

# **Quebec Silica Resources Corp.**

**Financial Statements**

**For the Years Ended September 30, 2021 and 2020**



**Baker Tilly WM LLP**  
900 – 400 Burrard Street  
Vancouver, British Columbia  
Canada V6C 3B7  
T: +1 604.684.6212  
F: +1 604.688.3497

vancouver@bakertilly.ca  
[www.bakertilly.ca](http://www.bakertilly.ca)

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Quebec Silica Resources Corp.:

### ***Opinion***

We have audited the financial statements of Quebec Silica Resources Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2021 and 2020, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### ***Basis for Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 in the financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
January 27, 2022

# Quebec Silica Resources Corp.

## Statements of Financial Position

(Stated in Canadian Dollars)

	Notes	September 30, 2021	September 30, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 685,143	\$ 730,898
GST receivable		3,531	-
Prepaid expenses		4,023	7,500
<b>TOTAL ASSETS</b>		<b>\$ 692,697</b>	<b>\$ 738,398</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>8,9</b>	\$ 16,716	\$ 106,053
Share issue costs incurred	<b>6</b>	-	42,690
Subscriptions received		-	73,000
<b>Total liabilities</b>		<b>16,716</b>	<b>221,743</b>
<b>Shareholders' equity</b>			
Common shares	<b>5</b>	1,496,379	135,377
Special warrants	<b>6</b>	-	574,683
Share-based payments reserve	<b>7</b>	63,400	13,960
Deficit		(883,798)	(207,365)
<b>Total equity</b>		<b>675,981</b>	<b>516,655</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 692,697</b>	<b>\$ 738,398</b>
<b>Nature and continuance of operations</b>	<b>1</b>		
<b>Subsequent events</b>	<b>4,13</b>		

Approved on behalf of the Board of Directors:

"Aeron Kawakami"

Aeron Kawakami, Director

"Raymond Wladichuk"

Raymond Wladichuk, Director

**Quebec Silica Resources Corp.**  
**Statements of Loss and Comprehensive Loss**  
(Stated in Canadian Dollars)

	Notes	Year ended September 30,	
		2021	2020
<b>Expenses</b>			
Consulting & management fees	8	\$ 44,500	\$ -
Corporate development		12,314	-
General and administrative		34,558	1,709
Exploration & evaluation expenditures	4,8	455,695	102,161
Professional fees		65,603	27,694
Regulatory, transfer agent & filing fees		32,063	-
Share-based payments	7,8	31,700	-
<b>Loss and comprehensive loss for the year</b>		<b>\$ (676,433)</b>	<b>\$ (131,564)</b>
<b>Weighted average number of common shares outstanding</b>			
Basic	5	24,510,845	3,768,034
Diluted		24,510,845	3,768,034
<b>Basic and diluted loss per common share</b>	5	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>

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

## Quebec Silica Resources Corp.

### Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars)

	Common Shares		Special Warrants		Share-based	Deficit	Total
	Number	Amount	Number	Amount	Payments Reserve		
<b>Balance at September 30, 2019</b>	3,350,001	\$ 35,500	685,000	\$ 50,228	\$ 12,700	\$ (75,801)	\$ 22,627
Common shares issued for cash:							
Private placement	4,500,000	112,500	-	-	-	-	112,500
Share issue costs	-	(12,623)	-	-	-	-	(12,623)
Special warrants issued for cash:							
Private placement	-	-	12,700,000	635,000	-	-	635,000
Special warrant issue costs	-	-	-	(110,545)	1,260	-	(109,285)
Loss for the year	-	-	-	-	-	(131,564)	(131,564)
<b>Balance at September 30, 2020</b>	7,850,001	135,377	13,385,000	574,683	13,960	(207,365)	516,655
Special warrants issued for cash:							
Private placement	-	-	7,100,000	355,000	-	-	355,000
Issue costs	899,000	44,950	-	(63,631)	17,740	-	(941)
Conversion of special warrants to common shares	20,485,000	866,052	(20,485,000)	(866,052)	-	-	-
Shares issued for mineral claims	5,000,000	450,000	-	-	-	-	450,000
Share-based payments	-	-	-	-	31,700	-	31,700
Loss for the year	-	-	-	-	-	(676,433)	(676,433)
<b>Balance at September 30, 2021</b>	34,234,001	\$ 1,496,379	-	\$ -	\$ 63,400	\$ (883,798)	\$ 675,981

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

# Quebec Silica Resources Corp.

## Statements of Cash Flows

(Stated in Canadian Dollars)

	Year ended September 30,	
	2021	2020
<b>Operating activities</b>		
Loss for the year	\$ (676,433)	\$ (131,564)
Items not involving cash:		
Exploration expenditures paid by shares	450,000	-
Share-based payments	31,700	-
Changes in non-cash working capital items:		
GST receivable	(3,531)	-
Prepaid expenses	3,477	(7,500)
Trade and other payables	(89,337)	85,722
<b>Net cash used in operating activities</b>	<b>(284,124)</b>	<b>(53,342)</b>
<b>Financing activities</b>		
Special warrant subscriptions received	-	73,000
Proceeds from issuance of common shares, net of issue costs	-	99,877
Proceeds from issuance of special warrants, net of issue costs	238,369	568,405
<b>Net cash provided by financing activities</b>	<b>238,369</b>	<b>741,282</b>
<b>Change in cash during the year</b>	<b>(45,755)</b>	<b>687,940</b>
<b>Cash, beginning of year</b>	<b>730,898</b>	<b>42,958</b>
<b>Cash, end of year</b>	<b>\$ 685,143</b>	<b>\$ 730,898</b>
<b>Supplemental Cash Flow Information</b>		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -
<b>Non-cash Financing Activities</b>		
Common shares to be issued for special warrant issue costs	\$ 44,950	\$ 30,950
Fair value of finder warrants for special warrant issue costs	\$ 17,740	\$ 13,000

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



# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 1. Nature of Operations and Going Concern

Quebec Silica Resources Corp. (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”) under the symbol ‘QTZ’.

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

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.

During the first quarter of 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

As at September 30, 2021, the Company had not yet achieved profitable operations, has accumulated losses of \$883,798 since inception, and expects to incur further losses in the development of its business. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its mineral property exploration activities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

The office of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 2Y3.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 2. Basis of Preparation

a) Statement of compliance

The Company has prepared its financial statements in accordance with IFRS issued by the IASB and Interpretations of the IFRS Interpretations Committee (“IFRICs”).

b) Basis of presentation

The financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar except where otherwise indicated. The financial statements have been prepared on an accrual basis, except for the statement of cash flows, and are based on historical costs except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in note 3.

c) Approval of the financial statements

The financial statements of the Company for the years ended September 30, 2021 and 2020 were approved and authorized for issue by the Board of Directors on January 27, 2022.

d) Recent accounting pronouncements and changes to accounting policies

During the year ended September 30, 2021, the Company adopted the following new accounting pronouncements:

- i) IFRS 3 – The definition of a business has been amended under IFRS 3. Under the amended definition, to be considered a business an acquisition must include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. Under the prior definition, IFRS 3 stated that a business need not include all of the inputs or processes that the seller used in operating that business “if market participants are capable of acquiring the business and continuing to produce outputs, for example, by integrating the business with their own inputs and processes”.

The reference to such integration is now deleted from IFRS 3 in the amendment and the assessment must be based on what has been acquired in its current state and condition. This amendment to IFRS 3 did not impact the Company’s financial statements upon adoption.

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

### 3. Summary of Significant Accounting Policies

a) Cash

Cash in the statements of financial position is comprised of cash at banks, or held in trust.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

#### b) Foreign currencies

The financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency rate of exchange at the date of the statement of financial position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### c) Mineral properties and exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

The costs incurred to obtain the legal rights to explore an area are expensed in the period incurred. These costs include the cash consideration and the estimated fair market value of share-based payments issued for such property interests. Option payments which are solely at the Company's discretion are recorded as acquisition costs as they are made.

Exploration and evaluation costs are expensed until the determination of the technical feasibility and the commercial viability of the associated project. Exploration costs include costs directly related to exploration and evaluation activities in the areas of interest. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when economically recoverable reserves exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. This determination is normally evidenced by the completion of a technical feasibility study.

Expenditures to develop new mines, to define further mineralization in mineral properties which are in the development or operating stage, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Government tax credits received are recorded as a reduction to the cumulative costs incurred on the related property.

When a project is deemed to no longer have commercially viable prospects to the Company, capitalized costs in respect of that project are deemed to be impaired. As a result, those capitalized costs, in excess of estimated recoveries, are charged to profit or loss.

The Company assesses mineral property assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

Recoverability of the carrying amount of any mineral property assets is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

#### d) Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of assets is the greater of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous periods.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

#### e) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are recognized in profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable. The Company currently has no known material restoration, rehabilitation and environmental obligations.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

f) Share capital

Common shares, options and warrants are classified as equity. Transaction costs directly attributable to the issue of common shares, options and warrants are recognized as a deduction from equity, net of any tax effects.

The Company bifurcates units which consist of common shares and share purchase warrants using the residual value approach, whereby it measures the common share component of the unit at fair value using market prices as input values and then allocates the residual value, if any, of the units over the fair value of the common shares to the warrant component. The value of the warrant component is credited to share-based payment reserve. When warrants are exercised, forfeited or expire, the corresponding value is transferred from share-based payment reserve to common stock.

g) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into: (a) a flow-through share premium equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (b) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until qualifying expenditures are incurred.

h) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

Where equity instruments are issued for goods or services to other than employees, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based payments reserve.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient as measured at the date of modification.

#### i) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

##### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the statement of financial position.

##### Deferred income tax

Deferred income taxes are provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the date of each statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the date of each statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### j) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. The Company uses the treasury stock method of calculating fully diluted earnings per share amounts, whereby any proceeds from the exercise of dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. Basic and diluted loss per share are the same for the periods presented, as the effect of dilutive instruments outstanding, during the periods presented, would be anti-dilutive.

#### k) Financial instruments

##### i) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows of a financial asset.

ii) Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- a) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- b) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consists of cash which is classified and subsequently measured at amortized cost. The Company's financial liabilities consist of trade and other payables which are classified and measured at amortized cost using the effective interest rate method. The 'effective interest rate' is the rate that discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. Interest expense is reported in profit or loss.



# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 3. Summary of Significant Accounting Policies (cont'd)

iii) Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

m) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The areas that require significant estimations or where measurements are uncertain are as follows:

*Share-based payments*

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, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying accounting policies in the Company's financial statements include:

*Going Concern*

The determination of the Company's ability to continue as a going concern requires significant judgment. Material adjustments to the Company's assets and liabilities may be required if the going concern assumption was not used.

*Mineral Property Interests*

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.

### 4. Exploration and Evaluation Properties

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.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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#### 4. Exploration and Evaluation Properties (cont'd)

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 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. 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 subsequent to September 30, 2021);
- ii) issuing 50,000 common shares (issued subsequent to September 30, 2021);
- iii) issuing 50,000 common share purchase warrants (issued subsequent to September 30, 2021), with each warrant entitling 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;
- v) issuing 50,000 common shares by October 8, 2022 (issued subsequent to September 30, 2021); and
- vi) issuing by October 8, 2022 an additional 50,000 warrants upon the same terms and conditions as those issued in point (iii) above (issued subsequent to September 30, 2021).

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.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

### 4. Exploration and Evaluation Properties (cont'd)

During the years ended September 30, 2021 and 2020, the Company incurred the following exploration expenditures on the Charlevoix Silica Project:

	Year ended September 30,	
	2021	2020
Acquisition Costs		
Mineral claim acquisition costs (note 5b)	\$ 450,357	\$ -
Exploration Costs		
Geological field work	-	73,431
Mobilization and de-mobilization	-	17,692
Technical report writing	5,338	11,038
	5,338	102,161
Total exploration & evaluation expenditures	\$ 455,695	\$ 102,161

### 5. Common Shares

a) Authorized:

An unlimited number of common shares with no par value.

b) Issued:

During the years ended September 30, 2021 and 2020, the Company issued the following common shares:

- i) On April 26, 2021, the Company issued 4,000,000 common shares for the purchase of seven mineral claims.
- ii) On April 1, 2021, the 685,000 special warrants converted at no additional cost into 685,000 common shares.
- iii) On March 3, 2021, 600,000 special warrants converted at no additional cost into 600,000 common shares and 300,000 warrants. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.10 per warrant expiring March 3, 2023.
- iv) On February 19, 2021, 6,500,000 special warrants converted at no additional cost into 6,500,000 common shares and 3,250,000 warrants. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.10 per warrant expiring February 19, 2023.
- v) On February 2, 2021, the Company issued 1,000,000 common shares for the purchase of six mineral claims.
- vi) On January 23, 2021, 12,700,000 special warrants converted at no additional cost into 12,700,000 common shares and 6,350,000 warrants. Each warrant entitles the holder thereof to acquire one additional common share in the capital of the Company at a price of \$0.10 per warrant expiring January 23, 2023.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

### 5. Common Shares (cont'd)

vii) On August 28, 2020, the Company issued 3,400,000 flow-through common shares at \$0.025 per share and 1,100,000 non flow-through common shares at \$0.025 per share for gross proceeds of \$112,500. The Company paid cash commissions of \$11,250 and incurred legal fees of \$1,373. No amounts were recognized for a flow-through share premium liability as at September 30, 2020.

c) Escrowed shares:

There were 2,400,000 common shares placed in escrow pursuant to an escrow agreement dated March 31, 2021 between the Company and certain shareholders of the Company. Pursuant to the escrow agreement, the escrowed shares shall be released pro-rata to the shareholders as to 10% (240,000) upon the date the Company's common shares are listed on a Canadian stock exchange (April 28, 2021) and as to the remainder in six equal tranches of 15% (360,000) every six months thereafter for a period of 36 months. These escrowed shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. As of September 30, 2021, there are 2,160,000 common shares remaining in escrow.

d) Loss per share:

Basic and diluted loss per share

	Year ended September 30,	
	2021	2020
Numerator:		
Net loss	\$ (676,433)	\$ (131,564)
Denominator:		
Weighted average number of common shares (basic)	24,510,845	3,768,034
Dilutive effect of securities issued	-	-
Weighted average number of common shares (diluted)	24,510,845	3,768,034
Basic and diluted loss per common share	\$ (0.03)	\$ (0.03)

### 6. Special Warrants

The Company has issued the following special warrants:

a) On August 28, 2018, the Company issued 685,000 special warrants at \$0.10 per special warrant for gross proceeds of \$68,500. These special warrants will automatically convert into common shares of the Company on a one for one basis upon a prospectus being filed that qualifies these special warrants. The Company incurred cash fees and expenses of \$5,572. The Company issued 213,500 compensation warrants as a commission with a fair value of \$12,700.

On April 1, 2021, the 685,000 special warrants converted at no additional cost into 685,000 common shares.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 6. Special Warrants (con't)

- b) On September 23, 2020, the Company issued 12,700,000 special warrants at \$0.05 per special warrant for gross proceeds of \$635,000. These special warrants will automatically convert into units (each a "Unit") on a one for one basis upon a prospectus being filed that qualifies these Special Warrants. Each Unit consists of one common share and one-half of one transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share (a "Warrant Share") in the capital of the Company at a price of \$0.10 per Warrant Share for 24 months from the date of conversion of the special warrants.

The Company paid cash commissions of \$61,900 and incurred legal fees of \$4,695. The Company issued 60,000 finders' warrants as a commission with a fair value of \$1,260. The Company accrued the issuance of an additional 559,000 finders' warrants as a commission with a fair value of \$11,740. These 559,000 finders' warrants were issued on October 19, 2020. Also, the Company accrued the issuance of 619,000 common shares as a commission with a fair value of \$30,950. These 619,000 common shares were issued on October 19, 2020.

On January 23, 2021, the 12,700,000 Special Warrants converted at no additional cost into 12,700,000 Common Shares and 6,350,000 Warrants.

- c) On October 19 and November 3, 2020, the Company issued 6,500,000 and 600,000 special warrants respectively, at \$0.05 per special warrant for gross proceeds of \$355,000. These special warrants will automatically convert into units (each a "Unit") on a one for one basis upon a prospectus being filed that qualifies these special warrants. Each Unit consists of one common share and one-half of one transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional common share (a "Warrant Share") in the capital of the Company at a price of \$0.10 per Warrant Share for 24 months from the date of conversion of the special warrants.

In connection with the special warrant private placements, the Company paid cash commissions of \$28,000, paid a corporate finance fee of \$10,000, and incurred legal fees of \$5,631. The Company also issued 280,000 finders' warrants as a commission with a fair value of \$6,000 and issued 280,000 common shares as a commission with a fair value of \$14,000 for the issuance of the special warrants. The 280,000 finders' warrants have an exercise price of \$0.05 and expire on October 19, 2022.

On February 19, 2021, the 6,500,000 Special Warrants converted at no additional cost into 6,500,000 Common Shares and 3,250,000 Warrants. On March 3, 2021, the 600,000 Special Warrants converted at no additional cost into 600,000 Common Shares and 300,000 Warrants.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

### 7. Share-based Payments

a) Warrants:

The changes in warrants issued during the years ended September 30, 2021 and 2020 are as follows:

	Year ended September 30, 2021		Year ended September 30, 2020	
	Number of warrants	Weighted- average exercise price	Number of warrants	Weighted- average exercise price
Balance, beginning of year	273,500	\$ 0.09	213,500	\$ 0.10
Issued	10,739,000	\$ 0.10	60,000	\$ 0.05
Balance, end of year	11,012,500	\$ 0.10	273,500	\$ 0.09

Warrants exercisable and outstanding as at September 30, 2021 are as follows:

Expiry Date	Number of warrants	Exercise Price
September 23, 2022	60,000	\$0.05
October 19, 2022	839,000	\$0.05
January 23, 2023	6,350,000	\$0.10
February 19, 2023	3,250,000	\$0.10
March 3, 2023	300,000	\$0.10
April 1, 2023	213,500	\$0.10
	11,012,500	

The fair value of warrants issued for services is estimated using the Black-Scholes option pricing model with the following details and assumptions:

	September 30, 2021	September 30, 2020
Weighted average fair value at issue date	\$0.02	\$0.02
Spot price	\$0.05	\$0.05
Average risk-free interest rate	0.19%	0.24%
Expected life	2 years	2 years
Expected volatility	80%	80%
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%

The expected volatility assumption is based on the volatility of stock prices for early-stage public companies. The risk-free interest rate is based on yield curves on Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the warrants' expected life.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 7. Share-based Payments (cont'd)

#### b) Stock Options:

On December 29, 2020, the Company adopted an option plan in accordance with the rules and policies of the CSE. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of the grant of the stock options, and (b) the date of grant of the stock options, and the term may not exceed 10 years. The aggregate number of securities available for issuance under the plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to time.

On January 5, 2021, the Company allocated 2,600,000 stock options to directors, officers, employees and consultants. Each option is exercisable to acquire a common share at an exercise price of \$0.10 for two years from the date the final receipt is received for the Company's non-offering Prospectus. On April 4, 2021, the Company granted the 2,600,000 stock options expiring April 4, 2023. The stock options vested immediately upon grant. The Company recognized \$31,700 for share-based payments.

The fair value of the 2,600,000 stock options was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.24%, a dividend yield of nil, an expected annual volatility of the Company's share price of 80%, an expected life of 2 years, and a spot price of \$0.05. The fair value of the stock options was \$0.012 per option. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. 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.

### 8. Related Party Transactions

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, 2021 and 2020.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 8. Related Party Transactions (cont'd)

- a) Compensation of key management personnel

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

	September 30, 2021	September 30, 2020
Management fees	\$ 32,000	\$ -
Share-based payments - vested stock options	10,364	-
Post-employment and/or termination benefits	-	-
Other long-term benefits	-	-
	<u>\$ 42,364</u>	<u>\$ -</u>

- b) Other related party transactions

During the year ended September 30, 2021, the Company incurred \$nil (2020 - \$91,123) of exploration expenditures to a company related by a common director. As at September 30, 2021, \$nil (2020 - \$6,123) of this amount is included in trade and other payables.

### 9. Financial Instruments

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

- 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 is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists 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 minimal.

- b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash only comprise funds held at a Canadian chartered bank as at September 30, 2021. The Company had no interest rate swaps or financial contracts in place as at or during the years ended September 30, 2021 and 2020.

- c) 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 on hand.



# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 9. Financial Instruments (cont'd)

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at September 30, 2021 and 2020, the Company's financial instruments are cash and trade and other payables. The amounts reflected in the statement of financial position approximate their fair values due to the short-term nature of these financial instruments.

### 10. Capital Management

The Company's capital currently consists of common shares and its principal source of cash is from the issuance of common shares and special warrants. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to acquire and explore mineral property assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new equity instruments.

As the Company's mineral property is in the exploration stage, the Company is dependent on external financing to fund its activities. In order to carry out its operations, the Company will spend its existing working capital and raise additional amounts as needed.

### 11. Segmented Information

At September 30, 2021 the Company has one reportable operating segment being the acquisition and exploration of mineral property assets. All of the Company's assets are located in Canada.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

## Quebec Silica Resources Corp.

### Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

#### 12. Income Taxes

Tax expense differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the income (loss) before income taxes due to the following:

	Year ended September 30, 2021	Year ended September 30, 2020
Loss before income taxes	\$ (676,433)	\$ (131,564)
Canadian federal and provincial income tax rate	26.5%	26.5%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	(179,425)	(34,898)
Increase (decrease) in income taxes attributable to:		
Share issuance costs	(10,869)	(32,576)
Tax benefits not recognized	190,294	67,474
Income tax (recovery)	\$ -	\$ -

Unrecognized deductible temporary differences and unused tax losses are attributable to the following:

	Year ended September 30, 2021	Year ended September 30, 2020
Exploration and evaluation expenditures	\$ 120,967	\$ 24,171
Share issuance costs	34,660	28,694
Non-capital loss carry forwards	101,754	39,500
	257,381	92,365
Less: tax benefits not recognized	(257,381)	(92,365)
	\$ -	\$ -

At September 30, 2021 the Company has non-capital losses of approximately \$384,000 expiring between September 30, 2038 to 2041.

#### 13. Subsequent Events

The following transactions occurred subsequent to September 30, 2021:

- i) The Company granted of 550,000 incentive stock options to certain directors, officers, employees, and consultants of the Company at an exercise price of \$0.20 expiring two years from date of grant.
- ii) The Company issued 335,000 common shares at \$0.10 per share pursuant to the exercise of 335,000 warrants.

# Quebec Silica Resources Corp.

## Notes to the Financial Statements

September 30, 2021 and 2020

(Stated in Canadian Dollars)

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### 13. Subsequent Events (cont'd)

- iii) The Company closed a private placement by issuing a total of: (i) 6,175,000 of units (each, a "Unit"), at a price of \$0.16 per Unit; and (ii) 4,537,500 of flow-through shares (each, a "FT Share"), at a price of \$0.20 per FT Share for aggregate gross proceeds of \$1,895,500.

Each Unit is comprised of one common share ("Common Share") and one-half (1/2) 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 \$0.20 for a period of two (2) years from the closing date (the "Closing Date") of the private placement. The FT Shares will qualify as "flow-through shares" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

The Company paid finder's fees of 8% of the gross proceeds of the private placement (\$151,640) and issued 857,000 finder warrants exercisable at a price of \$0.20 per Common Share for a period of two (2) years following the Closing Date.