

QUEBEC SILICA RESOURCES CORP.
INTERIM MD&A – QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

Background and Corporate Update

This Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) for Quebec Silica Resources Corp. (the “Company”) is prepared as at February 23, 2022 and should be read in conjunction with the Company’s unaudited condensed interim financial statements for the three months ended December 31, 2021 and in conjunction with its audited financial statements as at and for the year ended September 30, 2021.

The unaudited condensed interim financial statements for the three months ended December 31, 2021, and comparative information presented therein, have been prepared in accordance with International Financial Reporting Standard (“IFRS”) and with International Accounting Standard 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”).

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

The Company’s principal business activities include the acquisition and exploration of mineral resource properties. The Company has one contiguous exploration property located in south-western Quebec totaling approximately 923 hectares known as the Charlevoix Silica Project.

On April 1, 2021, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission and on April 28, 2021, the Company’s common shares began trading on the CSE under the symbol ‘QTZ’.

Forward-Looking Statements

Certain statements contained in the MD&A may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company’s business plans focussed on the exploration and development of its mineral properties; proposed work programs on its mineral properties; costs and timing of future exploration and development activities; timing and receipt of approvals, consents and permits under applicable legislation; use of available funds and ability for the Company to raise additional funds; business objectives and milestones; and adequacy of financial resources. A more detailed discussion of forward-looking statements is included in the Company’s Prospectus dated March 31, 2021. Readers are cautioned not to place undue reliance on forward-looking statements.

Risks and Uncertainties

Due to the nature of the Company’s business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to, limited operating history, speculative nature of mineral exploration, dilution, mineral titles, loss of interest in properties, permits and government regulations, environmental and safety regulations and risks, fluctuating mineral prices, financing risks and competition. A more detailed discussion of these risk factors is included in the Company’s Prospectus dated March 31, 2021.

During the first quarter of calendar 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.

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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.

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.

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 the 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 (issued) 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 expand its Charlevoix property by acquiring a 100% interest in certain adjacent mineral claims. 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 50,000 common shares (issued);
- iii) issuing 50,000 common share purchase warrants (issued), 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); 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).

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.

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Cumulative exploration expenditures on the Charlevoix Silica Project are as follows:

	Three months ended		Cumulative
	December 31, 2021	December 31, 2020	Expenditures to December 31, 2021
Acquisition Costs			
Mineral claim acquisition costs	\$ 32,400	\$ -	\$ 482,757
Exploration Costs			
Equipment & supplies	765	-	765
Food & Lodging	3,319	-	3,319
Geological field work	23,553	-	96,984
Geophysics	14,572	-	14,572
Mobilization & de-mobilization	-	-	17,693
Technical report writing	-	5,337	16,375
Tranportation	3,449	-	3,449
	45,659	5,337	153,157
Total exploration & evaluation expenditures	\$ 78,059	\$ 5,337	\$ 635,914

The Company provided updates on its exploration program on the Charlevoix Silica Project in news releases dated October 27, November 11, and November 24, 2021. The October 27 news release reported that an airborne UAV magnetic survey had been completed over the project. The November 24 news release reported that a site reconnaissance on the Charlevoix Silica Project had been completed and that a high-level environmental assessment had begun. The samples recovered from the property during the site reconnaissance are being analyzed at the Applied Geoscience Laboratory at the Institut National de la Recherche Scientifique. The samples will undergo granulochemical, mineragraphic and mineralogical analyses and geometallurgical studies planned for Winter 2021-2022. These samples will be used to verify and optimize the processes of SiO₂ (silica) enrichment and elimination of impurities (such as Fe-Ti and Al) to produce high purity silica. Gravimetric, magnetic (low and high intensity) and electrostatic methods will be used, among others, to optimize the SiO₂ enrichment process. The purpose of these studies is to determine the suitability of the material for use in the technology industry and the optimal techniques to refine the product.

In a news release dated January 31, 2022 it was reported that the Company and the Institut national de recherche scientifique (INRS) have set up a research collaboration project focused on the electrochemical performance of the high-grade silica deposit of the Company's wholly owned Charlevoix Silica Project. The goal of this partnership will be to evaluate the potential of using silica deposits in applications such as advanced battery technology and assess the environmental impacts of the proposed project.

The research effort, consisting of:

1. High-resolution drone survey to produce a digital terrain model and orthorectified colour imagery. These data will be used for steps in the process such as defining the quartzite formation, environmental assessments and quarry design, and is required as part of the request for a mining lease;
2. Petrophysical study of the quartzite and surrounding host rock to determine optimal geophysical exploration tools;

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3. Granulochemical and mineralogical studies of the quartzite to determine the industrial potential of the quartzite;
4. Geometallurgical tests with the aim to optimize the silica purification process;
5. Collection of meteorological data to monitor precipitation and environmental considerations;
6. Installation of wildlife cameras to monitor animal activity within the project footprint.

The Company has engaged Eko Exploration Techniques (EkoXplor) to assist with the research, exploration and assessment efforts. EkoXplor has been engaged to assist in planning, permitting, and to execute the next phases of assessment and exploration.

The Company has now located its operations in Lachute, Quebec, approximately 45 minutes from Montreal. The recently acquired facility will provide the company with separate office and workshop areas from which to conduct the development of the Charlevoix Silica Project.

Analysis of the Company's Financial Performance and Condition

Three months ended December 31, 2021

The Company reported a loss of \$170,069 (2020 – \$24,200) and a loss per share of \$nil (2020 - \$nil) for the three months ended December 31, 2021. The loss was comprised of the following items:

- Exploration and evaluation expenditures were \$78,059 (2020 - \$5,337) and consisted of \$32,400 in acquisition costs purchase additional Charlevoix claims and \$45,659 of exploration costs for geophysics and geological field work.
- The Company incurred \$40,000 (2020 - \$nil) for share-based payments. These share-based payments were the result of granting 550,000 stock options during the period. These stock options vested immediately upon grant.
- Consulting and management fees were \$19,000 (2020 - \$12,500) and consisted of \$6,000 paid to the CEO and \$3,000 paid to the CFO for services rendered. The Company also incurred \$10,000 (2020 - \$12,500) for corporate advisory services.
- The Company incurred \$6,400 (2020 - \$nil) of corporate development expenses consisting of travel, promotion and marketing expenditures.
- General and administrative expenses were \$8,773 (2020 - \$1,129) and consisted principally of administrative fees and office rent.
- Professional fees were \$18,589 (2020 - \$4,206) and consisted of \$18,589 (2020 – \$4,206) of legal fees. These fees were higher in 2021 as a result of increased business activity.
- Regulatory, transfer agent and filing fees were \$4,435 (2020 - \$1,028) and consisted of monthly CSE listing fees and transfer agent fees.
- During the period between the issuance of the FT Shares and December 31, 2021, the Company incurred eligible exploration expenditures and amortized \$5,187 (2020 - \$nil) of the flow-through premium liability to income on a pro-rata basis.

Liquidity and Capital Resources

As at December 31, 2021, the Company's cash position was \$2,431,236 (September 30, 2021 - \$685,143) and it had working capital of \$1,952,334 (September 30, 2021 - \$675,981).

During the three months ended December 31, 2021, sources of cash for the Company included \$1,731,219 of net proceeds raised through the issuance of common shares.

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During the three months ended December 31, 2021, uses of cash by the Company included \$18,626 for operating activities.

Subsequent to December 31, 2021, the Company granted 1,100,000 incentive stock options to certain directors, officers, employees and consultants of the Company at an exercise price of \$0.075 for a period of two years from the date of grant.

As a result of the Company being listed on the CSE and becoming more active in its exploration activities, it is anticipated that there will be significant increase in expenses associated with maintaining its stock exchange listing and with the overall management and operation of the Company.

Related Party Transactions

Refer to note 7 of the December 31, 2021 condensed interim financial statements.

Directors and Officers

Raymond Wladichuk	Director and CEO
Aeron Kawakami	Director
Ming Jang	Director
Elyssia Patterson	CFO