HPQ SILICON RESOURCES INC.

(Formerly Uragold Bay Resources Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2016

INTRODUCTION

This management discussion and analysis (``MD&A``), prepared as at May 1st , 2017, contains information as at December 31, 2016 and should be read in conjunction with the Audited Financial Statements for the year ended December 31, 2016 and 2015 of HPQ Silicon Resources Inc. (formerly "Uragold Bay Resources Inc.") (``HPQ-Silicon``, the ``Corporation`` or ``HPQ``). The Notes referred to in this MD&A refer back to the Notes in the Consolidated Financial Statements. The Consolidated Audited Financial Statements are presented in compliance with the International Financial Information Standards (IFRS). All amounts are in Canadian dollars.

The consolidated Financial Statements of December 31, 2016, were prepared by management and were audited by the Corporation`s Auditors Raymond Chabot Grant Thornton.

The consolidated Financial Statements were not adjusted in regards to the accounting value of Assets and Liabilities, Revenues and Expenses and to the classification used in the preparation of the Consolidated Cash Flow Statement under the hypothesis of the Corporation`s ability to continue as a going concern. These adjustments could be significant.

The consolidated Financial Statements were prepared in accordance with IFRS which calls for critical accounting estimates. They also demand of Management the exercise of its judgement in the application of the accounting methods used by HPQ Silicon. Note 5 of the Financial Statements outlines the particularly complex areas where such judgement is required as well as the hypotheses and estimates where such hypotheses and estimates have a major effect on the consolidated Financial Statements.

HPQ Silicon Resources Inc. was incorporated on December 20, 1996, under the Canada Business Corporations Act. The Corporation`s shares are part of the Emerging Corporation category and are publicly traded on the TSX-Venture Exchange ("TSX-V") under the symbol:"HPQ". It is a reporting issuer under the securities laws of the provinces of Quebec, Ontario, Alberta and British Columbia. HPQ Silicon`s Head Office is located at 3000, Omer-Lavallée Street, Suite 306, Montréal, Québec, Canada.

The Corporation regularly presents supplementary information on its activities which are filed on (SEDAR) (www.sedar.com).

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. These statements are reasonable but involve a number of risks and uncertainties, which are identified in the regular filings done by the Corporation with the Canadian Regulatory Authorities and there can be no assurance that they will prove to be accurate and the final results as well as future events could vary in a material manner and contradict the results expected under these Statements. Therefore, actual outcome and results may differ materially from those expressed in or implied by these forward-looking statements.

FORWARD LOOKING STATEMENTS (continued)

The Forward Looking Statements are influenced by a variety of risks, uncertainties and other factors which could significantly alter the results and actual events. When used in this document the words such as “could”, “plan”, “estimate”, “intention”, “potential”, “should” and similar expressions are Forward Looking Statements.

Even though the Corporation believes that the expectations expressed in these Forward Looking Statements are reasonable, these statements are subject to risks and uncertainties and there is no assurance given by the Corporation that the expected results will correspond to the Forward Looking Statements.

A number of risks exist which could render these Forward Looking Statements erroneous such as the price movements in the metals markets, the fluctuations in the foreign exchange and Interest rate, of under or over estimated reserves, environmental risks (ever increasing regulations), unforeseen geological situations, negative extraction conditions, changes in government regulations and policies, the inability to obtain the needed permits and government approvals, Native issues, or any other risk tied to exploration and development.

The Corporation`s ability to continue its operations is subject to securing additional financings needed to continue the exploration of its mineral properties and to the continuous support of suppliers and creditors. Even though the Corporation was able to secure such financings in the past there is no guarantee it will be able to do so in the future.

The Corporation commits to update its Forward Looking Statements and to advise its shareholders if circumstances, estimates or opinions issued by Management must be changed.

NATURE OF ACTIVITIES

The Corporation`s objectives are the exploration and discovery of mineral properties of various size possibly leading to a viable commercial exploitation in addition to becoming a vertically integrated Silicon Metal, Solar grade Silicon Metal and PolySilicon producer. The Corporation will concentrate its efforts mainly on small to medium size projects in an effort to reach a higher yield while generating a positive cash flow.

To date HPQ Silicon hasn`t determined if the mineral assets it’s currently exploring for contain mineral reserves which could be extracted profitably, to be able to secure the needed financings to continue exploration and the development of the assets, of transformation technologies and to start commercial production, or the realization of profits from the disposal of such assets.

OVERALL PERFORMANCE DURING 2016

During the year, the Corporation officially changed its name in accordance with the adoption of a resolution by the shareholders of the Corporation name change to HPQ Silicon Resources Inc. As well it changed its Stock Exchange trading symbol to "HPQ" on the TSX-Venture Exchange.

During the year HPQ completed the following Private Placements:

- A Private Placement financing of $902,750 through the issuance of 6,448,211 units made up of 1 share and 1 warrant;
- A Private Placement financing of $1,250,000 through the issuance of 5,681,818 units made up of 1 share and one half (1/2) warrant;
- A Private Placement financing of $868,000 through the issuance of 6,200,000 units made up of 1 share and 1 warrant;
- A Private Placement financing of $192,340 through the issuance of 1,373,856 Flow-Through shares;
- A Private Placement financing of $555,750 through the issuance of 2,925,000 units made up of 1 share and one-half warrant;
- A Private Placement financing of $350,000 through the issuance of 4,375,000 units made up of 1 share and 1 warrant.

Following the adoption by the shareholders of a resolution the Corporation incorporated a subsidiary called "Beauce Gold Fields Inc. / Champs d'Or de la Beauce Inc.". This corporation will hold the following HPQ gold properties : Beauce Placer and the mining and exploration rights for all metals and minerals except for Quartz on the Roncevaux property. The majority of the shares obtained by HPQ from these transactions will be distributed to its shareholders.

The Corporation successfully completed and released the results to metallurgical tests on a number of Quartz/Silicon samples originating from its mining properties. The results obtained show that the technology eliminates contaminants and produces close to 99.99% (4N) pure Silicon. The Quartz/Silicon used during the tests was approximately 97.57% pure.

The Corporation announced that it had purchased from PyroGenesis the PUREVAP™ QRR Intellectual Property and had ordered pilot plant equipment with a 200 metric tonne per year Solar Grade Silicon Metal capacity. The total value of this transaction is $8,260,000 and is subject to regulatory approvals.

The Corporation adopted a new Option Plan to permit the grant of up to 14 million options. The Board granted 6,200,000 options to Directors, Officers and consultants during the year.

HPQ agreed to extend its contract with AGORACOM for an additional year under the same terms and conditions as the initial agreement signed on July 14, 2014..

During the year the Corporation proceeded to settle payables with suppliers for a value of $56,500 through the issuance of 420,340 shares.

OVERALL PERFORMANCE DURING 2016 (continued)

During the year, the Corporation raised $1,329,003 through the exercise of:

- 14,792,345 warrants
- 255,909 Broker Options
- 87,460 Broker Warrants, and
- 1,150,000 options.

As at December 31, 2016, the Corporation held cash in an amount of $472,393, $200,000 in the marketable securities in a quoted company, $261,387 in goods and services receivables, $45,600 advance for exploration expenses, $153,630 in prepaid expenses, $93,242 in installments on due to a corporation, and $362,953 in installments on due to Directors, Officers and to corporations controlled by a Director or Officer.

During the year to December 31, 2016, HPQ completed exploration work on its properties in an amount of $332,063.

EXPLORATION ACTIVITIES AND PROJECTS

RONCEVAUX - QUARTZ/SILICON

The Roncevaux property is made-up of 36 map designated claims covering a total of 2,068 ha in 2 blocks. The main block covers some 33 claims for a total area 1,895.76 ha and is host to the Roncevaux quartz vein occurrence. The second block consists of 3 claims covering 172.40 ha some 2.2 km north of the main block. The property is located in Gaspé in the Matapedia region about 75 km south of Causapscal

The Roncevaux Project lies within the southern domain in the central portion of the Connecticut Valley-Gaspé synclinorium. It is bounded to the north by the Shickshock-South fault and to the south by the Restigouche fault. This basin is filled with fine to very coarse grained siliciclastic rocks, various types of limestones, felsic to mafic volcanic and intrusive rocks. The rocks of the Roncevaux vein area belong to the Fortin Group and the few outcrops visited by the INRS-ETE technical team in September 2015 were made-up of sandstones and siltstones with lesser units of shales and mudstones. The rocks are folded faulted and fractured. Bedding (So) appears sub-vertical (85^{o}) with an average strike of $N231^{o}$.

During the year HPQ invested $30,005 in exploration work consisting mainly in metallurgical testing to validate that quartz from various parts of the occurrence could be used as raw material in the PUREVAP QRR. During the year, quartz from the Roncevaux property was successfully processed into high purity Silicon (Si) using the company's PUREVAP QRReactor located and operated by Pyrogenesis. Samples were of a purity of 4N+ (99.99+ %) with a mean purity of 99.99 %. The main contaminants were Aluminum (Al) and Phosphorus (P) with 0.008 % and 0.002 % respectively on average. Interestingly, the concentrations were below the detection limits for all the other contaminants for all locations.

During the fourth quarter the Corporation has received exploration results from the INRS regarding work-completed in the fall 2015 and winter 2016. Results from geophysical surveys completed by INRS, identified extensions along strike for at least 125 meters to the SW and NE beyond the limits of the trenches of the exposed quartz vein outcrop for a total length of 590 meters.

RONCEVAUX - QUARTZ/SILICON (continued)

Data collected from mapping of the trenches and various ground geophysical surveys by the ETE-INRS team revealed that the quartz vein network was injected along a faulted contact between a siltstone and sandstone rich sequence on the NW hanging wall and a more argillaceous and mudstone rich sequence to the SE foot wall. The vein system is about 8 m thick comprising a narrow footwall (0,35 m to 1.5 m) contact zone containing brecciaed wall rock fragments. Due to a thicker overburden, the hanging wall contact was only visible in trench VI where it exhibits similar features as the footwall contact zone.

This work consisted of:

- Cutting a twelve (12) line exploration grid to complete geological and geophysical mapping surveys;
- High Definition MAG survey (Total Field-GSM-19);
- Electro-magnetic Frequency domain (Iris Promis-10);
- Four (4) Tomographic Electric resistivity sections (ABEM Terrameter LS);
- New trenches were dug and former trenches were cleaned up to collect channel samples from the quartz vein and to collect samples weighing more than 200 kg;

The results from these surveys will help in planning a drilling program for the Roncevaux property. These drill holes should allow the Corporation to validate the purity of the SiO2 at depth and the historical resource estimates of 417,000 tonnes of high purity quartz held within the structure of the V1 vein (grades of 99.20% SiO2) (GM60610: Barrette, Jean- Paul. 2003. Rapport des travaux d'exploration minière sur la veine de quartz pur. Projet Silice Roncevaux, Canton Roncevaux, Gaspésie)

During the fourth quarter of 2016, the Corporation filed on SEDAR a NI 43-101-compliant Technical Report of the Roncevaux Property authored by Benoit Violette P.Geo. During the last week of April 2017, the Autorité des marches financier issued comments on certain statements of that report, to which the company will provide response within the following days.

During the last quarter of 2014, the Corporation received the results from the analysis of 20 quartz (SiO2) samples from the Ronceveaux property performed at ActivationLabs. The results varying between 99.37% and 99.86% purity with an average of 99.65% SiO2.

In march 2017, the Corporation agreed to sell to its wholly-owned subsidiary Beauce Gold Fields Inc. the Roncevaux exploration and extraction rights to Precious and Base Metals as well as to all other minerals except Quartz in exchange for 100,000 shares at a deemed price of $0.10 each and a 5% NSR. Up to 4% of this royalty can be bought back by paying $100,000 for each 0.10% NSR up to a maximum of $4 million.

MARTINVILLE - QUARTZ/SILICON

The Martinville Property (the "Property") is located in the Eastern Townships 180 km east of Montreal and 30 km south of Sherbrooke. Private forests and small farms mostly cover the region.Of the 8 claims that makeup the property a total area of 2.42 km^2 is available for exploration. The initial 2 claims are where the exploration work has been carried out and they host quartz veins that were historically worked on.

MARTINVILLE - QUARTZ/SILICON (continued)

The quartz deposit is made up of Schist encased hydrothermal quartz veins. A 1995 geophysical survey shows an exploration potential of more than 1,000,000 tonnes SiO2 using a surface length quartz vein of 200 m, averaging 2 to 23 meters in width while assuming a depth of up to 30 m (GM53696 : Pierre Vincent, "géosciences de l'établissement". 1995.). While pertinent this data is non-NI 43-101 compliant. To validate these estimates the Corporation plans on undertaking an exploration program that will be Ni-43-101 compliant.

During the first quarter 2016 the Corporation went forward with the preparation of 7 samples taken by INRS ("Institut National de la Recherche Scientifique") for the start of a series of metallurgical tests on its Quartz Silica under different operational scenarios. To ensure that the samples were not contaminated, they were cleaned using silicon carbide (an abrasive) and then pulverised in an agate mortar. The test was completed using atomic emission spectroscopy. the sample preparation INRS measured the samples taken in various quartz vein outcrops during the 2014 program. The analytical data measured by INRS – ETE Laboratory confirm for the Martinville property, the presence of very high purity Silica (SiO2) with a very low total concentration of all other main contaminants, around the 100 ppm level. This implies a purity of 99.99% SiO2. The total contaminant concentration (ppm) was established by adding the following elements (Titanium, Iron, Manganese, Magnesium, Calcium, Sodium, Potassium, Phosphorus, Chrome, Barium, Strontium and Copper).

During 2016 the Corporation invested $211,889 in metallurgical tests to determine if the Martinville Quartz/Silicon, originating from various parts of the property, can be purified to 99.99% and more. To date the results are conclusive.

MONTPETIT QUARRY- QUARTZ/SILICON

The Montpetit Silica Quarry property is composed of 4 claims covering an area of 243 hectares, located in the Montérégie Region of Québec, some 40 km south of Montreal and 7 km south of Saint-Clotilde-de-Chateauguay close to Hemmingford.

The deposit is composed of consolidated beach sand that was highly purified by segregation, sorting and leaching. Diagenesis has transformed this sand to a SiO2 quartzite deposit

No exploration work was done in 2016.

DRUCOURT - QUARTZ/SILICON

The Drucourt Property is composed eight claims located in the North Shore Region of Quebec, some 700 km northeast of Montreal. The property covers 442 hectares mostly within crown land and a few private tracts. It is approximately 100 km west of Natashquan, QC.

DRUCOURT - QUARTZ/SILICON (continued)

The property contains part of the quartzite bodies historically named Q1 to Q12. In 2014, a HPQ exploration team selected the Q-12 body for sampling due to its size, the historical work already done on it and its location 850 metres from road 138. The field crew localized the Q12 quartzite occurrence with a length of over 125 metres and over 45 m in width. From this site they successful extracted samples. Visually, the quartzite showed very high purity quartz with some impurities, mostly fine iron oxides due to surface weathering and in veinlets. The other quartz occurrences in the original claims and the additional claims were not explored at this time.

(***Pronovost, Jean-Marie. 2002***. *Évaluation des quartzites de la propriété Drucourt. Rapport des travaux présenté à André Liboiron et au fonds d'exploration minière de la Côte nord (F.R.E.M.) SAMEXOR Enr. GM59751. 33 pages. 3 plans)*

Results from the analysis of 13 quartz (SiO2) samples from the Drucourt property, done at Activation Labs varied between 97.60% and 99.90% purity. The average grade is 98.76% SiO2.

The Corporation invested $76,248 in metallurgical testing seeking to determine if the quartz/silica from Drucourt can be purified to 99.99% +. To date the results are excellent. HPQ is using quartz/silica coming from various sections of Q12 to ensure that it can all be used as raw material to produce high purity Silicon grading 99.99%.. .

MALVINA - QUARTZ/SILICON

The Malvina Property (the "Property") composed of 2 claims covering 121 hectares and is located in the Eastern Township, some 200 km east of Montreal, 50 km southeast of Sherbrooke and 5 km from the Quebec-Vermont border. The region is mostly covered by private forests and small scale farms.

The exploration campaign revealed that the mineralization appears to be located in a lens that is 15m by 16m. The mineralization seems to be linked with a post-orogenic event that created several shear zone filled with hydrothermal quartz.

No exploration work was done in 2016.

The property was first explored and sampled by the company in 2014. 100 kg of samples was collected. Results from the analysis of 6 quartz (SiO2) samples from the Malvina property were done at Activation Labs. The results vary between 98.21% and 99.23% purity. The average grade is 98.79% SiO2.

QUARTZ/SILICON - OTHERS

The Quartz/Silicon - Others project is made up of four (4) claim blocks:

- One consists in four (4) claims, called the Saint-Gédéon covering 240 hectares in the Beauce region close to the US Border;
- The second one is called Saint-Ludger composed of four (4) claims covering 221 hectares in the Lac Mégantic area;
- One claim called Beaudoin project; and
- The last one called Bourque project, both in the Eastern Townships south of Sherbrooke.

$12,125 of exploration work was done during the year consisting mainly in using quartz from various claims in metallurgical testing seeking to determine if the quartz/silica can be purified to 99.99% +. To date the results are excellent.

HIGH PURITY QUARTZ/SILICON

The Corporation announced that it had purchased from PyroGenesis the PUREVAP™ QRR Intellectual Property for $1 million and will use it solely for the production of Silicon using Quartz from its properties.

HPQ Silicon had previously signed an Exclusive Worldwide agreement for the use of the PUREVAPtm Quartz Vaporization Reactor. The Corporation is striving to maximize the use of Quartz/Silicon coming from various locations on its properties. The results continue being conclusive.

The PUREVAP™ QRR technology consistently produces 99.97% (3N) pure Silicon Metal while using lesser quality Quartz. As the tests are ongoing results are improving.

The HPQ Silicon technology is a CleanTech Solar grade Silicon Metal (SG Si) production process based on simple science. It's the only one-step SG Si production process. Traditional methods convert SiO2 into Metallurgical Silicon (MG Si) which is then transformed into SG Si. These methods have an important ecological footprint (as much in regards to energy consumption than through the use of dangerous chemicals) and are expensive.

The PUREVAP™ QRR technology produces Sg Si at less than 20% of the current industry costs with CAPEX of 5% of the current industry standards with a 75% reduction of the carbon footprint. PUREVAP™ QRR produces 14.1 Kg of Co2 equivalents vs 54 Kg equivalent for traditional methods.

The technology uses a Submerged Arc Vacuum Plasma. As the Silicon is refined the contaminants are removed. This is done at very low atmospheric pressure and using a high temperature arc plasma, thus the contaminants are vaporized before the Silicon. The vaporized contaminants are: P, K, Mg, Ca, Mn, Pb, Al, Fe and others.

This Agreement, which originally was exclusively for the worldwide use of the technology, was entered into to guarantee the Corporation's ability to use most of the Quartz from its mining properties, including those where the grade is lower and couldn't be used to produce Silicon Metal using the traditional approach.

The tests performed by PyroGenesis using PUREVAP tm QRR confirm the successful elimination of contaminants found in Quartz to produce very high purity Silicon (Nov. 2, 2016, HPQ press release). This release confirmed that it had succeeded in producing Silicon Metal using 97.57% pure Quartz. As the results were conclusive the Corporation elaborated an exploration program to evaluate the economic potential of each of its mining sites. The quality of the quartz extracted from its sites will allow the Corporation to continue evaluating the efficacy of its pilot plant equipment during the transformation of Quartz into high purity Silicon Metal.

HIGH PURITY QUARTZ/SILICON (continued)

Results announced during the quarter indicate that the technology regularly delivers Silicon with close to 99.99% (4N) pure Silicon. In the case of lower purity Quartz the current purity attained is around 97.5%.

The first tests show the efficacy of the technology to remove the following contaminants:

- Aluminium elimination between 74% and 98%;
- Boron elimination between 83% and 98%;
- Calcium elimination between 12% and 99%;
- Iron elimination between -214% to +61%;
- Phosphorus elimination between 67% and 97%; and
- Titanium elimination between -321% and -49%.

The Corporation thinks it can address the Iron increases in concentration by introducing different separation methods while for Titanium the increases in concentration are due to its low partial pressure and this issue should be resolved through future process adjustments.

During the year HPQ released results using lower purity Quartz samples from its properties. This type of Quartz does not meet minimum industry standards for the production of Ferro Silicon or Silicon Metal (Si). Using the PUREVAP™ QRR technology it reached purity of between 98.5% to 99.5%, removing up to 92% of the impurities and reaching an average purity of 99.936% (see September 29 and November 2, 2016, press releases).

The Corporation has also announced that the technology can produce Silicon Metal with a 4N purity (99.99% SiO_2) while using inferior grade material (98.14% SiO_2) by treating it ine the PUREVAP QRR jointly developed by PYROGENESIS and the Corporation.

According to the agreement with PyroGenesis an amount of $7,260,000 is planned for placing an order for a 200 metric tonne per year Silicon Metal pilot plant equipment. PyroGenesis must design, build and start up a pilot Silicon Metal PUREVAP™ vaporisation reactor which will use HPQ Quartz from its various properties. The specifics are:

- $4.43-million for the design, fabrication, assembly, cold commissioning and testing;
- $520,000 for the hot commissioning of the pilot system; and
- $2.31-million for testing and operating the pilot system during 10 months.
- The joint work with PyroGenesis is in transition from the characterisation testing which is almost done to the design and manufacturing of the pilot plant equipement.
- These two phases are running simultaneously since work is ongoing to find the best methoid to optimize the increase in throughput of the PUREVAP QRR process.
- The need to produce the needed data for the design and the fabrication of the pilot plant equipment which would produce high purity Silicon to Solar Grade Silicon, as released on August 2nd, 2016.
- To complete the various tests according to various operational scenarios to identify the best efficient method to produce high grade to Solar Grade Silicon.

Using the PUREVAP™ QRR technology PyroGenesis is continuing its testing of Quartz samples from HPQ's Drucourt and Mainville properties. A SiO_2 purity of between 97.5% to 99.99% has been attained from many samples.

GOLDEN HOPE – BELLECHASSE-TIMMINS MINE OPTION

Following a disagreement between the Corporation and Golden Hope Mines ("GNH"), dating to late 2015, HPQ had initiated legal action against GNH in an effort to defend its interests in the project. This action was to be heard later in 2017. The corporation recently signed a non-binding MOU with Golden Hope which should lead to the signature of a new option and joint-venture agreement by which HPQ could acquire a 50% interest in the Timmins Bellechasse project. Legal actions have been suspended and will be revoked upon signature of the new agreement.

This new letter of intent with GNH, which includes a new Option and JV agreement where HPQ could acquire an interest of up to 50% in the Timmins Bellechasse project, should soon be signed by the parties. It will contain roughly the same conditions as the original agreement. New timelines have been agreed to and the Corporation must participate in a Private Placement of common shares of GNH in an amount of $150,000.

ASSETS HELD FOR SALE

BEAUCE PLACER

The Beauce-Placer Project is made up of 52 mostly contiguous claims covering a total area of 1,645 hectares. Through ongoing selective staking the Corporation has also added other claims that are interesting and add to the strategic value of the project but are elsewhere in the region. The claims are located in the Beauce region of Quebec some 70 km south-east of Quebec City. Historically this region was the site of the first commercial gold production in Canada and is also one of the largest placer gold areas in Eastern North America.

In March 2017, the Corporation filed, for approval, with TSX-Venture Exchange the Sales agreement for the 52 claims as well as for the sale of the 7 real estate lots that make up the bland where the Beauce-Placer project is located. As a consideration for this sale BGF has agreed to issue to HPQ 25,000,000 common shares at a deemed price of $0.10 per share. BGF will also assume the mortgage liability that guarantees the $180,000 note found in HPQ's Balance Sheet.

HPQ has also agreed to grant to BGF the Exploration and Extraction rights to all Precious and Base metals from the Roncevaux property as well as to all minerals except for Quartz. As a consideration for this BGF will issue to HPQ 100,000 common shares, at a deemed price of $0.10, as well as grant it a 5% NSR on all metal and mineral production. BGF can acquire up to 4% of this NSR against payments of $100,000 for each 0.10% NSR interest to a maximum of $4 million.

These transactions are subject to regulatory approval.

During the year, the Corporation's created a HPQ wholly-owned subsidiary which will operate under the name "Beauce Gold Fields Inc." ("BFGI" or "Gold Fields"). Gold Fields has initiated its listing application with the Canadian Securities Exchange. Approximately 80% shares to be held by HPQ in the subsidiary will be distributed to its shareholders in accordance with the resolution adopted by the shareholders to that effect.. At the end of of 2016 the Corporation filed on SEDAR an updated NI 43-101 compliant report on the Beauce Placer project. During the last week of April 2017, the Autorité des marches financier issued comments on certain statements of that report, to which the company will provide response within the following days.

BEAUCE PLACER (continued)

BGFI will continue the efforts undertaken by HPQ to locate the source of the Beauce Placer deposit. The area where the Beauce-Placer project is located hosts a non-consolidated sedimentary unit 6 kilometer in length (a Saprolite unit underlays a brown diamictite unit on surface). This formation is the location of this historically important deposit. The work done to date by the Corporation revealed the presence of delicate gold in the Saprolite that is an indicator that the gold originates from nearby. This discovery allows the Corporation to hope that it could discover an important gold potential on its claims. (Please refer to the NI 43-101-compliant report filed by Uragold [now HPQ] on January 8, 2015).

For 2017, the Corporation or once Beauce Gold Fields Inc. is listed will plan an exploration program focused on the detection of deep sulfuric mineralization targets of the Beauce-Placer project. The exploration program, of which about 80 % is financed through government subsidies and the balance by BGFI, will be staffed by an internationally renowned multidisciplinary geophysical team. The program objectives will be the study and the identification and localisation of gold sources that led to the Beauce-Placer occurrence and to better understand the property potential.

The program will consist in systematically collecting magnetic and gravimetric data along various sections perpendicular to the geology of the St-Simon-les-Mines region. After which the team will complete an electromagnetic survey between 0 to 2,000 meters to identify the geoelectric character of the Bellechasse Gold Belt. According to previous electric resistivity work completed by INRS, this method uncovered the presence of strong anomalies located in the rock substratum found under the Quaternary units that underlay the Placer. (March 2013 press release)

The geophysical and petrophysical survey is subsidized mainly through a subsidy from FQRNT-Mines ("Fonds de recherche du Québec - Nature et technologies") (FRQNT).

The multi-disciplinary team will have representatives from the following institutions:

- INRS-ETE (Eau-Terre and Environnement);
- UQAT (Université du Québec en Abitibi-Témiscamingue) :
- The Geological Survey of Canada;
- MERN (Énergie et Ressources Naturelles-Québec);
- Paris VI Sorbonne (Université Pierre et Marie Curie); and
- Zonge International from Tucson, Arizona, USA.

EXPLORATION AND EVALUATION EXPENSES

The deferred exploration expenses (before exploration credits and mining rights) for the quarter ending on December 31, 2016 totalled $157,717 compared to $138,895 for the same period last year.

The deferred exploration expenses (before exploration and mining rights credits) for the year ending on December 31, 2016, were $332,063 compared to $225,625 for the same period last year, an increase of $106,438.

EXPLORATION AND EVALUATION EXPENSES (continued)

The Company objectives for fiscal 2017 and 2018 are to continue the exploration program seeking to establish mineral resources for the Roncevaux property following the 2014 results and for HPQ-Silicon to continue preparing scenarios for its other quartz properties. The results from this work will allow the elaboration of various scenarios such as more in-depth exploration or the sale or lapsing of the claims. During the year, the Corporation collected a number of samples from its properties , processed them using the PUREVAP QRR technology and sent them for metallurgical testing to an independent laboratory to determine the Silicon purity levels obtained considering they came from Quartz of various quality and from random locations on the claims.. The results were conclusive.

Here is a detailed exploration and evaluation comparative analysis of costs and expenses for the quarter ending on December 31, 2015 and 2016.

	Quarter ending December 31		Period ending December 31	
	2016	2015	2016	2015
	$	$	$	$
Beginning balance	1,209,195	912,804	1,034,849	837,665
Add:				
Geology	-	70,379	8,082	127,979
Rental and maintenance	1,157	655	1,842	655
Analysis	92,023	66 ,88	257,602	95,718
Supervision and reports	64,537	-	64,537	-
Management fees	-	1,273	-	1,273
	157,717	138,895	332,063	225,625
Balance before credits	1,366,912	1,051,699	1,366,912	1,063,290
Exploration credits and Mining Rights	19,455	(15,250)	19,455	(26,841)
	1,386,367	1,036,449	1,386,367	1,036,449
Less : Write-offs	-	1,600	-	1,600
Assets held for sale	844,745	-	844,745	-
Ending balance	541,622	1,034,849	541,622	1,034,849

SELECTED FINANCIAL INFORMATION FOR THE QUARTER

The following table presents Selected Financial Information for the last eight quarters.

	Financial Periods 2016				Financial Periods 2015			
Quarter end	**Dec. 31**	**Sept. 30**	**June 30**	**Mar. 31**	**Dec. 31**	**Sep. 30**	**June 30**	**Mar 31**
	$	$	$	$	$	$	$	$
Operating	1,421,465	370,629	421,561	288,565	424,311	429,233	240,901	173,353
Net Loss	1,476,982	373,594	436,540	302,566	424,438	435,838	256,681	186,053
Loss per share (basic and diluted)	(0.02)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Current Assets	3,497,544	1,282,390	1,391,805	997,981	875,646	938,992	826,663	530,775
Total Assets	7,840,995	5,899,863	3,813,490	3,385,603	3,140,236	3,008,521	2,828,617	2,491,228
Current Liabilities	735,418	500,854	668,253	634,315	439,541	359,661	255,087	258,667
Non-current Liabilities	2,069,876	1,519,179	707,246	703,758	930,286	926,286	923,392	811,761
Shareholders' Equity	5,035,701	1,903,477	1,375,499	1,338,499	1,770,409	1,286,492	1,178,479	1,070,428

DISCUSSION ON THE FINANCIAL INFORMATION OF THE SELECTED QUARTER

TOTAL PERFORMANCE

For the last quarter of fiscal 2016, the Company saw an increase in its Net Loss of $1,052,544 (248%) ($1,476,982 vs $428,438), while operational costs increased by $997,154 (235 %) ($1,421,465 vs $424,311) while during the last seven quarters the respective averages were $345,101 and $335,508.

NET LOSS ANALYSIS

The increase of its Net Loss by $1,052,544 (248%) ($1,476,982 vs $424,438), comparatively to the same period in 2015, comes from an increase in the operational expenses of $997,154 (235 %) ($1,421,465 vs $424,311). This increase in operational costs is mainly related to salaries and employee benefits expense .

The increase in salaries and employee benefits expense of $912,142 (623%) ($1,058,506 vs $146,364) is manly related three areas: to the value of the Options granted to the Company Officers and Directors and is included in the Share-based payments account. This difference was $638,199 ($638,199 vs $0), Salaries and employee benefits expense $207,509 (or 288%) ($279,555 vs $72,046) as well as management fees $150,000 (or 400%) ($187,500 vs $37,500). These increases represent performance bonuses granted to management as well as options granted to Officers and Directors of the Company.

There was an increase in operating expenses of $88,384 (32 %) ($361,962 vs $273,578). This increase is due to a number of factors: professional fees of $68,898 (or 34%) ($268,792 vs $199,894), Investor Relations $10,077 ($10,077 vs $0). The increase in Professional Fees compared to the same period last year is due to work done for the research and marketing of Quartz and its derivatives as well as to increased legal fees. The increase in Investor Relations fees is made up of the value of share-based payments. All other expenses are similar to the same period last year.

In the section Other income and expenses increased by $51,578 ($43,996 vs -$7,612). This increase in due mainly to the difference between the Net Present Value of the Royalties to be Paid of $44,848 and the reduction in the Interest costs to pay on the outstanding Note.

SELECTED FINANCIAL INFORMATION FOR THE 2016 PERIOD

The following table presents Selected Financial Information for fiscal 2016, 2015, 2014 and 2013.

	FISCAL ENDING			
	2016 31/12/16	**2015 31/12/15**	**2014 31/12/14**	**2013 31/12/2013**
	$	**$**	**$**	**$**
Operating expenses	2,502,220	1,267,798	1,628,142	1,001,822
Net loss	2,589,682	1,303,010	1,674,423	679,757
Results per share (basic and diluted)	(0.02)	(0.01)	(0.03)	(0.01)
Current Assets	3,497,544	875,646	481,479	649,964
Total Assets	7,840,995	3,140,236	1,751,918	2,509,503
Current Liabilities	735,418	439,541	273,206	828,147
Non-current Liabilities	2,069,876	930,286	727,818	-
Shareholders' Equity	5,035,701	1,770,409	750,894	1,681,356

OVERALL PERFORMANCE

To date, in comparison to 2015, the Company has seen an increase in its Net Loss of $1,286,672 (98%) ($2,589,682 vs $1,303,010), while costs of operations went up by $1,234,422 (97 %) ($2,502,220 vs $1,267,798) while during the last three previous periods these costs averaged respectively $1,219,063 and $1,299,254.

DISCUSSION ON NET RESULTS

There was an increase in Net Loss of $1,286,672 (98%) ($2,589,682 vs $1,303,010), compared to 2015, while its costs of operations increased by $1,234,422 (97 %) ($2,502,220 vs $1,267,798). This is divided amongst Salaries and employee benefits expense $906,654 and other operating expenses $329,349.

The increase in Salaries and expenses is related to personnel Benefits of $906,654 (160%) ($1,472,786 vs $566,132). This increase is caused by the value of the options granted to Officers, Directors and Consultants for an amount of $638,199. During the period the Company granted 4,600,000 options compared to 3,600,000 options during 2015. The weighted adjusted value of the granted option is higher than for the same period last year. As the Company's share price evolved rapidly in relation to the average of the previous years the volatility index used to calculate the value of the options has gone up similarly. This impacted directly the accounting value of the options. During the period the Board of Directors granted performance bonuses to the Officers of the Company in an amount of $350,000. The value of the Directors Tokens for the year totaled $70,500 and increase of $18,500 compared to the previous year. This amount was not paid during the year but appears as a Due to Directors, Officers and a corporation held by a Director.

There was an increase in other operating expenses of $329,349 (57%) ($1,026,396 vs $697,047) compared to 2015. This increase is directly due to an increase of $256,173 (50%) ($770,584 vs $514,411) in professional and consultation fees; an increase in Investor Relations fees of $24,754 ($24,754 vs $0); to an increase in travel expenses of $34,306 (85%) ($74,796 vs $40,490), an increase in Shareholder Information charges of $11,911 (24%) ($62,319 vs $50,408). The exceptional increase in professional and consultation fees is due to the development, research and marketing of quartz and its derivatives as well as to legal fees. The increase in Investor Relations costs of $24,754 is mainly made up of share-based payments of $16,354 issued in accordance with the service contract with Paradox Public Relations Inc.

The increase in traveling expenses is due to added travels in Quebec and Ontario as part of the efforts to raise Private Placement Financings. In early November 2016, the Company made a number of presentations in Europe with various players in the Silicon markets and a participation in the "International Metals and Commodities Show" in Munich, Germany. The increase of $11,911 (24%) ($62,319 vs $50,408) in shareholder information is due to an increase in the number of shareholders well as to a greater number of share certificates being issued as a result of the exercise of Options, Warrants and Broker's Options.

In the section Other income and expenses, financial income increased by $34,345 ($87,979 vs $53,634). An amount of $10,000 came from the variation in the fair value of the marketable securities between its acquisition costs and the market value at the end of the period. As far as Financial costs the Company amortization change of the present value of the royalties payable for an amount of $44,848. During the period there was no gain on Debt Settlement compared to 2015. This represented an amount of $17,741.

LIQUIDITIES AND CAPITAL RESOURCES

The Company ended the December 31, 2016 period with a working capital of $2,762,126 ($436,105, as at December 31, 2015). The current assets totalled $3,497,544: cash on $472,393 (vs $177,585 as at Dec. 31, 2015), Marketable securities in a quoted company $200,000 ($0 in 2015), HST receivables $261,387 ($36, 534 as at Dec. 31, 2015), Tax Credits receivable $0 ($33,400 on Dec. 31, 2015), advance for exploration expenses $45,600 ($115,281 as at Dec. 31, 2015), a deposit $0 ($50,000 on Dec.31, 2015), prepaid expenses of $153,630 ($88,796 as at Dec. 31, 2015), Assets held for sale of $1,908,339 ($0 in 2015) an instalment on due to a company of $93,242 ($96,801 as at 31 December, 2015), as well as instalments on due to Directors, Officers and company controlled by a Director or Officer $362,953 ($277,249 as of December 31, 2015).

The marketable securities in a quoted company for a value of $200,000 represent an investment with an adjusted cost basis in PyroGenesis for a value of $190,000. The HST receivable for $261,387 comes from the payment of bills related mainly to the Pilot Plant Equipment being designed and built. The advance on exploration costs of $45,600 represent metallurgical testing to be done by the consultant. The prepaid expenses of $153,630 are made up of fees related to the listing on the CSE of the subsidiary's shares, the remuneration on a service contract with a consulting firm based outside of Quebec as well as a membership contract for 2017. The assets held for a Sale of $1,908,339 represent the value of the Beauce Placer project to be sold to BGF. To eliminate the possibility of legal action the Corporation paid part of a sum due to a supplier, this amount being classified in the Financial Statements as an instalment on a due to a company of $93,242 (nominal value $99,000). The Company received a $7,000 reimbursement during the period. In the Instalments due to a directors , Officers and company controlled by a Director or Officer of $362,953 (nominal value $383,000) saw the Company remit a sum of $85,000 and an Officer reimbursed the sum of $5,230 during the period.

During this period the Company acquired the PUREVAP™ intellectual property from PyroGenesis for an amount of $1,000,000. In addition the Company has included in intangible assets an amount of $815,427 which represents the net present value of the royalties payable at a 22% rate over 20 years for a total sum of $4,600,000. There were Patents costs of $32,635. The Company acquired $1,675,058 of assets: $1,672,000 of equipment under construction and $3,058 for computer equipment.

Current liabilities totalling $735,418 ($439,541 as at Dec. 31, 2015) were made up of amounts owed to trade and others payables of $393,878 ($346,494 as at Dec.31, 2015) and Notes payables of $180,000. These notes are included in current liabilities since they mature in less than 1 year. The sums due to Directors, Officers total $0 ($92,530 as at Dec. 31, 2015). These sums were mostly composed of salaries, fees and remuneration of director. The non-current liabilities of $2,069,876 ($90,286 as at Dec. 31, 2015) are due to Directors, Officers and a company controlled by a Director $1,209,601 (Nominal value $730,110) as well as royalties payable of $860,275.

WORKING CAPITAL

As at December 31, 2016, the Company had a working capital of $472,393 ($177,585 on Dec. 31, 2015).

The Cash Flow used for operations activities of $1,527,626 is mainly made up of the Net loss for the period of $2,589,682. The difference between the two figures is mostly due to unpaid salaries and employee benefits expense of $420,501 included in the increase of the amount owed to due to directors officers and Company controlled by Directors; the non cash share-based payments of $728,791 as well to non-cash items that have no bearing on the cash flow from operations in an amount of $22,237. The use of cash flow on working capital of $109,473 during the period was made up of : increase in HST receivables $224,853, an increase in prepaid expenses of $64,834, a $69,681 reduction in prepaid exploration and evaluation expenses and an increase in amount owing to creditors of $110,533.

The use of cash flow for investing activities of $3,358,789, is made up of increase in exploration and evaluation assets of $402,271, tax credit received during the period of $13,945, an increase intangible assets of $1,032,635, the acquisition the marketable securities in a quoted company of $85,000, installments on a due to a Director, Officer and Company controlled by a Director of $85,000. There was a return of installments due to a Company of $7,000 as well as an amount of $5,230 on installments on dues to a Director, Officer and Company owned by a Director or Officer.

The cash flow from financing activities of $5,181,223 includes the issuance of common share units and Flow-Through shares as part of a completed private placement for an amount of $4,118,840, the exercise of warrants for $1,214,234, from the exercise of broker's options for $14,075, from the exercise of broker's warrants for $5,194 and the exercise of options for $95,500. There were issue costs of units of $216,620. The Company reimbursed $50,000 on the notes payable. There was an increase in cash flow of $294,808 during the period.

The Company average quarterly cash requirements should vary between $200,000 and $250,000 according to each period's activities excluding exploration and evaluation costs.

As long as the Company is in an exploration and evaluation mode it will not generate cash flow from operations. The Company ability to satisfy its current obligations and continue its development is fully dependent on Management's ability to raise the needed funds from private placements and other financing programs through the issuance of share capital.

Management is of the opinion that as long as important negative events do not occur on the financial markets, during the next year, the Company should be able to complete the needed placements and financings to advance its various projects.

In conclusion, the financial statements do not reflect the needed adjustments that would need to be made in the event it could not raise the funding to continue its activities. Investors are hereby advised that if such changes are needed they could be material.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS

HPQ Silicon is subject to paying royalties on certain properties in the event of commercial production.

According to the October 8, 2014 Fancamp Agreement, the Corporation must pay to Fancamp a 3.5% royalty on commercial metal production as well as a sum of $500,000 upon start of production. HPQ Silicon must also assume the payment of a 1.5% royalty to a third party, one percent of this royalty can be bought back for $1,000,000. Once the transactions between BGF and HPQ are completed Beauce Gold Fields will assume all obligations towards Fancamp and the other NSR holders.

On February 6, 2012, the Corporation signed a Mortgage contract on the seven Beauce lots to guarantee a $180,000 loan bearing an interest of 25% per year, thereby putting a lien on it. On June 30, 2014, the Corporation signed a separate $50,000 note for the unpaid interest owed on the mortgage. On January 6, 2015, the Corporation extended the maturity on the mortgage to February 6, 2017. During the period the Corporation reimbursed the $50,000 Note reducing the Notes payable to $180,000. The Corporation is currently in talks with the Note Holder to extend their maturity. Once the lots are transferred to BGF the Notes and the mortgage will follow and HPQ will no longer have these liabilities.

The July 15, 2014, AGORACOM contract was extended by one year under the original conditions. HPQ will issue shares to AGORACOM for on-line advertising and marketing services and other related activities. The extension started on July 15, 2015 and the $50,000 fees must be paid quarterly in $12,500 payments plus HST. On October 7, 2016, the Corporation settled a $14,125 creditor debt through the issuance of 49,560 common shares for services rendered to July 15, 2016. The AGORACOM agreement was extended to July 15, 2017.

On April 12, 2016, the Company concluded an Investor Relations agreement with Paradox Public Relations Inc. In accordance with this agreement, the Company must pay monthly fees of $6,500 for 24 months and issue 500,000 Share Purchase Options with a $0.15 per share exercise price. The Options are to be released over 12 months, 25% per quarter and 250,000 options were earned during the period.

On September 28, 2015, the Corporation concluded a Development and Exclusivity Agreement with PyroGenesis. In return for the Exclusive Right to use the PyroGenesis-developed technology, it must make the following payments:

- For 2016, the higher of 10% of Silicon sales or $50,000 (paid as of October 21, 2015 through the issuance of 1 million units;
- 2018, the highest between 10% of Si sales or $150,000;
- 2019, the highest between 10% of Si sales or $200,000 ;
- 2020 and after, the highest between 10% of Si sales or $250,000.

As at December 31, 2016, the total commitment for the purchase of the Pilot Plant Equipment was around $5,398,000.

On February 23, 2017, the Company completed a private financing for a total amount of $1,600,000. The Company issued 9,411,766 units and each unit consists of one common share and one warrant. Each full warrant entitles the holder thereof to subscribe for an equivalent number of common shares of the Company at a price of $0.25 per share, during a period of 24 months following the closing of the financing. No amount related to the warrants will be recognized.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

In addition, the Company recorded an amount of $28,305 commission fees as units issue costs. The Company issued to the agent 166,500 warrants (for a value of $14,792). Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.25 per share for a period of 24 months from the date of closing of the financing and also, the Company issued to the agent 136,000 warrants (for a value of $12,596). Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.23 per share for a period of 24 months from the date of closing of the financing. No amount related to the Warrants will be recognized.

On March 7, 2017, the Company completed a private financing for a total amount of $423,000. The Company issued 2,488,234 units and each unit consists of one common share and one warrant. Each full warrant entitles the holder thereof to subscribe for an equivalent number of common shares of the Company at a price of $0.25 per share, during a period of 24 months following the closing of the financing. An amount of $136,853 related to the warrants will be recorded in contributed surplus.

On March 24, 2017, the Company signed an agreement in principle with GNH, which provides that a new option and partnership agreement to acquire up to 50% interest in the Bellechasse-Timmins property must be concluded by the parties. This new agreement must contain substantially the same terms and conditions as the existing one.
This new agreement must provide for further delays in the completion of the work and a participation in a private placement's of GNH for a total amount of $150,000.

After the end of the year, 2,300,000 warrants has been raised for a total amount of $161,000 in cash.

SUMMARY OF ACCOUNTING POLICIES

The preparation of annual financial statements under IFRS requires that management use its judgment, makes assumptions and estimates and use hypotheses that influence the application of accounting methods, as well as having an effect on the book value of assets, liabilities, revenues and expenses. Final results could differ from these estimates.

The estimates and hypotheses are regularly reviewed. Any revision of accounting estimates are indicated during the period when the estimates are revised as well as any future periods affected by said revisions.
Information on the hypotheses and estimate uncertainties that present an important risk of creating a significant adjustment during the course of the next financial period are as follows:

- Recoverability of Exploration and Evaluation Assets;
- Evaluation of Income Tax Credits to receive on resources exploration and Mining Right Credits.

Management believes that the majority of the changes will be adopted in the Corporation's accounting methods during the first period starting after the effective date of each new change. The information on the new standards and interpretations as well as the new amendments, which are susceptible to be pertinent to the Corporation consolidated financial statements are supplied below.

FUTURE ACCOUNTING POLICIES

IFRS 9, Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking ‘’expected credit loss’’ impairment model and a substantially-reformed approach to hedge accounting. This new standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet assessed the impact of this new standard on its consolidated financial statements.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

As the Company is an emerging issuer, management does not need to attest to the establishment and maintenance of Information Communication Controls and Procedures and internal controls relating to financial information as defined under Regulation 52-109.

The Signing Officers of the Issuer are responsible to ensure that there are processes in place allowing them to gather sufficient information for the statements made in the Certificates.

FINANCIAL INSTRUMENTS

Financial Assets used by the Company consist of: cash, deposits (in 2015), advances on exploration and evaluation expenses, amounts owed to a corporation and to Directors, officers and a company controlled by a Director and are part of the loan and liabilities category. The Corporation’s liabilities include amounts owed to suppliers and creditors, amounts owed to Directors Officers and a company controlled by a Director (excluding salaries and personnel charges), and short term notes to pay.

The financial liabilities of the Corporation include supplier and creditor payables (excluding salaries and personnel related expenses), Notes payable, the amounts due to Directors, Officers and to a corporation held by a Director (excluding salaries and Personnel expenses) and royalties payable.

The fair value of installments due to Directors, Officers and corporations controlled by a Director or Officer, or corporations controlled by Directors; long term installments due to Directors, Officers and corporations controlled by a Director or Officer, or corporations controlled by Directors; Royalties payable and Notes payable (in 2015) are estimated using an analysis of the discounted cash flows using an interest rate for similar instruments., The adjusted value was very close to the book value at the end of 2016.

The adjusted value of marketable securities is estimated taking into consideration the value on the purchase date. Marketable securities were valued at their market value at year-end.

As at December 31, 2016, the corporation cash was held in Canadian funds in an interest bearing account at Bank of Montreal

INFORMATION ON SHARE CAPITAL

Information on financings

On December 31, 2016, the Corporation had 154,611,056 shares issued and in circulation (110,261,931 on December 31, 2015), 88,280 shares to be issued (282,500 on December 31, 2015), 57,396,956 warrants (50,862,681 as at December 31, 2015), 89,172 Broker's options (255,909 as at December 31, 2015), 35,440 Broker's warrants (87,460 on December 31, 2015), 86,000 Broker's units (none in 2015) and 11,650,000 Options (7,562,500 as of December 31, 2015). The number of shares on a diluted basis is 229,999,904. There were 2,300,000 warrants exercised since December 31, 2016.

Information on outstanding shares

As at May 1st, 2071, the Corporation had 168,987,616 shares issued and in circulation, 66,996,956 warrants, 87,172 broker's options, 337,940 broker's warrants, 86,000 broker's units and 11,650,000 options. The number of fully diluted shares is 248,190,684. The Corporation's share capital consists of an unlimited number of common shares with No Par Value.

RELATED PARTY TRANSACTIONS

For the year ending on December 31, 2016, the sum of $300,000 ($150,000 on December 31, 205) was accounted for as management fees under a contract between the Corporation and a corporation controlled by the Chairman of the Board as part of a consulting agreement with the Corporation.

These activities are part of the normal course of business for the Corporation and are established based on their exchange value as agreed to by the parties.

The Corporation has paid part of the Installments due to Directors, Officers and corporations controlled by a Director or Officer with a nominal value of $383,000. December 23, 2018 is the latest date at which the terms under which the repayment of these dues must be agreed to failing which the amounts are due immediately.

The Corporation owes to directors and officers salaries and remuneration with a nominal value of $1,243,141. The Corporation has obtained confirmation that payment of an amount of $1,243,141, under certain conditions, will not be demanded for a minimum of 12 months and one day after December 31, 2016.

MANAGEMENT'S REPORT ON CONTROLS AND PROCEDURES ON INFORMATION TO BE SUPPLIED

Under the dispensations granted in November 2007 by each of the Securities Commissions of Canada, the CEO and the CFO must produce a « Certificate of Filings-Emerging Issuer » relating to financial information presented in the annual and interim filings, including Management Discussion and Analysis.

When compared with the « Schedule 52-109A2-Certificate of Annual and Interim documents », the « Basic Certificate relating to an Emerging Issuer » includes a "Notice to reader" which declares that the CEO and CFO make no declaration regarding the establishment and maintenance of Controls and Procedures on the Communication of Information (CPCI) and the Internal Controls of the Financial Information (ICFI), as outlined in Regulation52-109.

RISK FACTORS

Inherent risks in mineral exploration and evaluation

The Corporation's activities consist in the acquisition and exploration of mining properties with the hope of discovering mining sites with economic potential. The Corporation's properties are currently at the exploration stage and do not hold any known commercial deposit. It is very unlikely that the Corporation will realize any short or mid-term benefits from these properties. Any future profitability of the Corporation's operations is conditional on the discovery of an economic ore body. In addition if such a case would arise, nothing guarantees that such an ore body could be put into profitable commercial production.

Environmental regulations and commitments

The Corporation's activities requires that it obtains permits from various governmental authorities and are regulated by laws and regulations on the exploration, development, extraction, production, exports, income tax, labor regulations and workplace safety as well as environmental issues and other topics.

Additional costs and delays could be caused by the need to comply with laws and regulations. If the Corporation cannot obtain or renew its permits or approvals, it could be forced to reduce or cease its Exploration Evaluation and Development activities.

Financing needs

The exploration, evaluation, development, extraction and production from the Corporation's properties will necessitate very substantial additional financial resources. The only sources of funds available are through the issuance of share capital and borrowing. There is no assurance that such financings will be available, neither would they be available at favorable conditions or will respond sufficiently to the project's needs. This could have a negative effect on the Corporation's business and financial situation. The impossibility of obtaining a sufficient financing could delay, or postpone indefinitely exploration evaluation or production activities on one or all the Corporation's properties, and even see the Corporation lose its participation in some or all of its properties.

Metal prices

The Corporation's share price, its financial results as well as its exploration and evaluation, production and development activities have been affected in the past and could very well be very negatively affected in the future by a fall in the price of precious and base metals.

Non insured risks

The Corporation's activities are subject to certain risks and dangers, including difficult environmental conditions, industrial accidents, labor conflicts, unusual or unexpected geological conditions, landslides, rock falls and other natural phenomenon such as unfavorable meteorological conditions, floods and earthquakes. Such events could result in bodily injuries or death, environmental damages or other damages to the properties or the production facilities or to the properties of other corporations, delays in mining production, monetary losses, and possibly legal liabilities.

Corporate permanence

The Corporation's future depends on its ability to finance its activities and to develop its assets. The failure to obtain sufficient financing could create a situation where it could not continue its activities, realize its assets and settle its liabilities in the normal course of business within a foreseeable future.

(s) Patrick Levasseur, President and Chief Operating Officer

(s) François Rivard, Chief Financial Officer

Montréal, May 1st , 2017