QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Financial Statements

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

Three-month and nine-month periods ended October 31, 2021 and 2020

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Condensed Interim Financial Statements

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Condensed Interim Financial Statements

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Financial Position

As at October 31, 2021 and January 31, 2021

(in Canadian dollars)

	Note	October 31 2021	January 31 2021
		$	$
Assets			
Current assets:			
Cash and cash equivalents	4	3,655,032	1,178,991
Restricted cash	5	-	1,125,000
Marketable securities	6	137,757	614,527
Other receivables		-	1,236
Taxes receivable		215,350	57,117
Prepaid expenses		139,132	104,254
Deposits related to exploration and evaluation activities		9,000	50,000
Tax credits related to resources receivable		477,894	140,226
Mining tax credits receivable		78,748	28,900
Total current assets		4,712,913	3,300,251
Non-current assets:			
Property and equipment		6,113	8,671
Total non-current assets		6,113	8,671
Total assets		4,719,026	3,308,922
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		557,849	368,100
Other liabilities related to flow-through financings	7	-	117,468
Total current liabilities		557,849	485,568
Non-current liabilities:			
Loan	8	33,981	-
Total non-current liabilities		33,981	-
Total liabilities		591,830	485,568
Equity:			
Share capital	9	50,501,034	47,551,328
Contributed surplus	10	5,017,266	4,615,282
Deficit		(51,391,104)	(49,343,256)
Total equity		4,127,196	2,823,354
Total liabilities and equity		4,719,026	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 December 15, 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 and nine-month periods ended October 31, 2021 and 2020

(in Canadian dollars)

		Three-month period ended		Nine-month period ended	
		October 31 2021	October 31 2020	October 31 2021	October 31 2020
		$	$	$	$
Expenses:					
Salaries and employee benefit expense		177,121	187,257	615,975	562,426
General administrative expenses		44,044	23,265	123,206	116,642
Travel and promotion		182,529	12,505	377,872	29,103
Registration, listing fees and shareholder information		21,620	18,787	72,749	90,746
Professional and consulting fees		95,656	188,940	392,110	405,626
Share-based compensation	10	32,980	120,381	208,392	389,958
Part XII.6 tax		-	(6,673)	-	-
Exploration and evaluation expenditures	12	493,616	1,658,124	2,456,217	4,393,025
Depreciation of property and equipment		862	1,023	2,558	1,737
Operating loss before other revenues and income tax		1,048,428	2,203,609	4,249,079	5,989,263
Other (revenues) expenses:					
Finance expense		1,177	-	1,465	-
Interest income		(9)	14,703	(4,258)	(26,300)
Other revenues		-	(3,420)	-	(3,638)
Government assistance	8	-	-	(27,484)	-
Change in fair value of marketable securities	6	20,679	133,396	21,153	(50,854)
Gain on disposal of mining projects	12	-	(125,000)	(75,000)	(333,000)
Gain on disposal of net smelter return (NSR)	12	(2,000,000)	-	(2,000,000)	-
Exchange loss		281	-	361	-
Total other (revenues) expenses		(1,977,872)	19,679	(2,083,763)	(413,792)
.					
Income (loss) before income tax		929,444	(2,223,288)	(2,165,316)	(5,575,471)
Income tax recovery		-	388,507	117,468	1,559,396
Net income (loss) and comprehensive income (loss)		929,444	(1,834,781)	(2,047,848)	(4,016,075)
Weighted average number of common shares outstanding		82,458,877	67,578,356	77,454,636	67,482,692
Basic and diluted income (loss) per share:		0.011	(0.027)	(0.026)	(0.060)

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

Nine-month periods ended October 31, 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
Shares issued:						
Private placements	9	14,774,543	3,250,399			3,250,399
Share issuance costs	9		(300,693)			(300,693)
Share options granted	10			220,943		220,943
Brokers and intermediaries' options granted	9			48,002		48,002
Deferred share units granted	10			133,039		133,039
Transaction with owners		82,458,877	50,501,034	5,017,266	(49,343,256)	6,175,044
Net loss and comprehensive loss for the period					(2,047,848)	(2,047,848)
Balance as at October 31, 2021		82,458,877	50,501,034	5,017,266	(51,391,104)	4,127,196
Balance as at January 31, 2020		67,434,334	47,439,128	4,245,397	(46,396,891)	5,287,634
Share options exercised		250,000	77,500			77,500
Share options granted	10			389,958		389,958
Transaction with owners		67,684,334	47,516,628	4,635,355	(46,396,891)	5,755,092
Net loss and comprehensive loss for the period					(4,016,075)	(4,016,075)
Balance as at October 31, 2020		67,684,334	47,516,628	4,635,355	(50,412,966)	1,739,017

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Cash Flows

Nine-month periods ended October 31, 2021 and 2020

(in Canadian dollars)

	Nine-month period ended	
	October 31 2021	October 31 2020
	$	$
Operating activities:		
Net loss	(2,047,848)	(4,016,075)
Adjustments for:		
Income tax recovery	(117,468)	(1,559,396)
Effective interest on loan	(6,019)	-
Depreciation of property and equipment	2,558	1,737
Share-based compensation	208,392	389,958
Change in fair value of marketable securities	21,153	(50,854)
Gain on disposal of mining projects	(75,000)	(333,000)
Gain on disposal of net smelter return (NSR)	(2,000,000)	-
Operating activities before changes in working capital items	(4,014,232)	(5,567,630)
Change in other receivables	-	28,417
Change in interests receivable	1,236	(6,820)
Change in taxes receivable	(158,233)	(78,628)
Change in prepaid expenses	(34,878)	47,451
Change in deposits related to exploration and evaluation activities	41,000	492,451
Change in tax credits related to resources receivable	(49,848)	560,890
Change in mining tax credits receivable	(337,668)	70,931
Change in trade accounts payable and other liabilities	335,339	48,131
Change in working capital items	(203,052)	1,162,823
Cash flows used for operating activities	(4,217,284)	(4,404,807)
Financing activities:		
Proceeds from private placements	3,250,399	-
Proceeds from share options exercised	-	77,500
Decrease in restricted cash	1,125,000	-
Proceeds from a loan	40,000	-
Share issuance costs	(252,691)	-
Cash flows from financing activities	4,162,708	77,500
Investing activities:		
Proceeds from disposal of marketable securities	455,617	63,808
Proceeds from disposal of investments	-	2,515,000
Option payments received	75,000	100,000
Payment received on disposal of net smelter return (NSR)	2,000,000	-
Acquisition of equipment	-	(3,662)
Cash flows from investing activities	2,530,617	2,675,146
Net change in cash and cash equivalents	2,476,041	(1,652,161)
Cash and cash equivalents, beginning of period	1,178,991	2,460,498
Cash and cash equivalents, end of period	3,655,032	808,337

Additional disclosures of cash flow information (Note 13).

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

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

The Company, Quebec Precious Metals Corporation or the ("Company"), incorporated under the Canada Business Corporations Act, is a mineral exploration company operating in Canada. Its shares are traded on the TSX.V Stock Exchange under the symbol QPM, on the American Stock Exchange OTCQB Market under the symbol CJCFF and on the Frankfurt exchange under the 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 noncompliance with regulatory requirements.

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

For the nine-month period ended October 31, 2021, the Company recorded a net loss of $2,047,848 ($4,016,075 for the nine-month period ended October 31, 2020) and has an accumulated deficit of $51,391,104 as at October 31, 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 October 31, 2021, the Company had a working capital of $4,155,064 ($2,814,683 as at January 31, 2021) consisting primarily of cash and cash equivalents of $3,655,032 ($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 other than to the sales of non-core assets. 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 October 31, 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:

	October 31 2021	January 31 2021
	$	$
Cash	3,655,032	1,095,991
Cash equivalents [1]		
GIC expiring on April 20, 2021 at a rate of 1.90%	-	83,000
	3,655,032	1,178,991

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

5. Restricted cash:

	October 31 2021	January 31 2021
	$	$
Cash	-	1,125,000
	-	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 12 - La Loutre Project).

(in Canadian dollars)

6. Marketable securities:

	Number of shares				Carrying value				
	January 31 2021	Acquisition	Disposition	October 31 2021	January 31 2021	Acquisition	Disposition	Change in fair value	October 31 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)	(123,906)	27,757
FEX (4)	1,000,000	-	-	1,000,000	120,000	-	-	(10,000)	110,000
	3,362,089	-	(2,216,000)	1,146,089	614,527	-	(455,617)	(21,153)	137,757

	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 12 - 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 12 - Chemin Troïlus option agreement).
(10) On August 20 and 28, 2020, the Company received 76,923 shares and 104,166 shares respectively of Class 1 Nickel and Technologies Ltd measured at its fair value of $125,000 (Note 12 - 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 12 - 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:

	October 31 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 share 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. As at October 31, 2021, the Company has fulfilled its obligation by incurring an amount of $5,623,903 (completed during the quarter ended April 30, 2021) in exploration and evaluation expenditures before December 31, 2021.

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. Loan:

On July 8, 2021, the Company received $60,000 from the Canada Emergency Business Account ("CEBA"). The Government of Canada has launched the new CEBA which has been implemented by eligible financial institutions in cooperation with Export Development Canada. The CEBA program has approved an interest-free loan of up to $60,000 to the Company to help cover operating costs due to the economic impacts of the COVID-19 virus. The outstanding balance of the CEBA must be repaid by December 31, 2022. Repayment of the CEBA received on or before the due date will result in loan forgiveness of 33.3% (up to $20,000).

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. At the issuance, the loan was calculated to be $32,516, the effective interest was $7,484 and the government assistance was $27,484 which included the loan forgiveness of $20,000 plus the effective interest of $7,484. During the nine-month period ended October 31, 2021, an effective interest expense of $1,465 was recorded in the P&L ($Nil for the year ended January 31, 2021).

9. Share capital:

(a) Authorized:

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

(b) Issued and outstanding:

On May 3, 2021, the Company concluded a private placement by issuing 11,974,543 common shares at a price of $0.22 per share for net proceeds of $2,439,788 after deducting share issuance costs of $194,611. A commission of $73,736 was paid in connection with this private placement. As part of this private placement, the Company also issued a total of 431,164 brokers and intermediaries' options. Each brokers and intermediaries' option entitles its holder to purchase one common share at $0.30 per share until May 3, 2023. These brokers and intermediaries' options have been recorded at a value of $32,596 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (d)). Share issuance costs amounted to $227,207 including the fair value of the brokers and intermediaries' options of $32,596.

On May 5, 2021, the Company concluded a private placement by issuing 2,700,000 common shares at a price of $0.22 per share for net proceeds of $537,994 after deducting share issuance costs of $56,006. A commission of $47,520 was paid in connection with this private placement. As part of this private placement, the Company also issued a total of 216,000 brokers and intermediaries' options. Each brokers and intermediaries' option entitles its holder to purchase one common share at $0.30 per share until May 5, 2023. These brokers and intermediaries' options have been recorded at a value of $14,810 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (d)). Share issuance costs amounted to $70,816 including the fair value of the brokers and intermediaries' options of $14,810.

On May 18, 2021, the Company concluded a private placement by issuing 100,000 common shares at a price of $0.22 per share for net proceeds of $19,926 after deducting share issuance costs of $2,074. A commission of $1,760 was paid in connection with this private placement. As part of this private placement, the Company also issued a total of 8,000 brokers and intermediaries' options. Each brokers and intermediaries' option entitles its holder to purchase one common share at $0.30 per share until May 18, 2023. These brokers and intermediaries' options have been recorded at a value of $596 based on the Black-Scholes option pricing model using the assumptions described below (Note 10 (d)). Share issuance costs amounted to $2,670 including the fair value of the brokers and intermediaries' options of $596.

10. 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.

(in Canadian dollars)

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

(a) Share purchase options (continued):

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:

		October 31 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	1,775,000	0.29	1,770,000	0.27
Exercised	-	-	(250,000)	0.31
Expired / forfeited	(995,000)	0.31	(1,450,000)	0.55
Outstanding at end	5,305,385	0.37	4,525,385	0.39
Exercisable at end	4,288,719	0.39	4,042,052	0.39

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

				Outstanding share options
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
February 17, 2022	75,000	75,000	0.28	0.3
May 4, 2022	240,385	240,385	0.624	0.5
February 19, 2023	50,000	50,000	0.29	1.3
February 25, 2023	200,000	200,000	0.29	1.3
December 12, 2023	920,000	920,000	0.61	2.1
June 20, 2024	450,000	450,000	0.34	2.6
July 11, 2024	900,000	900,000	0.35	2.7
February 17, 2025	660,000	660,000	0.28	3.3
July 24, 2025	50,000	50,000	0.27	3.7
October 26, 2025	235,000	235,000	0.23	4.0
February 19, 2026	1,225,000	408,334	0.29	4.3
June 11, 2026	300,000	100,000	0.30	4.6
	5,305,385	4,288,719	0.37	3.0

(in Canadian dollars)

10. Share purchase options, DSUs 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 the weighted average fair value of options granted:

	October 31 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:

	October 31 2021	**January 31 2021**
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	$0.27	$0.27
Weighted average expected volatility	82.16%	88.60%
Weighted average risk-free interest rate	0.62%	0.82%
Weighted average exercise price at grant date	$0.29	$0.27
Weighted average expected life	4.6 years	3.6 years

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 $32,980 and $220,943 of share-based compensation were accounted for in profit or loss for the three-month and nine-month periods ended October 31, 2021 respectively ($120,381 and $389,958 for the three-month and nine-month periods ended October 31, 2020 respectively) and credited to contributed surplus. As at October 31, 2021, an amount of $91,939 ($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.

(in Canadian dollars)

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

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

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

	October 31 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 on February 1, 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 during the nine-month period ended October 31, 2021 (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:

		October 31 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:

		October 31 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
Granted	655,164	0.30	-	-
Outstanding at end	1,866,027	0.30	1,210,863	0.30

(in Canadian dollars)

10. 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 October 31, 2021:

		Outstanding warrants	
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
November 29, 2021	1,210,863	0.30	0.1
May 3, 2023	431,164	0.30	1.5
May 5, 2023	216,000	0.30	1.5
May 18, 2023	8,000	0.30	1.5
	1,866,027	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

The following table provides the weighted average fair value of brokers and intermediaries' options granted:

	October 31 2021	January 31 2021
	$	**$**
Weighted average fair value of brokers and intermediaries' options granted	$0.07	-

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

	October 31 2021	January 31 2021
Weighted average expected dividend yield	0%	-
Weighted average share price at grant date	$0.23	-
Weighted average expected volatility	73.17%	-
Weighted average risk-free interest rate	0.30%	-
Weighted average exercise price at grant date	$0.30	-
Weighted average expected life	2 years	-

11. Earnings per share:

The warrants, share purchase options and DSUs 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, warrants and DSUs issued that could potentially dilute earnings per share in the future are given in Note 10.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary for the three-month and nine-month periods ended October 31, 2021 and 2020.

(in Canadian dollars)

12. Exploration and evaluation activities:

Exploration and evaluation expenditures by nature are detailed as follows:

	Three-month period ended October 31 2021	Three-month period ended October 31 2020	Nine-month period ended October 31 2021	Nine-month period ended October 31 2020
	$	$	$	$
Exploration and evaluation activities:				
Assays	79,363	102,142	142,792	242,418
Drilling	155,399	1,020,403	1,353,465	2,931,843
Line cutting	-	-	202,432	22,906
Reporting	-	125,668	10,533	459,418
Airborne geophysical survey	-	42,396	-	185,773
Metallurgy	26,663	-	71,525	-
Geochemistry	16,000	662	56,548	662
Geophysics	298,367	67,447	377,255	86,101
Geology	126,295	110,739	405,990	221,092
Geophysical and electromagnetic survey	106,260	-	160,518	-
Prospecting	42,408	178,410	150,564	200,729
Other evaluation and exploration expenses	34,794	10,257	70,070	46,448
Rebilling	-	-	-	(4,365)
Tax credit related to resources and mining tax credits	(391,933)	-	(545,475)	-
	493,616	1,658,124	2,456,217	4,393,025

Exploration and evaluation expenditures can be detailed as follows:

	Three-month period ended October 31 2021	Three-month period ended October 31 2020	Nine-month period ended October 31 2021	Nine-month period ended October 31 2020
	$	$	$	$
Projects:				
Blanche-Charles	-	-	14,365	-
Cheechoo-Éléonore Trend	(1,087)	-	18,312	-
Elmer East	28,994	282,847	122,442	997,190
La Loutre	-	4,365	-	8,730
Sakami	465,709	1,370,912	2,301,098	3,387,105
	493,616	1,658,124	2,456,217	4,393,025

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

	Three-month period ended October 31 2021			Three-month period ended October 31 2020		
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Somanike	-	-	-	-	125,000	125,000
Chemin Troïlus	-	-	-	-	-	-
	-	-	-	-	125,000	125,000

	Nine-month period ended October 31 2021			Nine-month period ended October 31 2020		
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	$	$	$	$	$	$
Projects:						
Somanike	75,000	-	75,000	-	125,000	125,000
Chemin Troïlus	-	-	-	100,000	108,000	208,000
	75,000	-	75,000	100,000	233,000	333,000

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

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 nine-month period ended October 31, 2021, 22 claims have been transferred from Cheechoo-Éléonore Trend project for no consideration as this was an intercompany transfer.

Cheechoo-Éléonore Trend:

The Cheechoo-Éléonore Trend project is wholly-owned by the Company and consists of 128 claims (66.26 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 nine-month period ended October 31, 2021, 22 claims have been transferred to Sakami project and 401 claims have been abandoned.

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:

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.

On August 9, 2021, the Company entered into a binding term sheet agreement with Vital Metals Limited ("Vital") for the acquisition by Vital of QPM's 68% interest in the Kipawa rare earth project and 100% of the Zeus Rare Earth project in Quebec, Canada, for $8 million. The transaction is expected to close by December 31, 2021.

The cash payment schedule is as follows:

	Cash payments
	$
Upon signature	150,000 (1)
On the closing date (2)	2,350,000
On the first anniversary of the closing date	2,500,000
On the second anniversary of the closing date	1,000,000
On the third anniversary of the closing date	1,000,000
On the fourth anniversary of the closing date	1,000,000
	8,000,000

(1) This cash payment was received in Trust by counsel in August 2021.
(2) The closing date will be 5 days after the waiver of certain closing conditions, including due diligence.

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.

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

Non-core assets (continued):

Vulcain (continued):
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:

	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.

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.

Chemin Troïlus (no longer held):

The Chemin Troïlus project was wholly-owned by the Company and consisted of 61 claims (33.15 km^2). The project was located 25 km southwest of the former Troïlus gold and copper mine and approximately 110 km north-northwest of Chibougamau. It was subject to a 2% NSR; the Company could have bought back 1.5% of the NSR for $2,000,000. As at October 31, 2021, the Company had no interest in Chemin Troïlus project.

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.

As at October 31, 2021, UrbanGold held 100% of the Chemin Troïlus project.

La Loutre (no longer held):

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 project. On April 16, 2020, the Company and Lomiko Metals Inc. ("Lomiko") agreed on the terms of an amendment on the option agreement on the La Loutre project allowing Lomiko to acquire up to 100% interest in the project.

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 had the obligation to incur exploration and evaluation expenditures on its properties for an amount of $1,125,000 in accordance with the La Loutre project option agreement with Lomiko. This amount was presented in restricted cash in the statement of financial position of the Company (Note 5). As at October 31, 2021, the Company fulfilled its obligation by incurring $1,125,000 of exploration and evaluation expenditures.

(in Canadian dollars)

12. Exploration and evaluation activities (continued):

Non-core assets (continued):

La Loutre (no longer held) (continued):

As at October 31, 2021, Lomiko held 100% of the project.

Somanike (no longer held):

The Somanike project was wholly-owned by the Company and consisted of 107 claims (50.21 km^2). The project was located about 25 km northwest of Malartic, in the Abitibi region. As at October 31, 2021, the Company had no interest in the Somanike 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.

On August 20, 2018, the Company signed an agreement with Vanicom Resources Limited ("Vanicom") (Amended on March 20, 2019, September 18, 2019, May 7, 2020 and June 2, 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:

	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.

As at October 31, 2021, Class 1 held 100% of the project.

Tansim (no longer held):

The Tansim project consisted of 65 claims (37.66 km^2) and was located in the Témiscamingue MRC. The Company owned a 50% interest in the project. The project was subject to a 0.25% NSR that could have been be redeemed for $60,000. As at October 31, 2021, the Company had no interest in the Tansim project.

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 was valid for a two-year period from the date of its signature, January 18, 2018. In the first year, Sayona could have acquired 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.

On October 15, 2021, the Company received a $2,000,000 payment in connection with the sale of a 2% NSR royalty on all payable metals from the mining rights of the Tansim project to Lithium Royalty Corporation ("LRC"). The sale is part of a transaction between Sayona Mining Limited and Sayona Québec Inc. (collectively, "Sayona Qc") and LRC announced on September 30, 2021.

As at October 31, 2021, Sayona held 100% of the project.

(in Canadian dollars)

13. Supplemental cash flow information:

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

	Nine-month period ended	
	October 31 2021	October 31 2020
	$	$
Non-cash operating activities:		
Reclassification from current liabilities to contributed surplus	145,590	-
Non-cash financing activities:		
Share issuance costs in trade accounts payable and accrued liabilities	16,252	-

14. Related party transactions:

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

	Three-month period ended		Nine-month period ended	
	October 31 2021	October 31 2020	October 31 2021	October 31 2020
	$	$	$	$
Management and consulting fees	15,000	1,613	45,000	1,613
Salaries and directors' fees	190,408	182,702	521,808	539,185
Share-based compensation	23,742	23,175	159,000	154,045
	229,150	207,490	725,808	694,843

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 former Vice-President Exploration (resigned on May 4, 2021) of the Company is a shareholder. There was no amount due to Consul-Teck Exploration Minière Inc. as at October 31, 2021 ($144,954 as at January 31, 2021). The following table provides a summary of the expenses incurred from Consul-Teck Exploration Minière Inc until May 4, 2021:

	Three-month period ended		Nine-month period ended	
	October 31 2021	October 31 2020	October 31 2021	October 31 2020
	$	$	$	$
Exploration and evaluation expenditures	-	630,942	607,880	1,896,172
Professional and consultant fees	-	-	-	8,320
General administrative expenses	-	-	-	14,312
	-	630,942	607,880	1,918,804

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

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

15. Contingent liabilities:

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.

(in Canadian dollars)

16. Financial assets and liabilities:

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

		October 31 2021		January 31 2021
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	137,757	137,757	614,527	614,527
	137,757	137,757	614,527	614,527
Financial assets				
Amortized cost				
Cash and cash equivalents	3,655,032	3,655,032	1,178,991	1,178,991
Restricted cash	-	-	1,125,000	1,125,000
Other receivables	-	-	1,236	1,236
	3,655,032	3,655,032	2,305,227	2,305,227
Financial liabilities				
Amortized cost				
Trade accounts payable and other liabilities	557,849	557,849	368,100	368,100
Loan	33,981	33,981	-	-
	591,830	591,830	368,100	368,100

The fair values of the marketable securities are $137,757 as at October 31, 2021 ($614,527 as at January 31, 2021) and are determined by using the closing price at October 31, 2021 and January 31, 2021.

The fair values of the loan is $33,981 as at October 31, 2021 ($Nil as at January 31, 2021) and is determined by using the estimated market rate that the Company would have obtained for a similar financing.

The fair value of cash and cash equivalents, restricted cash, 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).

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 and loan is classified in Level 2 in the fair value hierarchy.

17. Capital management policies and procedures:

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

	October 31 2021	January 31 2021
	$	**$**
Loan	33,981	-
Equity	4,127,196	2,823,354
	4,161,177	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.

(in Canadian dollars)

17. Capital management policies and procedures (continued):

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

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

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

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

18. Financial instrument risks:

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

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

(a) Credit risk:

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

The Company is exposed to credit risk with respect to its cash and cash equivalents, restricted cash and other receivables for an amount of $3,655,032 as at October 31, 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 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 as at October 31, 2021 will not be sufficient to meet the Company's needs for cash during the coming year (see Note 1).

Contractual maturities of financial liabilities are as follows:

				October 31 2021
	Less than 1 year	**1-5 years**	**More than 5 years**	**$ Total**
	$	$	$	$
Trade accounts payable and other liabilities	557,849	-	-	557,849
Loan	-	40,000	-	40,000

				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 quoted mining exploration companies. 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 147.81% has been observed during the nine-month period ended October 31, 2021 (102.67% for the year ended January 31, 2021).

18. Financial instrument risks (continued):

(c) Price risk (continued):

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 $203,619 as at October 31, 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 $137,757 as at October 31, 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.