QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Financial Statements

(Unaudited and unreviewed by the Company's Independent Auditors)

Three-month and nine-month periods ended
October 31, 2020 and 2019

QUEBEC PRECIOUS METALS CORPORATION
(An exploration company)
Condensed Interim Financial Statements
Three-month and nine-month periods ended October 31, 2020 and 2019

Condensed Interim Financial Statements

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Financial Position

As at October 31, 2020 and January 31, 2020

(in Canadian dollars)

	Note	October 31 2020	January 31 2020
		$	$
Assets			
Current assets:			
Cash and cash equivalents	5	808,337	2,460,498
Investments	6	1,085,000	3,600,000
Marketable securities	7	253,796	33,750
Other receivables		3,932	32,349
Taxes receivable		239,251	160,623
Interests receivable		22,107	15,287
Prepaid expenses		27,210	74,661
Deposits related to exploration and evaluation activities		51,851	544,302
Tax credits related to resources receivable		140,226	701,116
Mining tax credits receivable		17,733	88,664
Total current assets		2,649,443	7,711,250
Non-current assets:			
Property and equipment		6,589	4,664
Total non-current assets		6,589	4,664
Total assets		2,656,032	7,715,914
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		767,023	718,892
Other liabilities related to flow-through financings	8	149,992	1,709,388
Total current liabilities		917,015	2,428,280
Equity:			
Share capital	9	47,516,628	47,439,128
Contributed surplus	10	4,635,355	4,245,397
Deficit		(50,412,966)	(46,396,891)
Total equity		1,739,017	5,287,634
Total liabilities and equity		2,656,032	7,715,914

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on December 22, 2020.

(S) Mario Caron	(S) Jean-François Meilleur
Director	Director

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Loss and Comprehensive Loss

Three-month and nine-month periods ended October 31, 2020 and 2019

(in Canadian dollars)

	Three-month period ended		Nine-month period ended	
	October 31 2020	October 31 2019 restated (Note 4)	October 31 2020	October 31 2019 restated (Note 4)
	$	$	$	$
General and administrative expenses:				
Salaries and employee benefit expense	187,257	145,127	562,426	315,076
General administrative expenses	23,265	14,680	116,642	224,432
Travel	12,505	29,904	29,103	94,044
Registration, listing fees and shareholders information	18,787	7,349	90,746	67,686
Professional and consulting fees	188,940	76,957	405,626	303,197
Depreciation of property and equipment	1,023	290	1,737	1,937
Share-based compensation	120,381	-	389,958	361,884
Part XII.6 tax	(6,673)	-	-	38
Change in fair value of marketable securities	133,396	(89,635)	(50,854)	(400,085)
Exploration and evaluation expenditures	1,658,124	361,682	4,393,025	1,041,875
Loss on disposal of property, plant and equipment	-	-	-	35,011
Operating loss before other revenues and income tax	2,337,005	546,354	5,938,409	2,045,095
Other revenues:				
Interest income	14,703	(256)	(26,300)	(14,581)
Other revenues	(3,420)	(4,026)	(3,638)	(15,399)
Gain on disposal of mining projects	(125,000)	-	(333,000)	(125,000)
Total other revenues	(113,717)	(4,282)	(362,938)	(154,980)
.				
Loss before income tax	(2,223,288)	(542,072)	(5,575,471)	(1,890,115)
Income tax recovery	388,507	-	1,559,396	-
Net loss and comprehensive loss	(1,834,781)	(542,072)	(4,016,075)	(1,890,115)
Weighted average number of common shares outstanding	67,578,356	44,980,558	67,482,692	44,980,558
Basic and diluted loss per share:	(0.027)	(0.012)	(0.060)	(0.042)

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Changes in Equity

Three-month and nine-month periods ended October 31, 2020 and 2019

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Total equity
			$	$	$	$
Balance as at January 31 2020		67,434,334	47,439,128	4,245,397	(46,396,891)	5,287,634
Share options exercised		250,000	77,500			77,500
Share options granted	10			389,958		389,958
Transaction with owners		67,684,334	47,516,628	4,635,355	(46,396,891)	5,755,092
Net loss and comprehensive loss for the period					(4,016,075)	(4,016,075)
Balance as at October 31 2020		67,684,334	47,516,628	4,635,355	(50,412,966)	1,739,017
Balance as at January 31 2019 - restated (Note 4)		44,980,558	43,114,217	3,890,439	(43,820,697)	3,183,959
Share options granted	10			361,884		361,884
Transaction with owners		44,980,558	43,114,217	4,252,323	(43,820,697)	3,545,843
Net loss and comprehensive loss for the period					(1,890,115)	(1,890,115)
Balance as at October 31 2019 - restated (Note 4)		44,980,558	43,114,217	4,252,323	(45,710,812)	1,655,728

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Cash Flows

Nine-month periods ended October 31, 2020 and 2019

(in Canadian dollars)

	Nine-month period ended	
	October 31 2020	October 31 2019 restated (Note 4)
	$	$
Operating activities:		
Net loss	(4,016,075)	(1,890,115)
Adjustments for:		
Income tax recovery	(1,559,396)	-
Depreciation of property and equipment	1,737	1,937
Share-based compensation	389,958	361,884
Loss on disposal of property, plant and equipment	-	35,011
Change in fair value of marketable securities	(50,854)	(400,085)
Gain on disposal of mining projects	(333,000)	(125,000)
Operating activities before changes in working capital items	(5,567,630)	(2,016,368)
Change in other receivables	28,417	(520)
Change in taxes receivable	(78,628)	55,439
Change in interests receivable	(6,820)	28,537
Change in prepaid expenses	47,451	(12,277)
Change in deposits related to exploration and evaluation activities	492,451	-
Change in tax credits related to resources receivable	560,890	(334,124)
Change in mining tax credits receivable	70,931	(2,518)
Change in trade accounts payable and accrued liabilities	48,131	(332,548)
Change in working capital items	1,162,823	(598,011)
Cash flows used for operating activities	(4,404,807)	(2,614,379)
Financing activities:		
Proceeds from share options exercised	77,500	-
Cash flows from financing activities	77,500	-
Investing activities:		
Proceeds from disposal of property, plant and equipment	-	60,895
Proceeds from disposal of marketable securities	63,808	1,254,085
Proceeds from disposal of investments	2,515,000	-
Option payments received	100,000	125,000
Acquisition of equipment	(3,662)	(5,730)
Acquisition of marketable securities	-	(750,000)
Cash flows from investing activities	2,675,146	684,250
Net change in cash and cash equivalents	(1,652,161)	(1,930,129)
Cash and cash equivalents, beginning of period	2,460,498	3,275,858
Cash and cash equivalents, end of period	808,337	1,345,729

Additional disclosures of cash flows information (Note 13).

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

1. Statute of incorporation, nature of activities and going concern:

The Company, Quebec Precious Metals Corporation or the ("Company"), incorporated under the Canada Business Corporations Act, is a mineral exploration company operating in Canada. Its shares are traded on TSXV Stock Exchange on symbol QPM, on American Stock Exchange OTCQB Market on symbol CJCFF and on Frankfurt exchange on symbol YXEN. On June 27, 2018, the Company and Matamec Explorations Inc. ("Matamec") entered into a 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. Following this transaction, the Company no longer has a subsidiary to consolidate in its financial statements. The address of the Company's head office and registered office is 1080, Côte du Beaver Hall, Suite 2101, Montréal, Québec, H2Z 1S8 and its web site is www.qpmcorp.ca.

Since beginning of March 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 have caused material disruption to businesses globally resulting in a very important economic slowdown.

The Company shut down site activities on March 13, 2020 in accordance with provincial requirements as issued by Quebec Government and Health Canada/Santé Québec. The Company re-commenced on-site activities in June and is continuing 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 Québec. 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 operations in future periods. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The Company has put in place a rigorous protocol, in accordance with INSPQ and CNESST guidelines, to ensure the protection of all stakeholders in the region in the context of the COVID-19 pandemic. The Company's protocol has been communicated to and reviewed by the Cree Nation Government. The Company wishes to acknowledge the excellent cooperation received from the Cree authorities in support of the exploration programs during this difficult period.

The Company has not yet determined whether the mining projects have mineral reserves. The exploration and development of mineral deposits involves significant financial risks. The success of the Company will be influenced by a number of factors, including exploration and extraction risks, regulatory issues, environmental regulations and other regulations.

Although management has taken steps to verify titles of the mining projects in which the Company holds an interest, in accordance with industry standards for the current stage of exploration of such projects, these procedures do not guarantee the Company's project title. Project title may be subject to unregistered prior agreements and noncompliant with regulatory requirements.

The financial statements have been prepared by the Company on a going concern basis, assuming that the Company will be able to realize its assets and settle its liabilities in the normal course of business as they come due.

For the nine-month period ended October 31, 2020, the Company recorded a net loss of $4,016,075 ($1,890,115 for the nine-month period ended October 31, 2019) and has an accumulated deficit of $50,412,966 as at October 31, 2020 ($46,396,891 as at January 31, 2020). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at October 31, 2020, the Company had a working capital of $1,732,428 (a working capital of $5,282,970 as at January 31, 2020) consisting of cash and cash equivalents of $808,337 ($2,460,498 in cash and cash equivalents as at January 31, 2020). The Company is still in exploration stage and, as such, no revenue nor cash flow has been yet generated from its operating activities. Consequently, management periodically seeks financing through the issuance of shares, the exercise of warrants and share purchase options to continue its operations, and despite the fact that it has been able in the past, there is no guarantee of success for the future. If management is unable to obtain new funding, the Company may be unable to continue its operation, and amounts realized for assets may be less than amounts reflected in these financial statements.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The accompanying financial statements do not reflect the adjustments to the carrying value of assets and liabilities, the reported revenues and expenses and statement of financial position classification that would be necessary if the going concern assumption is not appropriate. These adjustments could be material.

2. Basis of preparation:

2.1 Statement of compliance:

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements of the Company and the notes thereto for the year ended January 31, 2020.

2. Basis of preparation (continued):

2.2 Basis of measurement:

The condensed interim financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

2.3 Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements:

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in Note 5 of the annual audited financial statements of the Company as at January 31, 2020.

3. Significant accounting policies:

These condensed interim financial statements have been prepared following the same accounting policies used in Note 5 of the annual audited financial statements for the year ended January 31, 2020.

3.1 New standards and interpretations that have not yet been adopted:

At the date of authorization of these financial statements, there were no new standards and interpretations applicable to the Company that were issued but not yet effective, except for:

(i) *IAS 1 Presentation of Financial Statements (Amendment):*

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. Earlier application is permitted. The Company does not expect any significant impact from adoption of this standard on its financial statements.

4. Changes 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.

The Company has determined that such a voluntary change in accounting policy results in the financial statements providing more relevant information as well as bringing the Company in line with a similar accounting policy adopted by its peers.

In accordance with *IAS 8 – Accounting policies, changes in accounting estimates and error,* the change in accounting policy has been made retrospectively and the comparatives have been adjusted accordingly to all periods presented, as if the policy had always been applied.

(in Canadian dollars)

4. Changes in accounting policy (continued):

The impacts of this change in accounting policy in the financial statements are set out below:

	Statement of financial position		
	As at October 31, 2019		
	As previously reported	Effect on change in accounting policy	As restated under the new policy
	$	$	$
Exploration and evaluation assets	10,572,338	(10,572,338)	-
Deficit	(35,138,474)	(10,572,338)	(45,710,812)

	Statement of net loss and comprehensive loss		
	For the three-month period ended October 31, 2019		
	As previously reported	Effect on change in accounting policy	As restated under the new policy
	$	$	$
Exploration and evaluation expenditures	-	(361,682)	(361,682)
Expenses incurred on mining project	(40,978)	40,978	-
Disposal and write-off of mining projects	(168,659)	168,659	-
Net loss and comprehensive loss	(390,027)	(152,045)	(542,072)
Basic and diluted loss per share:	(0.009)	(0.003)	(0.012)

	Statement of net loss and comprehensive loss		
	For the nine-month period ended October 31, 2019		
	As previously reported	Effect on change in accounting policy	As restated under the new policy
	$	$	$
Exploration and evaluation expenditures	-	(1,041,875)	(1,041,875)
General administrative expenses	(224,076)	(356)	(224,432)
Expenses incurred on mining project	(44,517)	44,517	-
Gain on disposal of mining project	59,339	65,661	125,000
Disposal and write-off of mining projects	(168,661)	168,661	-
Net loss and comprehensive loss	(1,126,723)	(763,392)	(1,890,115)
Basic and diluted loss per share:	(0.025)	(0.017)	(0.042)

	Statement of changes in equity		
	As at October 31, 2019		
	As previously reported	Effect on change in accounting policy	As restated under the new policy
	$	$	$
Deficit	(35,138,474)	(10,572,338)	(45,710,812)

(in Canadian dollars)

4. Changes in accounting policy (continued):

	Statement of cash flows		
	For the nine-month period ended October 31, 2019		
	As previously reported	Effect on change in accounting policy	As restated under the new policy
	$	$	$
Cash flows used for operating activities			
Net loss	(1,126,723)	(763,392)	(1,890,115)
Adjustments for:			
Gain on disposal of mining project	(59,338)	(65,662)	(125,000)
Change in fair value of marketable securities	(305,900)	(94,185)	(400,085)
Write-off and disposal of exploration and evaluation assets	168,661	(168,661)	-
Gain on disposal of marketable securities	(94,185)	94,185	-
Changes in working capital items			
Change in tax credits related to resources receivable	-	(334,124)	(334,124)
Change in mining tax credits receivable	-	(2,518)	(2,518)
Change in trade accounts payable and accrued liabilities	(715,034)	382,486	(332,548)
Cash flows from investing activities:			
Receipt of the tax credit related to resources and mining tax credit	389,404	(389,404)	-
Exploration and evaluation assets	(1,341,275)	1,341,275	-
Net change in cash and cash equivalents	(3,084,390)	-	(3,084,390)

5. Cash and cash equivalents:

	October 31 2020	January 31 2020
	$	$
Cash	225,062	240,498
Cash equivalents (1)		
GIC expiring on April 16, 2020 at a rate of 2.25%		550,000
GIC expiring on January 18, 2021 at a rate of 1.80%		550,000
GIC expiring on December 9, 2020 at a rate of 2.00%		1,120,000
GIC expiring on November 30, 2020 at a rate of 0.57%	500,275	
GIC expiring on April 20, 2021 at a rate of 1.90%	83,000	
	808,337	2,460,498

(1) These instruments are cashable without penalty 30 days from the date of the acquisition.

Funds reserved for exploration and evaluation expenditures

On November 29, 2019, the Company completed two flow-through private placements totalling $5,623,903 (See Note 9). The Company has until December 31, 2020 (extended to December 31, 2021 due to COVID-19 outbreak) to incur eligible exploration and evaluation expenditures of $5,623,903 in order to comply with the requirements of flow-through private placement. As at October 31, 2020, the Company has the obligation to incur an amount of $724,963 in exploration and evaluation expenditures until December 31, 2021.

6. Investments:

	October 31 2020	January 31 2020
	$	$
Investments (1)		
GIC.1 expiring on December 10, 2020 at a rate of 2.20%	-	1,000,000
GIC.2 expiring on December 10, 2020 at a rate of 2.20%	1,085,000	2,600,000
	1,085,000	3,600,000

(1) These instruments are cashable without penalty between 30 to 90 days from the date of the acquisition.

(in Canadian dollars)

7. Marketable securities:

	Number of shares				Carrying value				
	January 31 2020	Acquisition	Disposition	October 31 2020	January 31 2020	Acquisition	Disposition	Change in fair value	October 31 2020
					$	$	$	$	$
Shares									
LMR (1)	750,000	-	-	750,000	33,750	-	-	(3,750)	30,000
UGM (2)	-	800,000 (5)	(309,000)	491,000	-	108,000 (5)	(63,808)	56,463	100,655
NICO (3)	-	181,089 (6)	-	181,089	-	125,000 (6)	-	(1,859)	123,141
	750,000	981,089	(309,000)	1,422,089	33,750	233,000	(63,808)	50,854	253,796

	Number of shares				Carrying value				
	January 31 2019	Acquisition	Disposition	January 31 2020	January 31 2019	Warrants exercised	Disposition	Change in fair value	January 31 2020
					$	$	$	$	$
Shares									
LMR (1)	750,000	-	-	750,000	30,000	-	-	3,750	33,750
MTA (4)	-	1,000,000	(1,000,000)	-	96,500 (1)	750,000	(1,254,085)	407,585	-
	750,000	1,000,000	(1,000,000)	750,000	126,500	750,000	(1,254,085)	411,335	33,750

(1) Lomiko Metals Inc. - TSX Venture - Symbol "LMR"
(2) UrbanGold Minerals Inc. - TSX Venture - Symbol "UGM"
(3) Class 1 Nickel and Technologies Ltd. - Canadian Securities Exchange - Symbol "NICO"
(4) Metalla Royalty & Streaming Ltd. - TSX Venture - Symbol "MTA"
(5) On May 27, 2020, the Company received 800,000 shares of UrbanGold Minerals Inc. valued at $108,000 in accordance with the terms of the Chemin Troïlus option agreement (Note 12).
(6) On August 20 and 28, 2020, the Company received 76,923 shares and 104,166 respectively of Class 1 Nickel and Technologies Ltd valued at $125,000 in accordance with the terms of the Somanike option agreement (Note 12).

8. Other liabilities related to flow-through shares:

	October 31 2020	January 31 2020
	$	$
Other liabilities related to flow-through shares:		
Increase of the period / year	-	1,940,735
Decrease related to the incurring of expenses	(1,559,396)	(231,347)
	(1,559,396)	1,709,388
Balance, beginning of period / year	1,709,388	-
Balance, end of period / year	149,992	1,709,388

Other liabilities related to flow-through shares represent the renunciation of tax deductions to investors following flow-through shares financing.

During the year ended January 31, 2020, the Company committed to incur, before December 31, 2020, which date has been extended to December 31, 2021, $5,623,903 in eligible exploration and evaluation expenses, in accordance with the Income Tax Act of Canada and the Taxation Act of Quebec, and to transfer these tax deductions to the subscribers of a flow-through share financing completed November 29, 2019. In connection with this commitment, the Company incurred cumulative eligible expenses of $4,898,940 as at October 31, 2020.

The disallowance of certain expenses by tax authorities could have negative tax consequences for investors or the Company. In such an event, the Company would indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

(in Canadian dollars)

9. Share capital:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding:

2020:

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. An amount of $4,599,969 was allocated to share capital, while $1,940,735 was attributed to other liabilities related to flow-through shares (Note 8).

On December 9, 2019, the Company issued 2,272,728 common shares to CDPQ Sodémex at a price of $0.22 each, for aggregate gross proceeds of $500,000.

10. Share purchase options and warrants:

(a) Share purchase options:

In November 2018, the shareholders of the Company approved a stock option plan (the "Plan") whereby the Board of Directors may grant to directors, officers, employees and consultants of the Company, share purchase options to acquire common shares of the Company. Terms of each share purchase option is determined by the Board of Directors. Share purchase options granted pursuant to the Plan can also be subject to the vesting requirements and period determined by the Board of Directors. Share purchase options granted to investor relations representatives vest at a rate of 25% per quarter.

The Plan provides that the maximum number of common shares that may be reserved for issuance under the Plan shall be equal to 6,743,433 common shares post-consolidation of the Company. The maximum number of common shares which may be for issuance at the grant of the share purchase options to any optionee may not exceed 5% of the outstanding common shares at the date of grant and may not exceed 2% of the outstanding common shares for consultants and investor relations representatives. These share purchase options will expire no later than ten years after being granted.

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the date of grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

		October 31 2020		**January 31 2020**
	Number of outstanding share options	**Weighted average exercise price**	**Number of outstanding share options**	**Weighted average exercise price**
		$		**$**
Outstanding at beginning	4,455,385	0.48	3,119,279	0.59
Granted	1,770,000	0.27	2,070,000	0.34
Exercised	(250,000)	0.31	-	-
Expired	-	-	(733,894)	0.51
Outstanding at end	5,975,385	0.43	4,455,385	0.48
Exercisable at end	5,487,052	0.43	3,286,219	0.51

(in Canadian dollars)

10. Share purchase options and warrants (continued):

(a) Share purchase options (continued):

The following table provides outstanding share options information as at October 31, 2020:

			Outstanding share options	
Expiry date	**Number of granted share options**	**Number of exercisable share options**	**Exercise price**	**Remaining life**
			$	**(years)**
December 12, 2020	1,125,000	1,125,000	0.61	0.1
February 20, 2021	250,000	250,000	0.37	0.3
July 11, 2021	100,000	100,000	0.35	0.7
December 3, 2021	270,000	270,000	0.235	1.1
February 17, 2022	100,000	100,000	0.28	1.3
May 4, 2022	240,385	240,385	0.62	1.5
August 6, 2022	250,000	250,000	0.31	1.6
December 12, 2023	1,020,000	1,020,000	0.61	3.1
June 20, 2024	450,000	300,000	0.34	3.6
July 11, 2024	1,000,000	666,667	0.35	3.7
February 17, 2025	685,000	685,000	0.28	4.3
March 13, 2025	200,000	200,000	0.19	4.4
July 24, 2025	50,000	50,000	0.27	4.7
October 26, 2025	235,000	230,000	0.23	5.0
	5,975,385	5,487,052	0.43	2.5

The following table provides outstanding share options information as at January 31, 2020:

			Outstanding share options	
Expiry date	**Number of granted share options**	**Number of exercisable share options**	**Exercise price**	**Remaining life**
			$	**(years)**
December 12, 2020	1,125,000	1,125,000	0.61	0.9
February 20, 2021	250,000	250,000	0.37	1.1
July 11, 2021	100,000	100,000	0.35	1.4
December 3, 2021	270,000	67,500	0.235	1.8
May 4, 2022	240,385	240,385	0.62	2.3
December 12, 2023	1,020,000	1,020,000	0.61	3.9
June 20, 2024	450,000	150,000	0.34	4.4
July 11, 2024	1,000,000	333,334	0.35	3.7
	4,455,385	3,286,219	0.48	2.7

The following table provides the weighted average fair value of options granted:

	October 31 2020	**January 31 2020**
	$	**$**
Weighted average fair value of options granted	$0.16	$0.20

The fair value of each option granted (including extended options) is estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	October 31 2020	**January 31 2020**
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	$0.27	$0.34
Weighted average expected volatility	88.60%	82.79%
Weighted average risk-free interest rate	0.82%	1.54%
Weighted average exercise price at grant date	$0.27	$0.34
Weighted average expected life	3.6 years	4.1 years

(in Canadian dollars)

10. Share purchase options and warrants (continued):

(a) Share purchase options (continued):

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

An amount of $120,381 and $389,958 of share-based compensation were accounted in profit or loss for the three-month and nine-month period ended October 31, 2020 respectively ($Nil and $361,884 for the three-month and nine-month period ended October 31, 2019 respectively) and credited to contributed surplus.

(b) Warrants:

The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

		October 31 2020		January 31 2020
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		$		$
Outstanding at beginning	4,445,331	0.85	4,445,331	0.85
Expired	(4,445,331)	0.85	-	-
Outstanding at end	-	-	4,445,331	0.85

There were no outstanding warrants as at October 31, 2020:

The following table provides outstanding warrants information as at January 31, 2020:

			Outstanding warrants
Expiry date	Number of outstanding warrants	Exercise price	Remaining life
		$	(years)
June 27, 2020	4,445,331	0.85	0.4
	4,445,331	0.85	0.4

(c) Brokers and intermediaries' options:

The changes to the number of outstanding brokers and intermediaries' options granted by the Company and their weighted average exercise

		October 31 2020		January 31 2020
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		$		$
Outstanding at beginning	1,210,863	0.30	290,482	0.71
Granted	-	-	1,210,863	0.30
Expired	-	-	(290,482)	0.71
Outstanding at end	1,210,863	0.30	1,210,863	0.30

The following table provides outstanding brokers and intermediaries' options information as at October 31, 2020:

			Outstanding warrants
Expiry date	Number of outstanding warrants	Exercise price	Remaining life
		$	(years)
November 29, 2021	1,210,863	0.30	1.1
	1,210,863	0.30	1.1

(in Canadian dollars)

10. Share purchase options and warrants (continued):

(c) Brokers and intermediaries' options (continued):

The following table provides outstanding brokers and intermediaries' options information as at January 31, 2020:

		Outstanding warrants	
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
November 29, 2021	1,210,863	0.30	1.8
	1,210,863	0.30	1.8

Fair value of options granted to brokers and intermediaries was estimated using the Black-Scholes model with the following weighted average assumptions:

	October 31 2020	**January 31 2020**
Weighted average expected dividend yield	-	0%
Weighted average share price at grant date	-	$0.22
Weighted average expected volatility	-	71.4%
Weighted average risk-free interest rate	-	1.58%
Weighted average exercise price at grant date	-	$0.30
Weighted average expected life	-	2 years

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the brokers and intermediaries' options.

11. Earnings per share:

The warrants and share purchase options were excluded from the diluted weighted average number of common shares calculation since the Company is at loss and that their effect would have been antidilutive. Detail of share purchase options and warrants issued that could potentially dilute earnings per share in the future are given in Note 10.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary for the three-month and nine-month periods ended October 31, 2020 and 2019.

12. Exploration and evaluation activities:

Exploration and evaluation expenditures by nature are detailed as follows:

	Three-month period ended		Nine-month period ended	
	October 31 2020	**October 31 2019**	**October 31 2020**	**October 31 2019**
	$	**$**	**$**	**$**
Exploration and evaluation activities:				
Assays	102,142	67,379	242,418	171,806
Drilling	1,020,403	-	2,931,843	1,005,405
Geophysical and electromagnetic survey	-	232,014	-	267,914
Reporting	125,668	-	459,418	-
Airborne geophysical survey	42,396	-	185,773	-
Line cutting	-	12,749	22,906	12,749
Resource estimate	-	8,818	-	31,671
Geology and geophysics	181,541	204,033	310,548	216,033
Prospecting	178,410	-	200,729	-
Other evaluation and exploration expenses	7,564	46,676	39,390	62,344
Tax credit related to resources and mining tax credits	-	(209,987)	-	(726,047)
	1,658,124	361,682	4,393,025	1,041,875

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

Exploration and evaluation expenditures can be detailed as follows:

	Three-month period ended		Nine-month period ended	
	October 31 2020	October 31 2019	October 31 2020	October 31 2019
	$	$	$	$
Projects:				
Blanche-Charles	-	29,929	-	29,929
Chemin Troïlus	-	119	-	493
Cheechoo-Éléonore trend	-	133,941	-	134,201
Elmer East	282,847	-	997,190	-
Kipawa-Zeus	-	480	-	6,610
Lac-des-Îles and La Loutre	4,365	-	8,730	-
Sakami	1,370,912	156,235	3,387,105	826,125
Matheson	-	40,978	-	44,517
	1,658,124	361,682	4,393,025	1,041,875

Sakami:

The Sakami project is wholly owned by the Company, consists of one large contiguous block of 259 mineral claims (131.13 km^2) 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 Corporation, 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.

Cheechoo-Éléonore Trend:

The Cheechoo-Éléonore Trend project is wholly owned by the Company and consists of 551 claims (285.70 km^2). The southeastern end of the project lies about 24 km northwest of the Éléonore mine, with a road access 14 km away.

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 Resources Inc. The project was acquired on June 27, 2018, through the issuance of 600,000 common shares (post-consolidation), with a value of $262,080.

Elmer East:

The Elmer East project is wholly owned by the Company and consists of 929 claims (488 km^2). The project is located along trend from the recent Patwon Prospect gold discovery made by Azimut Exploration Inc. ("Azimut") on its Elmer project located in the Eeyou Istchee James Bay territory, Quebec. The Elmer East project was acquired, by map designation, and includes the adjacent Annabelle block and the Opinaca Gold West block (561 claims, 295 km^2). The western part of the Elmer East project is contiguous to Azimut's project.

Blanche-Charles:

The Blanche-Charles project is wholly owned by the Company and consists of 317 claims (162.07 km2). It is located approximately 120 km northeast of the Eleonore mine.

New Gold:

The New Gold project is wholly owned by the Company and consists of 49 claims (25.90 km2). It lies about 30 km southwest of the old Eastmain gold mine.

Chemin Troïlus:

The Chemin Troïlus project is wholly owned by the Company and consists of 61 claims (33.15 km2). The project is located 25 km southwest of the former Troïlus gold and copper mine and approximately 110 km north-northwest of Chibougamau. It is subject to a 2% NSR; the Company can buy back 1.5% of the NSR for $2,000,000.

On April 25, 2018, the Company entered into an asset purchase agreement to acquire 100% of the Chemin Troïlus gold project owned by Sphinx. Ownership was acquired on June 27, 2018 through the issuance of 369,000 common shares (post-consolidation), with a value of $161,179.

On May 21, 2020, UrbanGold Minerals Inc. ("UrbanGold") acquired the project following the signature of a final agreement with the Company, pursuant to which UrbanGold issued 800,000 common shares, made a lump sum cash payment of $100,000 and assumed responsibility for the pre-existing 2% NSR royalty.

12. Exploration and evaluation activities (continued):

Non-core assets:

Lac-des-Îles and La Loutre:

The Lac-des-Îles project consists of one contiguous block of 23 claims (9.88 km²) that borders the western limit of the Lac-Des-Îles graphite mine (operated by Imerys) close to the town of Mont-Laurier, 183 km northwest of Montreal.

The La Loutre Project consists of one contiguous block of 48 claims (28.67 km^2) located approximately 53 km east of Lac-des-Îles graphite mine (operated by Imery) and 120 km northwest of Montreal, Quebec. The project is subject to a 1.5% NSR on certain claims, of which 0.5% may be bought back for an amount of $500,000.

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.

As at October 31, 2020, Lomiko held 80% of the two projects.

Somanike:

The Somanike project is wholly owned by the Company and consists of 107 claims (50.21 km^2). The project is located about 25 km northwest of Malartic, in the Abitibi region.

On April 25, 2018, the Company entered into an asset purchase agreement to acquire 100% of the Somanike project owned by Sphinx. Ownership was acquired on June 27, 2018 through the issuance of 531,000 common shares (post-consolidation), with a value of $231,941.

In August 20, 2018, the Company signed an agreement with Vanicom Resources Limited ("Vanicom") (Amended on March 20, 2019, September 18, 2019, June 2, 2020 and May 7, 2020) whereby Vanicom has been granted an option to earn 100% interest in Somanike project in consideration of a total cash payment of $25,000 upon signature of the agreement (payment received). Vanicom must also issue $75,000 in common shares of Class 1 Nickel and Technologies Inc. ("Class 1"), its parent company (104,166 common shares has been issued on August 28, 2020 for a value of $75,000) and incur $600,000 in exploration expenditures, including 750 m of drilling, no later than December 31, 2021, subject to an agreement between Globex Mining Enterprises Inc. and Class 1. Vanicom has also make a cash payment of $25,000 and must issue $25,000 in common shares of Class 1 by June 15, 2022 (38,462 common shares has been issued on August 20, 2020 for a value of $25,000) and must make a cash payment of $50,000 and must issue $25,000 in common shares of Class 1 by June 15, 2023 (38,461 common shares has been issued on August 20, 2020 for a value of $25,000). Class 1 has an option to acquire a 100% interest in the rights held by Vanicom.

Kipawa-Zeus:

The Company has a 68% interest in the Kipawa project, through the Kipawa Rare Earth Joint Venture ("SCCK"). IQ holds the remaining 32% interest. The project is part of the 73 claims (43.03 km2) 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.

Tansim:

The Tansim project consists of 65 claims (37.66 km^2) and is located in the Témiscamingue MRC. The Company owns a 50% interest in the project. The project is subject to a 0.25% NSR that can be redeemed for $60,000.

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

The option is valid for a two-year period from the date of its signature, January 18, 2018. In the first year, Sayona could acquire a 50% interest in 65 claims by spending $103,587 to cover the renewal fees for those claims or spending $63,587 (amount paid) on exploration before January 31, 2018, on 50 of those claims and paying the renewal fees for the remaining claims. Sayona required to spend $200,000 on exploration work (condition fulfilled) and pay to the Company $100,000 in cash (amount paid).

In November 2018, the agreement with Sayona was amended to extend the deadline to complete the work (condition fulfilled) and make the $100,000 (amount paid) payment from January 31, 2019 to April 19, 2019.

On December 22, 2019, the agreement allowing Sayona to acquire an additional 50% interest to own a 100% interest has been extended until December 31, 2020, to defer the $250,000 payment to the Company in consideration of a payment of $25,000 (amount paid). The Company will also receive a 2% NSR on the production of minerals mined on the project.

Vulcain:

The Vulcain project consists of 68 claims (40.05 km^2) located in Haute-Gatineau. It is wholly-owned by the Company, and is subject to a 1% NSR, which is redeemable for an amount of $500,000.

(in Canadian dollars)

13. Supplemental cash flow information:

There were no transactions which had no impact on the cash flows during the nine-month periods ended October 31, 2020 and 2019.

14. Related party transactions:

Related parties include the Company's joint key management personnel and members of the Board of Directors. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel and directors includes the following expenses:

	Three-month period ended		Nine-month period ended	
	October 31 2020	**October 31 2019**	**October 31 2020**	**October 31 2019**
	$	**$**	**$**	**$**
Management and consulting fees	1,613	-	1,613	-
Salaries and director's fees	182,702	145,127	539,185	315,076
Share-based compensation	23,175	-	154,045	348,655
	207,490	145,127	694,843	663,731

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

Consul-Teck Exploration Minière Inc., is a company of which the Vice-President Exploration (former Executive Chairman) of the Company is a shareholder. An amount of $403,283 was payable to Consul-Teck Exploration Minière Inc. as at October 31, 2020 ($221,211 as at January 31, 2020). The following table provides a summary of the expenses incurred from Consul-Teck Exploration Minière Inc:

	Three-month period ended		Nine-month period ended	
	October 31 2020	**October 31 2019**	**October 31 2020**	**October 31 2019**
	$	**$**	**$**	**$**
Exploration and evaluation expenditures	630,942	384,769	1,896,172	970,487
Professional and consultant fees	-	-	8,320	33,057
General administrative expenses	-	-	14,312	165,777
	630,942	384,769	1,918,804	1,169,321

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.

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

15. Contingent liabilities:

(a) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in compliance with the laws and regulations. Any additional payment to liability already recorded that result from restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at that time.

(b) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. The disallowance of certain expenses by tax authorities may have negative tax consequences for investors.

(in Canadian dollars)

16. Financial assets and liabilities:

The carrying amount and fair value of financial instruments presented in the statements of financial position related to the following classes of assets and liabilities:

		October 31 2020		**January 31 2020**
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	$	$	$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	253,796	253,796	33,750	33,750
	253,796	253,796	33,750	33,750
Financial assets				
Amortized cost				
Cash and cash equivalents	808,337	808,337	2,460,498	2,460,498
Investments	1,085,000	1,085,000	3,600,000	3,600,000
Other receivables	3,932	3,932	32,349	32,349
	1,897,269	1,897,269	6,092,847	6,092,847
Financial liabilities				
Amortized cost				
Trade accounts payable and accrued liabilities	767,023	767,023	718,892	718,892
	767,023	767,023	718,892	718,892

The fair values of the marketable securities are $253,796 as at October 31, 2020 ($33,750 as at January 31, 2020) are determined by using the closing price for October 31, 2020 and January 31, 2020.

The fair value of cash and cash equivalents, other receivables and trade accounts payable and accrued liabilities is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

			October 31 2020
	Level 1	**Level 2**	**Level 3**
	$	$	$
Marketable securities			
Fair value through profit or loss (FVTPL)	253,796	-	-
	253,796	-	-

			January 31 2020
	Level 1	**Level 2**	**Level 3**
	$	$	$
Marketable securities			
Fair value through profit or loss (FVTPL)	33,750	-	-
	33,750	-	-

(in Canadian dollars)

17. Capital management policies and procedures:

The Company considers the items included in equity as capital components.

	October 31 2020	January 31 2020
	$	$
Equity	1,739,017	5,287,634
	1,739,017	5,287,634

The Company's capital management objective is to have sufficient capital to be able to meet its exploration and mining development plan in order to ensure the growth of its activities. It also has the objective of having sufficient cash to finance its exploration and evaluation expenses, investing activities and working capital requirements. No changes were made in the objectives, policies and processes for managing capital during the reporting periods. The Company has no dividend policy.

The Company is subject to tax requirements related to the use of funds obtained by flow-through share financing. These funds must be incurred for eligible exploration expenses.

These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- Two years following the flow-through placements;
- One year after the Company has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities could have a negative tax impact for investors.

18. Financial instrument risks:

The Company is exposed to various risks in relation to financial instruments. The main types of risks the Company is exposed to are credit risk, liquidity risk, price risk and interest risk.

The Company manages risks in close cooperation with the board of directors. The Company focuses on actively securing short-term to medium-term cash flows by minimizing the exposure to financial markets.

(a) Credit risk:

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company is exposed to credit risk with respect to its cash and cash equivalents, investments, other receivables and interests receivable for an amount of $1,919,376 as at October 31, 2020 ($6,108,134 as at January 31, 2020). The credit risk associated with cash is minimal, as cash is placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations.

During the nine-month period ended October 31, 2020 and the year ended July 31, 2020, the Company has financed its acquisitions of mining rights, exploration and evaluation assets and working capital needs through private financings consisting of issuance of common shares and flow-through shares. Management estimates that the cash and cash equivalents as at October 31, 2020 will not be sufficient to meet the Company's needs for cash during the coming year (see Note 2).

Contractual maturities of financial liabilities are as follows:

				October 31 2020
	Less than 1 year	1-5 years	More than 5 years	$ Total
	$	$	$	$
Trade accounts payable and accrued liabilities	767,023	-	-	767,023

(in Canadian dollars)

18. Financial instrument risks:

(b) Liquidity risk (continued):

				January 31 2020
	Less than 1 year	**1-5 years**	**More than 5 years**	**$ Total**
	$	$	$	$
Trade accounts payable and accrued liabilities	718,892	-	-	718,892

(c) Price risk:

The Company is exposed to fluctuations in the market prices of its marketable securities in a quoted mining exploration company. The fair value of the marketable securities represents the maximum exposure to price risk. For the marketable securities in quoted mining exploration companies, an average volatility of 135.63% has been observed during the nine-month period ending October 31, 2020 (163.00% for the year ended January 31, 2020).

This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If quoted stock price for these securities had increased or decreased by the same amount, profit and loss would have changed by $90,428 as at October 31, 2020 ($21,263 as at January 31, 2020).

(d) Interest risk:

Interest rate risk represents the risk that the fair value or future cash flows of a fixed income investment fluctuates because of changes in market interest rates. The Company's fixed income investments, which comprise guaranteed investment certificates, are exposed to interest rate risk. Because of the relatively short period to maturity for these investments, the Company considers that the interest rate risk is minimal.

19. Subsequent event:

On December 7, 2020 the Company has entered into an option agreement with Fjordland Exploration Inc. ("FEX") whereby FEX may earn 100% of the Vulcain project. It is subject to a 1% net smelter returns royalty (NSR) on production, of which 0.5% may be purchased at any time by the Company for $500,000, and the second 0.5% for $2,500,000 at any time.

To earn its 100% interest as per the option agreement, FEX must make cash payment, issue common shares and incurred exploration expenses in the following timelines:

	Cash payments	**Shares**	**Exploration expenses**
	$		**$**
Within 3 days of the reception of the approval of the TSX-V	50,000	1,000,000	-
On or before December 7, 2025	-	-	1,000,000
	50,000	1,000,000	1,000,000