This Management's Discussion and Analysis ("MD&A") prepared as at January 28, 2025, reviews the financial condition and results of operations of Quebec Innovative Materials Corp. (the "Company") for the financial year ended September 30, 2024 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's audited financial statements and related notes for the years ended September 30, 2024 and 2023.

The financial data included in the discussion provided in this report has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the annual audited financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the annual audited financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company was incorporated on May 22, 2018 pursuant to the Business Corporations Act (British Columbia). On April 1, 2021, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission. On April 28, 2021, the Company's common shares began trading on the Canadian Securities Exchange ("CSE").

On January 11, 2023, the Company announced it has changed its name to Quebec Innovative Materials Corp. and currently trades under the symbol "QIMC". The name change was preceded by the Company's announcement that it has acquired its first three mineral claim properties in Quebec which are prospective for hydrogen and helium.

The Company's principal business activities include the acquisition and exploration of mineral resource properties.

The head office of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6.

The registered office of the Company is located at Suite 3500 – 800 Victoria Square, Montreal, Quebec, H3C 0B4.

EXPLORATION AND EVALUATION EXPENDITUES AND PROPERTIES

A summary of the Company's exploration and evaluation expenditures for the year-ended September 30, 2024 is as follows:

	Charlevoix Silica Project	Roncevaux and Martinville Property	Ville-Marie Project	River Valley Silica Project	Year-ended September 30, 2024
Acquisition Costs					
Mineral claims - cash	$ -	$ -	$ 25,104	$ -	$ 25,104
Exploration Costs					
Equipment & supplies	100,794	-	614	26,836	128,244
Food and lodging	20,894	-	5,496	27,876	54,266
Geological field work	192,146	-	187,500	120,441	500,087
Transportation	11,285	-	-	-	11,285
	325,119	-	193,610	175,153	693,882
Total exploration & evaluation expenditures	$ 325,119	$ -	$ 218,714	$ 175,153	$ 718,986

A summary of the Company's exploration and evaluation expenditures for the year-ended September 30, 2023 is as follows:

	Charlevoix Silica Project	Roncevaux and Martinville Property	Ville-Marie Project	River Valley Silica Project	Year-ended September 30, 2023
Acquisition Costs					
Mineral claims - cash	$ 5,000	$ -	$ -	$ -	$ 5,000
Mineral claims - common shares	-	-	275,000	80,000	355,000
	5,000	-	275,000	80,000	360,000
Exploration Costs					
Equipment & supplies	323,905	-	2,420	35,152	361,477
Food and lodging	87,735	-	2,720	6,065	96,520
Geochemistry	47,072	-	3,472	-	50,544
Geological field work	477,091	37,500	17,180	41,198	572,969
Geophysics	36,090	-	-	-	36,090
Transportation	41,133	-	3,626	2,665	47,424
	1,013,026	37,500	29,418	85,080	1,165,024
Total exploration & evaluation expenditures	$ 1,018,026	$ 37,500	$ 304,418	$ 165,080	$ 1,525,024

Charlevoix Silica Project

On August 10, 2020, the Company entered into an agreement with Macdonald Mines Exploration Ltd. for the purchase of 6 mineral claims, referred to as the Charlevoix Property, covering an estimated 346.95 hectares located in south-western Quebec, Canada.

The agreement provided for the purchase of these claims in consideration of 1,000,000 common shares of the Company. On February 2, 2021, the Company issued 1,000,000 common shares with a fair value of $50,000 to complete the acquisition.

On April 26, 2021, the Company entered into an agreement with a group of arm's length parties to acquire a 100% interest in seven contiguous mining claims covering a total area of 404.81 hectares located near the Charlevoix Property in the Lac-Pikauba Municipality of the Province of Quebec, Canada.

The agreement provided for the purchase of these claims in consideration of 4,000,000 common shares of the Company. On April 26, 2021, the Company issued the 4,000,000 common shares with a fair value of $400,000 to complete the acquisition. Certain sellers will retain a 2.0% net smelter royalty ("NSR") from any future production. The Company has the right to reduce the 2.0% NSR to a 1.0% NSR by paying $1,000,000.

On October 8, 2021, the Company entered into an agreement with an arm's length party to acquire a 100% interest in certain additional mineral claims located adjacent to its original Charlevoix properties. These newly acquired claims consist of three contiguous mining claims covering a total area of approximately 173 hectares and are located between the previously acquired Charlevoix properties. The addition of the new claims creates a contiguous land package totaling approximately 923 hectares which will be referred to as the "Charlevoix Silica Project" going forward.

The agreement provided for the purchase of these claims in consideration of the following payments:

i) paying $5,000 in cash (paid);
ii) issuing 100,000 common shares (issued) with 50,000 of these common shares restricted from trading until October 8, 2022;
iii) issuing 100,000 common share purchase warrants (issued) with 50,000 of these warrants restricted from exercising until October 9, 2022. Each warrant entitles the holder to acquire one additional common share, at an exercise price of $0.15 per share, for a period of 60 months;
iv) paying $5,000 in cash by October 8, 2022 (paid).

The fair value of the 100,000 common share purchase warrants, with an exercise price of $0.15, was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 1.44%, a dividend yield of nil, an expected annual volatility of the Company’s share price of 125%, an expected life of 5 years, and a spot price of $0.15. The fair value of the warrants was $0.127 per warrant. The expected volatility assumption was based on the estimated volatility of comparable early-stage mineral exploration companies. The risk-free interest rate was based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants’ expected life.

The seller will retain a 1.5% net process royalty (“NSR”) from any future commercial production on these claims. The Company has the right to reduce the 1.5% NSR to a 0.75% NSR by paying $750,000.

Roncevaux and Martinville Property

On August 30, 2022, the Company entered into a property acquisition agreement with HPQ Silicon Inc. (“HPQ”) for the purchase of two property interests covering 63 designated cells (Claims) covering and an estimated 3,730 hectares.

The Roncevaux Property is located in the Matapedia region of Gaspé, about 75 km south of Causapscal and is made up of 27 map designated cells (Claims) covering a total of 1,551 hectares available for exploration. The Martinville Property is located in the Eastern Township, 180 km east of Montreal, 30 km south of Sherbrooke and is made up of 36 map-designated cells (Claims) covering a total of 2,179 hectares available for exploration.

Under the terms of the arm's length transaction, the Company has issued 3,000,000 Acquisition Units to HPQ. Each Acquisition Unit is comprised of one Acquisition Share and one-half of an Acquisition Warrant, with each whole Acquisition Warrant entitling HPQ to acquire one common share at a price of $0.15 for a period of three years expiring August 30, 2025.

The Company has allowed various Claims of the Roncevaux and Martinville Property interests to expire as it focuses its resources on its other portfolio of exploration and evaluation properties.

Ville Marie Project

On November 7, 2022, the Company entered into a property purchase agreement with Charlevoix Silica Inc. (“CSI”) for the purchase of 100% interest in three mineral properties, referred to as the Ville Marie Project located in Quebec. Under the terms of the arm's length transaction, the Company issued 5,000,000 common shares of the Company at $0.055 per share.

During the year ended September 30, 2024, the Company acquired an additional 326 claims in the area.

The Company also entered into a royalty agreement with respect to the 1% royalty on gross revenues from the sale of pure hydrogen arising from the lands underlying the properties acquired by the Company.

River Valley Project

On September 1, 2023, the Company entered into a property purchase agreement for the purchase of 100% interest in three mineral properties, referred to as the River Valley Project located in Quebec. Under the terms of the arm's length transaction, the Company issued 2,000,000 common shares of the Company at $0.04 per share.

The Company also entered into a royalty agreement whereby a royalty on the gross revenues from the sale of raw quartz, silica or any other mineral product from the Property equal to $2.50 per ton of raw quartz, silica or any other mineral product sold will be paid.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the financial years ended September 30, 2024, 2023 and 2022. The information below was derived from the Company's audited financial statements and should be read in conjunction with those financial statements and the notes thereto.

	September 30, 2024 ($)	**September 30, 2023 ($)**	**September 30, 2022 ($)**
Total revenues	Nil	Nil	Nil
Loss for the year	(2,455,759)	(1,964,860)	(1,233,393)
Loss per share[1]	(0.03)	(0.03)	(0.03)
Total assets	1,107,736	735,311	1,488,625
Total current liabilities	184,263	254,232	260,905
Working capital	892,375	481,079	1,227,720

[1] Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

RESULTS OF OPERATIONS

Loss for the year

The Company reported a net loss and comprehensive loss of $2,455,759 for the year ended September 30, 2024 compared to a loss of $1,964,860 for the corresponding year ended September 30, 2023.

- For the year ended September 30, 2024, the Company incurred $100,000 in consulting fees compared to $76,996 for the year ended September 30, 2023. The increased costs can be attributed to business development, and other marketing initiatives the Company was involved in during the year.

- For the year ended September 30, 2024, the Company incurred $153,543 in corporate development costs compared to $145,220 for the year ended September 30, 2023. The increased cost can be attributed to the Company actively promoting its corporate profile at various investor group presentations.

- General and administrative costs were $63,157 and $123,174 for the years ended September 30, 2024 and 2023 respectively. These costs relate to insurance, rent, office supplies and other general costs in maintaining an office. The lower costs can be attributed to the decreased costs in administration fees and, lower premise rent costs.

- The Company incurred $718,986 in exploration activity during the year ended September 30, 2024 compared to $1,525,024 during the year ended September 30, 2023. The Company had scaled back its activities on its silica interest and focused its resources at the Villie-Marie hydrogen project. Additionally, during the year-ended September 30, 2023, the Company had incurred expenditures from flow-through financing which required exploration work to be done on its properties to meet flow-through obligations.

- For the year ended September 30, 2024, the Company incurred professional fees totalling $52,346 to $57,408 for the year ended September 30, 2023. These costs can be attributed audit and legal fees during the year.

- Share-based payments were $1,353,600 and $109,300 for the years ended September 30, 2024 and 2023 respectively. As the Company was actively recruiting a management team, the Company incurred these share-based incentives to attract qualified candidates.

Total assets

Total assets of the Company were $1,107,736 as at September 30, 2024 compared to assets of $735,311 as at September 30, 2023. The increase can largely be attributed to proceeds received from the exercise of 5,150,000 options ($257,500) and 12,205,000 warrants ($798,500) during the year. The Company also realized gross proceeds from equity financing of $525,000 for the year-ended September 30, 2024 compared to gross proceeds of $977,500 for the year-ended September 30, 2023.

Total liabilities

As at September 30, 2024, the current liabilities of the Company were $184,263 compared to $254,232 as at September 30, 2023.

The Company's current liabilities are primarily comprised of trade payables associated with its exploration activity at the Company's exploration and evaluation properties.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

	Revenue $	Net Loss $	Loss per share $	Total Assets $	Total Liabilities $	Working Capital $
September 30, 2024	Nil	1,834,113	0.02	1,107,736	184,263	892,375
June 30, 2024	Nil	187,822	0.00	554,985	90,899	464,086
March 31, 2024	Nil	15,780	0.01	195,147	147,892	47,255
December 31, 2023	Nil	418,044	0.00	187,399	124,365	63,034
September 30, 2023	Nil	663,466	0.01	735,311	254,232	481,079
June 30, 2023	Nil	291,653	0.00	1,229,026	273,782	955,244
March 31, 2023	Nil	203,968	0.00	1,475,524	228,627	1,246,897
December 31, 2022	Nil	805,773	0.01	2,048,407	570,067	1,478,340

(1) Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

It is the nature of many junior companies that there are no sales or revenue. There can be significant variances in the Company's reported loss from quarter-to-quarter arising from factors that are difficult to anticipate in advance or to predict from past results. Additionally, as the Company expenses its exploration costs, there can be significant fluctuations in spending that are weather dependent.

FOURTH QUARTER RESULTS

For the three month period ended September 30, 2024, the Company realized a net loss of $1,834,113 compared to a loss of $663,466 for the three month period ended September 30, 2023. The increased loss for the three-month period ended September 30, 2024 can largely be attributed to the following:

- For the three-month period ended September 30, 2024, the Company recognized $1,237,500 in share-based payments on the granting of 6,000,000 options. During the three-month ended September 30, 2023, the Company recognized $109,300 on the granting of 5,500,000 options. The estimated value of the stock options was determined by using the Black-Scholes Option Pricing Model.

- For the three-month period ended September 30, 2024, the Company incurred $100,000 in consulting fees compared to $15,000 for the three-month ended September 30, 2023. The increased costs can be attributed to business development, and other marketing initiatives the Company was involved in during the period.

- For the three-month period ended September 30, 2024, the Company incurred $65,555 in corporate development costs compared to $75,616 for the three-month period ended September 30, 2023. These costs can be attributed to the Company actively promoting its corporate profile at various investor conferences and presentations.

- General and administrative costs were $17,301 and $ 27,102 for the three-month periods ended September 30, 2024 and 2023 respectively. These costs relate to insurance, rent, office supplies and other general costs in maintaining an office. The decreased costs can be attributed to decreased administrative activities during the period.

- The Company incurred $322,989 in exploration activity during the three-month period ended September 30, 2024 compared to $536,198 during the three-month period ended September 30, 2023. The Company was active in meeting in meeting its flow-through obligations during the previous period.

- For the three-month period ended September 30, 2024, the Company incurred professional fees totalling $11,787 compared to $15,987 for the three-month period ended September 30, 2023. The decreased cost can be attributed to the limited activity of the Company requiring professional fees.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal business activities include the acquisition and exploration of mineral resource properties. The Company's future financial success is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time.

In order to finance the Company's operations and overhead expenditures, the Company will be dependent on investor sentiment remaining positive towards the junior companies, and towards the Company in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior exploration companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2024 audited financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The Company has not financed its activities through loan financings. It is anticipated that as general sentiment towards junior companies turns positive, the Company can raise the necessary capital to finance its business objectives.

Debt financing has not been used to finance general operating expenses. There are no other sources of financing that have been arranged by the Company.

The Company had working capital of $892,375 as at September 30, 2024 compared to working capital of $481,079 as at September 30, 2023. The increase in working capital can largely be attributed to the proceeds received from the issuance of shares from the exercise of options and warrants as previously disclosed.

The Company has no commitments for capital expenditures.

Cash and Financial Conditions

The Company had a cash balance of $928,518 as at September 30, 2024 compared to a cash balance of $612,779 as at September 30, 2023. The increase can largely be attributed to proceeds received from the exercise of 5,150,000 options ($257,500) and 12,205,000 warrants ($798,500) during the year. The Company also realized gross proceeds from equity financing of $525,000 for the year-ended September 30, 2024 compared to gross proceeds of $977,500 for the year-ended September 30, 2023.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

The Company does not use hedges or other financial derivatives.

Financing Activities

During the year-ended September 30, 2024, the Company issued the following common shares:

- On May 23, 2024, the Company closed a non-brokered private placement (the "Offering") by issuing a total of 17,500,000 units (each, a "Unit") at a price of $0.03 per Unit for gross proceeds of $525,000.

  Each Unit is comprised of one common share and one common share purchase warrant (each a "Warrant"). Each Warrant shall entitle the holder thereof to acquire one additional common share at a price of $0.05 expiring on May 23, 2026.

  Of the 17,500,000 Units issued, 14,375,000 Units (proceeds of $431,250) were issued pursuant to the Listed Issuer Financing Exemption ("LIFE") under Part 5A of National Instrument 45-106 - Prospectus Exemptions (the "Listed Issuer Financing Exemption") and 3,125,000 Units (proceeds of $93,750) were issued to Quebec residents to subscribe for Units in reliance upon the "accredited investor" prospectus exemption set out in Quebec Regulation 45-106 respecting Prospectus Exemptions. The Units offered under the LIFE will not be subject to resale restrictions pursuant to applicable Canadian securities laws. All other securities issued pursuant to the Offering, including the Units which may be distributed to an officer of the Company and certain other Quebec residents, will be subject to the statutory hold period of four months and one day from the date of issuance in accordance with applicable Canadian securities laws. A residual value of $87,500 was attributed to the Warrants and was allocated to the Share-based Payments Reserve.

  In connection with the Offering, the Company has paid finder's fees in the amount of $36,447 and issued 1,076,250 Finder Warrants (each a "Finder Warrant"). Each Finder Warrant entitles the holder to acquire one additional Common Share at an exercise price of $0.05 and expiring May 23, 2026. The Company recognized a fair value of $15,900 for the Finder Warrants.

  The fair value of the 1,076,250 Finder Warrants was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 4.31%, a dividend yield of nil, an expected annual volatility of the Company's share price of 148%, an expected life of 2 years, and a spot price of $0.025. The fair value of the Warrants was $0.015 per warrant. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants' expected life.

- the Company issued an aggregate of 5,150,000 common shares on the exercise of 5,150,000 stock options at a weighted average exercise price of $0.05 per option for cash proceeds of $257,500. The weighted average market price of the Company's common shares on exercise of the options was $0.23.

- The Company issued an aggregate of 12,205,000 common shares on the exercise of 12,205,000 warrants with a weighted average exercise price of $0.07 per warrant for cash proceeds of $798,500.

The weighted average market price of the Company's common shares on exercise of the warrants was $0.26.

During the year-ended September 30, 2023, the Company issued a total of: (i) 4,850,000 flow-through units (each, a "FT Unit"), at a price of $0.05 per FT Unit; and (ii) 14,700,000 Quebec flow-through units (each, a "QFT Unit"), at a price of $0.05 per QFT Share for gross proceeds of $977,500.

- Each FT Unit and QFT Unit is comprised of one common share and one-half of a common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant shall entitle the holder thereof to acquire one additional common share at a price of $0.075 expiring on December 30, 2024. The FT Share and the QFT Share will qualify as "flow-through shares" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

  The Company paid commission and other fees totaling $93,750, incurred legal fees totaling $32,081 and, issued 977,500 compensation shares and issued 777,500 broker warrants exercisable at a price of $0.075 per common share expiring on December 30, 2024. The 977,500 compensation shares were valued at $0.045 per share, based on market price of the Company's common shares on December 30, 2022.

- On December 12, 2022, the Company issued 5,000,000 common shares at $0.055 per share pursuant to the acquisition of mineral claims with a fair value of $275,000 (Ville Marie Project).

- On September 8, 2023, the Company issued 2,000,000 common shares at $0.04 per share pursuant to the acquisition of mineral claims with a fair value of $80,000 (River Valley Project).

Investing Activities

During the year ended September 30, 2024, the Company had cash out flows of $31,098 (FY2023 - $nil) from its investing activities on the purchase of equipment.

SECURITIES OUTSTANDING

As at September 30, 2024, the Company had 110,764,001 common shares issued and outstanding.

As at September 30, 2024, the Company had 18,523,750 warrants issued with a weighted average exercise price of $0.06 issued and outstanding.

As at September 30, 2024, the Company had 9,600,000 options with a weighted average exercise price of $0.17 issued and outstanding.

Subsequent to the period ended September 30, 2024, the Company issued 7,653,250 common shares of the Company on the exercise of 7,653,250 warrants for gross proceeds of $463,225. The weighted average exercise price of the warrants was $0.06 per warrant.

Subsequent to the year ended September 30, 2023, an aggregate of 200,000 warrants with an exercise price of $0.075 expired unexercised.

Subsequent to the period ended September 30, 2024, the Company issued 50,000 common shares of the Company on the exercise of 50,000 options for gross proceeds of $2,500. The exercise price of the options was $0.05 per option.

As at the date of this MD&A, the Company had 118,467,251 common shares issued and outstanding.

As at the date of this MD&A, the Company had 10,670,500 warrants, with a weighted average exercise price of $0.06 per warrant, issued and outstanding.

As at the date of this MD&A, the Company had 9,550,000 options with a weighted average exercise price of $0.17 issued and outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, the Company will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve successful business results or obtain adequate financing. Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2024 and the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

The following is a summary of the related party transactions that occurred during the years ended September 30, 2024 and 2023.

The Company has determined that key management personnel consist of its Directors, the CEO and the CFO.

Transactions with key management personnel include:

	Year-ended September 30, 2024	2023
Management fees paid to a company controlled by the former CEO and former director of the Company	$ 6,000	$ 21,600
Management fees paid or accrued to a company controlled by the CEO of the Company	62,250	-
Management fees paid or accrued to a company controlled by the CFO of the Company	42,000	17,500
Management fees paid or accrued to a company controlled by the former CFO of the Company	-	11,000
Management fees paid or accrued to a company controlled by the former COO of the Company	-	21,000
Consulting fees paid to an independent director of the Company	50,000	-
Management fees paid to the independent directors of the Company	13,500	6,000
Share-based payments	841,357	78,496
	$ 1,015,107	$ 155,596

b) Other related party transactions

i) During the year-ended September 30, 2024, the Company incurred $292,512 (2023 - $200,500) of exploration expenditures to a company controlled by the former CEO and former director of the Company. As at September 30, 2024, nil (2023 - $56,710) of this amount is included in trade and other payables.

ii) During the year-ended September 30, 2024, the Company incurred $44,000 (2023 - $26,902) in general and administration costs to a company controlled by a director of the Company. As at September 30, 2024, $4,000 (2023 - $1,115) of this amount is included in trade and other payables.

An aggregate of $27,752 (FY2024 - $57,825) is owing to directors and officers of the Company for accrued fees and expenses reimbursements. The amounts owing are unsecured, non-interest bearing and have no fixed terms for repayment.

PROPOSED TRANSACTIONS

There are no proposed transactions other than those previously discussed in this MD&A.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

<u>*Title to Mineral Property Interests*</u>
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Key sources of estimation uncertainty

<u>*Share-based payments*</u>
The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

New standards and interpretations not yet adopted

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards as outlined below, which have been published but are only effective for accounting periods beginning on or after October 1, 2024 or later periods. The new and amended standards are not expected to have a material impact on the Company except for the below standards.

IFRS 9 requires entities to recognize financial assets and liabilities when they become party to the contractual terms and to measure them initially at fair value, adjusted for directly attributable transaction costs where applicable. The standard also provides guidance on the derecognition of financial liabilities, which can impact bank reconciliation processes, especially during debt restructuring.

Amendments to IFRS 9 and IFRS 7, effective for reporting periods beginning on or after January 1, 2026, address classification and measurement of financial instruments. The Company is assessing the impact of these amendments on its financial statements.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements.

FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs for assets or liabilities that are unobservable.

The fair value of the Company's cash and cash equivalents and trade and other payables approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash and cash equivalents consist of funds held at a Canadian chartered bank or occasionally, in trust with the Company's corporate lawyer. Management believes the Company's exposure to credit risk is immaterial.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash and cash equivalents on hand. The Company's exposure to and approach to the management of liquidity risk has not changed from that of the prior year.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to material currency, interest rate or other price risk.

d) Other risks

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the relations between NATO and the Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions; cash flow projections; currency fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR+ at www.sedarplus.ca.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Quebec Innovative Materials Corp. can be found on the Company's website at www.qimaterials.com or on the SEDAR+ website at www.sedarplus.ca.