Quebec Innovative Materials Corp.

(formerly Quebec Silica Resources Corp.)

Financial Statements

For the Years Ended September 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quebec Innovative Materials Corp. (formerly Quebec Silica Resources Corp.):

Opinion

We have audited the financial statements of Quebec Innovative Materials Corp. (formerly Quebec Silica Resources Corp.) (the "Company"), which comprise the statements of financial position as at September 30, 2022 and 2021, 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, 2022 and 2021, 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 and 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 audit 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 audit 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, 2023

Quebec Innovative Materials Corp.
(formerly Quebec Silica Resources Corp.)
Statements of Financial Position
(Stated in Canadian Dollars)

	Notes	September 30, 2022	September 30, 2021
ASSETS			
Current assets			
Cash		$ 1,365,455	$ 685,143
Amounts receivable		84,231	3,531
Prepaid expenses		38,939	4,023
TOTAL ASSETS		$ 1,488,625	$ 692,697
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	**8**	$ 260,905	$ 16,716
Total liabilities		260,905	16,716
Shareholders' equity			
Common shares	**5**	2,757,936	1,496,379
Share-based payments reserve	**7**	586,975	63,400
Deficit		(2,117,191)	(883,798)
Total equity		1,227,720	675,981
TOTAL LIABILITIES AND EQUITY		$ 1,488,625	$ 692,697

Nature of operations and going concern	**1**
Subsequent events	**13**

Approved on behalf of the Board of Directors:

"Raymond Wladichuk"
Raymond Wladichuk, Director

"Ming Jang"
Ming Jang, Director

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

Quebec Innovative Materials Corp.

(formerly Quebec Silica Resources Corp.)

Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

	Notes	Year-ended September 30, 2022	2021
Expenses			
Consulting fees		$ 41,250	$ 12,500
Corporate development		78,072	12,314
General and administrative		72,586	34,558
Exploration & evaluation expenditures	4, 8	1,171,985	455,695
Management fees	8	33,000	32,000
Professional fees		85,308	65,603
Regulatory, transfer agent & filing fees		20,175	32,063
Share-based payments	7, 8	124,200	31,700
Loss before other items		(1,626,576)	(676,433)
Other income (expense)			
Interest income		7,496	-
Flow-through share premium	5	385,687	-
Loss and comprehensive loss for the year		$ (1,233,393)	$ (676,433)
Weighted average number of common shares outstanding	5		
Basic		43,183,172	24,510,845
Diluted		43,183,172	24,510,845
Basic and diluted loss per common share	5	$ (0.03)	$ (0.03)

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

Quebec Innovative Materials Corp.

(formerly Quebec Silica Resources Corp.)

Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars)

	Common Shares		Special Warrants		Share-based Payments		
	Number	Amount	Number	Amount	Reserve	Deficit	Total
Balance at September 30, 2021	34,234,001	$ 1,496,379	-	$ -	$ 63,400	$ (883,798)	$ 675,981
Common shares issued for cash:							
Private placement	10,712,500	1,617,625	-	-	277,875	-	1,895,500
Share issue costs	-	(215,381)	-	-	51,100	-	(164,281)
Premium on flow-through shares	-	(385,687)	-	-	-	-	(385,687)
Exercise of warrants	335,000	33,500	-	-	-	-	33,500
Shares issued for exploration and evaluation properties	3,100,000	211,500	-	-	-	-	211,500
Warrants issued for exploration and evaluation properties	-	-	-	-	70,400	-	70,400
Share-based payments	-	-	-	-	124,200	-	124,200
Loss and comprehensive loss for the year	-	-	-	-	-	(1,233,393)	(1,233,393)
Balance at September 30, 2022	48,381,501	$ 2,757,936	-	$ -	$ 586,975	$ (2,117,191)	$ 1,227,720

	Common Shares		Special Warrants		Share-based Payments		
	Number	Amount	Number	Amount	Reserve	Deficit	Total
Balance at September 30, 2020	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 exploration and evaluation properties	5,000,000	450,000	-	-	-	-	450,000
Share-based payments	-	-	-	-	31,700	-	31,700
Loss and comprehensive loss for the year	-	-	-	-	-	(676,433)	(676,433)
Balance at September 30, 2021	34,234,001	$ 1,496,379	-	$ -	$ 63,400	$ (883,798)	$ 675,981

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

Quebec Innovative Materials Corp.
(formerly Quebec Silica Resources Corp.)

Statements of Cash Flows

(Stated in Canadian Dollars)

	Year-ended September 30, 2022	2021
Operating activities		
Loss for the year	$ (1,233,393)	$ (676,433)
Items not involving cash:		
Exploration & evaluation expenditures paid by shares and warrants	281,900	450,000
Share-based payments	124,200	31,700
Flow-through share premium	(385,687)	-
Changes in non-cash working capital items:		
Amounts receivable	(80,700)	(3,531)
Prepaid expenses	(34,916)	3,477
Trade and other payables	244,190	(89,337)
Net cash used in operating activities	(1,084,407)	(284,124)
Financing activities		
Proceeds from issuance of special warrants, net of issue costs	-	238,369
Proceeds from issuance of common shares, net of issue costs	1,764,719	-
Net cash provided by financing activities	1,764,719	238,369
Change in cash during the year	680,312	(45,755)
Cash, beginning of year	685,143	730,898
Cash, end of year	$ 1,365,455	$ 685,143
Supplemental Cash Flow Information		
Income taxes paid	$ -	$ -
Interest paid (received)	$ -	$ -
Non-cash Financing Activities		
Fair value of finder warrants for common share issue costs	$ 51,100	$ -
Common shares issued for special warrant issue costs	$ -	$ 44,950
Fair value of finder warrants for special warrant issue costs	$ -	$ 17,740

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Quebec Innovative Materials Corp. (formerly Quebec Silica Resources Corp.), (the "Company") was incorporated on May 22, 2018 pursuant to the Business Corporations Act (British Columbia). On January 11, 2023, the Company changed its name from Quebec Silica Resources Corp. to Quebec Innovative Materials Corp. 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") and currently trades under the symbol "QIMC".

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.

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 outbreaks of the coronavirus (COVID-19) pandemic, 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.

As at September 30, 2022, the Company had not yet achieved profitable operations, has accumulated losses of $2,117,191 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 head office of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 3V6.

2. BASIS OF PRESENTATION

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").

2. BASIS OF PRESENTATION (continued):

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, 2022 and 2021 were approved and authorized for issue by the Board of Directors on January 27, 2023.

d) Recent accounting pronouncements and changes to accounting policies

At the date of authorization of these financial statements, the IASB and IFRIC Interpretations Committee have issued new and revised Standards and Interpretations which are not yet effective, none of which are expected to have a material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash in the statements of financial position is comprised of cash at banks, amounts held in trust and short-term deposits with an original maturity of twelve months or less, which are readily convertible into a known amount of cash, and subject to insignificant risk of changes in fair value.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

d) Impairment of assets (continued):

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 to the carrying amount of the asset, along with a corresponding liability 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 or environmental obligations.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

f) Share capital (continued):

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 shares.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

h) Share-based payments (continued):

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 tax

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

- where the deferred 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 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 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

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

i) Taxation (continued):

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred 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 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 tax assets to be utilized. Unrecognized deferred 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 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 tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred tax assets and deferred 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 potentially 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

k) Financial instruments (continued):

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 consist 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

k) Financial instruments (continued):

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.

l) 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:

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.

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 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 8, 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 subsequent to September 30, 2022);

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 Acquisition Warrants was $0.127 per warrant. The expected volatility assumption is based on the estimated volatility of comparable 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.

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.

(Stated in Canadian Dollars)

4. EXPLORATION AND EVALUATION PROPERTIES (continued):

Charlevoix Silica Project (continued):

During the years ended September 30, 2022 and 2021, the Company incurred the following exploration expenditures on the Charlevoix Silica Project:

	Year-ended September 30, 2022	Year-ended September 30, 2021	Cumulative expenditures to September 30, 2022
Acquisition Costs			
Mineral claims - cash	$ 5,000	$ 357	$ 5,357
Mineral claims - common shares	16,500	450,000	466,500
Mineral claims - warrants	10,900	-	10,900
	32,400	450,357	482,757
Exploration Costs			
Equipment & supplies	3,404	-	3,404
Food & lodging	3,959	-	3,959
Geological field work	601,014	-	692,137
Geophysics	269,572	-	269,572
Technical report writing	-	5,338	16,376
Transportation	7,136	-	7,136
	885,085	5,338	992,584
Total exploration & evaluation expenditures	$ 917,485	$ 455,695	$ 1,475,341

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 issued 3,000,000 Acquisition Units to HPQ. Each Acquisition Unit is comprised of one (1) Acquisition Share and one-half (½) of an Acquisition Warrant, with each whole Acquisition Warrant entitling HPQ to acquire one (1) Common Share at a price of $0.15 for a period of three (3) years expiring August 30, 2025.

(Stated in Canadian Dollars)

4. EXPLORATION AND EVALUATION PROPERTIES (continued):

Roncevaux and Martinville Property (continued):

During the year ended September 30, 2022, the Company incurred the following acquisition costs on the Roncevaux and Martinville Property:

	Year-ended September 30, 2022
Acquisition Costs	
Mineral claims - common shares	$ 195,000
Mineral claims - warrants	59,500
	$ 254,500

5. COMMON STOCK

a) Authorized:

An unlimited number of common shares with no par value.

b) Issued:

During the year ended September 30, 2022, the Company issued the following common shares:

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

The Company estimated the flow-through share premium to be $385,687 on the issuance of the FT Shares and had recognized this amount as a liability prior to the renunciation of the exploration expenditures.

Each Unit is comprised of one common share ("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 $0.20 expiring on December 21, 2023. 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 $151,640 and issued 857,000 finder warrants exercisable at a price of $0.20 per common share expiring on December 21, 2023.

The fair value of the 857,000 finder warrants, with an exercise price of $0.20, was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 0.93%, a dividend yield of nil, an expected annual volatility of the Company’s share price of 125%, an expected life of 2 years, and a spot price of $0.115. The fair value of the warrants was $0.06 per warrant. The expected volatility assumption is based on the estimated volatility of comparable 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.

5. COMMON STOCK (continued):

b) Issued (continued):

ii) The Company issued 335,000 common shares at $0.10 per share pursuant to the exercise of 335,000 warrants. At the time the warrants were exercised, the weighted average share price was $0.15.

iii) The Company issued 100,000 common shares at $0.165 per share pursuant to the acquisition of mineral claims (Charlevoix Silica project) (Note 4).

iv) The Company issued 3,000,000 Acquisition Units at a price of $0.10 per unit to HPQ pursuant to the acquisition of mineral claims (Roncevaux and Martinville Property) (Note 4). Each Acquisition Unit is comprised of one (1) Acquisition Share and one-half (½) of an Acquisition Warrant, with each whole Acquisition Warrant entitling HPQ to acquire one (1) common share at a price of $0.15 for a period of three (3) years expiring August 30, 2025.

The fair value of the 1,500,000 Acquisition Warrants was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 3.58%, a dividend yield of nil, an expected annual volatility of the Company's share price of 125%, an expected life of 3 years, and a spot price of $0.065. The fair value of the Acquisition Warrants was $0.04 per warrant. The expected volatility assumption is based on the estimated volatility of comparable 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.

During the year ended September 30, 2021, 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 at $0.10 per share, (Charlevoix Silica Project) (Note 4).

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. The fair value of the shares was $0.05 per share based on the latest share issuance price, (Charlevoix Silica Project) (Note 4).

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.

5. COMMON STOCK (continued):

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, 2022, there were 1,440,000 common shares remaining in escrow.

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.

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

(Stated in Canadian Dollars)

6. SPECIAL WARRANTS (continued):

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.

7. SHARE-BASED PAYMENTS

a) Warrants:

The changes in warrants issued during the years ended September 30, 2022 and 2021 are as follows:

	Year-ended September 30, 2022			Year-ended September 30, 2021		
	Number of warrants		Weighted-average exercise price	Number of warrants		Weighted-average exercise price
Balance, beginning of year	11,012,500	$	0.10	273,500	$	0.09
Issued	5,544,500	$	0.16	10,739,000	$	0.10
Expired	(60,000)	$	0.05	-	$	-
Exercised	(335,000)	$	0.10	-	$	-
Balance, end of year	16,162,000	$	0.13	11,012,500	$	0.10

(Stated in Canadian Dollars)

7. SHARE-BASED PAYMENTS (continued):

b) Warrants (continued):

Warrants exercisable and outstanding as at September 30, 2022 are as follows:

Expiry Date	Number of warrants	Exercise Price
October 19, 2022	839,000	$0.05
January 23, 2023	6,015,000	$0.10
February 19, 2023	3,250,000	$0.10
March 3, 2023	300,000	$0.10
April 1, 2023	213,500	$0.10
December 21, 2023	3,944,500	$0.20
August 1, 2025	1,500,000	$0.15
October 28, 2026	100,000	$0.15
	16,162,000	-

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, 2022	2021
Weighted average fair value at issue date	$0.08	$0.02
Spot price	$0.065 - $0.15	$0.05
Weighted average risk-free interest rate	1.66%	0.19%
Expected life	2 - 5 years	2 years
Expected volatility	125%	80%
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%

The expected volatility assumption is based on the volatility of stock prices for comparable 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.

7. SHARE-BASED PAYMENTS (continued):

c) 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.

During the year ended September 30, 2022, the Company granted the following stock options:

- On October 26, 2021, the Company granted 550,000 stock options to various consultants of the Company. Each option is exercisable to acquire a common share at an exercise price of $0.20. The stock options expire on October 26, 2023 and vested immediately upon grant. The Company recognized $58,100 for share-based payments.

  The fair value of the 550,000 stock options was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 0.98%, a dividend yield of nil, an expected annual volatility of the Company's share price of 131.2%, an expected life of 2 years, and a spot price of $0.18. The fair value of the stock options was $0.106 per option. The expected volatility assumption is based on the estimated volatility of comparable 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.

- On January 31, 2022, the Company granted 1,100,000 stock options to various consultants of the Company. Each option is exercisable to acquire a common share at an exercise price of $0.075. The stock options expire on January 31, 2024 and vested immediately upon grant. The Company recognized $53,200 for share-based payments.

  The fair value of the 1,100,000 stock options was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.22%, a dividend yield of nil, an expected annual volatility of the Company's share price of 146.0%, an expected life of 2 years, and a spot price of $0.08. The fair value of the stock options was $0.048 per option. The expected volatility assumption is based on the estimated volatility of comparable 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.

- On March 16, 2022, the Company granted 200,000 stock options to a director of the Company. Each option is exercisable to acquire a common share at an exercise price of $0.09. The stock options expire on March 16, 2024 and vested immediately upon grant. The Company recognized $12,900 for share-based payments.

(Stated in Canadian Dollars)

7. SHARE-BASED PAYMENTS (continued):

b) Stock Options (continued):

The fair value of the 200,000 stock options was estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.83%, a dividend yield of nil, an expected annual volatility of the Company's share price of 150.1%, an expected life of 2 years, and a spot price of $0.09. The fair value of the stock options was $0.065 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.

During the year ended September 30, 2021, the Company granted the following stock options:

- On January 5, 2021, the Company granted 2,600,000 stock options to directors, officers and various 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 the 2,600,000 stock options vested 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.

The changes in stock options issued during the years ended September 30, 2022 and 2021 are as follows:

	Year-ended September 30, 2022		Year-ended September 30, 2021	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Balance, beginning of year	2,600,000	$ 0.10	-	$ -
Granted	1,850,000	$ 0.11	2,600,000	$ 0.10
Balance, end of year	4,450,000	$ 0.11	2,600,000	$ 0.10

(Stated in Canadian Dollars)

7. SHARE-BASED PAYMENTS (continued):

b) Stock Options (continued):

Stock options exercisable and outstanding as at September 30, 2022 are as follows:

Expiry Date	Number of options	Exercise Price
April 1, 2023	2,600,000	$0.10
October 26, 2023	550,000	$0.20
January 31, 2024	1,100,000	$0.075
March 16, 2024	200,000	$0.09
	4,450,000	-

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, 2022 and 2021.

a) Compensation of key management personnel

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

	Year-ended September 30, 2022	2021
Management fees	$ 33,000	$ 32,000
Share-based payments - vested stock options	44,591	10,364
	$ 77,591	$ 42,364

b) Other related party transactions

i) During the year ended September 30, 2022, the Company incurred $46,364 (2021 - $nil) of exploration expenditures to a company related by a common director. As at September 30, 2022, $19,730 (2021 - $nil) 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. There were no changes to the Company's risk exposures during the year ended September 30, 2022. 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, 2022. The Company had no interest rate swaps or financial contracts in place as at or during the years ended September 30, 2022 and 2021.

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.

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, 2022 and 2021, 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. The Company's strategy for managing capital did not change during the year ended September 30, 2022.

As the Company's mineral properties are 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.

(Stated in Canadian Dollars)

11. 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, 2022	Year-ended September 30, 2021
Loss before income taxes	$ (1,233,393)	$ (676,433)
Canadian federal and provincial income tax rate	26.5%	26.5%
Income tax expense (recovery) based on Canadian federal and provincial income tax rates	(327,159)	(179,425)
Increase (decrease) in income taxes attributable to:		
Share issuance costs	(35,787)	(10,869)
Flow through benefits renounced	(240,461)	-
Tax benefits not recognized	362,636	190,294
Income tax (recovery)	$ (240,771)	$ -

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

	Year-ended September 30, 2022	Year-ended September 30, 2021
Exploration and evaluation expenditures	$ 213,607	$ 143,492
Share issuance costs	123,464	34,660
Non-capital loss carry forwards	120,901	101,754
	457,973	279,906
Less: tax benefits not recognized	(457,973)	(279,906)
	$ -	$ -

At September 30, 2022 the Company has non-capital losses of approximately $456,232 expiring between September 30, 2039 to 2042.

At September 30, 2022 the Company has available cumulative exploration and evaluation expenditures of $806,065 (2021 - $541,480) which carry forward indefinitely.

12. SEGMENTED REPORTING

The Company operates in a single reportable segment being the acquisition and exploration of mineral property assets in Canada.

13. SUBSEQUENT EVENTS

i) Subsequent to September 30, 2022, the Company changed its name from Quebec Silica Resources Corp. to Quebec Innovative Metals Corp. The trading symbol of the Company also changed from “QTZ” to “QIMC”.

ii) Subsequent to September 30, 2022, 360,000 common shares of the Company were released from escrow.

iii) Subsequent to September 30, 2022, an aggregate of 6,854,000 warrants with a weighted average exercise price of $0.09 expired.

iv) Subsequent to September 30, 2022, the Company completed the closing of a non-brokered private placement (the "Offering") by issuing a total of: (i) 4,850,000 National flow-through units (each, a "FT Unit"), at a price of $0.05 FT Unit, and (ii) 14,700,000 Québec flow-through units (each, a "Québec FT Unit"), at a price of $0.05 per Québec FT Unit. The aggregate gross proceeds raised from the Offering was $977,500. Each of the FT Units and Québec FT Units is comprised of one common share and one-half (1/2) of a common share purchase warrant ("Warrant"). Each whole Warrant in the FT Units and Québec FT Units entitles the holder thereof to acquire one additional common share at a price of $0.075 for a period of two (2) years expiring December 30, 2024. The common shares comprising each of the FT Units and Québec FT Units will qualify as "flow-through shares" within the meaning of subsection 66(15) of the Income Tax Act (Canada). The common shares underlying the Warrants are not "flow-through shares".

In connection with the Offering, finder's fees equal to an aggregate amount of $77,750 were paid, 977,500 compensation shares and 777,500 finder's warrants were issued to arm's length third parties of the Company. Each finder's warrant entitles the holder to acquire one common share of the Company for the price of $0.075 per common share for a period of two years expiring December 30, 2024.

v) Subsequent to September 30, 2022, the Company acquired three mineral claim properties, which are prospective for hydrogen and helium in the province of Québec.

Pursuant to the property acquisition agreement dated November 7, 2022, and subject to the satisfaction of all closing conditions and the receipt of applicable regulatory approvals including that of the CSE, the Company has agreed to acquire the properties from an arm's length vendor in consideration for the issuance of an aggregate of 5,000,000 common shares of the Company, at an issue price of $0.07 per share, and a 1% royalty on gross revenues from the sale of pure hydrogen arising from the lands underlying the properties. The properties consist of a total of 248 mineral claims totaling 14,257 hectares.