



**QUEBEC PRECIOUS METALS CORPORATION**  
(An exploration company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Three-month period ended  
April 30, 2022  
(First Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Quebec Precious Metals Corporation, ("QPM" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of QPM, on how the Company performed during the three-month period ended April 30, 2022. It includes a review of the Company's financial condition and a review of operations for the three-month period ended April 30, 2022, as compared to the three-month period ended April 30, 2021.

This MD&A complements the condensed interim financial statements for the three-month period ended April 30, 2022, but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the condensed interim financial statements as at April 30, 2022 and related notes thereto as well as the audited annual financial statements, accompanying notes and Management's Discussion and Analysis for the year ended January 31, 2022.

The condensed interim financial statements for the three-month period ended April 30, 2022 and 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed interim financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at April 30, 2022. On June 22, 2022, the Board of Directors approved, for issuance, the condensed interim financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of the Company are listed on the TSX Venture Exchange under the symbol QPM, on the OTCQB Venture Market under the symbol CJCFF and on the Frankfurt Exchange under the symbol YXEN.

## REPORT'S DATE

The MD&A was prepared with the information available as at June 22, 2022.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding QPM, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; failure to obtain necessary permits and approvals from government authorities, and other development and operating risks, and failure to obtain financing to continue its operations. The preliminary assessments contained in the technical reports referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

## NATURE OF ACTIVITIES

Quebec Precious Metals Corporation is incorporated under the Canada Business Corporations Act. The Company is involved in the acquisition, exploration, and development of mining projects. The Company is active in Canada. The Company is primarily focused on advancing its Sakami gold project, located in Eeyou Istchee James Bay territory in Quebec, near Newmont Corporation's ("Newmont") Eleonore gold mine. The Company has no mines in production and, consequently, has no current operating income or cash flows from projects it owns, nor has it had any operating revenues for the last three years. Consequently, its activities are mainly financed through equity financing.

## HIGHLIGHTS

- On February 1, 2022, the Company announced that Jean-François Meilleur stepped down from his role as President and Director with the Company, effective as of the date hereof, to pursue other opportunities.
- On February 7, 2022, the Company and Vital Metals ("Vital") advised that they amended the terms of the acquisition of the Company's 68% interest in the Kipawa exploration project and 100% interest in the Zeus exploration project. The terms of the acquisition have been amended to extend the due diligence period by 9 months to September 30, 2022. This extension will enable Vital to undertake more extensive engagement with local communities to help inform the details of its plan for the development of the projects. If the transaction contemplated is not completed by September 30, 2022, by reason of Vital deciding not to proceed with the transaction as a result of its due diligence investigations or by reason of any material default or breach of Vital in the performance of its obligations under this agreement, an amount of \$1,000,000 (currently held in escrow) and any interest thereon will be paid by Vital and forfeited to the Company.
- On February 15, 2022, the Company reported preliminary test results from six (6) representative samples from the La Pointe and La Pointe Extension deposits on the Project. Highlights of the test results were:
  - Optimal gold recovery would require a conventional milling flowsheet with crushing, grinding, gold leaching and dissolved gold recovery.
  - Gold recoveries ranging from 91% to 99% were obtained from six (6) representative composite samples with cyanidation.
  - The grinding Bond work index ranges from 9.1 to 11.1 kWh/t, which is considered as medium strength values in the gold extraction industry; and
  - The mineralogical composition confirmed that no deleterious components to the cyanidation processes are present in the tested material.
- On February 24, 2022, the Company reported the results from the 2021 induced polarization ("IP") survey on the Project. The highlights were:
  - IP anomalies over 2.5 km along strike south of the La Pointe deposit that are associated with an interpreted large size intrusive body; and
  - New drill targets identified while other targets continue to be drilled.
- On March 10, 2022, the Company announced drill hole assay results from three (3) new drill holes completed during the 2021 fall program. The results confirmed the extensive gold mineralization at the La Pointe Extension gold deposit, on the Project. Highlights were:
  - Two holes have intersected extensive mineralization over wide intervals:
    - Hole PT-21-187: 69.6 g/t Au over 0.6 m within 1.32 g/t Au over 94 m; and
    - Hole PT-21-188: 1.51 g/t Au over 42.15 m within 0.95 g/t Au over 100.8 m.

These two new holes confirm the continuity and the depth extension by about 100 m of the central portion of the deposit which could be amenable to open pit mining.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- On March 15, 2022, the Company announced that it granted an aggregate of 835,000 stock options at a price of \$0.17 per share of the Company. Of this number, 640,000 were granted to its directors and officers, 50,000 to one employee and 145,000 to three consultants.
- On March 23, 2022, the Company provided an update on the Elmer East project. Multiple gold targets were identified over a 4.5 km long gold-bearing structure with high grades at the Lloyd discovery. The structure remains open to extend mineralization at depth.

### HIGHLIGHTS AFTER APRIL 30, 2022

- On May 26, 2022, the Company announced drill hole assay results from seven (7) drill holes completed during the 2022 winter program at the La Pointe Extension gold deposit, on the Project. Highlights were:
  - All seven (7) holes have intersected extensive mineralization over wide intervals.
  - The three most significant drill intersections are:
    - Hole PT-21-190: 1.61 g/t Au over 19.5 m including 4.91 g/t Au over 1.5 m
    - Hole PT-21-191: 0.84 g/t Au over 63.0 m including 1.25 g/t Au over 18.0 m
    - Hole PT-21-194: 0.94 g/t Au over 26.9 m including 1.77 g/t Au over 9.0 m
  - These holes confirm the continuity of the sub-vertically dipping higher-grade core of the deposit (500 m strike length, a depth of 600 m with an estimated average true thickness of 40 m, up to 75 m in the central part of the deposit, and plunging about 45 degrees to the northeast) which could be amenable to open pit mining.

### OUTLOOK

#### 2022 Plans

- Sakami: Drilling program based on the 2021 and winter 2022 drill results combined with the recently interpreted target areas from geological and structural information and induced polarization survey data.
- Elmer East: IP survey at the Lloyd discovery to better define the structure's high-priority gold targets followed by drilling.
- Cheechoo-Éléonore Trend: prospecting on anomalous gold in till samples.
- Blanche and Charles: no work planned.
- Closing of transaction with Vital Metals for the sale of the Kipawa-Zeus (rare earth) non-core asset for \$ 8 million.
- Monetization process ongoing of remaining non-core asset: Matheson Joint Venture (gold).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## EXPLORATION ACTIVITIES FOR THE THREE-MONTH PERIOD ENDED APRIL 30, 2022

During the three-month period ended April 30, 2022, the Company incurred \$824,375 in exploration and evaluation expenditures (net of tax credit related to resources and mining tax credit of \$620,687) of which the main expenses were spent on the Sakami project (the "Project").

### QUEBEC PRECIOUS METALS CORPORATION Exploration and evaluation expenditures For the three-month period ended April 30, 2022

	Elmer East	Sakami	Total
	\$	\$	\$
<b>Exploration and evaluation expenditures</b>			
Assays	738	121,704	122,442
Drilling	-	1,181,938	1,181,938
Geology and geophysics	-	11,500	11,500
Resource estimate	-	54,025	54,025
Reporting	-	13,554	13,554
Metallurgy	-	348	348
Other evaluation and exploration expenses	694	60,561	61,255
Tax credit related to resources and mining tax credits	(625)	(620,062)	(620,687)
	807	823,568	824,375

### QUEBEC PRECIOUS METALS CORPORATION Exploration and evaluation expenditures For the three-month period ended April 30, 2021

	Elmer East	Sakami	Total
	\$	\$	\$
<b>Exploration and evaluation expenditures</b>			
Assays	-	23,765	23,765
Drilling	-	943,613	943,613
Reporting	-	10,533	10,533
Geology and geophysics	42	15,702	15,744
Metallurgy	-	31,832	31,832
Other evaluation and exploration expenses	1,120	14,162	15,282
	1,162	1,039,607	1,040,769

## EXPLORATION PROJECTS

### EEYOU ISTCHEE JAMES BAY, QUÉBEC

#### SAKAMI – GOLD PROJECT

#### Project Description

QPM's 100% owned flagship project is the Sakami project, in the Eeyou Istchee James Bay territory of northern Quebec, one of the best mining jurisdictions in the world. The project is accessible year-round and is proximal to a paved road and power lines. The Project consists of 281 claims covering a total area of 143 km<sup>2</sup>.

With more exploration, the Sakami project has the potential to become a series of significant deposits along a 23-kilometre trend, the size of a large mining camp. Gold production from these deposits would make an important contribution to the mining development of this territory.

The work completed to date comprised of:

- Heliborne geophysical surveys
- Ground magnetic surveys
- Induced polarization
- Soil geochemistry

- Rock sampling
- Channel sampling
- Diamond drilling

This work on the Project has resulted in:

- Identifying a 23-km-long gold-bearing contact between volcano-sedimentary
- La Grande geological sub-province and sedimentary (Opinaca geological sub-province) rocks supported by airborne magnetic surveys data interpretation.
- Discovering through prospecting along the contact of significant showings at La Pointe and La Pointe Extension deposits, and Île, JR, Péninsule and Simon areas
- At La Pointe and La Pointe Extension, defining a very large prospective trend with multiple soil gold-arsenic anomalies
- Delineating drill targets with induced polarization surveys that coincide with soil anomalies and surface showings
- Diamond drilling at the La Pointe deposit, La Pointe Extension, and Simon and JR areas
- Focusing on the La Pointe deposit since 2018 and on its extension following its discovery in 2020

### Geology and mineralization

The project is located within the central part of the Superior Geological Province, which comprises four Sub-provinces: from north to south they are the La Grande, Opinaca, Nemiscau and Opatica. The Project straddles the contact of the sediments of the Opinaca Subprovince and Yasinski group basalts of the La Grande Subprovince: the regional exploration guideline that led to the discovery of the Éléonore gold mine in 2004, today operated by Newmont Corporation, and the discovery of gold deposits and showings in the region.

The Project is hosted within a volcano-sedimentary sequence of the Yasinski Group, which is metamorphosed to amphibolite facies and is strongly deformed by a regional west-southwest to east-northeast event in contact with sedimentary rocks of the Laguiche Group (Opinaca Subprovince) to the east. Airborne magnetic surveys data interpretations show a clear alignment between the gold showings and the La Grande and Opinaca contact and structures sub-parallel to the contact.

The main lithologies are:

- biotite-rich and silicified paragneiss with intrusions of granodiorite, tonalite and pegmatite; and
- amphibolite (metamorphosed sedimentary iron formation and mafic volcanic rock).

Gold is accompanied by disseminated arsenopyrite, pyrite and pyrrhotite and cross-cutting quartz-carbonate veinlets.

The mineralization style and setting share considerable similarities with the Éléonore mine and the Cheechoo deposit held by Sirios Resources Inc., such as:

- the mineralization associated with silicified paragneiss containing fine quartz veinlets;
- an alteration of quartz and brown tourmaline with minor arsenopyrite mineralization;
- an association of gold mineralization with a very proximal tonalite intrusion; and
- the presence of gold mineralization associated with silicified paragneiss, including fold structures.

### Exploration

Exploration first began in the late 1950s consisting of geological, geochemical, geophysical and other exploration work programs within and around the Project area to produce a geological map issued by the Geological Survey of Canada in 1957. From 1956 to 2007, numerous exploration programs executed by several major and junior exploration companies including Mines d'Or Virginia Inc., the company that discovered the Éléonore gold mine, took place in the project area. In 1998 Matamec Explorations Inc. initially acquired claims in the Sakami Reservoir area and mineralized zones were discovered on the western shore of the Sakami Reservoir. In 2013, Canada Strategic Metals (now Quebec Precious Metals Corporation) started to drill on the La Pointe area and obtained significant gold intersections.

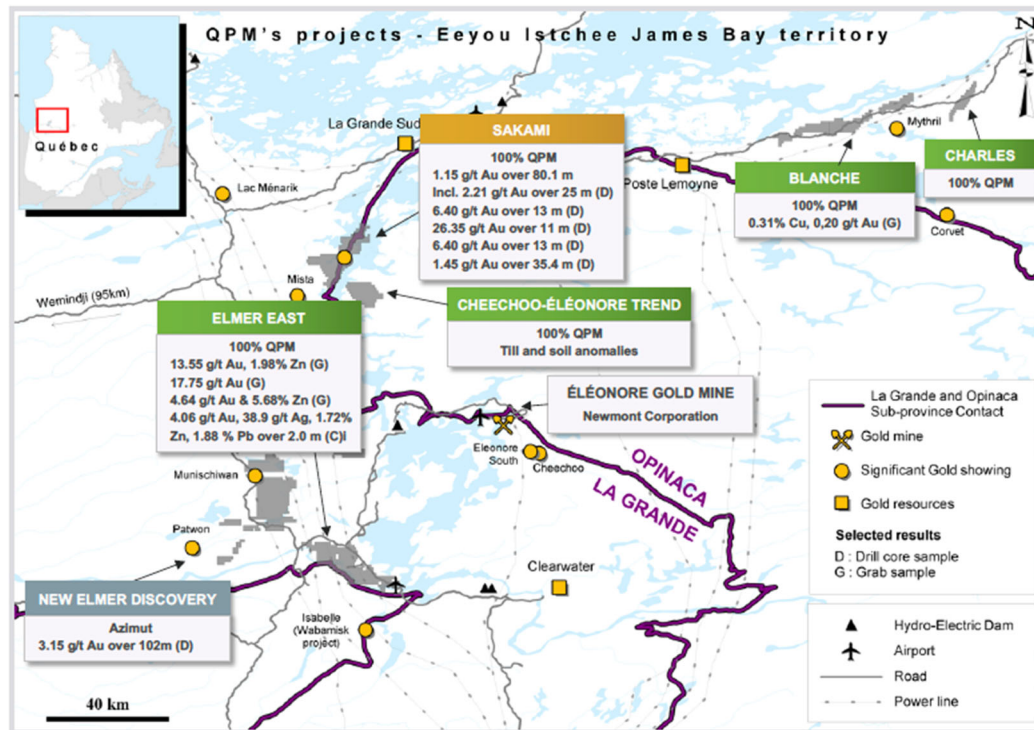
# MANAGEMENT'S DISCUSSION AND ANALYSIS

## La Pointe Deposit

At the La Pointe deposit, the mineralized zone has a strike length 950 m, a depth of 450 m and 600 m down-plunge. The estimated average true thickness is 35 m, up to 63 m in the central part of the deposit. When plotted on a longitudinal section, metal factors (grade x thickness values) clearly show a higher-grade core (2 g/t Au or greater) steeply plunging to the west. To the west, an interpreted fault that shifts the mineralization has been identified and appears to represent its western limit. Geological interpretation of the drill results to date demonstrate that the deposit remains open at depth. A high-grade gold-bearing iron formation is present and represents a good marker horizon. Similar iron formations have also been found elsewhere on the project such as the JR showing.

## La Pointe Extension - 2020 Discovery

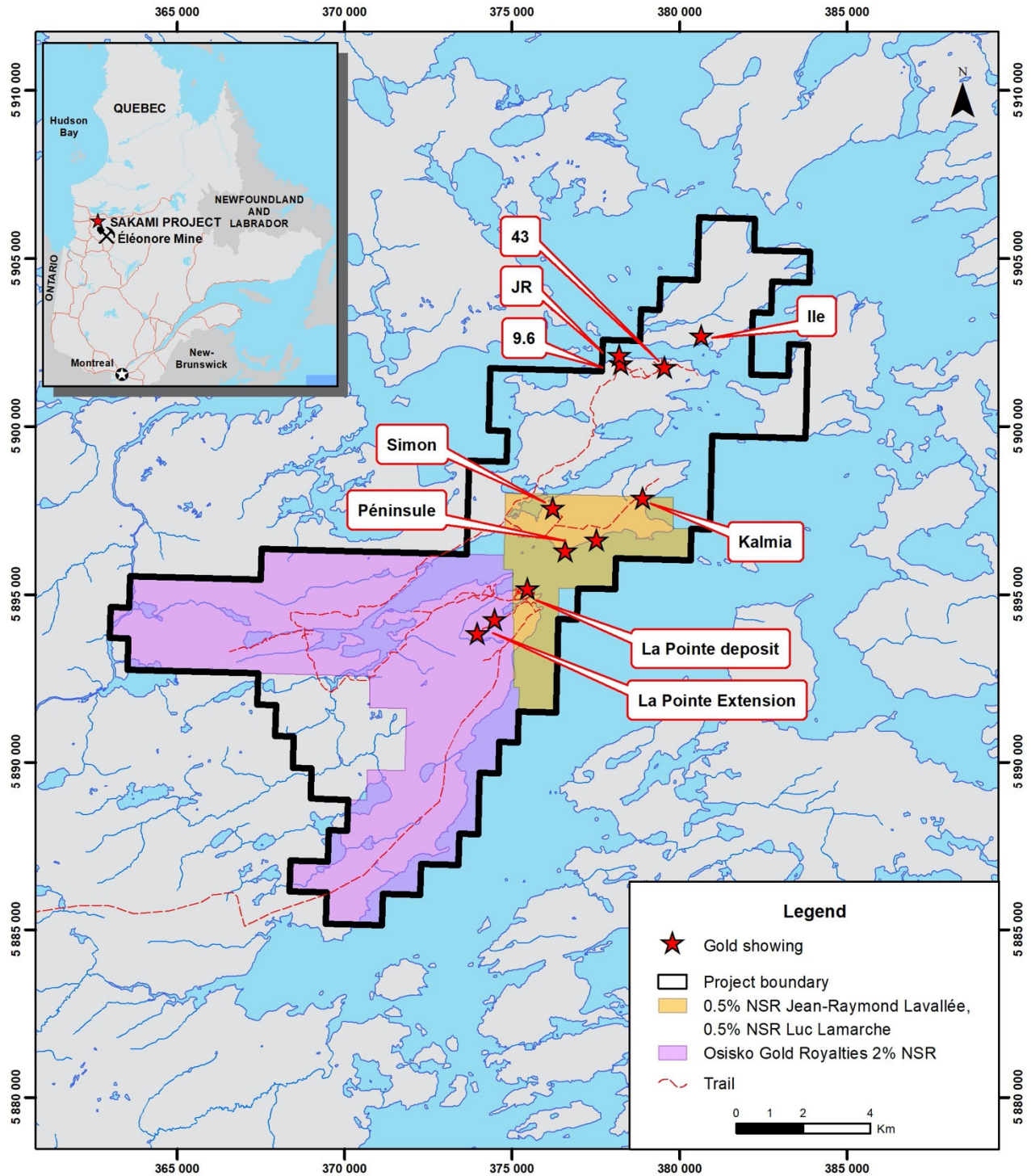
During the 2020 winter drilling campaign, the discovery of the La Pointe Extension deposit was made while investigating strong gold and arsenic soil geochemical anomalies and high-grade mineralized samples taken from outcrops. Recent drilling programs confirmed the extensive gold mineralization along this major trend. Future drilling aimed to expand the deposit that could be amenable to open pit mining and will support a maiden mineral resource estimate. Undrilled targets have been identified in interpreted large intrusive bodies near the deposit and over a strike length of 2.5 km to the south of the deposit. Drilling of these targets could also significantly expand the size of the deposit.



Map of the James Bay area with QPM's projects, gold deposits and showings



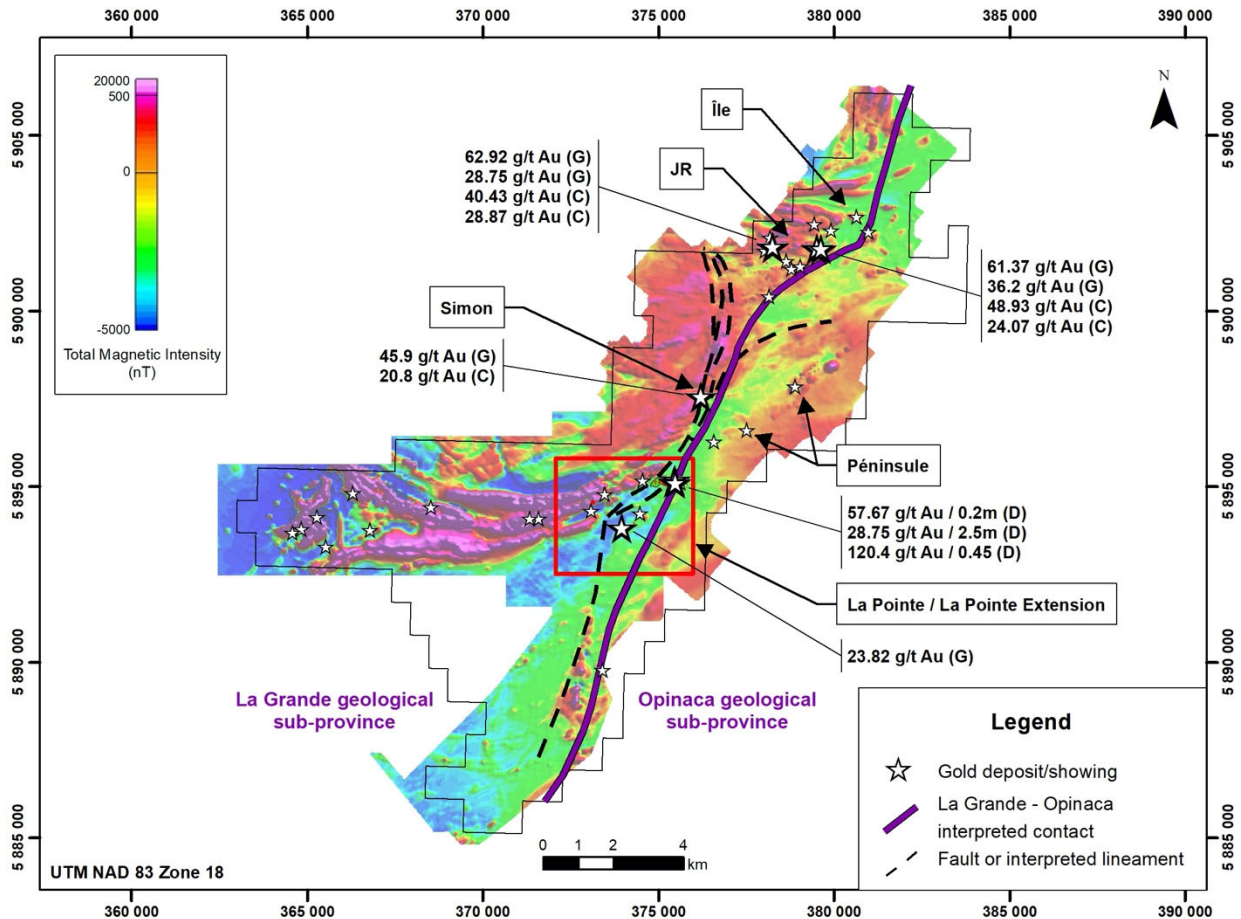
# MANAGEMENT'S DISCUSSION AND ANALYSIS



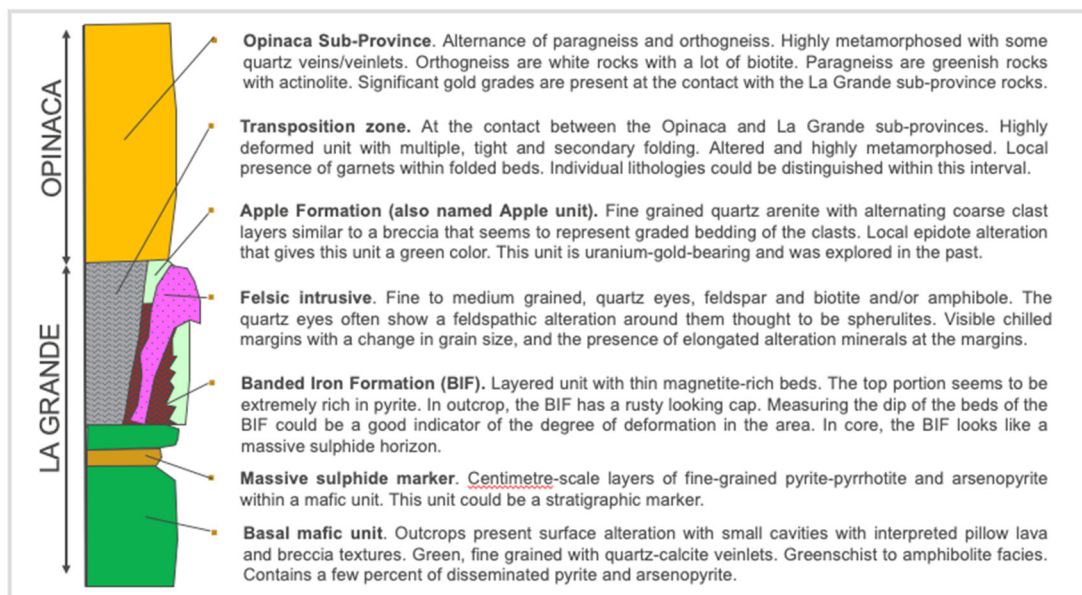
Location of the Project and claims with NSR royalties



# MANAGEMENT'S DISCUSSION AND ANALYSIS



Map showing interpreted Total Magnetic Intensity from airborne surveys and gold showings of the Project



Stratigraphic column showing the rock formations present on the Project.  
Gold occurs at the contact of the Opinaca and La Grande geological sub-provinces.

Local Grid  
La Pointe and La Pointe Extension deposits  
3D view below surface looking northeast

Sakami Reservoir

La Pointe deposit 950m

La Pointe Extension deposit 3,750m

2,500m

OPEN

OPEN

OPEN

OPEN

Interpreted fault plane

Interpreted fault plane

Legend

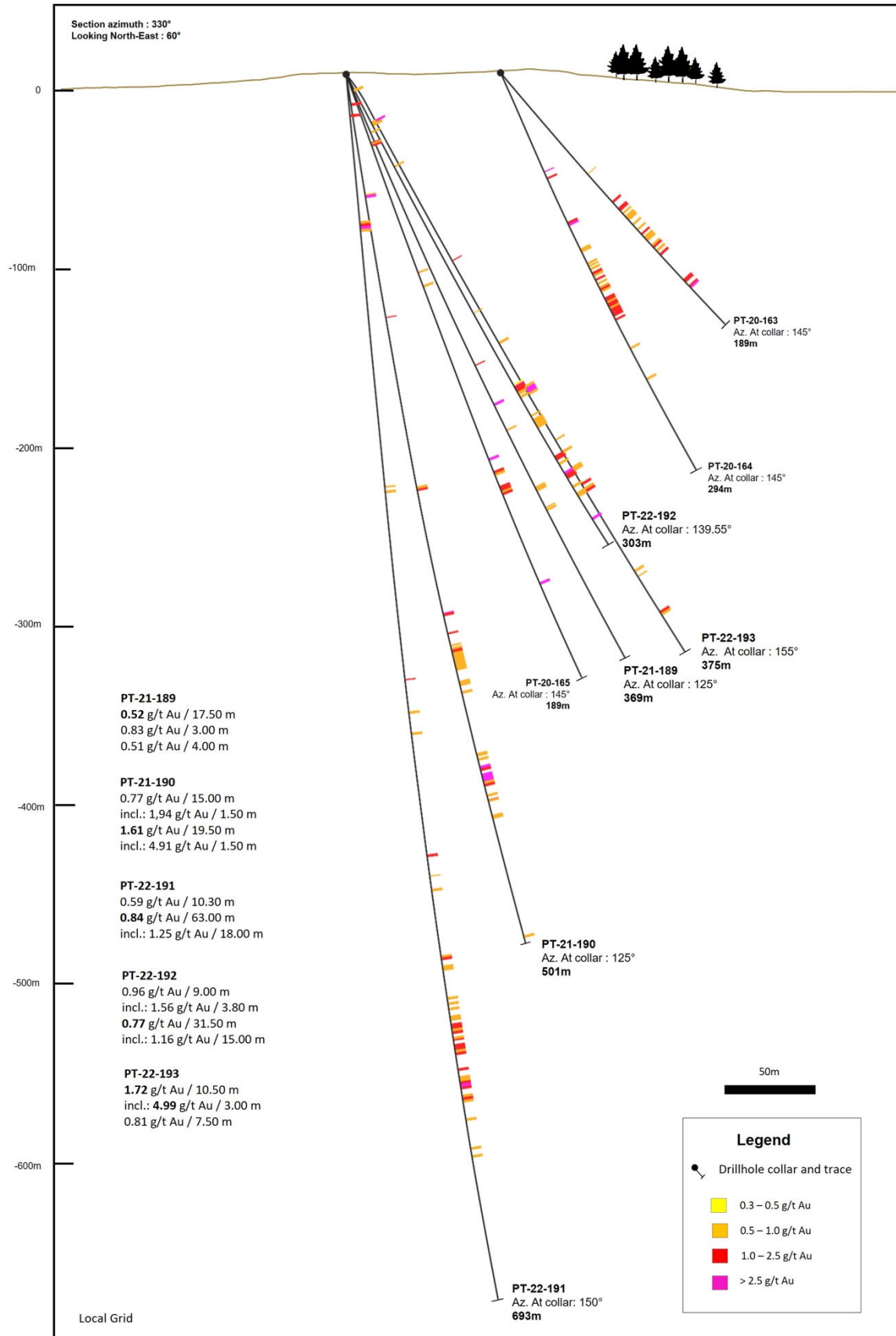
- Drillhole intercept
- 2021 Drilling program
- Interpreted mineralized volume

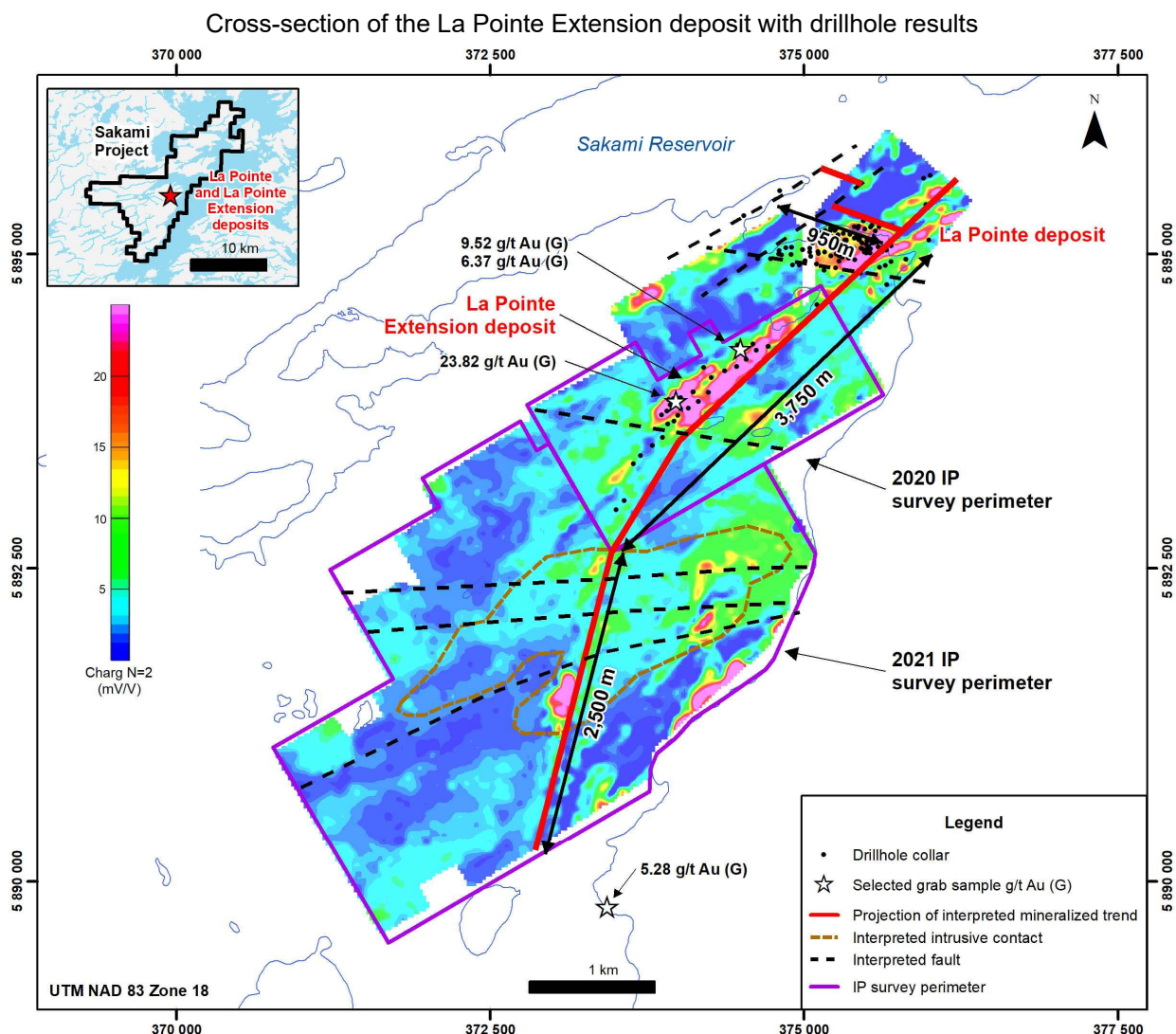
Estimated true thickness (m) x g/t Au

80  
50  
20  
10  
5  
2.5  
1

**QUEBEC PRECIOUS METALS CORPORATION**  
Three-month period ended April 30, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS





## EEYOU ISTCHEE JAMES BAY, QUÉBEC - OTHER PROJECTS

### CHEECHOO-ÉLÉONORE TREND – GOLD PROJECT

#### Project description

QPM's 100% owned Cheechoo-Eleonore Trend project comprises 128 claims (66.4 km<sup>2</sup>) and is adjacent to the northwest to the company's Sakami project. The project's access is via helicopter support from the Sakami project.

It is part of an interpreted geological trend that comprises Sirios Resources' Cheechoo gold discovery and the Éléonore mine operated by Newmont Corporation. On the basis of the same high degree of metamorphism and similar gold-arsenical paragenesis, QPM considers that the geological setting of the project is of a similar character to the Cheechoo discovery and the Éléonore mine.

#### Geology and mineralization

The project includes two main lithologic assemblages, namely the metasediments of the Laguiche complex mentioned above and the intrusive rocks associated with the granitic suite of the Vieux Comptoir. The latter is essentially formed of a series of granitic intrusions more or less rich in alkaline feldspar and generally poor in



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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mafic minerals (biotite, hornblende  $\pm$  tourmaline  $\pm$  garnet). Spodumene and K-feldspar granites have also been observed. Several other intrusions are present, possibly of the same origin as those of Vieux Comptoir, but much smaller in scale and with a tonalitic to granitic composition.

Only one showing is known on the project. The latter returned a grab sample with grades of 1.25 g/t Au, 1.1 g/t Au, 0.88 g/t Au and 0.14 g/t Au. The mineralization is hosted in an amphibolized gabbro dyke cutting a large tonalitic mass associated with the Duncan intrusions. The mineralization occurs mainly in the form of sulphides in stringers or disseminated, between 1 and 5% in abundance.

### Exploration

Till sampling programs completed on the project suggest a local source for the gold detected in tills from the two priority targets. The objective of future exploration programs will be to establish the primary source of the gold. The targets that will present the best gold potential can be eventually tested by drilling.

### ELMER EAST – GOLD PROJECT

#### Project description

QPM's 100% owned Elmer East project is located along trend from the recent Patwon prospect gold discovery made by Azimut Exploration Inc. on its Elmer project located in the Eeyou Istchee James Bay territory, Quebec. The project has strong gold potential totalling 929 claims (488.4 km<sup>2</sup>) and includes the adjacent Annabelle block (formerly Annabelle project), and the Opinaca Gold West block (formerly Opinaca Gold West project). The western part of the Elmer East project is contiguous to Azimut's project.

Prior to the summer of 2020, a high-resolution helicopter-borne mag survey was completed and GoldSpot Discoveries Corp. carried out a geological interpretation for QPM to evaluate the gold prospectivity using methods based on Artificial Intelligence. The compilation of over 30,000 outcrop observations combined with over 12,000 lithogeochemical samples allowed a revision of the existing large-scale geological mapping, which resulted in the reinterpretation of the regional geological map. This work highlighted the common geological characteristics of the project with the Éléonore gold mine. Prospecting of the exploration targets identified led to two high-grade gold discoveries: Lloyd and Georgekish.

The project is accessible via helicopter support from kilometre 381 on the Billy Diamond paved road where year-round accommodation and logistical support are available.

#### Geology and mineralization

The project consists of different parts of the Eastmain volcano-sedimentary belt. The Opinaca Gold West claim block and Opinaca Gold East block are located on the eastern edge of the Duxbury batholith and are composed of the Bernou and Pilipas formations. The Central Block is located along and north of the Opinaca River straddling a contact between the Duxbury batholith and the Kauputauch formation. The Annabelle block lies along the Eastmain River for more than 25 km and straddles the contact of the Kapawasatish batholith to the north and the Kawaschusi and Wabamisk formations to the south. Metamorphism generally varies between greenschist and upper amphibolite.

The geological characteristics of the project are as follows:

- a volcano-sedimentary sequence, comprising from base to summit, basalts, conglomerates, sandstone-grauwacke and paragneiss, all intruded by several felsic intrusions;
- a structural complexity with zones of intense folding and shearing;
- felsic and sedimentary volcanic units dated to around <2709 Ma; and
- a major variation of the metamorphic gradient from greenschist to upper amphibolite.

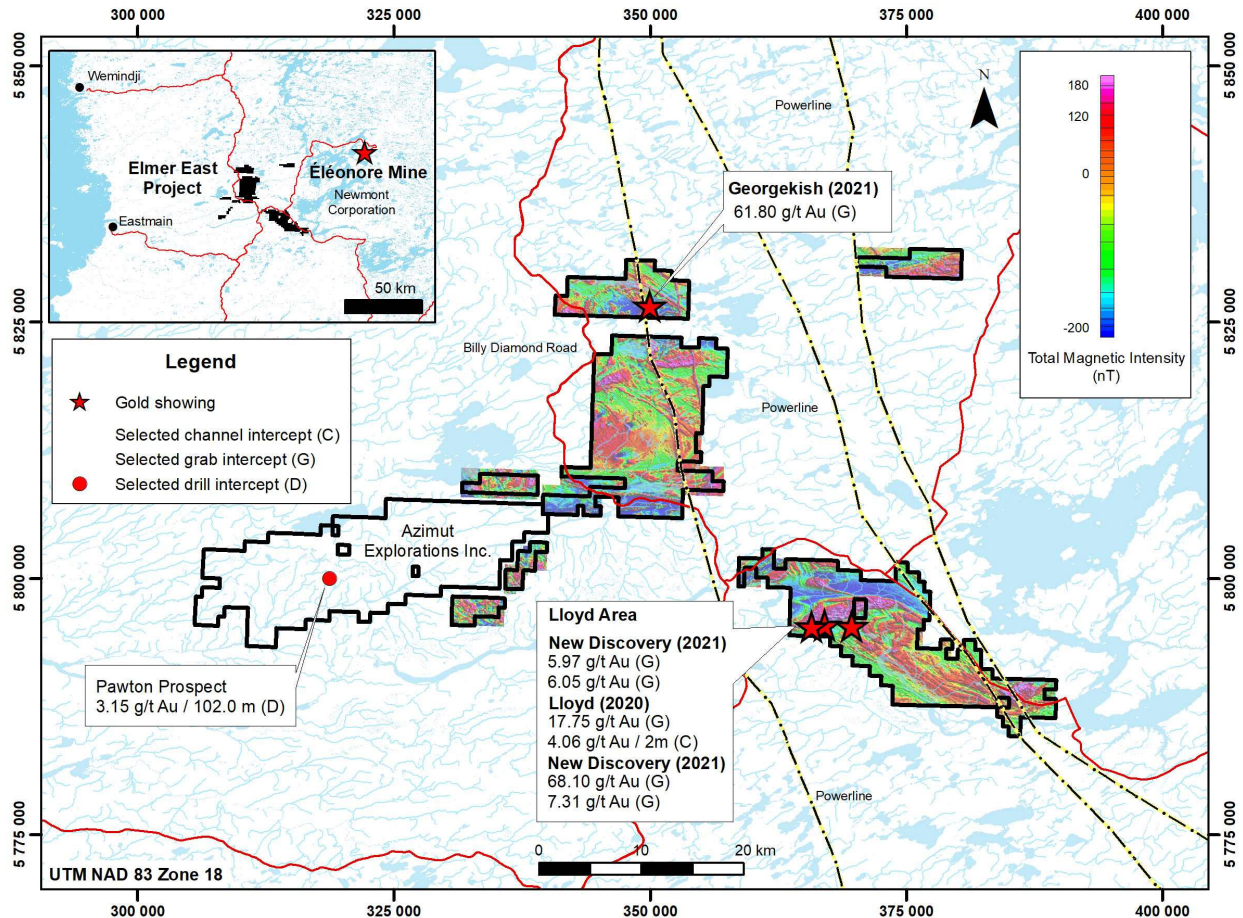
### Exploration

At the Lloyd and Georgekish discoveries, results received from surface sampling programs confirmed new gold mineralized systems with several high-grade grab sample values.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

At the Lloyd discovery, the exploration work shows a 4.5 km long gold-bearing structure with high grades that remains open to extend mineralization at depth. Processing of aeromagnetic and orthophotos/LiDAR data defines dilatant zones along the structure in a sinistral strike-slip system and connected with dykes. The recommended follow-up program consists of Induced Polarization survey to better define the structure's high-priority gold targets followed by drilling.

At the Georgekish discovery, the geophysical and litho-structural interpretation carried out highlights major NW trending gold structures that border folded volcano-sedimentary units. This suggests that the lithologic contrast located near anticlinal fold axes are the best targets for gold mineralization. Only the southern part of the discovery area has been prospected visited. Additional prospecting is recommended over the NW trending structures.

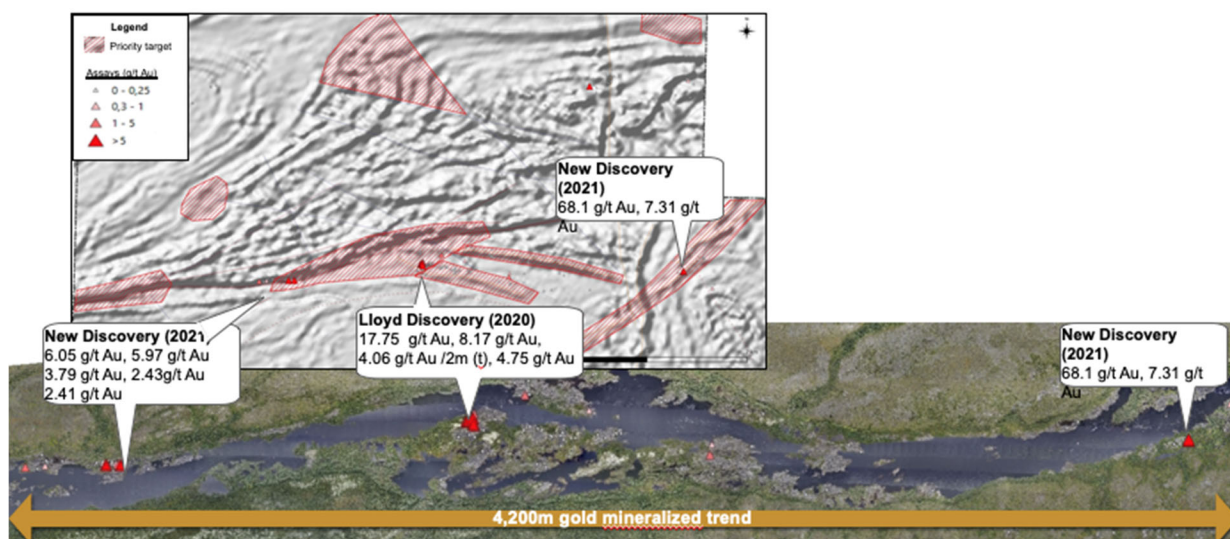


Map of the Elmer East project area





Helicopter view of the Lloyd discovery area



Map of the Lloyd discovery areas showing the 4.2 km mineralized trend following the Eastmain River - Interpreted gold targets and Interpreted structural lineaments. Shaded first vertical derivative of the magnetic data in background.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## BLANCHE AND CHARLES – GOLD-COPPER PROJECT

### Project description

QPM's 100% owned Blanche and Charles project comprises 317 claims (162.1 km<sup>2</sup>). These projects are adjacent to the Mythril high-grade gold-silver and copper-gold-molybdenum-silver discoveries of Midland Exploration Inc. Blanche and Charles show a similar geological setting to Mythril.

### Blanche

The Blanche project (256 claims, 130.9 km<sup>2</sup>) is located at kilometre 230 of the Trans-Taïga Road. The Trans-Taïga Road extends east from the Billy Diamond paved road at kilometre 544.

This project consists of a volcano-sedimentary belt striking ENE, present within a tonalite, quartz monzodiorite and granite intrusive domain. Quartz-feldspar porphyry dykes are present within the tonalite and granodiorite intrusions. The volcano-sedimentary belt consists of a horizon of amphibolitized basalt interlayered with ultramafic rocks, banded iron formations and wackes. Sulphides (pyrite, pyrrhotite, arsenopyrite and chalcopyrite) are observed locally and reach up to 10% in volume.

Prospecting and selected grab sampling campaigns returned anomalous copper and gold values.

### Charles

The Charles project (61 claims, 31 km<sup>2</sup>) is located approximately 15 km east of the Blanche project, along the Trans-Taïga Road. The project consists of a NE-striking horizon of amphibolitized basalt interbedded with banded iron formations and biotite-garnet paragneiss bands. Ultramafic rocks have been observed. Linear magnetic highs have been identified in the SE portion of the project and show a spatial correlation with the iron formations.

The prospecting work carried out to date returned two grab samples with anomalous values of 0.96 g/t Au in pyrite ± chalcopyrite mineralized basalts and 0.62 g/t Au at the contact between iron formations and an ultramafic sill. In addition, several grab samples containing anomalous nickel values (0.1% to 0.16%) located in an ultramafic sill suggest some potential for future base metal discoveries.

Additional prospecting will be required to identify a gold-bearing horizon to better understand the mineralization controls with a focus on the contact between volcanics and sediments.

## NON-CORE ASSETS

### KIPAWA-ZEUS - RARE EARTHS PROJECT

#### Project description

The Company has a 68% interest in the Kipawa project, through the Kipawa rare earth Joint Venture, with Investissement Quebec holding the remaining 32% interest. The project is part of the 73 claims (43.03 km<sup>2</sup>) of the Kipawa-Zeus project. Claims that are not part of the Kipawa project are wholly-owned by the Company (Zeus project). The project is located in the Témiscamingue region of Quebec, 140 km south of Rouyn-Noranda and 90 km northeast of North Bay, Ontario.

The project is located in the Grenville geological province, about 55 km south of the contact with the Superior geological Province. The lithologies consist mainly of gneiss with a degree of metamorphism ranging from the green shale facies to the amphibolite-granulite facies. Twelve heavy rare earth showings have been identified, some of which contain niobium and tantalum. The Kipawa deposit is defined by three enriched horizons within the syenite of the Kipawa alkaline complex. This syenite contains light rare earth oxides but mainly heavy rare earth oxides. Drilling since 2011, totalling 293 drill holes (24,571 m), has been used as the basis for a feasibility study (prepared by Roche Ltd. and GENIVAR Inc., with the support of SGS Geostat and Golder Associates Ltd.) The study showed a 15-year production schedule, excluding a two-year pre-production period to strip the overburden to allow open-pit mining and the construction of a processing plant and associated infrastructure. The mine life could potentially be increased by the discovery of additional resources.

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On August 9, 2021, the Company announced that Vital and QPM signed an agreement for the acquisition by Vital of QPM's 68% interest in the Kipawa rare earth project and 100% of Zeus rare earth project in Quebec, Canada, for \$8 million. The transaction was expected to close by September 30, 2022.

On February 7, 2022, the Company and Vital advised that they amended the terms of the acquisition of the Company's 68% interest in the Kipawa exploration project and 100% interest in the Zeus exploration project. The terms of the acquisition were amended to extend the due diligence period by 9 months to September 30, 2022. This extension will enable Vital to undertake more extensive engagement with local communities to help inform the details of its plan for the development of the projects. If the transaction contemplated is not completed by September 30, 2022 by reason of Vital deciding not to proceed with the transaction as a result of its due diligence investigations or by reason of any material default or breach of Vital in the performance of its obligations under this term sheet, an amount of \$1,000,000 (held in escrow) and any interest thereon will be paid by Vital and forfeited to the Company.

### **VULCAIN – NICKEL-COPPER PROJECT**

#### **Project description**

The Vulcain project consists of 68 claims (40.05 km<sup>2</sup>) located in Haute-Gatineau. It is accessible by provincial paved highway 117 and by a 45 km gravel road linking the project at the Lac Arthur exit. The project is wholly-owned by the Company. A deposit located on the project beneath Renzy Lake was mined from 1969 to 1972, known as the Renzy Mine, with approximately 718,000 tonnes grading 0.7% Ni and 0.7% Cu. *Quebec's Ministère de l'Énergie et des Ressources Naturelles* have carried out rehabilitation work during the fall 2019 on the area of the old mining operation. The deposit and nickel-copper showings on the project are all hosted by ultramafic sills. These sills, which vary in width from 10 to 300 m and are up to 3 km long, intersect paragneisses of the Grenville geological province supergroup.

On December 10, 2020, the Company announced that it had entered into an agreement with Fjordland Exploration Inc. ("Fjordland") for it to acquire 100% of the project. The agreement allows Fjordland to earn a 100% interest by paying the Company a total amount of \$50,000 in cash (amount paid in December 2020), issuing 1,000,000 Fjordland common shares (condition fulfilled) and by incurring \$1,000,000 in exploration expenditures on the project over a period of five years. As well, the project is subject to a 1% NSR royalty to be retained by the Company provided that Fjordland shall have the right at any time to purchase back one-half percent of the royalty for the sum of \$500,000 and the second one-half percent of the royalty for the sum of \$2,500,000. Fjordland is also assuming the 2% pre-existing NSR royalty to underlying parties. Each one-half percent of the NSR royalty can be repurchased at any time for \$250,000. As a result, all the overriding royalties can be retired for \$4,000,000 at any time.

### **MATHESON – GOLD PROJECT**

#### **Project description**

The Company holds a 50% interest in four non-contiguous blocks totalling 41 single-cell mining claims, four patented claims (surface and mining rights) and three leases (surface and mining rights) totalling 12.77 km<sup>2</sup> from the Matheson Joint Venture project ("Matheson Project"), located 24 km from downtown Timmins, Ontario. International Explorers and Prospectors Inc. ("IEP") holds the other 50%.

The Matheson Project covers prospective lithologies and structures similar to the geological context of the nearby Hoyle Pond gold mine, operated by Newmont. The Hoyle Pond mine produced 4 million ounces of gold at an average grade of 12 g/t gold from 1985 to 2018, making it one of the highest-grade deposits in the Timmins camp. The presence of mineralization on properties adjacent to or in proximity to the Matheson Project is not necessarily indicative that mineralization may be present on the Matheson Project. Previous exploration programs identified a number of exploration targets, but they have not been systematically tested by drilling.

The Company filed an independent technical report dated September 5, 2019, for the Matheson project. This technical report was prepared by Paul Chamois, geologist, of RPA Inc., an independent qualified person as defined by NI 43-101 on standards of disclosure for mineral projects ("NI 43-101"). IEP and the Company are in the process to sell their respective interest in the Matheson project or identify a partner to continue exploring the project.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **NEW GOLD - GOLD PROJECT**

### **Project Description**

The New Gold project is wholly-owned by the Company, and consists of 9 mineral claims (4.76 km<sup>2</sup>). It is located about 5 km northwest of the 167-Extension project, where Visible Gold Mines Inc. in 2014 discovered several erratic boulders containing gold, silver, copper and zinc mineralization.

The project was acquired by map designation following a compilation of all the information available from the MENR and an assessment of the erratic boulder dispersal train aimed at identifying the potential in-situ source of the boulders identified by Visible Gold Mines Inc. The project covers a strong SW-NE magnetic anomaly crossed by a NW-SE major structure. The junction of these two structures is located right in the middle of the project. No exploration work program is planned in 2022.

## **LA LOUTRE – GRAPHITE PROJECT (NO LONGER HELD)**

### **Project description**

The La Loutre project consisted of one contiguous block of 48 mineral claims (28.67 km<sup>2</sup>) located approximately 53 km east of the Lac-des-Îles graphite mine (operated by Imerys), 120 km north of Montreal. The project is subject to a 1.5% NSR royalty on certain claims, of which 0.5% could have been bought back for an amount of \$500,000.

Grab samples taken on the project returned up to 22.04% carbon flake graphite, and carbon purity test results returned up to 100.00% carbon purity in the large and extra-large flake graphite. The results of grab sampling and mapping on the project confirmed a graphite-bearing structure covering an area of approximately 7 km by 1 km in multiple parallel zones 30 m to 50 m wide. Another area has also been identified covering an area of approximately 2 km by 1 km in multiple parallel zones of 20 m to 50 m wide, which includes results of up to 18% graphite. Grab samples are selective by nature and are unlikely to represent the average grade of a deposit.

On March 24, 2016, an independent technical report was filed by a predecessor company and entitled "Technical Report and Mineral Resource Estimate for the Loutre Property" on Sedar at [www.sedar.com](http://www.sedar.com). The report was prepared by B. Turcotte and G. Servelle of InnovExplo Inc. of Val-d'Or, Quebec, and O. Peters of AGP Mining, Inc. in accordance with NI 43-101.

A 1,550 m drilling program carried out on the Refractory zone in 2017 intercepted multiple zones with graphite mineralization. On April 24, May 6 and July 9, 2019, the Company and its partner Lomiko announced the results of diamond exploration drill holes from a drilling program on the Refractory Zone consisting of 21 holes for a total of 2,985 metres.

On April 16, 2020, the Company and Lomiko Metals Inc. ("Lomiko") agreed on the terms of an amendment on the option agreement on the Lac-des-Îles and La Loutre projects allowing Lomiko to acquire up to 100% interest in both projects. Lomiko issued the Company 1,000,000 common shares on August 31, 2020 and paid the Company an additional amount of \$1,125,000 on January 29, 2021 (total for both projects).

## **SOMANIKE – NICKEL-COPPER PROJECT (NO LONGER HELD)**

### **Project Description**

The Somanike project consisted of 107 claims (50.21 km<sup>2</sup>). The project was located about 25 km northwest of Malartic, in the Abitibi region.

In 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 has been granted an option to earn 100% interest in the Somanike project in consideration of a total cash payment of \$25,000 upon signature of the agreement (payment received). Vanicom must also issue \$75,000 in common shares of Class 1 Nickel and Technologies Inc. ("Class 1"), its parent company (104,166 common shares have been issued on August 28, 2020 for a value of \$75,000) and incur \$600,000 in exploration expenditures, including 750 m of drilling, no later than December 31, 2021 (expenditures incurred and drilling completed),

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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subject to an agreement between Globex Mining Enterprises Inc. and Class 1. Vanicom must also make a cash payment of \$25,000 and must issue \$25,000 in common shares of Class 1 by June 15, 2022 (payment received and 38,462 common shares have been issued on August 20, 2020 for a value of \$25,000) and must make a cash payment of \$50,000 and must issue \$25,000 in common shares of Class 1 by June 15, 2023 (payment received and 38,461 common shares have been issued on August 20, 2020 for a value of \$25,000). Class 1 has an option to acquire a 100% interest in the rights held by Vanicom.

On February 12, 2021, Vanicom completed its final cash payment to the Company to acquire a 100% interest in the Somanike project.

### **TANSIM – LITHIUM PROJECT (NO LONGER HELD)**

#### **Project Description**

The Tansim project consisted of 65 claims (37.66 km<sup>2</sup>) in the Témiscamingue RCM. The project was acquired on June 27, 2018, as part of the business combination with Matamec by way of the plan of arrangement approved by an order of Superior Court of Québec and was wholly-owned by the Company. The Tansim project is part of the Pontiac geological Subprovince, located south of the Abitibi geological Subprovince, part of the Archean Superior province. The lithologies consist of a group of Late Archean metasedimentary-metavolcanic-granitoid-gneissic rocks.

On January 22, 2018, Matamec announced that it had granted an option on 65 claims to Sayona Québec Inc. ("Sayona"), a wholly-owned subsidiary of Australia-based Sayona Mining Corp. ("Sayona Mining"). Under this option, Sayona could have acquired 50% of the 65 claims by paying a total of \$103,587 for the claim renewal fees, or \$63,587 (amount paid) by carrying out exploration work before January 31, 2018 on 50 claims and pay the renewal fees for the remaining claims. In addition, Sayona was required to spend \$200,000 on exploration work (condition fulfilled) and pay the Company \$100,000 (amount paid). The agreement was amended by the parties on November 13, 2018, to extend the deadline to complete the work and make the \$100,000 payment from January 31, 2019 (condition fulfilled), to April 19, 2019 (amount paid).

To earn an additional 50% interest to hold 100% of the project, Sayona was required to spend \$350,000 (condition fulfilled) on exploration work and pay the Company \$250,000. On December 22, 2019, the agreement was extended to December 31, 2020, to defer the payment of the \$250,000 owed to the Company in return for a \$25,000 cash payment (amount paid). On December 22, 2020, Sayona paid \$250,000 to the Company to earn an additional 50% interest in the project. As part of the option agreement, the Company received a 2% NSR royalty on the production of minerals mined on the project (NSR royalty agreement executed on June 9, 2021). On October 18, 2021, the Company announced the receipt of a \$ 2,000,000 payment in connection with the sale of a 2% Net Smelter Return royalty on all payable metals from the mining rights of the Tansim lithium project. The Company no longer owns this project.

### **QUALIFIED PERSON**

Normand Champigny, Eng., Chief Executive Officer, Qualified Person under NI 43-101, has prepared, verified and approved the data and technical content of this MD&A for the projects.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## FINANCIAL INFORMATION

### Functional and presentation currency

This selected financial information is presented in Canadian dollars, the Company's functional currency.

### IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 3 in the audited annual financial statements for the year ended January 31, 2022.

### Use of estimates and judgements

Please refer to Note 2.4 of the audited annual financial statements for the year ended January 2022 for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, and expenses.

### Reporting global event

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. There was no material impact on the Company's operations at the date of these financial statements identified by management.

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 increasing tensions related to the ongoing conflict between Russia and Ukraine, and economic sanctions imposed in relation thereto, have contributed to additional volatility in commodity prices. The effect of this global event cannot accurately be predicted.

### Changes in accounting policies

There was no adoption of new accounting policies in preparing the condensed interim financial statements as at April 30, 2022.

### New standards and interpretations that have not yet been adopted

At the date of authorization of the financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

### Dividends

The Company has no dividend policy.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## SELECTED QUARTERLY FINANCIAL INFORMATION

The Company anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter-to-quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the three-month periods indicated.

### QUEBEC PRECIOUS METALS CORPORATION SELECTED QUARTERLY FINANCIAL INFORMATION

	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>STATEMENTS OF LOSS (INCOME) AND COMPREHENSIVE LOSS (INCOME)</b>								
<b>Operating expenses :</b>								
Salaries and employee benefit expense	122,636	429,337	177,121	240,386	198,468	299,602	187,257	143,335
Office expenses	41,301	46,859	44,044	20,945	58,217	27,608	13,258	14,229
Business development and investor relations	79,153	132,158	182,529	130,000	65,343	39,177	186,963	11,935
Registration, listing fees and shareholders information	10,477	11,870	21,620	44,444	6,685	5,490	18,787	24,008
Professional and consulting fees	83,829	71,942	95,656	187,330	109,124	109,880	24,485	80,054
Share-based compensation	13,158	39,525	32,980	79,316	96,096	14,627	120,381	49,001
Part XII.6 tax	-	452	-	-	-	-	(6,673)	(7,884)
Exploration and evaluation expenditures	824,375	1,024,733	493,616	921,832	1,040,769	295,689	1,658,124	842,976
Write-off of equipment	2,641	-	-	-	-	-	-	-
Depreciation of property and equipment	423	863	862	862	834	693	1,023	438
	1,177,993	1,757,739	1,048,428	1,625,115	1,575,536	792,766	2,203,605	1,158,092
<b>Other expenses (income):</b>								
Finance expense	25,472	1,218	1,177	288	-	-	-	-
Interest income	(65)	(8)	(9)	(1,138)	(3,111)	(27,678)	14,703	(15,339)
Other revenues	-	-	-	-	-	(510)	(3,420)	(218)
Government assistance	-	-	-	(27,484)	-	-	-	-
Change in fair value of marketable securities	19,609	391	20,679	38,600	(38,126)	(235,942)	133,396	(203,000)
Gain on disposal of mining projects	-	-	-	-	(75,000)	(1,565,000)	(125,000)	(208,000)
Gain on disposal of net smelter return (NSR)	-	-	(2,000,000)	-	-	-	-	-
Exchange loss	(88)	2,171	281	80	-	(822)	4	529
	44,928	3,772	(1,977,872)	10,346	(116,237)	(1,829,952)	19,683	(426,028)
<b>Income tax recovery</b>	-	-	-	-	117,468	32,524	388,507	354,519
<b>Total net loss (income) and comprehensive loss (income)</b>	<b>1,222,921</b>	<b>1,761,511</b>	<b>(929,444)</b>	<b>1,635,461</b>	<b>1,341,831</b>	<b>(1,069,710)</b>	<b>1,834,781</b>	<b>377,545</b>
<b>Basic and diluted loss (income) per share:</b>	<b>0.02</b>	<b>0.02</b>	<b>(0.01)</b>	<b>0.02</b>	<b>0.02</b>	<b>(0.02)</b>	<b>0.03</b>	<b>0.01</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>								
Cash and cash equivalents	624,735	1,578,789	3,655,032	3,526,067	1,261,376	1,178,991	808,337	1,272,491
Restricted cash	-	-	-	-	697,938	1,125,000	-	-
Investments	-	-	-	-	-	-	1,085,000	2,500,000
Marketable securities	117,757	137,366	137,757	158,436	197,036	614,527	253,796	326,000
Taxes receivable	226,464	283,121	215,350	163,590	157,446	57,117	239,251	169,543
Other receivable	-	-	-	16,699	-	1,236	26,039	37,338
Prepays expenses and deposits related to exploration and evaluation activities	107,633	154,814	148,132	201,279	341,178	154,254	79,061	232,045
Tax credits related to resources receivable	1,739,828	1,188,817	477,894	136,306	140,226	140,226	140,226	140,226
Mining tax credits receivable	231,171	161,495	78,748	28,403	28,900	28,900	17,733	17,733
<b>Total current assets</b>	<b>3,047,588</b>	<b>3,504,402</b>	<b>4,712,913</b>	<b>4,230,780</b>	<b>2,824,100</b>	<b>3,300,251</b>	<b>2,649,443</b>	<b>4,695,376</b>
Equipment	2,187	5,250	6,113	6,975	7,837	8,671	6,589	7,612
<b>Total non-current assets</b>	<b>2,187</b>	<b>5,250</b>	<b>6,113</b>	<b>6,975</b>	<b>7,837</b>	<b>8,671</b>	<b>6,589</b>	<b>7,612</b>
<b>Total assets</b>	<b>3,049,775</b>	<b>3,509,652</b>	<b>4,719,026</b>	<b>4,237,755</b>	<b>2,831,937</b>	<b>3,308,922</b>	<b>2,656,032</b>	<b>4,702,988</b>
Trade accounts payable and other liabilities	1,866,787	1,118,121	557,849	1,023,927	1,108,728	368,100	767,023	789,807
Liability related to flow-through shares	-	-	-	-	-	117,468	149,992	538,499
<b>Total current liabilities</b>	<b>1,866,787</b>	<b>1,118,121</b>	<b>557,849</b>	<b>1,023,927</b>	<b>1,108,728</b>	<b>485,568</b>	<b>917,015</b>	<b>1,328,306</b>
Loan	36,419	35,199	33,981	32,804	-	-	-	-
<b>Total non-current liabilities</b>	<b>36,419</b>	<b>35,199</b>	<b>33,981</b>	<b>32,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>1,146,569</b>	<b>2,356,332</b>	<b>4,127,196</b>	<b>3,181,024</b>	<b>1,723,209</b>	<b>2,823,354</b>	<b>1,739,017</b>	<b>3,374,682</b>
<b>Total liabilities &amp; equity</b>	<b>3,049,775</b>	<b>3,509,652</b>	<b>4,719,026</b>	<b>4,237,755</b>	<b>2,831,937</b>	<b>3,308,922</b>	<b>2,656,032</b>	<b>4,702,988</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The net loss and comprehensive loss of \$1,221,921 for Q1-2023 is mostly attributable to exploration and evaluation expenditures of \$824,375.

The net loss and comprehensive loss of \$1,761,511 for Q4-2022 is mostly attributable to exploration and evaluation expenditures of \$1,024,733 and salaries and employee benefit expense of \$429,337 which includes a bonus of \$197,983 for the year ended January 31, 2022 and a severance payment of \$183,689.

The net income and comprehensive income of \$929,444 for Q3-2022 is mostly attributable to a gain on disposal of an NSR of \$2,000,000, partially offset by exploration and evaluation expenditures of \$493,616.

The net loss and comprehensive loss of \$1,635,461 for Q2-2022 is mostly attributable to exploration and evaluation expenditures of \$921,832.

The net loss and comprehensive loss of \$1,341,831 for Q1-2022 is mostly attributable to exploration and evaluation expenditures of \$1,040,769.

The net income and comprehensive income of \$1,069,710 for Q4-2021 is mostly attributable to a gain on disposal of mining projects of \$1,565,000.

The net loss and comprehensive loss of \$1,834,781 for Q3-2021 is mostly attributable to exploration and evaluation expenditures of \$1,658,124.

The net loss and comprehensive loss of \$377,545 for Q2-2021 is mostly attributable to exploration and evaluation expenditures of \$842,976, partially offset by a change in fair value of marketable securities of \$203,000 and a gain on disposal of mining projects of \$208,000.

### **Results of operations for the three-month period ended April 30, 2022 (Q1-2023)**

#### ***Net (loss) income and comprehensive (loss) income***

The basic and diluted loss per share for Q1-2023 is \$0.02 as compared to a basic and diluted income per share of \$0.02 for Q1-2022.

During Q1-2023, the Company realized a net loss and comprehensive loss of \$1,222,921 as compared to a net loss and comprehensive loss of \$1,341,831 for Q1-2022.

The decrease of \$118,910 for Q1-2023 as compared to Q1-2022 in net loss and comprehensive loss is mostly attributable to a decrease in exploration and evaluation expenditures of \$216,394 in Q1-2023 as compared to Q1-2022 (\$824,375 in Q1-2023 compared to \$1,040,769 in Q1-2022), offset by the decrease in income tax recovery of \$117,468 in Q1-2023 compared to Q1-2022 (\$Nil in Q1-2023 compared to \$117,468 in Q1-2022).

#### ***Operating expenses***

During Q1-2023, operating expenses were \$1,177,993 as compared to \$1,575,536 for Q1-2022.

The decrease of \$397,543 for Q1-2023 as compared to Q1-2022 in operating expenses is attributable to a decrease of \$216,394 in exploration and evaluation expenditures (\$824,375 in Q1-2023 compared to \$1,040,769 in Q1-2022), combined with a decrease of \$75,832 in salaries and employee benefit expense (\$122,636 for Q1-2023 compared to \$198,468 for Q1-2022) due to a reduction of the company's staff in Q1-2023 compared to Q1-2022, and a decrease of \$82,938 in share-based compensation recognized in Q1-2023 compared to Q1-2022 (\$13,158 in Q1-2023 compared to \$96,096 in Q1-2022).

#### ***Other expenses (income)***

During Q1-2023, other expenses were \$44,928 as compared to other income of \$116,237 for Q1-2022.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The decrease of \$161,165 in other income for Q1-2023 as compared to Q1-2022 is mostly attributable to a decrease in gain on disposal of mining projects of \$75,000 (\$Nil for Q1-2023 as compared to \$75,000 for Q4-2021 (\$75,000 for the disposal of the Somanike project)) combined with a decrease in change in fair value of marketable securities of \$57,735 (markdown of \$19,609 in Q1-2023 compared to a markup of \$38,126 in Q1-2022).

### ***Income tax recovery***

The income tax recovery is the result of the amortization of the other liabilities related to flow-through share financings. The obligation is reversed with a corresponding income tax recovery recorded as the exploration and evaluation expenditures are incurred.

During Q1-2023, income tax recovery was \$Nil as compared to income tax recovery of \$117,468 for Q1-2022. The decrease of \$117,468 for Q1-2023 as compared to Q1-2022 in income tax recovery is attributable to a decrease of \$567,764 in eligible exploration and evaluation expenditures (\$Nil for Q1-2023 compared to \$567,764 for Q1-2022). In April 2021, the Company fulfilled its obligation related to flow-through share financings.

## **CASH FLOWS**

### **Cash flows used for operating activities**

Cash flows used for operating activities were \$954,054 during Q1-2023, an increase of \$78,760 as compared to cash flows used for operating activities of \$875,294 during Q1-2022. The increase is mostly explained by a decrease of \$368,385 in cash flows from change in working capital items (positive cash flows of \$231,816 for Q1-2023 as compared to positive cash flows of \$600,201 for Q1-2022), partially offset by a decrease of \$289,625 in cash flows used for operating activities before changes in working capital (negative cash flows of \$1,185,870 for the Q1-2023 (mainly made up of operating expenses of \$1,177,993) as compared to negative cash flows of \$1,475,495 for Q1-2022 (mainly made up of operating expenses of \$1,575,536)).

### **Cash flows from financing activities**

Cash flows from financing activities were \$Nil during Q1-2023, a decrease of \$427,062 as compared to cash flows of \$427,062 used for financing activities during Q1-2022. The decrease is attributable to the use of restricted cash for exploration activities proper to the Company expressed as a decrease in restricted cash of \$427,062. During Q1-2022, the Company incurred exploration expenses of \$427,062 eligible under the agreement with Lomiko thus reducing QPM's obligation to incur exploration work from \$1,125,000 to \$697,938.

### **Cash flows from investing activities**

Cash flows from investing activities were \$Nil during Q1-2023, a decrease of \$530,617 as compared to cash flows of \$530,617 from investing activities during Q1-2022. The decrease is mostly attributable to a decrease of \$455,617 in proceeds from disposal of marketable securities (\$Nil for Q1-2023 as compared to \$455,617 for Q1-2022), combined with a decrease of \$75,000 in option payments received (\$Nil in Q1-2023 as compared to \$75,000 for Q1-2022).

## **OTHER FINANCIAL DISCLOSURES**

### **Related party transactions**

Please refer to Note 11 of the condensed interim financial statements for the three-month period ended April 30, 2022, for a summary of the Company's transactions with related parties.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Contingency

Please refer to Note 12 of the condensed interim financial statements for the three-month period ended April 30, 2022, for a summary of the Company's commitments.

## Subsequent events

There were no subsequent events to report in the condensed interim financial statements for the three-month period ended April 30, 2022.

## Off-financial position arrangements

As at April 30, 2022, the Company had the following off-financial position arrangements:

### • ROYALTIES ON MINING PROJECTS

PROJECTS	ROYALTIES		DESCRIPTION
	Name	Percentage	
Eeyou Istchee James Bay Territory projects, Quebec			
Sakami	Luc Lamarche Estate	50%	1% NSR on some claims
	Jean-Raymond Lavallée	50%	
	Osisko Gold Royalties Ltd.	100%	2% NSR on 81 claims of which 1% may be purchased for an amount of \$1,000,000
Elmer East	Tony Perron, Tony Perron & Janine Mongrain on certain claims, Tony Perron & Hélène Laliberté on certain claims	100%	2% NSR of which 1% may be purchased for an amount of \$500,000
Other projects, Quebec			
Kipawa	Toyotsu Rare Earth Canada Inc.	100%	10% on net profits interest
Vulcain	André Gauthier	60%	2% NSR, each one-half percent of the NSR can be repurchased at any time for \$250,000
	Jacques Duval	40%	
	Quebec Precious Metals Corporation	100%	1% NSR, first 0.5% may be purchased for an amount of \$500,000, second 0.5% may be purchased for an amount of \$2,500,000
Ontario project			
Matheson	International Explorers and Prospectors Inc.	100%	1.5 % NSR of which 0.75% may be purchased for an amount of \$1,500,000
	Amalco	100%	0.75% NSR of which 0.75% may be purchased for an amount of \$750,000
	Certain individuals and companies on certain claims	100%	1% NSR of which 1% may be purchased for an amount of \$500,000

## Going concern assumption

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 three-month period ended April 30, 2022, the Company recorded a net loss of \$1,222,921 (\$1,341,831 for the three-month period ended April 30, 2021) and has an accumulated deficit of \$54,375,536 as at April 30,

# MANAGEMENT'S DISCUSSION AND ANALYSIS

2022 (\$53,152,615 as at January 31, 2022). 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, 2022, the Company had a working capital of \$1,180,801 (\$2,386,281 as at January 31, 2022) consisting primarily of cash of \$624,735 (\$1,578,789 as at January 31, 2022). 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 from 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.

## Capital management policies and procedures

Please refer to Note 14 of the condensed interim financial statements for the three-month period ended April 30, 2022, for a summary of the Company's capital management policies and procedures.

## Disclosure of outstanding share data

The following selected financial information is derived from our unaudited financial statements.

### QUEBEC PRECIOUS METALS CORPORATION

Disclosure of outstanding share data (as at June 22, 2022)

Outstanding common shares:	82,458,877			
Outstanding share options:	5,205,000			
Average exercise price of:	\$0.337			
Average remaining life of:	2.80 years			
Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			\$	(years)
February 19, 2023	50,000	50,000	0.29	0.70
February 25, 2023	200,000	200,000	0.29	0.70
December 12, 2023	920,000	920,000	0.61	1.50
March 15, 2024	60,000	60,000	0.17	1.70
June 20, 2024	300,000	300,000	0.34	2.00
July 11, 2024	900,000	900,000	0.35	2.10
February 17, 2025	585,000	585,000	0.28	2.70
July 24, 2025	50,000	50,000	0.27	3.10
October 26, 2025	235,000	235,000	0.23	3.30
February 19, 2026	830,000	660,000	0.29	3.70
June 11, 2026	300,000	100,000	0.30	4.00
March 15, 2027	775,000	258,334	0.17	4.70
	5,205,000	4,318,334		
Outstanding deferred stock units:	333,490			
Outstanding brokers and intermediaries' options:	655,164			
Average exercise price of:	\$0.300			
Average remaining life of:	1.00 years			
Expiry date	Number	Exercise price	Remaining life	
		\$	(years)	
May 3, 2023	431,164	0.30	1.00	
May 5, 2023	216,000	0.30	1.00	
May 18, 2023	8,000	0.30	1.00	
	655,164			

## RISK AND UNCERTAINTIES

The Company is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Financial instrument risks

Please refer to Note 15 of the condensed interim financial statements for the three-month period ended April 30, 2022, for a summary of the Company's financial instrument risks.

## COVID-19

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. There was no material impact on the Company's operations at the date of these financial statements identified by management.

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.

## Russia/Ukraine conflict

The increasing tensions related to the ongoing conflict between Russia and Ukraine, and economic sanctions imposed in relation thereto, have contributed to additional volatility in commodity prices. The effect of this global event cannot accurately be predicted.

## Exploration and mining risks

The Company's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few projects that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Company's exploration projects may be required to construct mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary or full feasibility studies on the Company's projects, or the current or proposed exploration programs on any of the projects in which the Company has exploration rights, will result in any profitable commercial mining operations. The Company cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral resources or mineral reserves.

Estimates of mineral resources or mineral reserves and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; precious metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Company not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to projects, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Titles to projects**

While the Company has diligently investigated title to the various projects in which it has an interest, and to the best of its knowledge, titles to those projects are in good standing, this should not be construed as a guarantee of title. The projects may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

## **Permits and licenses**

The Company's operations may require licenses and permits from various governmental authorities. The Company will use its best efforts to obtain all applicable licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all applicable material aspects with the terms of such licenses and permits. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects.

## **Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

## **Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

## **Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## **Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource projects. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Stage of development

The Company's projects are in the exploration stage, and to date none of them have an estimation of mineral reserves. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

## Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of project, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

## Uninsured hazards

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

## Future financing

Completion of future programs may require additional financing, which may dilute the interests of existing shareholders. The only sources of future funding presently available to QPM are the sale of equity capital, or the offering or sale by QPM of an interest in its non-core projects. Currently, QPM has no projects that are under a purchase agreement requiring cash payment obligations. All projects in Eeyou Istchee James Bay territory are 100% owned and the only financial obligations are the annual payments of mining claim renewal fees. The availability of financing is not assured and is subject to market conditions.

## Key employees

Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

## Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

## CERTIFICATION OF INTERIM FILINGS

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

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended April 30, 2022.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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