the OTCQB Venture Market, a US trading platform that is operated by the OTC Markets Group in New York. The Company trade under symbol "CJCFF".

### **CERTIFICATION OF ANNUAL FILINGS**

The Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual Filings as required by National Instrument 52-109 for the venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

- The Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the exercise ended January 31, 2020.
- Based on their knowledge, having exercised reasonable diligence, the Chief Executive Officer and the Chief Financial Officer confirm that the annual 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, for the period covered by the annual filings.

Based on their knowledge, having exercised reasonable diligence, the Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the period presented in the annual filings.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

### MATERIAL COMPONENTS

	2020	January 31 2019	2018
<b>Statements of Comprehensive Income</b>			
Professional and consultant fees	\$ 446,335	\$ 607,179	\$ 78,598
Salaries and fringe benefits	\$ 450,590	160,260	\$ 11,404
General administrative expenses and travel	\$ 433,514	\$ 203,435	\$ 87,050
Registration, listing fees and shareholders' information	\$ 117,906	\$ 286,414	\$ 135,329
Net increase in fair value of marketable securities and warrants	\$ (411,335)	\$ 276,300	\$ 76,592
Exploration and evaluation expenditures	\$ 1,506,067	\$ 6,933,506	
Compensation and share-based payments	\$ 277,698	\$ 254,475	\$ 146,754
<b>Statements of Financial Position</b>			
Cash and cash equivalents	\$ 2,460,498	\$ 3,275,858	\$ 1,692,814
Investments	\$ 3,600,000	\$ -	\$ -
Deposits related to exploration and evaluation activities	\$ 544,302	\$ -	\$ -
Tax credits related to resources and mining tax credits receivable	\$ 789,780	\$ 398,429	\$ -

# 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 April 30, 2020)

<b>Common shares outstanding:</b>	67,434,334	
<b>Options outstanding:</b>	5,440,385	
Average exercise price of:	\$ 0.32	
<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		\$
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
February 2022	100,000	0.28
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
February 2025	685,000	0.28
March 2025	200,000	0.19
	<u>5,440,385</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>
		\$
June 2020	4,445,331	0.85
November 2021	1,210,863	0.30
	<u>5,656,194</u>	

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Critical judgments in applying the Company's accounting policies are detailed in the Annual Financial Statements, filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

## NEW ACCOUNTING POLICIES ADOPTED IN FISCAL 2020

### IFRS 16, Leases

On January 13, 2016, the IASB issued IFRS 16, *Leases*, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, *Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant

## MANAGEMENT DISCUSSION AND ANALYSIS

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changes to the requirements for lessors. The Company does not have any operating leases with a term greater than a year

The Company adopted this standard retrospectively on February 1<sup>st</sup>, 2019 without restating the figures for the comparative periods, as permitted under the specific transitional provisions in the standard (modified retrospective approach).

The adoption of this standard did not have an impact on the Company's financial statements as it used the lease accounting exemption for short-term leases.

### **IFRIC 23, Uncertainty over Income Tax Treatments**

On June 7, 2017, the IASB issued IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*.

The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Company adopted this standard retrospectively on February 1<sup>st</sup>, 2019 without restating the figures for the comparative periods, as permitted under the specific transitional provisions in the standard (modified retrospective approach).

The Interpretation requires the Company to:

- contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- Measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The adoption of this new interpretation did not have an impact on the Company's financial statements.

### **NEW ACCOUNTING POLICIES ADOPTED IN FISCAL 2019**

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

On February 1, 2018, the Company applied IFRS 9 retrospectively in accordance with the transitional provisions set out in the standard and restated its comparative financial statements. The adoption of this new standard resulted in an increase to opening cumulated deficit of \$75,032 due to the fact that marketable securities and warrants previously designated as available-for-sale financial assets and measured at fair value at each reporting date under IAS 39 are now classified in the fair value through profit and loss category in accordance with IFRS 9.

The classification for the Company's other financial assets and financial liabilities remained unchanged.

### **FINANCIAL INSTRUMENTS**

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, FVPL or fair value through other comprehensive income, as appropriate

A description of financial instruments and their fair value is included in the Financial Statements filed on SEDAR ([www.sedar.com](http://www.sedar.com)).



## MANAGEMENT DISCUSSION AND ANALYSIS

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**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.

**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

## MANAGEMENT DISCUSSION AND ANALYSIS

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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.

**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).