

**QUEBEC INNOVATIVE MATERIALS CORP.**  
**(formerly Quebec Silica Resources Corp.)**  
**INTERIM MD&A – QUARTERLY HIGHLIGHTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED MARCH 31, 2024**

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**Background and Corporate Update**

This Management Discussion and Analysis – Quarterly Highlights (“Quarterly Highlights”) for Quebec Innovative Materials Corp. (formerly Quebec Silica Resources Corp.), (the “Company”) is prepared as at May 30, 2024 and should be read in conjunction with both the Company’s unaudited condensed interim financial statements for the three- and six-month period ended March 31, 2024 and with its audited financial statements as at and for the year ended September 30, 2023.

On January 11, 2023, the Company changed its name from Quebec Silica Resources Corp. to Quebec Innovative Materials Corp. The Company’s common shares currently trades under the symbol “QIMC” on the Canadian Securities Exchange (“CSE”).

The unaudited condensed interim financial statements for the three- and six-month period ended March 31, 2024, 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”).

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

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars.

**Forward-Looking Statements**

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

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

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

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**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 and can be found on [www.sedarplus.ca](http://www.sedarplus.ca).

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.

**Exploration and Evaluation Properties**

A summary of the Company's exploration and evaluation expenditures for the six-month period ended March 31, 2024 is as follows:

	Charlevoix Silica Project	Roncevaux and Martinville Property	Ville Marie Project	River Valley Silica Project	Six-months. ended March 31, 2024
Exploration Costs					
Equipment & supplies	\$ 99,155	\$ 9,864	\$ 100	\$ 26,836	\$ 135,955
Food & lodging	20,894	-	-	4,195	25,089
Geological field work	102,281	-	-	120,442	222,723
Transportation	11,285	-	-	-	11,285
Total exploration and evaluation expenditures	\$ 233,615	\$ 9,864	\$ 100	\$ 151,473	\$ 395,052

**Charlevoix Silica Project**

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

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

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

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

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

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

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

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

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

**Roncevaux and Martinville Property**

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

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

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

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**Ville Marie Project**

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

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

**River Valley Project**

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

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

**Analysis of the Company's Financial Performance and Condition**

The following is a summary of the Company's results for the eight most recently completed quarters (in Canadian dollars (\$)):

	Revenue \$	Net Loss \$	Loss per share \$	Total Assets \$	Total Liabilities \$	Working Capital \$
March 31, 2024	Nil	15,780	0.00	195,147	147,892	47,255
December 31, 2023	Nil	418,044	0.01	187,399	124,365	63,034
September 30, 2023	Nil	663,466	0.01	735,311	254,232	481,079
June 30, 2023	Nil	291,653	0.00	1,229,026	273,782	955,244
March 31, 2023	Nil	203,968	0.00	1,475,524	228,627	1,246,897
December 31, 2022	Nil	805,773	0.01	2,048,407	570,067	1,478,340
September 30, 2022	Nil	638,036	0.02	1,488,625	260,905	1,227,720
June 30, 2022	Nil	209,476	0.005	1,889,446	278,190	1,611,256

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**Three-months ended March 31, 2024**

The Company reported a loss of \$15,780 (2023 – \$203,968) and a loss per share of \$0.00 (2023 - \$0.00) for the three-months ended March 31, 2024. The loss was comprised of the following items:

- During the three-months period ended March 31, 2024, the Company recognized a Quebec mineral tax credit of \$150,348 (2023 - \$nil). The refundable mineral tax credit is offered to companies on eligible expenditures operating in the Province of Quebec.
- Exploration and evaluation expenditures were \$64,083 (2023 - \$115,320). A summary of the expenditures can be found in Note 5 of the Company's March 31, 2024 condensed interim financial statements.
- Management fees were \$19,500 (2023 - \$18,000) and consisted primarily of \$nil (2023-\$6,000) and \$10,500 (2023 - \$3,000) paid to the former CEO and CFO respectively for services rendered. The Company also paid \$nil (2023-\$9,000) to the COO of the Company and \$6,000 (2023 - \$nil) to the Executive Chairman of the Company. Additionally, the Company paid \$3,000 (2023 - \$nil) to the independent directors.
- General and administrative expenses were \$28,215 (2023 - \$30,893) and consisted principally of administrative fees and office rent costs. Costs were higher in prior comparative period as the Company was active in securing financing.
- Professional fees were \$13,141 (2023 - \$7,435). These costs were consisted of \$13,141 (2023 - \$6,240) for accounting and audit fees and \$nil (2023 – \$1,195) for legal fees.
- Regulatory, transfer agent and filing fees were \$4,890 (2023 - \$16,357) and consisted of monthly CSE listing fees and transfer agent fees.

**Six-months ended March 31, 2024**

The Company reported a loss of \$433,824 (2023 – \$1,009,741) and a loss per share of \$0.01 (2023 - \$0.03) for the six-months ended March 31, 2024. The loss was comprised of the following items:

- Exploration and evaluation expenditures were \$395,052 (2023 - \$774,862). A summary of the expenditures can be found in Note 5 of the Company's March 31, 2024 condensed interim financial statements.
- Management fees were \$41,000 (2023 - \$34,000) and consisted primarily of \$6,000 (2023-\$12,000) paid or accrued to the former CEO of the Company, \$21,000 (2023-\$nil) paid or accrued to the current CFO of the Company. The Company also paid \$nil (2023-\$12,000) to the former COO of the Company and paid or accrued, \$8,000 (2023 - \$nil) to the Executive Chairman of the Company. Additionally, the Company paid \$6,000 (2023 - \$nil) to the independent directors.
- General and administrative expenses were \$45,324 (2023 - \$79,585) and consisted principally of administrative fees and office rent costs. Costs were higher in the comparative period as the Company was active in securing financing.
- Professional fees were \$21,059 (2023 - \$26,129) and consisted of \$nil (2023 – \$16,345) for legal fees and \$21,059 (2023 - \$9,784) for accounting and audit fees. The legal fees were higher in the previous year as the Company was active in various due diligence activities during the period ended March 31, 2023.
- Regulatory, transfer agent and filing fees were \$7,870 (2023 - \$22,193) and consisted of monthly CSE listing fees and transfer agent fees.

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**Securities Outstanding**

As at March 31, 2024, there were 75,909,001 common shares of the Company issued and outstanding.

As at March 31, 2024, there were 12,152,500 warrants of the Company, with a weighted average exercise price of \$0.08 per warrant, exercisable and outstanding.

As at March 31, 2024, there were 4,700,000 stock options of the Company, with a weighted average exercise price of \$0.05 per option, exercisable and outstanding.

On May 23, 2024, the Company announced that it has closed its previously announced non-brokered private placement (the “Offering”) by issuing 17,500,000 units of the Company (the “Units”) at a price of \$0.03 per Unit for aggregate gross proceeds of \$525,000.

Each Unit consists of one common share in the capital of the Company (each a “Common Share”) and one common share purchase warrant (each a “Warrant”), with each Warrant entitling the holder to acquire one additional Common Share for a period of 24 months from closing at an exercise price of \$0.05.

In connection with the Offering, the Company has paid finder’s fees in the amount of \$32,288 and has issued 1,076,250 finder warrants (each a “Finder Warrant”) of which \$30,263 was paid to, and 1,008,750 finder warrants were issued to EMD Financial Inc., a company in which the CEO of the Company serves as a dealing representative. Each Finder Warrant entitles the holder to acquire one additional Common Share for a period of 24 months from closing at an exercise price of \$0.05.

Of the 17,500,000 Units issued, 14,375,000 Units (proceeds of \$431,250) were issued pursuant to the listed issuer financing exemption under Part 5A of National Instrument 45-106 - Prospectus Exemptions (the “Listed Issuer Financing Exemption” or “LIFE”), and 3,125,000 Units (proceeds of \$93,750) were issued to Quebec residents to subscribe for Units in reliance upon the “accredited investor” prospectus exemption set out in Quebec Regulation 45-106 respecting Prospectus Exemptions.

The Units offered under the LIFE will not be subject to resale restrictions pursuant to applicable Canadian securities laws. All other securities issued pursuant to the Offering, including the Units which may be distributed to the CEO of the Company and certain other Quebec residents, will be subject to the statutory hold period of four months and one day from the date of issuance in accordance with applicable Canadian securities laws.

As at the date of this MD&A, the Company had 93,409,001 common shares issued and outstanding.

As at the date of this MD&A, the Company had 30,728,750 warrants, with a weighted average exercise price of \$0.06 per warrant, exercisable and outstanding.

**Liquidity and Capital Resources**

As at March 31, 2024, the Company’s cash position was \$10,455 (September 30, 2023 - \$612,779) to settle liabilities of \$147,892 (September 30, 2023 - \$234,647). The Company had working capital of \$47,255 (September 30, 2023 - \$481,079). The decrease in cash and resulting working capital can be attributed to the Company’s decision to not pursue any financing during the six-month period ended March 31, 2024.

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During the six-month period ended March 31, 2024, uses of cash by the Company included \$577,324 for operating activities.

**Related Party Transactions**

Refer to Note 9 of the March 31, 2024 condensed interim financial statements.

**Additional Sources of Information**

Additional information relating to Quebec Innovative Materials Corp. (formerly Quebec Silica Resources Corp.) can be found on the Company's website at [www.qimaterials.com](http://www.qimaterials.com) or on the SEDAR Plus website at [www.sedarplus.ca](http://www.sedarplus.ca).

**Directors and Officers**

On March 1, 2024, the Company announced the resignation of Raymond Wladichuk as CEO and director; Patrick Lavasseur assumed the role of interim CEO.

As at March 31, 2024, the Company's Directors and Officers are as follows:

Johnny Karagiannidis	Executive Chairman
Patrick Lavasseur	Interim CEO / Director
Lisa Thompson	Director
Hani Zabaneh	Director
Ming Jang	CFO

On April 24, 2024, the Company announced the appointment of Johnny Karagiannidis as President and CEO of the Company. Mr. Karagiannidis is an MBA graduate of the Ivey Business School (University of Western Ontario), LL.B from the University of Montréal and is a member of the Québec Bar Association. He is also currently a dealing representative with EMD Financial Inc. ("EMD"). Prior to EMD, Mr. Karagiannidis had worked at Marquest Capital Markets, Industrial Alliance Securities, and Desjardins Securities.

As at the date of this MD&A, the Company's Directors and Officers are as follows:

Johnny Karagiannidis	President and CEO
Patrick Lavasseur	Director
Lisa Thompson	Director
Hani Zabaneh	Director
Ming Jang	CFO