

QUEBEC PRECIOUS METALS
CORPORATION

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Financial Statements

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

**Three-month and six-month periods ended
July 31, 2022 and 2021**

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Financial Statements

Three-month and six-month periods ended July 31, 2022 and 2021

Condensed Interim Financial Statements

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QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Financial Position

As at July 31, 2022 and January 31, 2022

(in Canadian dollars)

	Note	July 31 2022	January 31 2022
		\$	\$
Assets			
Current assets:			
Cash		386,787	1,578,789
Marketable securities	4	89,218	137,366
Taxes receivable		26,494	283,121
Prepaid expenses		75,038	150,814
Deposits related to exploration and evaluation activities		4,000	4,000
Tax credits related to resources receivable		1,747,514	1,188,817
Mining tax credits receivable		232,143	161,495
Total current assets		2,561,194	3,504,402
Non-current assets:			
Equipment		1,813	5,250
Total non-current assets		1,813	5,250
Total assets		2,563,007	3,509,652
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		1,946,593	1,118,121
Total current liabilities		1,946,593	1,118,121
Non-current liabilities:			
Loan	5	37,725	35,199
Total non-current liabilities		37,725	35,199
Total liabilities		1,984,318	1,153,320
Equity:			
Share capital	6	50,501,034	50,501,034
Contributed surplus	7	5,024,434	5,007,913
Deficit		(54,946,779)	(53,152,615)
Total equity		578,689	2,356,332
Total liabilities and equity		2,563,007	3,509,652

Statute of incorporation, nature of activities and going concern, see Note 1.

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 September 22, 2022.

(S) Julie Robertson
Director

(S) James Shannon
Director

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Loss and Comprehensive Loss

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

	Three-month period ended		Six-month period ended	
	July 31 2022	July 31 2021	July 31 2022	July 31 2021
	\$	\$	\$	\$
Operating expenses:				
Salaries and employee benefit expense	117,738	240,386	240,374	438,854
Office expenses	128,112	20,945	169,413	79,162
Business development and investor relations	36,803	130,000	115,956	195,343
Registration, listing fees and shareholder information	26,901	44,444	37,378	51,129
Professional and consulting fees	121,125	187,330	204,954	296,454
Share-based compensation	7	3,363	16,521	175,412
Exploration and evaluation expenditures	8	24,520	848,895	1,962,601
Write-off of equipment	-	-	2,641	-
Depreciation of equipment	374	862	797	1,696
Operating loss	458,936	1,625,115	1,636,929	3,200,651
Other expenses (income):				
Finance expense	83,815	288	109,287	288
Interest income	(47)	(1,138)	(112)	(4,249)
Government assistance	5	(27,484)	-	(27,484)
Change in fair value of marketable securities	4	28,539	48,148	474
Gain on disposal of mining projects	8	-	-	(75,000)
Exchange gain	-	80	(88)	80
Total net other expenses (income)	112,307	10,346	157,235	(105,891)
Loss before income tax	(571,243)	(1,635,461)	(1,794,164)	(3,094,760)
Income tax recovery	-	-	-	117,468
Net loss and comprehensive loss	(571,243)	(1,635,461)	(1,794,164)	(2,977,292)
Weighted average number of common shares outstanding	82,458,877	81,902,099	82,458,877	74,911,043
Basic and diluted loss per share:	(0.007)	(0.020)	(0.022)	(0.040)

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Changes in Equity

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$
Balance as at January 31, 2022		82,458,877	50,501,034	5,007,913	(53,152,615)	2,356,332
Share options granted	7			16,521		16,521
Transaction with owners		82,458,877	50,501,034	5,024,434	(53,152,615)	2,372,853
Net loss and comprehensive loss for the period					(1,794,164)	(1,794,164)
Balance as at July 31, 2022		82,458,877	50,501,034	5,024,434	(54,946,779)	578,689
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	6	14,774,543	3,250,399			3,250,399
Share issuance costs	6		(284,441)			(284,441)
Share options granted	7			187,963		187,963
Brokers and intermediaries' options granted	7			48,002		48,002
Deferred share units granted	7			133,039		133,039
Transaction with owners		82,458,877	50,517,286	4,984,286	(49,343,256)	6,158,316
Net loss and comprehensive loss for the period					(2,977,292)	(2,977,292)
Balance as at July 31, 2021		82,458,877	50,517,286	4,984,286	(52,320,548)	3,181,024

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statement of Cash Flows

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

	Six-month period ended	
	July 31 2022	July 31 2021
	\$	\$
Operating activities:		
Net loss	(1,794,164)	(2,977,292)
Adjustments for:		
Income tax recovery	-	(117,468)
Write-off of equipment	2,641	-
Effective interest on loan	2,526	(7,196)
Depreciation of equipment	797	1,696
Share-based compensation	16,521	175,412
Change in fair value of marketable securities	48,148	474
Gain on disposal of mining projects	-	(75,000)
Operating activities before changes in working capital items	(1,723,531)	(2,999,374)
Change in other receivables	-	(16,699)
Change in interest receivable	-	1,236
Change in taxes receivable	256,627	(106,473)
Change in prepaid expenses	75,776	(97,025)
Change in deposits related to exploration and evaluation activities	-	50,000
Change in tax credits related to resources receivable	(70,648)	497
Change in mining tax credits receivable	(558,697)	3,920
Change in trade accounts payable and other liabilities	828,471	801,417
Change in working capital items	531,529	636,873
Cash flows used for operating activities	(1,192,002)	(2,362,501)
Financing activities:		
Proceeds from private placements	-	3,250,399
Decrease in restricted cash	-	1,125,000
Proceeds from a loan	-	40,000
Share issuance costs	-	(236,439)
Cash flows from financing activities	-	4,178,960
Investing activities:		
Proceeds from disposal of marketable securities	-	455,617
Option payments received	-	75,000
Cash flows from investing activities	-	530,617
Net change in cash	(1,192,002)	2,347,076
Cash, beginning of period	1,578,789	1,178,991
Cash, end of period	386,787	3,526,067

Additional disclosures of cash flow information (Note 10).

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

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

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. 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 is continuing to follow the recommendations of Québec Government and Health Canada/Santé Québec. There was no material impact of COVID 19 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 Company has not yet determined whether its 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 six-month period ended July 31, 2022, the Company recorded a net loss of \$1,794,164 (\$2,977,292 for the six-month period ended July 31, 2021) and has an accumulated deficit of \$54,946,779 as at July 31, 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 July 31, 2022, the Company had a working capital of \$614,601 (\$2,386,281 as at January 31, 2022) consisting primarily of cash of \$386,787 (\$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.

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 or reclassification of assets and liabilities, 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, 2022.

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.

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

2. Basis of preparation (continued):

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, 2022.

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, 2022.

3.1 Adoption of new accounting standards:

There was no adoption of new accounting policies in preparing the condensed interim financial statements as at July 31, 2022.

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

At the date of authorization of these 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.

4. Marketable securities:

				Number of shares			Carrying value		
January 31				July 31	January 31		Change		July 31
2022	Acquisition	Disposition	2022	2022	Acquisition	Disposition	in fair value	2022	
					\$	\$	\$	\$	\$
Shares									
NICO ⁽³⁾	146,089	-	-	146,089	42,366	-	-	(13,148)	29,218
FEX ⁽⁴⁾	1,000,000	-	-	1,000,000	95,000	-	-	(35,000)	60,000
	1,146,089	-	-	1,146,089	137,366	-	-	(48,148)	89,218
Shares									
				Number of shares			Carrying value		
January 31				January 31	January 31		Change		January 31
2021	Acquisition	Disposition	2022	2021	Acquisition	Disposition	in fair value	2022	
					\$	\$	\$	\$	\$
LMR ⁽¹⁾	1,750,000	-	(1,750,000)	-	205,000	-	(310,283)	105,283	-
UGM ⁽²⁾	431,000	-	(431,000)	-	112,060	-	(119,530)	7,470	-
NICO ⁽³⁾	181,089	-	(35,000)	146,089	177,467	-	(25,804)	(109,297)	42,366
FEX ⁽⁴⁾	1,000,000	-	-	1,000,000	120,000	-	-	(25,000)	95,000
	3,362,089	-	(2,216,000)	1,146,089	614,527	-	(455,617)	(21,544)	137,366

(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. 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 (extended to December 31, 2023 on January 12, 2022). Repayment of the CEBA received on or before the due date will result in loan forgiveness of 33.3% (up to \$20,000).

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

5. Loan (continued):

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 fair value of the loan was calculated to be \$32,516 and the government assistance recognized in the statement of loss and comprehensive loss was \$27,484 which included the loan forgiveness of \$20,000 during the year ended January 31, 2022. During the six-month period ended July 31, 2022, an interest expense of \$2,526 was recorded in the statement of loss and comprehensive loss (\$2,683 for the year ended January 31, 2022).

6. 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 including a commission of \$73,736. 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 7 (d)). Total 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 including a commission of \$47,520. 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 7 (d)). Total 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 including a commission of \$1,760. 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 7 (d)). Total share issuance costs amounted to \$2,670 including the fair value of the brokers and intermediaries' options of \$596.

7. Share purchase options, DSUs and brokers and intermediaries' options:

(a) Share purchase options:

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

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

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

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

QUEBEC PRECIOUS METALS CORPORATION

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Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

7. Share purchase options, DSUs and brokers and intermediaries' options (continued):

(a) Share purchase options (continued):

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

	July 31 2022		January 31 2022	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	5,005,385	0.37	4,525,385	0.39
Granted	835,000	0.17	1,775,000	0.29
Forfeited	(570,000)	0.26	(1,245,000)	0.30
Expired	(315,385)	0.54	(50,000)	0.35
Outstanding at end	4,955,000	0.34	5,005,385	0.37
Exercisable at end	4,338,334	0.36	4,038,719	0.39

The following table provides outstanding share options information as at July 31, 2022:

Expiry date	Outstanding share options			
	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			\$	(years)
February 19, 2023	50,000	50,000	0.29	0.6
February 25, 2023	200,000	200,000	0.29	0.6
December 12, 2023	920,000	920,000	0.61	1.4
March 15, 2024	60,000	60,000	0.17	1.6
June 20, 2024	300,000	300,000	0.34	1.9
July 11, 2024	900,000	900,000	0.35	1.9
February 17, 2025	585,000	585,000	0.28	2.6
July 24, 2025	50,000	50,000	0.27	3.0
October 26, 2025	235,000	235,000	0.23	3.2
February 19, 2026	780,000	580,000	0.29	3.6
June 11, 2026	250,000	200,000	0.30	3.9
March 15, 2027	625,000	258,334	0.17	4.6
	4,955,000	4,338,334	0.34	2.6

The options outstanding at January 31, 2022 had an exercise price in the range of \$0.230 to \$0.624 and a weighted-average contractual life of 2.8 years.

	July 31 2022	January 31 2022
	\$	\$
Weighted average fair value of options granted	\$0.09	\$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:

	July 31 2022	January 31 2022
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	\$0.165	\$0.27
Weighted average expected volatility	64.66%	82.16%
Weighted average risk-free interest rate	1.96%	0.62%
Weighted average exercise price at grant date	\$0.17	\$0.29
Weighted average vesting period	1.86 years	1.72 years
Weighted average expected life	4.78 years	4.6 years

QUEBEC PRECIOUS METALS CORPORATION

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Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

7. Share purchase options, DSUs and brokers and intermediaries' options (continued):

(a) Share purchase options (continued):

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

An amount of \$3,363 and \$16,521 of share-based compensation were accounted in the statement of loss and comprehensive loss for the three-month and six-month periods ended July 31, 2022 respectively (\$79,316 and \$187,963 for the three-month and six-month periods ended July 31, 2021 respectively) and credited to contributed surplus. As at July 31, 2022, an amount of \$26,829 (\$56,519 for the year ended January 31, 2022) remains to be amortized until January 31, 2024 related to the grant of stock options not vested.

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

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

	July 31 2022	January 31 2022
	Number of outstanding DSU	Number of outstanding DSU
Outstanding at beginning	333,490	-
Granted	-	502,033
Cancelled	-	(168,543)
Outstanding at end	333,490	333,490

The DSUs are payable in common shares of the Company and/or cash upon the holder ceasing to be a director, an officer, an employee or a consultant of the Company, as the case may be. During the year ended January 31, 2022, the DSUs with a fair value of \$96,712 were issued in lieu of a bonus payable of \$96,712 which has been recognized in the statement of loss and comprehensive loss 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.

(c) Brokers and intermediaries' options:

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

	July 31 2022		January 31 2022	
	Number of outstanding brokers and intermediaries' options	Weighted average exercise price	Number of outstanding brokers and intermediaries' options	Weighted average exercise price
Outstanding at beginning	655,164	\$ 0.30	1,210,863	\$ 0.30
Granted	-	-	655,164	0.30
Expired	-	-	(1,210,863)	0.30
Outstanding at end	655,164	0.30	655,164	0.30

The following table provides outstanding brokers and intermediaries' options information as at July 31, 2022:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
May 3, 2023	431,164	\$ 0.30	0.8 (years)
May 5, 2023	216,000	0.30	0.8
May 18, 2023	8,000	0.30	0.8
	655,164	0.30	0.8

The brokers and intermediaries' options at January 31, 2022 had an exercise price of \$0.30 and a contractual life of 1.3 years.

	July 31 2022	January 31 2022
Weighted average fair value of brokers and intermediaries' options granted	\$ 0.00	\$ 0.07

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Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

7. Share purchase options, DSUs and brokers and intermediaries' options (continued):

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

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:

	July 31 2022	January 31 2022
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

8. Exploration and evaluation activities:

Exploration and evaluation expenditures by nature are detailed as follows:

	Three-month period ended		Six-month period ended	
	July 31 2022	July 31 2021	July 31 2022	July 31 2021
	\$	\$	\$	\$
Exploration and evaluation activities:				
Assays	6,389	39,664	128,831	63,429
Drilling	(748)	254,453	1,181,190	1,198,066
Line cutting	-	202,432	-	202,432
Resource estimate	9,381	-	63,406	-
Reporting	3,250	-	16,804	10,533
Metallurgy	1,592	13,030	1,940	44,862
Geochemistry	-	40,548	-	40,548
Geology and geophysics	-	342,839	11,500	358,583
Geophysical and electromagnetic survey	-	54,258	-	54,258
Prospecting	-	108,156	-	108,156
Other evaluation and exploration expenses	13,314	19,994	74,569	35,276
Tax credit related to resources and mining tax credits	(8,658)	(153,542)	(629,345)	(153,542)
	24,520	921,832	848,895	1,962,601

Exploration and evaluation expenditures can be detailed as follows:

	Three-month period ended		Six-month period ended	
	July 31 2022	July 31 2021	July 31 2022	July 31 2021
	\$	\$	\$	\$
Projects:				
Blanche-Charles	148	14,365	148	14,365
Cheechoo-Éléonore Trend	-	19,399	-	19,399
Elmer East	401	92,286	1,208	93,448
Sakami	23,971	795,782	847,539	1,835,389
	24,520	921,832	848,895	1,962,601

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

	Three-month period ended			Three-month period ended		
	July 31 2022			July 31 2021		
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	\$	\$	\$	\$	\$	\$
Projects:						
Somanike	-	-	-	-	-	-
	-	-	-	-	-	-

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Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

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8. Exploration and evaluation activities (continued):

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

	Six-month period ended July 31 2022			Six-month period ended July 31 2021		
	Cash payments	Issuance of shares	Total	Cash payments	Issuance of shares	Total
	\$	\$	\$	\$	\$	\$
Projects:						
Somanike	-	-	-	75,000	-	75,000
	-	-	-	75,000	-	75,000

Sakami:

The Sakami project is wholly-owned by the Company, consists of one large contiguous block of 281 mineral claims (142.50 km²) 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 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 year ended January 31, 2022, 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 km²). The southeastern end of the project lies about 24 km northwest of the Éléonore mine, with a road access 14 km away. During the year ended January 31, 2022, 22 claims have been transferred to Sakami project and 401 claims have been abandoned.

Elmer East:

The Elmer East project is wholly-owned by the Company and consists of 929 claims (488 km²). 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 km²). The western part of the Elmer East project is contiguous to Azimut's project.

Blanche-Charles:

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

On September 14, 2022, the Company has entered into a binding agreement with Idaho Champion ("Idaho") for the acquisition by Idaho of the Company's 100% interest in the Blanche and Charles prospective lithium pegmatite projects. Although the two projects have been explored for precious and base metals, but more recently, evidence of pegmatites has led to a re-assessment of the lithium discovery potential that warrants more work.

As per the terms of the binding agreement, Idaho is purchasing 100% of the projects from the Company in return for \$100,000 in cash and 12,000,000 common shares of Idaho, of which 50% will be subject to escrow for 18 months. The Company will also retain a 2% NSR on claims retained by Idaho upon completion of the acquisition. Idaho has the option to repurchase 1% of the NSR from the Company for \$1 million. Closing of the acquisition is subject to usual conditions for this type of transaction including a 45-day due diligence period, and regulatory and stock exchange approval.

Non-core assets:

Kipawa-Zeus:

The Company has a 68% interest in the Kipawa project, through the Kipawa Rare Earth Joint Venture ("SCCK"). Investissement Quebec holds the remaining 32% interest. The project is part of the 73 claims (43.03 km²) of the Kipawa-Zeus project. Claims that are not part of the Kipawa project are wholly-owned by the Company. The project is located in the Témiscamingue region of Quebec, 140 km south of Rouyn-Noranda and 90 km northeast of North Bay, Ontario.

On August 9, 2021, the Company entered into an agreement with Vital Metals Limited ("Vital") for the acquisition by Vital of the Company's 68% interest in the Kipawa rare earth project and 100% of the Zeus Rare Earth project in Quebec, Canada, for \$8 million, subject to certain closing conditions. On February 4, 2022, the Company amended the agreement with Vital and the transaction is now expected to close by September 30, 2022. Vital has currently deposited \$1 million with the solicitors of the Company, in trust, (the "Deposit") towards this transaction. Should Vital decide not to proceed with closing on September 30, 2022, the \$1 million Deposit and any interest thereon will be paid and forfeit to the Company.

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8. Exploration and evaluation activities (continued):

Non-core assets (continued):

Kipawa-Zeus (continued):

The cash payment schedule is as follows:

	Cash payments
	\$
Upon signature	1,000,000 ⁽¹⁾
On the closing date ⁽²⁾	1,500,000
On or before February 9, 2023	2,500,000
On or before February 9, 2024	1,000,000
On or before February 9, 2025	1,000,000
On or before February 9, 2026	1,000,000
	8,000,000

⁽¹⁾ A cash payment of \$150,000 was received in Trust by the Company's legal counsel in August 2021 and \$850,000 was received in Trust by the Company's legal counsel in February 2022.

⁽²⁾ The closing date will be 5 days after the waiver of certain closing conditions, including due diligence.

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 km² 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 9 claims (4.76 km²) after it abandoned 40 claims during the year ended January 31, 2022. It lies about 30 km southwest of the old Eastmain gold mine. During the six-month period ended July 31, 2022, the Company abandoned its last 9 claims as they no longer fit the Company's development strategy.

Vulcain (no longer held):

The Vulcain project consists of 68 claims (40.05 km²) located in Haute-Gatineau.

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.

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 ⁽³⁾
	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.

⁽³⁾ Exploration expenditures were all incurred.

As a result, the Company retains a 1% NSR of which FEX may repurchase 0.5% of the NSR for consideration of \$500,000 and the remaining 0.5% for \$2,500,000. FEX is also assuming the 2% pre-existing NSR royalty to underlying parties. Each one-half percent of the pre-existing NSR royalty to underlying parties royalty can be repurchased at any time by Fjordland for \$250,000. As a result, all the overriding royalties can be retired for \$4,000,000 at any time.

As at July 31, 2022, FEX held 100% of the project.

La Loutre (no longer held):

The La Loutre project consists of one contiguous block of 48 claims (28.67 km²) 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.

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Notes to Condensed Interim Financial Statements (continued)

Three-month and six-month periods ended July 31, 2022 and 2021

(in Canadian dollars)

8. Exploration and evaluation activities (continued):

Non-core assets (continued):

La Loutre (no longer held) (continued):

On January 31, 2020, Lomiko Metals Inc. ("Lomiko") held 80% of the project. On April 16, 2020, the Company and 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. During the year ended January 31, 2022, the Company fulfilled its obligation by incurring \$1,125,000 of exploration and evaluation expenditures.

As at July 31, 2022, Lomiko held 100% of the project.

Somanike (no longer held):

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 July 31, 2022, Class 1 held 100% of the project.

Tansim (no longer held):

The Tansim project consisted of 65 claims (37.66 km²) 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 redeemed for \$60,000.

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").

As at July 31, 2022, Sayona Québec Inc. held 100% of the project.

9. 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 was 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 7.

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Notes to Condensed Interim Financial Statements (continued)

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9. Earnings per share (continued):

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 six-month periods ended July 31, 2022 and 2021.

10. Supplemental cash flow information:

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

	Six-month period ended	
	July 31	July 31
	2022	2021
Non-cash operating activities:	\$	\$
Reclassification from current liabilities to contributed surplus	-	145,590

11. 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		Six-month period ended	
	July 31	July 31	July 31	July 31
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and consulting fees	33,810	15,000	51,060	30,000
Salaries and directors' fees	98,156	159,469	204,852	331,400
Share-based compensation	406	53,522	35,601	140,032
	132,372	227,991	291,513	501,432

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. ("Consul-Teck"), is a company of which the former Vice-President Exploration of the Company (resigned on May 4, 2021) is a shareholder. An amount of \$1,140,301 was payable to Consul-Teck as at July 31, 2022 (\$310,848 as at January 31, 2022). The following table provides a summary of the expenses incurred from Consul-Teck :

	Three-month period ended		Six-month period ended	
	July 31	July 31	July 31	July 31
	2022	2021	2022	2021
	\$	\$	\$	\$
Exploration and evaluation expenditures	-	-	- (1)	610,828
			-	610,828

(1) QPM continues to work with Consul-Teck incurring exploration and evaluation expenditures however since the former Vice President Exploration is no longer employed by QPM since May 2021, none of these amounts are considered a related party transaction.

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.

12. 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.

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13. 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:

	July 31 2022		January 31 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	89,218	89,218	137,366	137,366
	89,218	89,218	137,366	137,366
Financial assets				
Amortized cost				
Cash	386,787	386,787	1,578,789	1,578,789
	386,787	386,787	1,578,789	1,578,789
Financial liabilities				
Amortized cost				
Trade accounts payable and other liabilities	1,946,593	1,946,593	1,118,121	1,118,121
Loan	37,725	37,725	35,199	35,199
	1,984,318	1,984,318	1,153,320	1,153,320

The fair values of the marketable securities totalize \$89,218 as at July 31, 2022 (\$137,366 as at January 31, 2022) and are determined by using the closing price at July 31, 2022 and January 31, 2022.

The fair value of the loan is \$37,725 as at July 31, 2022 (\$35,199 as at January 31, 2022) 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 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.

The following 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:

- 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.

14. Capital management policies and procedures:

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

	July 31 2022	January 31 2022
	\$	\$
Equity	578,689	2,356,332
	578,689	2,356,332

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Notes to Condensed Interim Financial Statements (continued)

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14. Capital management policies and procedures (continued):

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

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

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

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

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

15. 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 for an amount of \$386,787 as at July 31, 2022 (\$1,578,789 as at January 31, 2022). 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 as at July 31, 2022 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:

				July 31 2022
	Less than 1 year	1-5 years	More than 5 years	\$ Total
Trade accounts payable and other liabilities	\$ 1,946,593	\$ -	\$ -	\$ 1,946,593
Loan	-	40,000	-	40,000
				January 31 2022
	Less than 1 year	1-5 years	More than 5 years	\$ Total
Trade accounts payable and other liabilities	\$ 1,118,121	\$ -	\$ -	\$ 1,118,121
Loan	-	40,000	-	40,000

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15. Financial instrument risks (continued):

(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 154.09% has been observed during the six-month period ended July 31, 2022 (147.81% for the year ended January 31, 2022).

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 \$137,476 as at July 31, 2022 (markup of \$202,890 as at January 31, 2022) or if quoted stock price for these securities had decreased as per the volatility, profit and loss would have changed by a markdown of \$89,218 at January 31, 2022 (\$137,366 as at January 31, 2022).

(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.

16. Subsequent event:

On September 14, 2022, the Company has entered into a binding agreement with Idaho Champion ("Idaho") for the acquisition by Idaho of the Company's 100% interest in the Blanche and Charles prospective lithium pegmatite projects. Although the two projects have been explored for precious and base metals, but more recently, evidence of pegmatites has led to a re-assessment of the lithium discovery potential that warrants more work.

As per the terms of the binding agreement, Idaho is purchasing 100% of the projects from the Company in return for \$100,000 in cash and 12,000,000 common shares of Idaho, of which 50% will be subject to escrow for 18 months. The Company will also retain a 2% NSR on claims retained by Idaho upon completion of the acquisition. Idaho has the option to repurchase 1% of the NSR from the Company for \$1 million. Closing of the acquisition is subject to usual conditions for this type of transaction including a 45-day due diligence period, and regulatory and stock exchange approval. (see Note 8).