

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 nine-month periods ended
October 31, 2023 and 2022**

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Financial Statements

Three-month and nine-month periods ended October 31, 2023 and 2022

Condensed Interim Financial Statements

Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of (Loss) Income and Comprehensive (Loss) Income	2
Condensed Interim Statements of Changes in Equity	3
Condensed Interim Statements of Cash Flows	4
Notes to Condensed Interim Financial Statements	
1 Statute of incorporation, nature of activities and going concern	5
2 Basis of preparation	5
3 Significant accounting policies	6
4 Cash and cash equivalents	6
5 Investments	6
6 Marketable securities	6
7 Loan	7
8 Other liabilities related to flow-through shares	7
9 Share capital	7
10 Share purchase options and warrants	8
11 Exploration and evaluation activities	10
12 Earnings per share	12
13 Supplemental cash flow information	12
14 Related party transactions	13
15 Contingent liabilities	13
16 Financial assets and liabilities	13
17 Capital management policies and procedures	14
18 Financial instrument risks	14
19 Subsequent events	15

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Financial Position

As at October 31, 2023 and January 31, 2023

(in Canadian dollars)

	Note	October 31 2023	January 31 2023
		\$	\$
Assets			
Current assets:			
Cash and cash equivalents	4	285,087	262,706
Investments	5	250,000	-
Marketable securities	6	988,035	1,151,913
Other receivables		10,892	2,245
Taxes receivable		97,682	30,324
Prepaid expenses		48,570	61,563
Deposits related to exploration and evaluation activities		10,000	-
Tax credits related to resources receivable		601,335	561,498
Mining tax credits receivable		76,703	221,342
Total current assets		2,368,304	2,291,591
Non-current assets:			
Property and equipment		2,262	1,127
Total non-current assets		2,262	1,127
Total assets		2,370,566	2,292,718
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and other liabilities		397,271	72,037
Loan	7	40,000	40,000
Other liabilities related to flow-through financings	8	377,197	-
Total current liabilities		814,468	112,037
Equity:			
Share capital	9	51,454,159	50,543,316
Contributed surplus		5,226,661	5,055,487
Deficit		(55,124,722)	(53,418,122)
Total equity		1,556,098	2,180,681
Total liabilities and equity		2,370,566	2,292,718

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

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

These financial statements were approved and authorized for issue by the Board of Directors on December 13, 2023.

(S) Geneviève Ayotte
Director

(S) James Shannon
Director

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of (Loss) Income and Comprehensive (Loss) Income

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

	Three-month period ended		Nine-month period ended	
	October 31 2023	October 31 2022	October 31 2023	October 31 2022
	\$	\$	\$	\$
Operating expenses:				
Salaries and employee benefit expense	76,911	106,756	227,488	347,130
Office and other expenses	24,032	36,788	125,317	206,201
Business development and investor relations	90,636	10,228	215,358	126,184
Registration, listing fees and shareholders information	25,844	31,141	62,807	68,519
Professional and consulting fees	59,309	108,624	227,784	313,578
Exploration and evaluation expenses	11 508,921	23,238	601,355	872,133
Share-based compensation	10 121,182	17,450	171,174	33,971
Part XII.6 tax	-	226	-	226
Write-off of equipment	-	-	-	2,641
Depreciation of property and equipment	426	343	1,234	1,140
Operating loss	907,261	334,794	1,632,517	1,971,723
Other expenses (income):				
Finance expense	-	77,232	-	186,519
Interest income	(2,748)	(13,150)	(2,794)	(13,262)
Change in fair value of marketable securities	6 615,617	35,226	163,878	83,374
Transaction termination fee from disposal of mining project	-	(1,000,000)	-	(1,000,000)
Exchange loss (gain)	672	-	672	(88)
Total net other expenses (income)	613,541	(900,692)	161,756	(743,457)
(Loss) income before income tax	(1,520,802)	565,898	(1,794,273)	(1,228,266)
Income tax recovery	87,673	-	87,673	-
Net (loss) income and comprehensive (loss) income	(1,433,129)	565,898	(1,706,600)	(1,228,266)
Weighted average number of common shares outstanding	94,427,394	82,504,297	87,586,399	82,474,183
Basic and diluted (loss) income per share:	(0.015)	0.007	(0.019)	(0.015)

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Changes in Equity

Nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance as at January 31, 2023		82,994,787	50,543,316	5,055,487	(53,418,122)	2,180,681
Shares issued:						
Private placements	9	4,439,706	377,375			377,375
Flow-through private placements	9	6,427,167	536,330			536,330
As payment of director's fees	9	635,850	50,462			50,462
Share issuance costs	9		(53,324)			(53,324)
Share options granted	10			79,415		79,415
Deferred share units granted	10			91,759		91,759
		94,497,510	51,454,159	5,226,661	(53,418,122)	3,262,698
Net loss and comprehensive loss for the period					(1,706,600)	(1,706,600)
Balance as at October 31, 2023		94,497,510	51,454,159	5,226,661	(55,124,722)	1,556,098
Balance as at January 31, 2022		82,458,877	50,501,034	5,007,913	(53,152,615)	2,356,332
Shares and units issued:						
As payment of director's fees	9	208,930	17,758			17,758
Share options granted	10			28,203		28,203
Deferred share units granted	10			5,768		5,768
		82,667,807	50,518,792	5,041,884	(53,152,615)	2,408,061
Net loss and comprehensive loss for the period					(1,228,266)	(1,228,266)
Balance as at October 31, 2022		82,667,807	50,518,792	5,041,884	(54,380,881)	1,179,795

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Condensed Interim Statements of Cash Flows

Nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

	Nine-month period ended	
	October 31	October 31
	2023	2022
	\$	\$
Operating activities:		
Net loss	(1,706,600)	(1,228,266)
Adjustments for:		
Income tax recovery	(87,673)	-
Director's fees paid through issuance of shares	50,462	17,758
Write-off of equipment	-	2,641
Depreciation of property and equipment	1,234	1,140
Share-based compensation	171,174	33,971
Finance expense	-	3,878
Change in fair value of marketable securities	163,878	83,374
Transaction termination fee from disposal of mining project	-	(1,000,000)
Operating activities before changes in working capital items	(1,407,525)	(2,085,504)
Change in other receivables	(8,647)	-
Change in taxes receivable	(67,358)	262,463
Change in prepaid expenses	12,993	110,113
Change in deposits related to exploration and evaluation activities	(10,000)	-
Change in tax credits related to resources receivable	(39,837)	(566,385)
Change in mining tax credits receivable	144,639	(60,454)
Change in trade accounts payable and accrued liabilities	325,234	242,874
Change in working capital items	357,024	(11,389)
Cash flows used for operating activities	(1,050,501)	(2,096,893)
Financing activities:		
Proceeds from private placement	377,375	-
Proceeds from flow-through placements	1,001,200	-
Share issuance costs	(53,324)	-
Cash flows from financing activities	1,325,251	-
Investing activities:		
Acquisition of equipment	(2,369)	-
Acquisition of investments	(250,000)	-
Payment received from a transaction termination fee from disposal of mining project	-	1,000,000
Cash flows (used for) from investing activities	(252,369)	1,000,000
Net change in cash and cash equivalents	22,381	(1,096,893)
Cash and cash equivalents, beginning of period	262,706	1,578,789
Cash and cash equivalents, end of period	285,087	481,896

Additional disclosures of cash flow information (Note 13).

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

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements

Three-month and nine-month periods ended October 31, 2023 and 2022

(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 800 rue du Square-Victoria, Suite 3500, Montréal, Québec, H4Z 1E9 and its web site is www.qpmcorp.ca.

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 nine-month period ended October 31, 2023, the Company recorded a net loss of \$1,706,600 (\$1,228,266 for the nine-month period ended October 31, 2022) and had negative cash flows from operations of \$1,050,501 (\$2,096,893 for the nine-month period ended October 31, 2022). In addition, the Company had accumulated deficit of \$55,124,722 as at October 31, 2023. Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at October 31, 2023, the Company had a working capital (total current assets less total current liabilities) of \$1,553,836 (a working capital of \$2,179,554 as at January 31, 2023) including cash and cash equivalents of \$285,087 (\$262,706 in cash as at January 31, 2023). 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") as 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, 2023.

2.2 Basis of measurement:

These financial statements have been prepared on the historical cost basis except for:

- investments which are measured at fair value; and
- share-based compensation transactions, which are measured at fair value at grant date pursuant to IFRS 2, Share-Based payment.

2.3 Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements:

Critical judgments in applying the accounting policies of the Company in the preparation of these condensed interim financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in Note 2 of the annual audited financial statements of the Company as at January 31, 2023.

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

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, 2023.

3.1 Adoption of new accounting standards:

There was no adoption of new accounting policies in preparing the condensed interim financial statements as at October 31, 2023.

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. Cash and cash equivalents:

	October 31 2023	January 31 2023
	\$	\$
Cash	35,087	262,706
Cash equivalents - GIC expiring on November 20, 2023 at a rate of 4.80% ⁽¹⁾	250,000	-
	285,087	262,706

(1) This instrument is not cashable until its expiring date.

5. Investments:

	October 31 2023	January 31 2023
	\$	\$
Investment ⁽¹⁾		
GIC expiring on March 19, 2024 at a rate of 5.12%	250,000	-
	250,000	-

(1) This instrument is not cashable until its expiring date.

6. Marketable securities:

				Number of shares			Carrying value		
January 31 2023		Acquisition	Disposition	October 31 2023	January 31 2023	Acquisition	Disposition	Change in fair value	October 31 2023
					\$	\$	\$	\$	\$
Shares									
NICO ⁽¹⁾	146,089	-	-	146,089	21,913	-	-	(13,878)	8,035
FEX ⁽²⁾	1,000,000	-	-	1,000,000	50,000	-	-	(30,000)	20,000
LTHM ⁽³⁾	12,000,000	-	-	12,000,000	1,080,000	-	-	(120,000)	960,000
	13,146,089	-	-	13,146,089	1,151,913	-	-	(163,878)	988,035
Shares									
January 31 2022		Acquisition	Disposition	January 31 2023	January 31 2022	Acquisition	Disposition	Change in fair value	January 31 2023
					\$	\$	\$	\$	\$
NICO ⁽¹⁾	146,089	-	-	146,089	42,366	-	-	(20,453)	21,913
FEX ⁽²⁾	1,000,000	-	-	1,000,000	95,000	-	-	(45,000)	50,000
LTHM ⁽³⁾	-	12,000,000 ⁽⁴⁾	-	12,000,000	-	480,000 ⁽⁴⁾	-	600,000	1,080,000
	1,146,089	12,000,000	-	13,146,089	137,366	480,000	-	534,547	1,151,913

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

6. Marketable securities (continued):

- (1) Class 1 Nickel and Technologies Ltd. - Canadian Securities Exchange - Symbol "NICO"
- (2) Fjordland Exploration Inc. - TSX Venture - Symbol "FEX"
- (3) Champion Electric Metals Inc (formerly Idaho Champion Gold Mines Canada Inc.) - Canadian Securities Exchange - Symbol "LTHM" (formerly "ITKO").
- (4) On November 10, 2022, the Company received 12,000,000 shares of Champion Electric Metals Inc. measured at its fair value of \$480,000, of which 6,000,000 shares are subject to escrow for 18 months. (See Note 11 - Blanche-Charles project option agreement).

7. 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, 2023 (extended to January 18, 2024 on September 14, 2023). Repayment of the CEBA received on or before the due date will result in loan forgiveness of 33.3% (up to \$20,000).

For purposes of determining the fair value of the liability, an effective interest rate of 15% was used which is the estimated market rate that the Company would have obtained for a similar financing. The liability is accreted up to the face value of the loan over the term of the loan as an interest expense. At the issuance, the 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 year ended January 31, 2023, an interest expense of \$4,801 was recorded in the statement of loss and comprehensive loss (\$2,683 for the year ended January 31, 2022).

8. Other liabilities related to flow-through shares:

	October 31 2023	January 31 2023
	\$	\$
Other liabilities related to flow-through shares:		
Increase of the period / year	464,870	-
Decrease related to the incurring of eligible expenses	(87,673)	-
	377,197	-
Balance, beginning of period / year	-	-
Balance, end of period / year	377,197	-

Other liabilities related to flow-through shares represent the renunciation of tax deductions to investors following flow-through shares financing.

During the nine-month period ended October 31, 2023, the Company committed to incur, before December 31, 2024, \$1,001,200 in eligible exploration and evaluation expenses, in accordance with the Income Tax Act of Canada and the Taxation Act of Quebec, and to transfer these tax deductions to the subscribers of a flow-through share financing completed in July 2023 (See Note 9). In connection with this commitment, the Company incurred cumulative eligible expenses of \$239,107 as at October 31, 2023. As at October 31, 2023, the Company has a remaining obligation to incur an amount of \$762,093 in exploration and evaluation expenditures until December 31, 2024.

The disallowance of certain expenses by tax authorities could have negative tax consequences for investors or the Company (See Note 15).

9. Share capital:

(a) Authorized:

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

(b) Issued and outstanding:

2024:

On February 21, 2023, the Company issued to directors 243,282 common shares valued at \$18,246 for director's fees (\$0.075 per share) in order to settle 90% of the director's fees payable for the three-month period ended January 31, 2023 (10% paid in cash).

On May 18, 2023, the Company issued to directors 162,188 common shares valued at \$13,786 for director's fees (\$0.085 per share) in order to settle 90% of the director's fees payable for the three-month period ended April 30, 2023 (10% paid in cash).

On July 12, 2023, the Company concluded a private placement by issuing 4,439,706 common shares at a price of \$0.085 per share for net proceeds of \$357,348 after deducting share issuance costs of \$20,027 including a finder's fee of \$4,250.

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

9. Share capital (continued):

(b) Issued and outstanding (continued):

2024 (continued):

On July 12, 2023, the Company concluded a private placement by issuing 2,714,667 flow-through shares at a price of \$0.15 per share for net proceeds of \$396,044 after deducting share issuance costs of \$11,156, including a finder's fee of \$2,025. An amount of \$149,307 representing the premium paid by the investors was recorded in other liability related to flow-through shares based on the residual value method. As at October 31, 2023, the Company has to incur \$168,093 in exploration expenditures in its Québec mining projects no later than December 31, 2024.

On July 27, 2023, the Company concluded a private placement by issuing 3,712,500 charity flow-through shares at a price of \$0.16 per share for net proceeds of \$571,859 after deducting share issuance costs of \$22,141. An amount of \$315,563 representing the premium paid by the investors was recorded in other liability related to flow-through shares based on the residual value method. As at October 31, 2023, the Company has to incur \$594,000 in exploration expenditures in its Québec mining projects no later than December 31, 2024.

On August 28, 2023, the Company issued to directors 230,380 common shares valued at \$18,430 for director's fees (\$0.08 per share) in order to settle 90% of the director's fees payable for the three-month period ended July 31, 2023 (10% paid in cash).

2023:

On October 11, 2022, the Company issued to directors 208,930 common shares valued at \$17,758 for director's fees (\$0.085 per share) in order to settle 90% of the director's fees payable for the three-month period ended June 30, 2022 (10% paid in cash).

On December 29, 2022, the Company issued to directors 326,980 common shares valued at \$24,524 for director's fees (\$0.075 per share) in order to settle 90% of the director's fees payable for the three-month period ended October 31, 2022 (10% paid in cash).

10. Share purchase options and warrants:

(a) Share purchase options:

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

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

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

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

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

	October 31 2023		January 31 2023	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
Outstanding at beginning	3,830,000	\$ 0.34	5,005,385	\$ 0.37
Granted	3,400,000	0.10	835,000	0.17
Forfeited	(1,340,000)	0.33	(1,695,000)	0.33
Expired	(50,000)	0.29	(315,385)	0.54
Outstanding at end	5,840,000	0.20	3,830,000	0.34
Exercisable at end	3,615,002	0.26	3,313,334	0.35

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(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

10. Share purchase options and warrants (continued):

(a) Share purchase options (continued):

The following table provides outstanding share options information as at October 31, 2023:

Expiry date	Outstanding share options			
	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life (years)
December 12, 2023	520,000	520,000	\$ 0.61	0.1
March 15, 2024	60,000	60,000	0.17	0.4
July 11, 2024	475,000	475,000	0.35	0.7
February 17, 2025	225,000	225,000	0.28	1.3
July 24, 2025	50,000	50,000	0.27	1.7
October 26, 2025	235,000	235,000	0.23	2.0
February 19, 2026	500,001	500,001	0.29	2.3
March 22, 2026	1,000,000	500,000	0.10	2.4
March 15, 2027	374,999	250,001	0.17	3.4
August 8, 2028	2,400,000	800,000	0.10	4.8
	5,840,000	3,615,002	0.20	3.0

The options outstanding as at January 31, 2023 had an exercise price in the range of \$0.17 to \$0.61 and a weighted-average contractual life of 2.2 years.

The weighted average vesting period for the share options granted during the nine-month period ended October 31, 2023 is 1.71 years (1.86 years for the year ended January 31, 2023).

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

	October 31 2023	January 31 2023
Weighted average fair value of options granted	\$ 0.04	\$ 0.09

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

	October 31 2023	January 31 2023
Weighted average expected dividend yield	0%	0%
Weighted average share price at grant date	\$0.072	\$0.165
Weighted average expected volatility	70.92%	64.66%
Weighted average risk-free interest rate	3.66%	1.96%
Weighted average exercise price at grant date	\$0.10	\$0.17
Weighted average expected life	4.41 years	4.78 years

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

An amount of \$46,642 and 79,415 of share-based compensation (\$46,642 from granted and non vested share options, and \$79,415 from granted and non vested share options offset by a reversal of \$1,562 from forfeited share options non vested) were accounted in the statement of loss and comprehensive loss for the three-month and nine-month periods respectively ended October 31, 2023 (\$11,682 and \$28,203 for the three-month and nine-month periods respectively ended October 31, 2022 (\$11,682 from non vested share options and \$16,521 from granted and non vested share options offset by a reversal of \$47,268 from forfeited share options non vested)) and credited to contributed surplus. As at October 31, 2023, an amount of \$52,367 (\$11,590 for the year ended January 31, 2023) remains to be amortized until October 31, 2025 related to the grant of stock options not vested.

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

10. Share purchase options and warrants (continued):

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

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

	October 31 2023	January 31 2023
	Number of outstanding DSU	Number of outstanding DSU
Outstanding at beginning	528,014	333,490
Granted	1,344,682	194,524
Outstanding at end	1,872,696	528,014

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 three-month and nine-month periods ended October 31, 2023, the Company issued 1,146,765 DSUs and 1,344,682 DSUs respectively with a fair value of \$74,540 and \$91,759 accounted for in the share-based compensation for the three-month and nine-month periods ended October 31, 2023 respectively (194,524 DSUs were issued with a fair value of \$15,268 during the year ended January 31, 2023).

(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:

	October 31 2023		January 31 2023	
	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	655,164	0.30
Expired	(655,164)	0.30	-	-
Outstanding at end	-	-	655,164	0.30

The brokers and intermediaries' options at January 31, 2023 had an exercise price of \$0.30 and a contractual life of 0.3 years.

11. Exploration and evaluation activities:

Exploration and evaluation expenses by nature are detailed as follows:

	Three-month period ended		Nine-month period ended	
	October 31 2023	October 31 2022	October 31 2023	October 31 2022
	\$	\$	\$	\$
Exploration and evaluation activities:				
Assays	-	-	-	128,831
Drilling	57,415	-	59,465	1,181,190
Reporting	-	-	-	16,804
Resource estimate	1,283	2,815	32,106	66,221
Geology	152,995	15,355	215,660	26,855
Prospecting	60,743	-	60,743	-
Metallurgy	-	-	-	1,940
Other evaluation and exploration expenses	246,427	13,729	278,907	88,298
Tax credit related to resources and mining tax credits	(9,942)	(8,661)	(45,526)	(638,006)
	508,921	23,238	601,355	872,133

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

11. Exploration and evaluation activities (continued):

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

	Three-month period ended		Nine-month period ended	
	October 31	October 31	October 31	October 31
	2023	2022	2023	2022
	\$	\$	\$	\$
Projects:				
Blanche-Charles	-	127	-	275
Cheechoo-Éléonore trend	35,020	-	40,023	-
Elmer East	98,156	8,874	122,595	10,082
Sakami	374,015	14,237	407,805	861,776
Kipawa-Zeus	1,730	-	30,932	-
	508,921	23,238	601,355	872,133

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.

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.

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. During the nine-month period ended October 31, 2023, 40 claims have been abandoned and 40 new claims have been acquired.

Kipawa-Zeus:

The Company has a 68% interest in the Kipawa project, through the Kipawa rare earth Joint Venture, with Investissement Québec holding the remaining 32% interest. The Kipawa project is part of a group of 73 claims (43.03 km²) that form the Kipawa-Zeus project. The Zeus claims are outside 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 and amended on February 4, 2022, the Company entered into a Binding Term Sheet 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.

In October 2022, Vital informed the Company that it will not proceed with the acquisition. Accordingly, the Company received a payment of \$1,013,124 (\$1,000,000 and interest of \$13,124) under the terms of the Binding Term Sheet as transaction termination fee.

Non-core assets:

Matheson:

The Company holds a 50% interest in four non-contiguous blocks totalling 23 unpatented cell mining claims, three leases (110005-mining rights only; 108148 and 110007-surface and mining rights), and four patented claims (mining rights only) totalling 14.22 km² from the Matheson Joint Venture project, located 24 km from downtown Timmins, Ontario.

Blanche-Charles (no longer held):

On November 10, 2022, the Company sold its 100% interest in the Blanche-Charles property to Champion Electric Metals Inc (formerly Idaho Champion Mines Canada Inc.) in exchange for a cash consideration of \$100,000 and 12,000,000 common shares having a fair value of \$480,000. The consideration received amounting to \$580,000 was recorded as a gain on disposal of mining projects in the statement of loss and comprehensive loss.

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

11. Exploration and evaluation activities (continued):

Non-core assets (continued):

Blanche-Charles (no longer held) (continued):

As a result, the Company retains a 2% NSR of which Champion Electric Metals Inc. may repurchase 1% of the NSR for consideration of \$1,000,000 payable in cash or by issuance of shares or a combination of cash and shares at any time.

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 expenses were all incurred as at July 16, 2022.

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.

FEX held 100% of the project since July 16, 2022.

12. Earnings per share:

The warrants, share purchase options and DSUs were excluded from the diluted weighted average number of common shares calculation since the Company is operating at a loss and that their effect would have been antidilutive. Details of share purchase options, warrants and DSUs issued that could potentially dilute earnings per share in the future are given in Note 10.

Both the basic and diluted (loss) income per share have been calculated using the net (loss) income as the numerator, i.e. no adjustment to the net (loss) income was necessary for the three-month and nine-month periods ended October 31, 2023 and 2022.

13. Supplemental cash flow information:

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

	Nine-month period ended	
	October 31 2023	October 31 2022
Non-cash financing activities:		
Shares issued as payment of director's fees	50,462	17,758

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

14. Related party transactions:

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

	Three-month period ended		Nine-month period ended	
	October 31 2023	October 31 2022	October 31 2023	October 31 2022
	\$	\$	\$	\$
Management and consulting fees	17,250	28,980	51,750	80,040
Salaries and director's fees	63,338	89,062	186,489	293,914
Share-based compensation	97,086	14,494	118,311	50,095
	177,674	132,536	356,550	424,049

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

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

15. Contingent liabilities:

The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to identify, in terms of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in compliance with the laws and regulations. Any additional payment to liability already recorded that results from restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at that time.

The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. The disallowance of certain expenses by tax authorities may have negative tax consequences for investors. In the case the Company does not incur the required qualifying Canadian mineral exploration expenses as originally contemplated in its flow-through private placements, the Company has contractually agreed to indemnify the purchasers of such flow-through securities to compensate for adverse tax consequences they might incur.

16. Financial assets and liabilities:

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

	October 31 2023		January 31 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Fair value through profit or loss (FVTPL)				
Marketable securities - Equities	988,035	988,035	1,151,913	1,151,913
	988,035	988,035	1,151,913	1,151,913
Financial assets				
Amortized cost				
Cash and cash equivalents	285,087	285,087	262,706	262,706
Investments	250,000	250,000	-	-
Other receivables	10,892	10,892	2,245	2,245
	545,979	545,979	264,951	264,951
Financial liabilities				
Amortized cost				
Trade accounts payable and other liabilities	397,271	397,271	72,037	72,037
Loan	40,000	40,000	40,000	40,000
	437,271	437,271	112,037	112,037

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

16. Financial assets and liabilities (continued):

The fair values of the marketable securities totalize \$988,035 as at October 31, 2023 (\$1,151,913 as at January 31, 2023) and are determined by using the closing price at each reporting date.

The fair value of cash, other receivables, trade accounts payable and other liabilities and loan 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 in the fair value hierarchy.

17. Capital management policies and procedures:

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

	October 31 2023	January 31 2023
Equity	\$ 1,556,098	\$ 2,180,681
	1,556,098	2,180,681

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.

18. Financial instrument risks:

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

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

(a) Credit risk:

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

The Company is exposed to credit risk with respect to its cash and cash equivalents and other receivables for an amount of \$295,979 as at October 31, 2023 (\$264,951 as at January 31, 2023). The credit risk associated with cash and cash equivalents are minimal, as cash and cash equivalents are 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.

QUEBEC PRECIOUS METALS CORPORATION

(An exploration company)

Notes to Condensed Interim Financial Statements (continued)

Three-month and nine-month periods ended October 31, 2023 and 2022

(in Canadian dollars)

18. Financial instrument risks (continued):

(b) Liquidity risk (continued):

In previous years, the Company financed its acquisitions of mining rights, exploration and evaluation expenses and working capital needs through private financings consisting of issuance of common shares and flow-through shares, and by optioning some of its mining projects. Management estimates that the cash and cash equivalents as at October 31, 2023 will not be sufficient to meet the Company's needs during the coming year (see Note 1).

Contractual maturities of financial liabilities are as follows:

				October 31
				2023
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
	\$	\$	\$	\$
Trade accounts payable and other liabilities	397,271	-	-	397,271
Loan	40,000	-	-	40,000

				January 31
				2023
	Less than	1-5 years	More than	\$
	1 year		5 years	Total
	\$	\$	\$	\$
Trade accounts payable and other liabilities	72,037	-	-	72,037
Loan	40,000	-	-	40,000

(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, a weighted average volatility of 117.21% has been observed during the nine-month period ended October 31, 2023 (86.40% for the year ended January 31, 2023).

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 weighted average markup of \$1,158,051 as at October 31, 2023 (weighted average markup of \$995,260 as at January 31, 2023) or if quoted stock price for these securities had decreased as per the volatility, profit and loss would have changed by a weighted average markdown of \$988,035 as at October 31, 2023 (\$981,597 as at January 31, 2023).

(d) Interest risk:

Interest rate risk represents the risk that the fair value or future cash flows of financial instruments fluctuates because of changes in market interest rates. The Company's exposure to cash flow risk related to the interest rate of its loan is limited since it does not bear interest.

19. Subsequent events:

On November 7, 2023, the Company issued 95,000 deferred stock units to an officer.

On December 12, 2023, the Company issued to directors 194,625 common shares valued at \$15,570 for director's fees (\$0.08 per share) in order to settle 90% of the director's fees payable for the three-month period ended October 31, 2023 (10% paid in cash).