QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Financial Statements

Years ended
January 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Quebec Precious Metals Corporation

Opinion

We have audited the financial statements of Quebec Precious Metals Corporation (the "Entity"), which comprise:

- the statements of financial position as at January 31, 2021 and January 31, 2020
- the statements of loss and comprehensive loss for the years then ended
- the statements of changes in equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at January 31, 2021 and January 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity is still in the exploration stage and, as such, no revenue has been yet generated and it has negative cash flows from its operating activities. Accordingly, the Entity depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of operations.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditors' report is Nathalie Labelle.

KPMG LLP*

Montréal, Canada

May 20, 2021

*CPA auditor, CA, public accountancy permit No. A119245

QUEBEC PRECIOUS METALS CORPORATION
(An exploration company)
Statements of Financial Position
As at January 31, 2021 and January 31, 2020
(in Canadian dollars)

	Note	January 31 2021	January 31 2020
		$	**$**
Assets			
Current assets:			
Cash and cash equivalents	4	1,178,991	2,460,498
Restricted cash	5	1,125,000	-
Investments	6	-	3,600,000
Marketable securities	7	614,527	33,750
Other receivables		1,236	47,636
Taxes receivable		57,117	160,623
Prepaid expenses		104,254	74,661
Deposits related to exploration and evaluation activities		50,000	544,302
Tax credits related to resources receivable		140,226	701,116
Mining tax credits receivable		28,900	88,664
Total current assets		3,300,251	7,711,250
Non-current assets:			
Property and equipment	8	8,671	4,664
Total non-current assets		8,671	4,664
Total assets		3,308,922	7,715,914
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		368,100	718,892
Other liabilities related to flow-through financings	9	117,468	1,709,388
Total current liabilities		485,568	2,428,280
Equity:			
Share capital	10	47,551,328	47,439,128
Contributed surplus	11	4,615,282	4,245,397
Deficit		(49,343,256)	(46,396,891)
Total equity		2,823,354	5,287,634
Total liabilities and equity		3,308,922	7,715,914

Going concern, see Note 2.

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

These financial statements were approved and authorized for issue by the Board of Directors on May 19, 2021.

(S) Mario Caron
Director

(S) Jean-François Meilleur
Director

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Statement of Loss and Comprehensive Loss

Years ended January 31, 2021 and 2020

(in Canadian dollars)

		January 31 2021	January 31 2020
		$	$
Expenses:			
Salaries and employee benefit expense		862,028	450,590
General administrative expenses		153,194	302,668
Travel		35,106	130,846
Registration, listing fees and shareholders information		96,236	117,906
Professional and consulting fees		538,914	446,335
Depreciation of property and equipment		2,430	2,289
Share-based compensation		404,585	277,698
Part XII.6 tax		-	38
Exploration and evaluation expenditures	12	4,688,714	1,656,067
Loss on disposal of property, plant and equipment		-	35,011
Operating loss before other revenues and income tax		6,781,207	3,419,448
Other revenues:			
Interest income		(53,978)	(32,077)
Other revenues		(4,148)	(18,495)
Change in fair value of marketable securities		(286,796)	(411,335)
Gain on disposal of mining projects	12	(1,898,000)	(150,000)
Total other revenues		(2,242,922)	(611,907)
.			
Loss before income tax		(4,538,285)	(2,807,541)
Income tax recovery	13	1,591,920	231,347
Net loss and comprehensive loss		(2,946,365)	(2,576,194)
Weighted average number of common shares outstanding		67,533,378	48,855,392
Basic and diluted loss per share:		(0.044)	(0.053)

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Statement of Changes in Equity

Years ended January 31, 2021 and 2020

(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	112,200	(34,700)		77,500
Share options granted	11			404,585		404,585
Transaction with owners		67,684,334	47,551,328	4,615,282	(46,396,891)	5,769,719
Net loss and comprehensive loss for the year					(2,946,365)	(2,946,365)
Balance as at January 31 2021		67,684,334	47,551,328	4,615,282	(49,343,256)	2,823,354
Balance as at January 31 2019		44,980,558	43,114,217	3,890,439	(43,820,697)	3,183,959
Shares issued:						
Private placements	11	6,440,001	1,416,800			1,416,800
Flow-through private placements	11	16,013,775	3,683,169			3,683,169
Share options granted	11			354,958		354,958
Share issuance costs	11		(775,058)			(775,058)
Transaction with owners		67,434,334	47,439,128	4,245,397	(43,820,697)	7,863,828
Net loss and comprehensive loss for the year					(2,576,194)	(2,576,194)
Balance as at January 31 2020		67,434,334	47,439,128	4,245,397	(46,396,891)	5,287,634

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Statement of Cash Flows

Years ended January 31, 2021 and 2020

(in Canadian dollars)

	January 31 2021	January 31 2020
	$	$
Operating activities:		
Net loss	(2,946,365)	(2,576,194)
Adjustments for:		
Income tax recovery	(1,591,920)	(231,347)
Depreciation of property and equipment	2,430	2,289
Share-based compensation	404,585	277,698
Loss on disposal of property, plant and equipment	-	35,011
Change in fair value of marketable securities	(286,796)	(411,335)
Gain on disposal of mining projects	(1,898,000)	(150,000)
Operating activities before changes in working capital items	(6,316,066)	(3,053,878)
Change in other receivables	46,400	(19,099)
Change in taxes receivable	103,506	(14,431)
Change in prepaid expenses	(29,593)	(35,564)
Change in deposits related to exploration and evaluation activities	494,302	(544,302)
Change in tax credits related to resources receivable	560,890	(382,536)
Change in mining tax credits receivable	59,764	(8,815)
Change in trade accounts payable and accrued liabilities	(350,792)	(208,891)
Change in working capital items	884,477	(1,213,638)
Cash flows used for operating activities	(5,431,589)	(4,267,516)
Financing activities:		
Proceeds from private placement	-	1,416,800
Proceeds from flow-through placement	-	5,623,904
Proceeds from share options exercised	77,500	-
Increase in restricted cash	(1,125,000)	-
Other	-	100
Share issuance costs	-	(697,898)
Cash flows (used for) from financing activities	(1,047,500)	6,342,906
Investing activities:		
Proceeds from disposal of property, plant and equipment	-	60,895
Proceeds from disposal of marketable securities	79,019	1,254,085
Proceeds from disposal of investments	3,600,000	-
Option payments received	1,525,000	150,000
Acquisition of equipment	(6,437)	(5,730)
Acquisition of investments	-	(3,600,000)
Acquisition of marketable securities	-	(750,000)
Cash flows from (used for) investing activities	5,197,582	(2,890,750)
Net change in cash and cash equivalents	(1,281,507)	(815,360)
Cash and cash equivalents, beginning of year	2,460,498	3,275,858
Cash and cash equivalents, end of year	1,178,991	2,460,498

Additional disclosures of cash flows information (Note 15).

The accompanying notes are an integral part of these 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 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 circumstances have increased business uncertainties and have heightened risks levels to operating businesses.

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 is following 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 potential impact on the financial results and condition of the Company and its operations in future periods.

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 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 year ended January 31, 2021, the Company recorded a net loss of $2,946,365 ($2,576,194 for the year ended January 31, 2020) and has an accumulated deficit of $49,343,256 as at January 31, 2021 ($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 January 31, 2021, the Company had a working capital of $2,814,683 (a working capital of $5,282,970 as at January 31, 2020) consisting of cash and cash equivalents of $1,178,991 ($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 annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end.

2.2 Basis of measurement:

The 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. Basis of preparation (continued):

2.4 Use of estimates and judgements:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Significant areas requiring the use of management estimates relate to determining the recoverability of amounts receivable and tax credits, the variables used in the determination of the fair value of share purchase options granted and warrants issued, the determination of the recoverability of deferred tax assets and the Company's ability to continue as a going concern. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. Significant accounting policies:

The financial statements have been prepared using accounting policies set out by IFRS effective at the end of the year for submission of financial information. The significant accounting policies used in preparing these financial statements are summarized below.

3.1 Jointly controlled asset:

The Company and Investissement Québec Inc. ("IQ") control jointly the Kipawa Project, pursuant to a joint operation agreement, originally signed with Matamec in January 2015. The Company hold an interest of 68%. Information on this asset is presented in Note 10 (Kipawa Project). Jointly controlled assets supposes joint control, without creating a corporation, partnership or other entity. When the Company's activities are conducted through jointly controlled assets, the Company recognizes its share of jointly controlled assets, any liabilities that it has incurred, and its share of any liabilities incurred jointly with the other venturers. The agreement between IQ and the Company, in accordance with the practices most commonly used in the industry, has been accounted for as a farm-out agreement without consideration for the legal form of the agreement. A farm-out arrangement typically involves an entity (i.e., the farmor) agreeing to provide a working interest in a mining project to a third party (i.e., the farmee), provided that the farmee makes a cash payment to the farmor and/or incurs certain expenditures on the project to earn that interest.

3.2 Cash and cash equivalents:

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash equivalent are financial instruments readily convertible to a known amount of cash and not subject to a significant risk of changes in value. Cash equivalents include instruments with a maturity of three months or less from the date of acquisition and instruments with an original term longer than three months if there is no significant penalty for withdrawal within a three month period from the date of acquisition.

3.3 Property, plant and equipment:

Property, plant and equipment are accounted for at cost less any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Amortization of property, plant and equipment is calculated to distribute property, plant and equipment cost, less their residual value, over their useful life, according to the following straight-line method at the following annual rates and period:

Asset	Period
Building	25 years
Leasehold improvements	2 years
Computer equipment	3 years
Furniture and office equipment	5 years
Exploration equipment and facilities	3 years

Amortization of property, plant and equipment related to exploration and evaluation activities is expensed in exploration and evaluation expenditures. For those assets which are not related to exploration and evaluation activities, depreciation expense is recognized in profit or loss.

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are in the profit or loss.

3. Significant accounting policies (continued):

3.4 Share-based compensation:

The Company accounts for share-based compensation over the vesting period of the share options. Share purchase options granted to employees, directors and consultants, and the cost of services received are evaluated and recognized on fair value basis using the Black-Scholes option pricing model.

For transactions with parties other than employees, the Company measures the goods or services received and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. When the Company cannot estimate reliably the fair value of the goods or services received, it measures their fair value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Share-based payments (except brokers and intermediaries' options) are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity. Share-based payments to brokers and intermediaries, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-Market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised is different from that estimated on vesting.

3.5 Share capital and warrants:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus for the options and warrants for the warrants.

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the placement and the balance, if any, is allocated to the attached warrants.

In addition, if the shares are issued in an acquisition of a project, shares are measured at fair value based on stock price on the day of the conclusion of the agreement.

3.6 Flow-through shares:

The Federal and Provincial tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company finances a portion of its exploration programs with flow-through shares.

At the time of the issuance of flow-through shares, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares. The Company estimates the fair value of the liabilities related to flow-through shares using the residual method, deducting the quoted price of the common shares from the price of the flow-through shares at the date of the financing.

The liability related to flow through shares recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

3.7 Other elements of equity:

Contributed surplus includes charges related to brokers and intermediaries' options and share purchase options. When options are exercised, the related compensation cost is transferred to share capital.

Warrants include charges relating to warrants. When these warrants are exercised, the relating charges are transferred to share capital. When these warrants are expired, the relating charges are transferred to contributed surplus.

Deficit includes all current and prior year retained profits or losses.

3.8 Exploration and evaluation expenditures:

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation expenditures and costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

3. Significant accounting policies (continued):

3.9 Disposal of interest in connection with option agreement:

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the project by the acquirer. However, other non refundable consideration received directly from the acquirer is recognized as proceeds relating to the grant of options on mining projects in profit or loss when the ownership of the rights are transferred to the acquirer.

3.10 Basic and diluted loss per share:

The basic loss per share is calculated using the weighted average number of shares outstanding during the year. The diluted loss per share, which is calculated with the treasury method, is equal to the basic loss per share due to the antidilutive effect of share purchase options and warrants.

3.11 Tax credits receivable:

The Company is eligible for a refundable credit on mining duties under the Québec Mining Duties Act. This refundable credit on mining duties is equal to 16% applicable on 50% of the eligible expenses. The accounting treatment for refundable credits on mining duties depends on management's intention to either go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property.

In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes* , which generates a deferred tax liability and deferred tax expense since the exploration and evaluation assets have no tax basis following the Company's election to claim the refundable credit.

In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded against exploration and evaluation assets.

The Company is also eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred. The refundable tax credit related to resources can represent up to 38.75% for eligible expenses incurred thereafter, and is recorded as a government grant against exploration and evaluation assets.

The credits related to resources and credits for mining duties recognized against exploration and evaluation expenditures are initially recorded at fair value when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant.

3.12 Financial instruments:

(a) Recognition and derecognition:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and liabilities are initially measured at fair value adjusted for transaction costs, if applicable.

Financial assets are derecognized when the contractual rights to cash flows from a financial asset expire, or when a financial asset and substantially all risks and rewards are transferred. A financial liability is derecognized in the event of termination, extinction, cancellation or expiration.

The classification of financial instruments under IFRS 9 is based on the entity's business model and the characteristics of the contractual cash flows of the financial asset or liability.

(b) Classification and initial valuation of financial assets:

Financial assets are classified into one of the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL");

All income and expenses relating to financial assets recognized in profit or loss are presented in finance costs or interests income.

The recognition of credit losses is no longer dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial as set.

3. Significant accounting policies (continued):

3.12 Financial instruments (continued):

(c) Subsequent valuation of financial assets:

i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. The update is omitted if its effect is not significant. Cash and cash equivalents, restricted cash, investments and other receivables fall into this category of financial instruments.

ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held in a different economic model than “holding for the purpose of collection” or “holding for the purpose of collection and sale” are classified in the FVTPL category.

Assets in this category are measured at fair value and gains or losses are recognized in net income. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where financial assets and financial liabilities measured at fair value though profit or loss have a quoted price in an active market at the reporting date, the fair value is based on this price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a stock exchange and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

Securities traded on stock exchanges are stated at market price based on the closing price on the relevant valuation day

The marketable securities fall into this category of financial assets.

3.13 Impairment of financial assets:

The impairment provisions in IFRS 9 use more forward-looking information, the expected credit loss model, which replaces the IAS 39 loss model.

The recognition of credit losses is no longer dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial as set.

3.14 Classification and measurement of financial liabilities:

The Company's financial liabilities include trade accounts payable and accrued liabilities (excluding salaries and fringe benefits).

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Interest expense and, as the case may be, changes in the fair value of an instrument recognized in profit or loss are presented in financial expenses or interests income.

3.15 Income taxes:

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

(in Canadian dollars)

3. Significant accounting policies (continued):

3.15 Income taxes (continued):

Deferred tax assets and liabilities are offset only when the Company has a right and intention of set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they are related to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

3.16 Provisions and contingent liabilities:

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

3.17 Segmented information:

The Company's operations consist of a single operating segment being the sector of exploration and evaluation of mineral resources and all operations are located in Canada.

4. Cash and cash equivalents:

	January 31 2021	January 31 2020
	$	$
Cash	1,095,991	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 April 20, 2021 at a rate of 1.90%	83,000	-
	1,178,991	2,460,498

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

5. Restricted cash:

	January 31 2021	January 31 2020
	$	$
Cash	1,125,000	-
	1,125,000	-

Restricted cash includes cash, where the availability of funds is restricted by a contractual commitment that requires the Company to incur exploration and evaluation expenditures in accordance with an option agreement arising from the disposal of a mining project (See Note 12 - Lac-des-Îles and La Loutre Project).

(in Canadian dollars)

6. Investments:

	January 31 2021	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%	-	2,600,000
	-	3,600,000

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

7. Marketable securities:

	Number of shares				Carrying value				
	January 31 2020	Acquisition	Disposition	January 31 2021	January 31 2020	Acquisition	Disposition	Change in fair value	January 31 2021
					$	$	$	$	$
Shares									
LMR (1)	750,000	1,000,000 (6)	-	1,750,000	33,750	45,000 (6)	-	126,250	205,000
UGM (2)	-	800,000 (7)	(369,000) (10)	431,000	-	108,000 (7)	(79,019) (10)	83,079	112,060
NICO (3)	-	181,089 (8)	-	181,089	-	125,000 (8)	-	52,467	177,467
FEX (4)	-	1,000,000 (9)	-	1,000,000	-	95,000 (9)	-	25,000	120,000
	750,000	2,981,089	(369,000)	3,362,089	33,750	373,000	(79,019)	286,796	614,527

	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 (5)	-	1,000,000 (11)	(1,000,000) (12)	-	96,500	750,000 (11)	(1,254,085) (12)	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) Fjordland Exploration Inc. - TSX Venture - Symbol "FEX"
(5) Metalla Royalty & Streaming Ltd. - TSX Venture - Symbol "MTA"
(6) On August 31, 2020, the Company received 1,000,000 shares of Lomiko Metals Inc. measured at its fair value of $45,000 (Note 12 - La Loutre option agreement).
(7) On May 27, 2020, the Company received 800,000 shares of UrbanGold Minerals Inc. measured at its fair value of $108,000 (Note 12 - Chemin Troïlus option agreement).
(8) On August 20 and 28, 2020, the Company received 76,923 shares and 104,166 respectively of Class 1 Nickel and Technologies Ltd measured at its fair value of $125,000 (Note 12 - Somanike option agreement).
(9) On January 29, 2021, the Company received 1,000,000 shares of Fjordland Exploration Inc. measured at its fair value of $95,000 (Note 12 - Vulcain option agreement).
(10) Between October 2020 and January 2021, the Company disposed of 369,000 UGM common shares for proceeds of $79,019.
(11) During the year ended January 31, 2020, the Company exercised 1,000,000 warrants of MTA, in order to purchase the same number of common shares at a price of $0.75 per share, when the then share price was between $1.15 and $1.31 per share (Note 12).
(12) Between April and October 2019, the Company disposed of 1,000,000 MTA common shares for proceeds of $1,254,085.

(in Canadian dollars)

8. Property, plant and equipment:

	Building and land	Computer equipment	Office furnitures	Total
	$	$	$	$
Cost				
As at January 31, 2019	128,493	-	-	128,493
Acquisitions	-	1,247	4,482	5,729
Disposal and write-off	(128,493)	-	-	(128,493)
As at January 31, 2020	-	1,247	4,482	5,729
Acquisitions	-	6,437	-	6,437
As at January 31, 2021	-	7,684	4,482	12,166
Accumulated depreciation				
As at January 31, 2019	31,364	-	-	31,364
Depreciation	1,224	336	729	2,289
Disposal and write-off	(32,588)	-	-	(32,588)
As at January 31, 2020	-	336	729	1,065
Depreciation	-	1,523	907	2,430
As at January 31, 2021	-	1,859	1,636	3,495
Net book value				
As at January 31, 2020	-	911	3,753	4,664
As at January 31, 2021	-	5,825	2,846	8,671

9. Other liabilities related to flow-through shares:

	January 31 2021	January 31 2020
	$	$
Other liabilities related to flow-through shares:		
Increase of the period / year	-	1,940,735
Decrease related to the incurring of eligible expenses	(1,591,920)	(231,347)
	(1,591,920)	1,709,388
Balance, beginning of period / year	1,709,388	-
Balance, end of period / year	117,468	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 (See Note 10). In connection with this commitment, the Company incurred cumulative eligible expenses of $5,056,339 as at January 31, 2021. As at January 31, 2021, the Company has a remaining obligation to incur an amount of $567,564 in exploration and evaluation expenditures until December 31, 2021.

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)

10. 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 9).

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.

11. 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.

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 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:

		January 31 2021		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	(1,450,000)	0.55	(733,894)	0.51
Outstanding at end	4,525,385	0.39	4,455,385	0.48
Exercisable at end	4,042,052	0.39	3,286,219	0.54

(in Canadian dollars)

11. Share purchase options and warrants (continued):

(a) Share purchase options (continued):

The following table provides outstanding share options information as at January 31, 2021:

			Outstanding share options	
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
July 11, 2021	50,000	50,000	0.35	0.4
December 3, 2021	270,000	270,000	0.235	0.8
February 17, 2022	75,000	75,000	0.28	1.0
May 4, 2022	240,385	240,385	0.624	1.3
August 6, 2022	250,000	250,000	0.31	1.5
December 12, 2023	1,020,000	1,020,000	0.61	2.9
June 20, 2024	450,000	300,000	0.34	3.4
July 11, 2024	1,000,000	666,667	0.35	3.4
February 17, 2025	685,000	685,000	0.28	4.0
March 13, 2025	200,000	200,000	0.19	4.1
July 24, 2025	50,000	50,000	0.27	4.5
October 26, 2025	235,000	235,000	0.23	4.7
	4,525,385	4,042,052	0.39	3.0

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	0.624	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	4.4
	4,455,385	3,286,219	0.48	2.9

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

	January 31 2021	January 31 2020
	$	$
Weighted average fair value of options granted	$0.16	$0.20

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

	January 31 2021	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)

11. 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 $404,585 of share-based compensation were accounted in profit or loss for the year ended January 31, 2021 ($277,698 for the year ended January 31, 2020) and credited to contributed surplus. As at January 31, 2021, an amount of $24,574 ($144,288 for the year ended January 31, 2020) remains to be amortized until January 31, 2022 related to the grant of stock options not vested.

(b) Warrants:

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

		January 31 2021		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

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

		January 31 2021		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 January 31, 2021:

			Outstanding warrants
Expiry date	Number of outstanding warrants	Exercise price	Remaining life
		$	(years)
November 29, 2021	1,210,863	0.30	0.8
	1,210,863	0.30	0.8

(in Canadian dollars)

11. 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:

	January 31 2021	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.

12. Exploration and evaluation activities:

Exploration and evaluation expenditures by nature are detailed as follows:

	January 31 2021	January 31 2020
	$	$
Exploration and evaluation activities:		
Assays	338,842	176,317
Drilling	3,011,851	1,488,634
Geophysical and electromagnetic survey	-	267,914
Reporting	495,195	-
Airborne geophysical survey	185,773	97,170
Line cutting	22,906	12,749
Resource estimate	-	34,821
Geology and geophysics	405,085	271,096
Geochemistry	662	-
Metallurgy	2,086	-
Prospecting	200,729	-
Other evaluation and exploration expenses	49,847	102,832
Rebilling	(13,095)	(14,711)
Tax credit related to resources and mining tax credits	(11,167)	(780,755)
	4,688,714	1,656,067

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

Exploration and evaluation expenditures per project can be detailed as follows:

	January 31 2021	January 31 2020
	$	$
Projects:		
Blanche-Charles	-	(9,940)
Chemin Troïlus	-	948
Cheechoo-Éléonore trend	-	144,529
Elmer East	1,006,296	155,652
Kipawa-Zeus	-	6,610
Lac-des-Îles and La Loutre	1,455	(971)
Sakami	3,657,205	1,314,225
Somanike	23,758	-
Matheson	-	45,014
	4,688,714	1,656,067

Gain on disposal of mining projects can be detailed as follows:

			January 31 2021			January 31 2020
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Chemin Troïlus	100,000	108,000	208,000	-	-	-
Lac-des-Îles and La Loutre	1,125,000	45,000	1,170,000	-	-	-
Tansim	250,000	-	250,000	125,000	-	125,000
Somanike	-	125,000	125,000	25,000	-	25,000
Vulcain	50,000	95,000	145,000	-	-	-
	1,525,000	373,000	1,898,000	150,000	-	150,000

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. Ownership was acquired on June 27, 2018.

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 (505 claims, 266 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.

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

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.

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 on May 26, 2020, 800,000 common shares at a price of $0.135 per share and made a lump sum cash payment of $100,000 and assumed responsibility for the pre-existing 2% NSR royalty.

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 January 31, 2020, Lomiko held 80% of the two projects. 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.

To earn its 100% interest as per the option agreement, Lomiko had to make cash payment, and issue common shares in the following timelines:

	Cash payments	Issuance of shares
	$	
On or before May 15, 2020		1,000,000 (1)
On or before December 31, 2021	1,125,000 (2)	
	1,125,000	1,000,000

(1) These common shares were issued on August 31, 2020.
(2) This cash payment was made on January 29, 2021. The Company has the obligation to incur exploration and evaluation expenditures on its properties for an amount of $1,125,000 in accordance with the option agreement. This amount is presented in restricted cash in the statement of financial position. In addition, the Company must rebilled to Lomiko the $1,125,000 in exploration and evaluation expenditures (Note 5).

As at January 31, 2021, Lomiko held 100% 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.

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.

To earn its 100% interest as per the option agreement, Vanicom have to make cash payment, issue common shares of Class 1 Nickel and Technologies Inc. (“Class 1”), its parent company and incur exploration expenses in the following timelines:

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

Non-core assets (continued):

Somanike (continued):

	Cash payments	Issuance of shares	Exploration expenses to incur
	$	$	$
Upon signature	25,000 (1)		-
On or before March 31 2019			
On or before June 15, 2019	25,000 (2)		
On or before December 31, 2021		75,000 (3)	600,000 (4)
On or before June 15, 2022	25,000		
On or before June 15, 2023	50,000	50,000 (5)	
	125,000	125,000	600,000

(1) This cash payment was received on August 27, 2018.
(2) This cash payment was received on July 12, 2019.
(3) A total of 104,166 common shares were issued on August 28, 2020 at a price of $0.72 per share for a value of $75,000.
(4) Exploration expenditures were all incurred.
(5) A total of 76,923 common shares were issued on August 20, 2020 at a price of $0.65 per share for a value of $50,000.

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 (amount paid in December 2020) to the Company in consideration of an additional payment of $25,000 (amount paid in December 2019). 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.

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 have to make cash payment, issue common shares and incurred exploration expenses in the following timelines:

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

Non-core assets (continued):

Vulcain (continued):

	Cash payments	Issuance of Shares	Exploration expenses to incur
	$		$
Within 3 days of the reception of the approval of the TSX-V	50,000 (1)	1,000,000 (2)	-
On or before December 7, 2025	-	-	1,000,000
	50,000	1,000,000	1,000,000

(1) This cash payment was made on December 22, 2020.
(2) These common shares were issued on December 18, 2020 at a price of $0.095 per share.

13. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	January 31 2021	January 31 2020
	$	$
Loss before income taxes	(4,538,285)	(2,807,541)
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.50%	26.60%
Expected income tax recovery	(1,202,646)	(746,806)
Variation of non-taxable fair value	(34,131)	(54,708)
Changes in unrecorded temporary differences	(75,089)	620,967
Tax effect on flow-through shares	1,195,539	144,796
Reversal of other liability related to flow-through shares	(1,591,920)	(231,437)
Share-based compensation	107,215	73,868
Change in deferred income tax rate	-	2,337
Other non-deductible expenses	9,112	(40,364)
Income tax recovery	(1,591,920)	(231,347)

(b) Movement in deferred tax balances during the year:

	January 31 2020	Recognized in profit or loss	Recognized in equity	Recognized in OCL	January 31 2021
	$	$	$	$	$
Marketable securities	-	(651)	-	-	(651)
Capital tax losses	-	651	-	-	651
	-	-	-	-	-

	January 31 2019	Recognized in profit or loss	Recognized in equity	Recognized in OCL	January 31 2020
	$	$	$	$	$
Exploration and evaluation expenditures	(36,637)	36,637	-	-	-
Mining tax credits receivable	36,637	(36,637)	-	-	-
	-	-	-	-	-

(in Canadian dollars)

13. Income taxes (continued):

(b) Movement in deferred tax balances during the year (continued):

The Company has the following temporary differences for which no deferred tax asset has been recognized:

		January 31 2021		January 31 2020
	Federal	Québec	Federal	Québec
				$
Exploration and evaluation expenditures	17,484,517	17,582,352	19,148,773	19,246,612
Property, plant and equipment	10,742	10,742	32,703	32,703
Marketable securities	-	-	252,679	252,680
Share issuance costs	589,312	589,312	857,367	857,367
Non-capital losses carry forwards	14,503,118	14,159,769	12,656,346	12,308,917
Capital tax losses	2,245,927	2,244,606	2,347,922	2,347,922
Intangible and others	56,700	52,731	56,700	52,731
	34,890,316	34,639,512	35,352,490	35,098,932

The Company has tax credits to investment of $1,626 ($1,626 in 2020) which are not recognized. These credits can be used to reduce taxes payable to federal and expire in 2034.

(c) Non-capital losses:

As at January 31, 2021, the non-capital losses expire as follows:

	Federal	Québec
	$	$
2026	393,267	393,267
2027	726,178	726,178
2028	2,188,973	2,188,973
2029	474,760	474,760
2030	241,509	241,509
2031	305,421	305,421
2032	884,872	884,872
2033	680,136	684,105
2034	682,338	682,338
2035	591,241	589,533
2036	1,179,455	847,147
2037	719,249	718,770
2038	894,646	894,647
2039	1,310,919	1,305,436
2040	1,415,065	1,409,666
2041	1,815,089	1,813,147
	14,503,118	14,159,769

14. 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 11.

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 years ended January 31, 2021 and 2020.

(in Canadian dollars)

15. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	January 31 2021	January 31 2020
	$	$
Non-cash financing activities:		
Share issuance costs for brokers and intermediaries options	-	77,160
Non-cash investing activities:		
Marketable securities received on optioning of mining projects	373,000	-

16. 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:

	January 31 2021	January 31 2020
	$	$
Management and consulting fees	16,613	-
Salaries and director's fees	774,404	450,590
Share-based compensation	261,631	216,494
	1,052,648	667,084

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 $144,954 was payable to Consul-Teck Exploration Minière Inc. as at January 31, 2021 ($221,211 as at January 31, 2020). The following table provides a summary of the expenses incurred from Consul-Teck Exploration Minière Inc:

	January 31 2021	January 31 2020
	$	$
Exploration and evaluation expenditures	2,026,816	1,280,292
Professional and consultant fees	8,320	62,489
General administrative expenses	14,312	178,210
	2,049,448	1,520,991

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.

17. Contingent liabilities:

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.

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 the case the Company does not incur the required qualifying Canadian mineral exploration expenses as originally contemplated in its flow-through private placements, the Company has contractually agreed to indemnify the purchasers of such flow-through securities to compensate adverse tax consequences they might incur.

(in Canadian dollars)

18. 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:

		January 31 2021		January 31 2020
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	$	$	$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	614,527	614,527	33,750	33,750
	614,527	614,527	33,750	33,750
Financial assets				
Amortized cost				
Cash and cash equivalents	1,178,991	1,178,991	2,460,498	2,460,498
Restricted cash	1,125,000	1,125,000	-	-
Investments	-	-	3,600,000	3,600,000
Other receivables	1,236	1,236	47,636	47,636
	2,305,227	2,305,227	6,108,134	6,108,134
Financial liabilities				
Amortized cost				
Trade accounts payable and accrued liabilities	368,100	368,100	718,892	718,892
	368,100	368,100	718,892	718,892

The fair values of the marketable securities are $614,527 as at January 31, 2021 ($33,750 as at January 31, 2020) are determined by using the closing price at January 31, 2021 and January 31, 2020.

The fair value of cash and cash equivalents, restricted cash, investments, 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. Marketable securities are classified as Level 1 in the fair value hierarchy.

19. Capital management policies and procedures:

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

	January 31 2021	January 31 2020
	$	**$**
Equity	2,823,354	5,287,634
	2,823,354	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.

(in Canadian dollars)

19. Capital management policies and procedures (continued):

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.

20. 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, restricted cash, investments, other receivables and interests receivable for an amount of $2,305,227 as at January 31, 2021 ($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 year ended January 31, 2021 and the year ended January 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 and restricted cash as at January 31, 2021 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:

				January 31 2021
	Less than 1 year	1-5 years	More than 5 years	$ Total
	$	$	$	$
Trade accounts payable and accrued liabilities	368,100	-	-	368,100

				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 102.67% has been observed during the year ending January 31, 2021 (126.55% 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 as per the volatility, profit and loss would have changed by a markup of $630,935 as at January 31, 2021 (markup of $42,711 as at January 31, 2020) or If quoted stock price for these securities had decreased as per the volatility, profit and loss would have changed by a markdown of $614,527 as at January 31, 2021 ($33,750 as at January 31, 2020).

20. Financial instrument risks (continued):

(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.

21. Comparative information:

Certain comparative information from 2020 has been reclassified to conform with the presentation of the financial statements adopted for the current year.

22. Subsequent events:

On February 19, 2021, the Company granted 1,275,000 share options to directors, officers, employees and a consultant at an exercise price of $0.29 per share expiring on February 19, 2026. Each share option entitles the holder to acquire one common share. The Options vest gradually over a period of twenty-four (24) months following the date of grant as follows: one third at the date of grant, one-third at the first anniversary of the date of grant, and one-third at the second anniversary of the date of grant. Options granted to the consultant are exercisable for a two-year period and will vest immediately.

On February 22, 2021, the Company issued 502,033 deferred stock units to officers and one employee under its new Deferred Share Unit Plan adopted by Company on October 20, 2020.

In May 2021, the Company concluded two private placements by issuing 14,674,543 common shares at a price of $0.22 per share for proceeds of $3,228,399.