QUEBEC PRECIOUS METALS CORPORATION

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Financial Statements

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

Three-month periods ended
April 30, 2021 and 2020

QUEBEC PRECIOUS METALS CORPORATION
(An exploration company)
Condensed Interim Financial Statements
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Condensed Interim Financial Statements

Condensed Interim Statements of Financial Position 1

Condensed Interim Statement of Loss and Comprehensive Loss 2

Condensed Interim Statement of Changes in Equity 3

Condensed Interim Statement of Cash Flows 4

Notes to Condensed Interim Financial Statements

1 Statute of incorporation, nature of activities and going concern 5
2 Basis of preparation 5
3 Significant accounting policies 6
4 Cash and cash equivalents 6
5 Restricted cash 6
6 Marketable securities 7
7 Other liabilities related to flow-through shares 7
8 Share capital 8
9 Share purchase options, DSUs and warrants 8
10 Earnings per share 11
11 Exploration and evaluation activities 11
12 Supplemental cash flow information 15
13 Related party transactions 15
14 Contingent liabilities 16
15 Financial assets and liabilities 16
16 Capital management policies and procedures 17
17 Financial instrument risks 17
18 Subsequent event 18

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Financial Position

As at April 30, 2021 and January 31, 2021

(in Canadian dollars)

	Note	April 30 2021	January 31 2021
		$	$
Assets			
Current assets:			
Cash and cash equivalents	4	1,261,376	1,178,991
Restricted cash	5	697,938	1,125,000
Marketable securities	6	197,036	614,527
Other receivables		-	1,236
Taxes receivable		157,446	57,117
Prepaid expenses		341,178	104,254
Deposits related to exploration and evaluation activities		-	50,000
Tax credits related to resources receivable		140,226	140,226
Mining tax credits receivable		28,900	28,900
Total current assets		2,824,100	3,300,251
Non-current assets:			
Property and equipment		7,837	8,671
Total non-current assets		7,837	8,671
Total assets		2,831,937	3,308,922
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		1,108,728	368,100
Other liabilities related to flow-through financings	7	-	117,468
Total current liabilities		1,108,728	485,568
Equity:			
Share capital	8	47,551,328	47,551,328
Contributed surplus	9	4,856,968	4,615,282
Deficit		(50,685,087)	(49,343,256)
Total equity		1,723,209	2,823,354
Total liabilities and equity		2,831,937	3,308,922

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 June 23, 2021.

(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 periods ended April 30, 2021 and 2020
(in Canadian dollars)

		Three-month period ended	
		April 30 2021	**April 30 2020**
		$	**$**
Expenses:			
Salaries and employee benefit expense		198,468	231,834
General administrative expenses		58,217	69,161
Travel and promotion		65,343	16,598
Registration, listing fees and shareholders information		6,685	47,951
Professional and consulting fees		109,124	134,155
Share-based compensation	9	96,096	220,576
Part XII.6 tax		-	14,557
Exploration and evaluation expenditures	11	1,040,769	1,891,925
Depreciation of property and equipment		834	276
Operating loss before other revenues and income tax		1,575,536	2,627,033
Other revenues:			
Interest income		(3,111)	(25,664)
Change in fair value of marketable securities	6	(38,126)	18,750
Gain on disposal of mining projects	11	(75,000)	-
Total other revenues		(116,237)	(6,914)
.			
Loss before income tax		(1,459,299)	(2,620,119)
Income tax recovery		117,468	816,370
Net loss and comprehensive loss		(1,341,831)	(1,803,749)
Weighted average number of common shares outstanding		67,684,334	67,434,334
Basic and diluted loss per share:		(0.020)	(0.027)

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 periods ended April 30, 2021 and 2020

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Total equity
			$	$	$	$
Balance as at January 31, 2021		67,684,334	47,551,328	4,615,282	(49,343,256)	2,823,354
Share options granted	9			108,647		108,647
Deferred share units granted	9			133,039		133,039
Transaction with owners		67,684,334	47,551,328	4,856,968	(49,343,256)	3,065,040
Net loss and comprehensive loss for the period					(1,341,831)	(1,341,831)
Balance as at April 30, 2021		67,684,334	47,551,328	4,856,968	(50,685,087)	1,723,209
Balance as at January 31, 2020		67,434,334	47,439,128	4,245,397	(46,396,891)	5,287,634
Share options granted	9			220,576		220,576
Transaction with owners		67,434,334	47,439,128	4,465,973	(46,396,891)	5,508,210
Net loss and comprehensive loss for the period					(1,803,749)	(1,803,749)
Balance as at April 30, 2020		67,434,334	47,439,128	4,465,973	(48,200,640)	3,704,461

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

Three-month periods ended April 30, 2021 and 2020

(in Canadian dollars)

	Three-month period ended	
	April 30 2021	**April 30 2020**
	$	**$**
Operating activities:		
Net loss	(1,341,831)	(1,803,749)
Adjustments for:		
Income tax recovery	(117,468)	(816,370)
Depreciation of property and equipment	834	276
Share-based compensation	96,096	220,576
Change in fair value of marketable securities	(38,126)	18,750
Gain on disposal of mining projects	(75,000)	-
Operating activities before changes in working capital items	(1,475,495)	(2,380,517)
Change in other receivables	1,236	(6,859)
Change in taxes receivable	(100,329)	(106,560)
Change in prepaid expenses	(236,924)	7,033
Change in deposits related to exploration and evaluation activities	50,000	297,405
Change in trade accounts payable and other liabilities	886,218	(554,217)
Change in working capital items	600,201	(363,198)
Cash flows used for operating activities	(875,294)	(2,743,715)
Financing activities:		
Decrease in restricted cash	427,062	-
Cash flows from financing activities	427,062	-
Investing activities:		
Proceeds from disposal of marketable securities	455,617	-
Proceeds from disposal of investments	-	357,000
Option payments received	75,000	-
Acquisition of equipment	-	(1,377)
Cash flows from investing activities	530,617	355,623
Net change in cash and cash equivalents	82,385	(2,388,092)
Cash and cash equivalents, beginning of period	1,178,991	2,460,498
Cash and cash equivalents, end of period	1,261,376	72,406

Additional disclosures of cash flow information (Note 12).

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 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 the 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 risk levels to operating businesses.

The Company shut down site activities on March 13, 2020 in accordance with provincial requirements as issued by Québec Government and Health Canada/Santé Québec. The Company re-commenced on-site activities in June 2020 and is continuing to further the Company's objectives during this uncertain and rapidly evolving time and is following the recommendations of Québec 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 ((Institut national de santé publique du Québec) and CNESST (Commission des normes, de l'équité, de la santé et de la sécurité du travail) 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 three-month period ended April 30, 2021, the Company recorded a net loss of $1,341,831 ($1,803,749 for the three-month period ended April 30, 2020) and has an accumulated deficit of $50,685,087 as at April 30, 2021 ($49,343,256 as at January 31, 2021). 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 April 30, 2021, the Company had a working capital of $1,715,372 ($2,814,683 as at January 31, 2021) consisting of cash and cash equivalents of $1,261,376 ($1,178,991 as at January 31, 2021). 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 operations, 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, 2021.

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 2 of the annual audited financial statements of the Company as at January 31, 2021.

3. Significant accounting policies:

These condensed interim financial statements have been prepared following the same accounting policies used in Note 3 of the annual audited financial statements for the year ended January 31, 2021.

3.1 Adoption of new accounting standards:

There was no adoption of new accounting policies in preparing the condensed interim financial statements as at April 30, 2021.

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

Since the issuance of the Company's audited financial statements for the year ended January 31, 2021, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

4. Cash and cash equivalents:

	April 30 2021	January 31 2021
	$	$
Cash	1,261,376	1,095,991
Cash equivalents [1]		
GIC expiring on April 20, 2021 at a rate of 1.90%	-	83,000
	1,261,376	1,178,991

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

5. Restricted cash:

	April 30 2021	January 31 2021
	$	$
Cash	697,938	1,125,000
	697,938	1,125,000

Restricted cash represents 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 11 - Lac-des-Îles and La Loutre Project).

(in Canadian dollars)

6. Marketable securities:

	Number of shares				Carrying value				
	January 31 2021	Acquisition	Disposition	April 30 2021	January 31 2021	Acquisition	Disposition	Change in fair value	April 30 2021
					$	$	$	$	$
Shares									
LMR (1)	1,750,000	-	(1,750,000) (5)	-	205,000	-	(310,283) (5)	105,283	-
UGM (2)	431,000	-	(431,000) (6)	-	112,060	-	(119,530) (6)	7,470	-
NICO (3)	181,089	-	(35,000) (7)	146,089	177,467	-	(25,804) (7)	(59,627)	92,036
FEX (4)	1,000,000	-	-	1,000,000	120,000	-	-	(15,000)	105,000
	3,362,089	-	(2,216,000)	1,146,089	614,527	-	(455,617)	38,126	197,036

	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 (8)	-	1,750,000	33,750	45,000 (8)	-	126,250	205,000
UGM (2)	-	800,000 (9)	(369,000) (12)	431,000	-	108,000 (9)	(79,019) (12)	83,079	112,060
NICO (3)	-	181,089 (10)	-	181,089	-	125,000 (10)	-	52,467	177,467
FEX (4)	-	1,000,000 (11)	-	1,000,000	-	95,000 (11)	-	25,000	120,000
	750,000	2,981,089	(369,000)	3,362,089	33,750	373,000	(79,019)	286,796	614,527

(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) Between February and April 2021, the Company disposed of 1,750,000 LMR common shares for proceeds of $310,283.
(6) In February and March 2021, the Company disposed of 431,000 UGM common shares for proceeds of $119,530.
(7) In March and April 2021, the Company disposed of 35,000 NICO common shares for proceeds of $25,805.
(8) On August 31, 2020, the Company received 1,000,000 shares of Lomiko Metals Inc. measured at its fair value of $45,000 (Note 11 - La Loutre option agreement).
(9) On May 27, 2020, the Company received 800,000 shares of UrbanGold Minerals Inc. measured at its fair value of $108,000 (Note 11 - Chemin Troïlus option agreement).
(10) 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 10 - Somanike option agreement).
(11) On January 29, 2021, the Company received 1,000,000 shares of Fjordland Exploration Inc. measured at its fair value of $95,000 (Note 11 - Vulcain option agreement).
(12) Between October 2020 and January 2021, the Company disposed of 369,000 UGM common shares for proceeds of $79,019.

7. Other liabilities related to flow-through shares:

	April 30 2021	January 31 2021
	$	$
Other liabilities related to flow-through shares:		
Increase of the period / year	-	-
Decrease related to the incurring of expenses	(117,468)	(1,591,920)
	(117,468)	(1,591,920)
Balance, beginning of period / year	117,468	1,709,388
Balance, end of period / year	-	117,468

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 $5,623,903 as at April 30, 2021. As at April 30, 2021, the Company has fulfilled its obligation by incurring an amount of $5,623,903 in exploration and evaluation expenditures before December 31, 2021.

(in Canadian dollars)

7. Other liabilities related to flow-through shares (continued):

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.

8. Share capital:

(a) Authorized:

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

(b) Issued and outstanding:

	Number	Amount
		$
Balance as at January 31, 2020	67,434,334	47,439,128
Issued for cash:		
Share options exercised	250,000	112,200
Balance as at January 31, 2021	67,684,334	47,551,328

	Number	Amount
		$
Balance as at January 31, 2021	67,684,334	47,551,328
Balance as at April 30, 2021	67,684,334	47,551,328

9. Share purchase options, DSUs 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:

		April 30 2021		January 31 2021
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		$		$
Outstanding at beginning	4,525,385	0.39	4,455,385	0.48
Granted	1,275,000	0.29	1,770,000	0.27
Exercised	-	-	(250,000)	0.31
Expired / forfeited	(720,000)	0.25	(1,450,000)	0.55
Outstanding at end	5,080,385	0.38	4,525,385	0.39
Exercisable at end	3,780,386	0.41	4,042,052	0.38

(in Canadian dollars)

9. Share purchase options, DSUs and warrants (continued):

(a) Share purchase options (continued):

The following table provides outstanding share options information as at April 30, 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	0.2
February 17, 2022	75,000	75,000	0.28	0.8
May 4, 2022	240,385	240,385	0.624	1.0
February 19, 2023	50,000	50,000	0.29	1.8
December 12, 2023	1,020,000	1,020,000	0.61	2.6
June 20, 2024	450,000	300,000	0.34	3.1
July 11, 2024	1,000,000	666,667	0.35	3.2
February 17, 2025	685,000	685,000	0.28	3.8
July 24, 2025	50,000	50,000	0.27	4.2
October 26, 2025	235,000	235,000	0.23	4.5
February 19, 2026	1,225,000	408,334	0.29	4.8
	5,080,385	3,780,386	0.38	3.4

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 the weighted average fair value of options granted:

	April 30 2021	**January 31 2021**
	$	$
Weighted average fair value of options granted	$0.16	$0.16

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:

	April 30 2021	**January 31 2021**
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	$0.29	$0.27
Weighted average expected volatility	83.12%	88.60%
Weighted average risk-free interest rate	0.62%	0.82%
Weighted average exercise price at grant date	$0.265	$0.27
Weighted average expected life	4.9 years	3.6 years

(in Canadian dollars)

9. Share purchase options, DSUs 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 $108,647 of share-based compensation were accounted in profit or loss for the three-month period ended April 30, 2021 ($220,576 for the three-month period ended April 30, 2020) and credited to contributed surplus. As at April 30, 2021, an amount of $128,285 ($24,574 for the year ended January 31, 2021) remains to be amortized until January 31, 2024 related to the grant of stock options not vested.

(b) Deferred share units ("DSUs"):

The changes to the number of outstanding DSUs granted by the Company are as follows:

	April 30 2021	January 31 2021
	Number of outstanding DSU	Number of outstanding DSU
Outstanding at beginning	-	-
Granted	502,033	-
Outstanding at end	502,033	-

On February 19, 2021, 502,033 DSUs were granted under the Company's Deferred Share Unit Plan (adopted on October 20, 2020) to officers and an employee for a fair value of $133,039. The DSUs are payable in common shares of QPM and/or cash upon the holder ceasing to be a director, an officer or an employee of the Company, as the case may be. These 502,033 DSUs with a fair value of $133,039 were issued in lieu of the bonus payable of $145,590 which has been recognized in the P&L during the year ended January 31, 2021. The bonus payable has been reversed as at February 1st, 2021 and replaced by the grant of the DSUs on February 19, 2021 which resulted in a gain on payment of $12,551 of share-based compensation (reversal of the bonus payable of $145,590 less the fair value of $133,039 of the DSUs granted on February 19, 2021).

(c) Warrants:

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

		April 30 2021		January 31 2021
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		$		$
Outstanding at beginning	-	-	4,445,331	0.85
Expired	-	-	(4,445,331)	0.85
Outstanding at end	-	-	-	-

(d) Brokers and intermediaries' options:

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

		April 30 2021		January 31 2021
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
		$		$
Outstanding at beginning	1,210,863	0.30	1,210,863	0.30
Outstanding at end	1,210,863	0.30	1,210,863	0.30

(in Canadian dollars)

9. Share purchase options, DSUs and warrants (continued):

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

The following table provides outstanding brokers and intermediaries' options information as at April 30, 2021:

			Outstanding warrants
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
November 29, 2021	1,210,863	0.30	0.6
	1,210,863	0.30	0.6

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

10. 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 operating at a loss and that their effect would have been antidilutive. Details of share purchase options and warrants issued that could potentially dilute earnings per share in the future are given in Note 9.

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 periods ended April 30, 2021 and 2020.

11. Exploration and evaluation activities:

Exploration and evaluation expenditures by nature are detailed as follows:

	Three-month period ended	
	April 30 2021	**April 30 2020**
	$	**$**
Exploration and evaluation activities:		
Assays	23,765	85,958
Drilling	943,613	1,378,776
Reporting	10,533	251,250
Airborne geophysical survey	-	143,377
Metallurgy	31,832	-
Geology and geophysics	15,744	20,540
Other evaluation and exploration expenses	15,282	12,024
	1,040,769	1,891,925

(in Canadian dollars)

11. Exploration and evaluation activities (continued):

Exploration and evaluation expenditures can be detailed as follows:

	Three-month period ended April 30 2021	April 30 2020
	$	$
Projects:		
Elmer East	1,162	368,604
Lac-des-Îles and La Loutre	-	4,365
Sakami	1,039,607	1,518,956
	1,040,769	1,891,925

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

			April 30 2021			April 30 2020
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Somanike	75,000	-	75,000	-	-	-
	75,000	-	75,000	-	-	-

Sakami:

The Sakami project is wholly-owned by the Company, consists of one large contiguous block of 281 mineral claims (142.50 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. During the three-month period ended April 30, 2021, 22 claims have been transferred from Cheechoo-Éléonore Trend project.

Cheechoo-Éléonore Trend:

The Cheechoo-Éléonore Trend project is wholly-owned by the Company and consists of 529 claims (274.33 km^2). The southeastern end of the project lies about 24 km northwest of the Éléonore mine, with a road access 14 km away. During the three-month period ended April 30, 2021, 22 claims have been transferred to Sakami project.

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 km^2). It is located approximately 120 km northeast of the Eleonore mine.

Non-core assets:

New Gold:

The New Gold project is wholly-owned by the Company and consists of 49 claims (25.90 km^2). It lies about 30 km southwest of the old Eastmain gold mine.

(in Canadian dollars)

11. Exploration and evaluation activities (continued):

Non-core assets (continued):

Chemin Troïlus:

The Chemin Troïlus project was wholly-owned by the Company and consists of 61 claims (33.15 km^2). 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.

Lac-des-Îles and La Loutre:

The Lac-des-Îles project consists of one contiguous block of 23 claims (9.88 km^2) 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 payments, 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 received 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 Lac-des-Îles and La Loutre project option agreement with Lomiko. This amount is presented in restricted cash in the statement of financial position of the Company (Note 5).

As at April 30, 2021, Lomiko held 100% of the two projects.

Somanike:

The Somanike project was 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. As at April 30, 2021, the Company had no interest in the project.

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 was granted an option to earn 100% interest in Somanike project.

To earn its 100% interest as per the option agreement, Vanicom had to make cash payments, 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)

11. 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 (6)		
On or before June 15, 2023	50,000 (6)	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.
(6) This cash payment was received on February 12, 2021.

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 km^2) 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 owned 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 was 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 had 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 entered into an option agreement with Fjordland Exploration Inc. (“FEX”) whereby FEX may earn 100% interest of the Vulcain project. It is subject to a 1% 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 has to make cash payments, issue common shares and incur exploration expenses in the following timelines:

(in Canadian dollars)

11. 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.

Matheson:

The Company holds a 50% interest in four non-contiguous blocks totalling 41 single-cell mining claims, four patented claims (surface and mining rights) and three leases (surface and mining rights) totalling 12.77 km^2 held in the Matheson Joint Venture project ("Matheson Project"), located 24 km from downtown Timmins, Ontario.

12. Supplemental cash flow information:

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

	April 30 2021	January 31 2021
	$	$
Non-cash operating activities:		
Reclassification from current liabilities to contributed surplus	145,590	-

13. 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	
	April 30 2021	April 30 2020
	$	$
Management and consulting fees	15,000	-
Salaries and director's fees	171,931	211,870
Share-based compensation	86,510	130,870
	273,441	342,740

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 $499,723 was payable to Consul-Teck Exploration Minière Inc. as at April 30, 2021 ($144,954 as at January 31, 2021). The following table provides a summary of the expenses incurred from Consul-Teck Exploration Minière Inc:

	Three-month period ended	
	April 30 2021	April 30 2020
	$	$
Exploration and evaluation expenditures	610,828	723,026
Professional and consultant fees	-	8,320
General administrative expenses	-	14,312
	610,828	745,658

(in Canadian dollars)

13. Related party transactions (continued):

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.

14. 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 results 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 for adverse tax consequences they might incur.

15. 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:

		April 30 2021		January 31 2021
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	$	$	$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	197,036	197,036	614,527	614,527
	197,036	197,036	614,527	614,527
Financial assets				
Amortized cost				
Cash and cash equivalents	1,261,376	1,261,376	1,178,991	1,178,991
Restricted cash	697,938	697,938	1,125,000	1,125,000
Other receivables	-	-	1,236	1,236
	1,959,314	1,959,314	2,305,227	2,305,227
Financial liabilities				
Amortized cost				
Trade accounts payable and other liabilities	1,108,728	1,108,728	368,100	368,100
	1,108,728	1,108,728	368,100	368,100

The fair values of the marketable securities are $197,036 as at April 30, 2021 ($614,527 as at January 31, 2021) and are determined by using the closing price at April 30, 2021 and January 31, 2021.

The fair value of cash and cash equivalents, restricted cash, investments, other receivables and trade accounts payable and other 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).

(in Canadian dollars)

15. Financial assets and liabilities (continued):

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.

16. Capital management policies and procedures:

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

	April 30 2021	January 31 2021
	$	$
Equity	1,723,209	2,823,354
	1,723,209	2,823,354

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.

17. 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 and other receivables for an amount of $1,959,314 as at April 30, 2021 ($2,305,227 as at January 31, 2021). 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.

In previous reporting periods, the Company has financed its acquisitions of mining rights, exploration and evaluation expenditures and working capital needs through private financings consisting of issuance of common shares and flow-through shares, and by optioning some of its mining projects. Management estimates that the cash and cash equivalents and restricted cash as at April 30, 2021 will not be sufficient to meet the Company's needs for cash during the coming year (see Note 1).

(in Canadian dollars)

17. Financial instrument risks (continued):

(b) Liquidity risk (continued):

Contractual maturities of financial liabilities are as follows:

				April 30 2021
	Less than 1 year	**1-5 years**	**More than 5 years**	**$ Total**
	$	$	$	$
Trade accounts payable and other liabilities	1,108,728	-	-	1,108,728

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

(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 110.86% has been observed during the three-month period ended April 30, 2021 (102.67% for the year ended January 31, 2021).

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 $218,434 as at April 30, 2021 (markup of $630,935 as at January 31, 2021) or if quoted stock price for these securities had decreased as per the volatility, profit and loss would have changed by a markdown of $197,036 as at April 30, 2021 ($614,527 as at January 31, 2021).

(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.

18. Subsequent event:

In May 2021, the Company concluded three private placements by issuing 14,774,543 common shares at a price of $0.22 per share for gross proceeds of $3,250,399.