HPQ SILICON RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Period ended December 31, 2018

INTRODUCTION

This management discussion and analysis (``MD&A``), prepared as at April 30, 2019, contains information as at December 31, 2018 and should be read in conjunction with the Financial Statements for the year ended December 31, 2018 of HPQ Silicon 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, 2018, were audited by the Corporation`s Auditors Raymond Chabot Grant Thornton.

The consolidated Financial Statements were not adjusted in regard 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.

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, Alberta and British Columbia. HPQ Silicon`s Head Office is located at 3000, Omer-Lavallée Street, Suite 306, Montréal, Québec, Canada, H2Y 1R8.

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.

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.

Many 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, First Nations 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 Metallurgical Silicon Metal and Solar grade Silicon Metal (metallurgy and purification) producer. The Corporation will concentrate its efforts mainly on the integration of the transformation of quartz from its properties 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 2018

- On December 17, 2018, the Company declared a special dividend for the distribution of 10,680,000 shares of its Beauce Gold Fields Inc. subsidiary of Beauce, which was completed on December 31st , 2018.
- On December 11, 2018, the Company's subsidiary completed a financing of $ 550,000.
- On September 2018, the TSX-Venture gave its conditional approval for the listing of the Corporation's subsidiary "Beauce Gold Fields Inc.".

OVERALL PERFORMANCE DURING 2018 (continued)

- On August 20, 2018, the Corporation concluded a total financing of $5,250,000, in the following fashion:
  - A 5 year unsecured convertible debenture in an amount of $1,800,000;
  - The issuance of 16,250,000 equity units for a total of $1,950,000. Each unit consisting in one (1) common share at $0.12 and one warrant giving the holder the right to acquire an additional common share at a price of $0.17 for three (3) years;
  - A $1,500,000 line of credit (subject to certain conditions) set-up to meet any cost overruns.
- On August 10, 2018, the shareholders approved the plan of arrangement as presented at the Annual General Meeting.
- As part of the warrant exercise incentive program 4,152,000 warrants were exercised for a total of $290,640. The Corporation issued the same number of warrants with an exercise price of $0.17 good for 18 months from their date of issue. This incentive came to an end in July 2018.
- On April 19, 2018, the Corporation presented an update on its PUREVAP tm GEN2 reactor development. A total mass of 101.45 grams was obtained which is 11.5 times larger than the best PUREVAP tm GEN1 results of 8.8 grams (test #23) and 3.6 times higher than the 28.1 grams obtained in PUREVAP™ GEN2 test #007. The production yield reached 34.3% which is 2.5 times higher than the maximum mass attained to date of 13.4%.
- During the period of 2018, the Corporation made a $ 973,200 payment on its pilot plant equipment.
- During the period of 2018, the Corporation paid $ 82,283 for the patents and $ 354,100 for its alliance with Apollon Solar.
- During the period, the Company settled a debt to a supplier in the amount of $ 56,500 through the issuance of 639,287 common shares of which 188,333 shares were to be issued as of December 31, 2018.
- During the period of 2018, the Corporation raised $ 940,643 through the exercise of 13,437,250 warrants.

SUMMARY OF CURRENT ASSETS AND EXPLORATION WORK

- As at December 31, 2018, the Corporation held cash in an amount of $ 320,550, $ 364,000 in marketable securities in a quoted company, $ 277,981 in Goods and Services tax receivables, $ 1,950,000 in a deposit on a contract granted and $ 110,152 in prepaid expenses.
- For the year ended December 31, 2018, HPQ completed exploration work on its properties for a total of $ 79,714 on the Roncevaux property. HPQ wrote off $ 159,104 for the Carrière Montpetit property, the Drucourt property, the Malvina property, the Silice-autres property and the Beauce property for abandonment purposes. mining claims.

EXPLORATION ACTIVITIES AND PROJECTS

QUARTZ/SILICON

PROJECT: RONCEVAUX

The Roncevaux property is made-up of 36 map designated cells (“CDCs”) covering a total of 2,068 ha in 2 blocks. The main block covers some 33 CDCs for a total area 1,895.76 hectares and is host to the Roncevaux quartz vein occurrence. The second block consists of 3 CDCs covering 172.40 hectares some 2.2 km north of the main block. The property is located in the Matapedia region of Gaspé 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 bound 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 (85o) with an average strike of N231o.

During for the period of 2018, the Corporation completed exploration and development work for a value of $ 79,714. This consisted mainly in assays amd metallurgical testing for a value of $ 75,947 and rental fees of $ 3 767.

During the last quarter of the year of 2017, the Corporation completed a 2,000 meters diamond drilling program. This program consisted in 32 holes, each to a depth of 50 m, along the known 400 meter Quartz outcrop. Assays and characterization tests will be undertaken on the drill cores.

The Corporation plans to sell to its wholly-owned subsidiary Beauce Gold Fields Inc. the Roncevaux Specific Mining and exploration rights except for 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.

PROJECT: MARTINVILLE

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. The property consists of 8 claims of which an area of 2.42 km2 is available for exploration. The initial 2 Claims cover the area where the exploration work has been carried out and they host quartz veins that were historically worked on.

The quartz is made up of Schist encased hydrothermal quartz veins. A 1995 geophysical survey shows an exploration potential of more than 1,000,000 tonnes SiO_2 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 2018, the Corporation did not perform any exploration work on the property.

PROJECT: MONTPETIT QUARRY

The Company wrote-off in $ 5,799 in property costs since it abandoned some silicon claims.

PROJECT: DRUCOURT

The Company wrote-off in $ 129,017 in property costs since it abandoned some silicon claims.

PROJECT: MALVINA

The Company wrote-off in $ 5 346 in property costs since it abandoned some silicon claims.

PROJECT: SILICON - OTHERS

The Company wrote-off in $ 15 837 in property costs since it abandoned some silicon claims .

HIGH PURITY QUARTZ/SILICON

When HPQ acquired is first quartz concessions, to produce Solar Grade Silicon Metal (SoG Si), the critical material needed for the photovoltaic conversion of the sun energy into electricity, you needed to transform the Quartz (Silicon Dioxide or SiO_2) into Metallurgical Grade Silicon Metal (MG Si) using large smelters and then the MG Si needed to be further purified, using a chemical distillations process (Siemens process) to produce SoG Si.

Since 2015, HPQ has been developing with PyroGenesis Canada Inc a unique technology, The "PUREVAP ™ Quartz Reduction Reactor a proprietary process that uses a plasma arc within a vacuum furnace with the goal of becoming a vertically integrated producer of High Purity Silicon Metal (4N+) and a metallurgical producer of Solar Grade Silicon Metal ("SoG-Si") used in the manufacturing of multi and monocrystalline solar cells of the P and N types, required for production of high performance photovoltaic solar systems.

HPQ, in collaboration with industry leaders, PyroGenesis (TSX-V: PYR) and Apollon Solar, experts in their fields of interest, is developing the innovative PUREVAP™ "Quartz Reduction Reactors (QRR)", a new Carbothermic process (patent pending), which will permit the transformation and purifiction of quartz (SiO_2) into high purity silicon metal (4N+ Si) in one step therefore reducing significantly the CAPEX and OPEX costs associated with a metallurgical transformation of quartz (SiO_2) into SoG Si.

The PUREVAP™ QRR Intellectual Property belongs to HPQ. The Corporation is continuing its technical development with PyroGenesis, which is completing the conception and manufacturing of the Pilot Plant Equipment.

Below you will find a summary of the latest progess achieved during fiscal 2018 and subsequent period on our ongoing development of our PUREVAP™ project:

- On February 26, 2019, HPQ annouced that GEN2 PUREVAP™ Commercial Scalability Proof of Concept tests demonstrated that semi-continuous operation improves the PUREVAP™ QRR Production Yield. Scaling up from GEN1 to GEN2 in semi-continuous mode, production yield increased from ~ 1% to 34% (February 15 and April 19, 2018 releases).
- While 2018 test were mostly focussed on testing components and processes for the final design of GEN3 PUREVAP™, the GEN2 testing also demonstrated that production yield is crucial to the final purity of the Silicon Metal (Si) produced by the PUREVAP™

- Of significant interest is the fact that one GEN2 PUREVAP™ test provided 17.9% production yield and 99.83% total impurity removal efficiency compared to a GEN1 test under similar operating conditions, that provided 3% production yield and 97.14 % total impurity removal efficiency. PyroGenesis was able to validate that production yield does play an important role in the impurity removal efficiency of the process and final purity of Si.
- Using data from both GEN1 and GEN2 tests, PyroGenesis repeated the 2017 extrapolation exercise and concluded that, even using low purity feedstock (98.84% SiO2), the carbothermic part of the PUREVAP™QRR process should allow HPQ to reach the 4N+ Si (99.99+% Si) purity threshold, assuming a production yield of +90% (or commercial scale production yield of traditional Metallurgical Grade Si (MG-Si) smelters (98.5% - 99.5% Si)).
- These results exceed 2017 Gen1 base extrapolations that indicated then that the carbothermic part of the PUREVAP™ QRR process could only reach the 3N+ Si (99.9+% Si) threshold using low purity feedstock (98.84% SiO2), and furthermore this required a 100% production yield (November 1, 2017 release).
- On September 13, 2018, HPQ annouced that PyroGenesis Canada Inc has taken delivery of the Gen3 PUREVAP™ "Quartz Reduction Reactor" ("QRR") furnace, a key component of the pilot equipment. Delivery of the furnace marked the start of the assembly phase of the Pilot Plant in an HPQ - dedicated area at the production facility of PyroGenesis in Montréal. The Pilot Plant should be operational mid – 2019, only 3 years after the original concept was validated.
- On August 13, 2018, HPQ annouced that The PUREVAP™ QRR had a capability of reducing by 96% the carbon footprint associated with the greenhouse gas (GHG) emanating from the production of solar grade silicon metal (SoG Si).
- On July 19, 2018, HPQ partner PyroGenesis Canada Inc. announced that it had completed a scheduled audit of the GEN2 Purevap™ equipment for wear and tear following the first 14 tests of the joint venture's commercial scalability proof-of-concept testing program. The audit helped identify critical operational parameters for the GEN3 Purevap™ pilot equipment and allowed the evaluation of additional design modifications that could be implemented for further tests using the GEN2 Purevap™.
- The GEN2 Purevap™ equipment having been refurbished, reassembled and incorporating the latest design modifications, is now ready to start a new series of at least eight additional tests focused on:
    - Increasing the yield and the production yield of the GEN2 Purevap™ above test No. 14 results;
    - Testing the purity of the silicon produced using inductively coupled plasma-optical emission spectrometry from both the company's low-purity feed stock (98.84 per cent silicon dioxide (SiO2)) and specifically sourced ultrahigh-purity feed stock (greater than 99.9 per cent SiO2); and
    - Finding the optimum operation conditions for the GEN2 Purevap™ and gaining information about future GEN3 Purevap™ operation.

HIGH PURITY QUARTZ/SILICON (continued)

- On April 19, 2018, the Corporation issued an update on the scale-up development work being done on the GEN2 PUREVAP ™ reactor. The total mass of silicon produced yielded 101.45 grams which is 11.5 times greater than the GEN1 best results which were 8.8 grams (test # 323) and 3.6 times greater than 28.1 grams of GEN2 test # 007. At the same time production yield reached 34.3 % which is 2.5 times greater than the previous record: GEN2 test #007 which yielded 13.4%.
- In February 2018, the Corporation announced that Test #007 of PUREVAP™ QRR GEN2 produced 28.1 grams of silicon metal, which is 20 times the quantity obtained from Test #63 GEN1 of 1.4 gram, and 1.4 times higher than the 19.9 grams produced during test #003 PUREVAP™ QRR GEN2.
- In addition, Test #007 PUREVAP™ QRR GEN2 reached a conversion efficiency of Quartz into Silicon metal (production yield) of 13.4%, which is the highest efficiency to date, ten times higher than the reference Test #63 PUREVAP™ QRR GEN1 with a production yield of 1.3% and 1.8 times higher than test #003GEN2 with a production yield of 7.4%.
- During 2016, HPQ concluded an agreement with PyroGenesis in an amount of $8,260,000 for the procurement of Silicon Metal pilot plant equipment.
- As per the scheduling established for the design, manufacturing, assembly, cold start-up and the start of operations, no remittance has been made by the Company . The follow-up stages will consist of the hot start-up of the equipment for $520,000, and the 10 months start-up and breaking-in phase for a value of $2,310,000. The total investment was $5,240,000 as of December 31, 2018 of which $1,000,000 for the acquisition of the intellectual property. During August 2018, the Corporation made a $1,950,000 deposit to be used as payment for the star-up of the equipment.

ASSETS HELD FOR DISTRIBUTION TO THE SHAREHOLDERSS

BEAUCE PLACER

During 2016, the Corporation's created a HPQ-wholly-owned subsidiary which will operate under the name "Beauce Gold Fields Inc.", which has initiated a listing application on the TSX-Venture Exchange.

At the Annual General Meeting, the Shareholders adopted the resolution allowing the sale of the Corporation's gold assets to BGFI. These acquisitions should be paid for through the issuance of common shares of BGFI at a price of $ 0.10 each. The company distributed to its shareholders 10,680,000 shares out of the 13,350,000 received from BGF. As all points of the Arrangement Plan have been completed, COB was listed on the TSX Venture Exchange on February 4, 2019.

EXPLORATION AND EVALUATION EXPENSES

The deferred exploration expenses (before exploration credits and mining rights) for the quarter ending on December 30, 2018 totalled $ 67,739 compared to $ 527,529 for the same period last year.

The deferred exploration expenses (before exploration credits and mining rights) for the year ending on December 31, 2018 totalled $ 79,714 compared to $ 787,532 for last year, for a decrease of $707,818.

The Corporation's objectives for the fiscal year of 2018 and 2019 are to continue the exploration program seeking to finalize the calculation of the mineral resources for the Roncevaux property. Also, the Corporation continues to perform metallurgical tests on the Roncevaux quartz as well as on the quartz from its other properties. The results of this work will allow the elaboration of various scenarios such as more in-depth exploration, or the sale or abandonment of the claims.

Here is a detailed exploration and evaluation comparative analysis of costs and expenses for the period ending on December 31, 2018 and 2017.

	For the quarter ending on December 31		Period ending December 31	
	2018	2017	2018	2017
	$	$	$	$
Beginning balance	1,273,699	749,555	1,261,724	541,622
Add:				
Geology	-	86,755	-	110,136
Equipement leasing and maintenance	1,969	14,390	3,767	14,390
Analysis	65,770	167,800	75,947	399,271
Transport	-	8,109	-	8,109
Accommodation	-	10,224	-	10,224
Drilling	-	172,726	-	172,726
Manpower	-	57,334	-	57,334
Supervision and reports	-	9,303	-	10,584
Divers	-	888	-	4,758
	67,739	527,529	79,714	787,532
Balance before credits	1,341,438	1,277,084	1,341,438	1,329,154
Exploration credits and Mining Rights	-	-	-	-
	1,341,438	1,277,084	1,341,438	1,329,154
Less : Write-offs	150,862	15,360	150,862	67,430
Ending balance	1,190,576	1,261,724	1,190,576	1,261,724

SELECTED FINANCIAL INFORMATION FOR THE QUARTER

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

	Fiscal 2018				Fiscal 2017			
Quarter finishing on:	**12/31**	**09/30**	**06/30**	**03/31**	**12/31**	**09/30**	**06/30**	**03/31**
	$	$	$	$	**$**	$	$	$
Operating	474,795	350,920	396,682	294,794	1,567,648	386,134	659,235	292,437
Net Loss	393,298	470,294	592,373	189,458	1,438,370	679,765	377,392	120,716
Loss per share (basic and diluted)	(0,01)	(0,00)	(0,00)	(0,00)	(0,02)	(0,00)	(0,00)	(0,00)
Current Assets	3,022,683	5,381,473	2,655,484	2,805,441	2,843,366	3,299,943	4,047,091	4,131,361
Total Assets	11,391,633	13,217,610	9,664,041	9,693,622	9,602,391	9,538,683	9,786,113	9,583,357
Current Liabilities	824,286	995,091	758,490	512,003	480,468	1,215,267	888,072	447,376
Non-Current Liabilities	3,326,348	3,004,678	2,395,256	2,342,814	2,289,959	2,221,656	2,171,034	2,120,441
Shareholders' Equity	7,240,999	9,217,841	6,510,295	6,838,805	6,831,964	3,436,923	3,059,106	2,567,817

DISCUSSION ON THE FINANCIAL INFORMATION OF THE SELECTED QUARTER

- ### TOTAL PERFORMANCE

  For the fourth quarter of 2018, the Company saw a decrease in its Net Loss of $ 1,045,072 (73%) ($ 393,298 vs $ 1,438,370), while operational costs decreased by $ 1,092,853 (70%) ($ 474,795 vs $ 1,567,648) while during the last seven quarters the respective averages were $552,625 and $ 563,979.

- ### NET LOSS ANALYSIS

  The decrease in Net loss of $ 1,045,072 (73 %) ($ 393,298 vs $ 1,438,370), in comparison to the same period in 2017 corresponds mainly to the decrease in the costs of operations of $ 1,092,853.

- **NET LOSS ANALYSIS (continued)**

There was a decrease in costs of operations of $ 1,092,853 (70%) ($ 474,795 vs. $ 1,567,648). The main reasons are to be considered. The decrease in salaries and expenses for employee benefits of $ 456,178 ($ 17,460 versus $ 473,638) is attributable to the change of the present value on the due to the directors' and officers' expenses of $ 130,822, the non-grant of stock options during the year ($ 228,144 in 2017) and also a performance bonus to the officer in 2017 for $ 65,000. The decrease in Other Operational Charges of $ 301,090 ($ 162,925 versus $ 464,015) is mainly related to the completion of the various commercialisation and marketing work done during the 2017 period and a decrease in the write-offs of assets exploration and evaluation assets of $ 431,336 ($ 173,616 versus $ 604,952).

During the quarter, the Corporation accounted for restructuring costs of $ 120,540 compared to $ 24,788 for the same period in 2017. These costs are related to the preparation of the Plan of Arrangement under which its gold assets sold to its subsidiary which has been finalized during the month of December 2018.

Other revenues and expenses increased by $ 8,789 ($ 12,242 vs $ 3,453). This increase is due to the reduction to the change in the fair value of the derivative financial liability of $ 75,978 and the decrease in other income and expenses of $ 67,212 compared to the same quarter in 2017.

SELECTED FINANCIAL INFORMATION FOR THE 2018 PERIOD

The following table presents Selected Financial Information for fiscal 2018, 2017, 2016 and 2015.

	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015
	12/31/18	12/31/17	12/31/16	12/31/15
	$	$	$	$
Operating expenses	1,517,191	2,905,454	2,502,220	1,267,798
Net loss	1,645,423	2,616,243	2,589,682	1,303,010
Results per share (basic and diluted)	(0.01)	(0.02)	(0.02)	(0.01)
Current Assets	3,022,683	2,843,366	3,497,544	875,646
Total Assets	11,391,633	9,602,391	7,840,995	3,140,236
Current Liabilities	824,286	480,468	735,418	439,541
Non-current Liabilities	3,326,348	2,289,959	2,069,876	930,286
Shareholders’ Equity	7,240,999	6,831,964	5,035,701	1,770,409

- **OVERALL PERFORMANCE**

In 2018, in comparison to 2017, the Corporation has seen an decrease in its Net Loss of $ 970,820 (37%) ($ 1,645,423 vs $ 2,616.243), while costs of operations went down by $ 1,388,263 (48%) ($ 1,517,191 vs $ 2,905,454) while during the last three previous periods these costs averaged respectively $ 2,169,645 and $ 2,224,824.

- **DISCUSSION ON NET RESULTS**

The decrease in Net Loss of $ 970,820 (37%) ($ 1,645,423 vs $ 2,616,243), compared to 2017 results mainly from the reduction the costs of operations of $ 1,388,263 and an increase of $ 363,403 in other revenues and expenses.

The operational costs decreased by $ 1,388,263 (48%) ($ 1,517,191 vs $ 2,905,454). The decrease in salaries and expenses for employee benefits of $ 444,511 (54%) ($ 380,195 versus $ 824,706) is attributable to the change of the present value of on due to the directors' and officers' expenses of $ 130,822, the non-grant of stock options during the year ($ 228,144 in 2017) and also a performance bonus to the officer in 2017 for $ 65,000. The other operational costs decreased by $ 403,767 ($ 702,037 vs $ 1,105,804) is mainly related to the completion of the various commercialisation and marketing work done during the 2017 period. The decrease is mainly due to the write-off in the value of exploration and evaluation assets of $ 694,787 ($ 173,616 vs $ 863,403). During the period, the Corporation accounted for restructuring costs of $ 260,324 compared to $ 105,522 for the same period in 2017. These costs are related to the preparation for the Plan of Arrangement under which its gold assets are to be sold to its subsidiary has been finalized during the month of December 2018.

Other Revenues and Expenses decreased by $ 363,403 (-$ 197,587 vs -$ 165,816). The decrease is due to the reduction in fair value of marketable securities in a quoted company in the amount of $ 353,088 compared to the same quarter in 2017.

- **LIQUIDITIES AND CAPITAL RESOURCES**

The Corporation ended the December 31, 2018, period with a working capital of $ 2,198,397 ($ 2,362,898 as at December 31, 2017). The current assets totalled $ 3,022,683: cash on hand $ 320,550 ($ 314,103 as at Dec. 31, 2017), marketable securities in a quoted company $ 364,000 ($ 414,855 as at Dec. 31, 2017), HST tax receivables $ 277,981 ($ 105,940 as at Dec. 31, 2017), a deposit on a contract of $ 1,950,000 ($0 at December 31, 2017), prepaid expenses of $ 110,152 ($ 6,225 as at Dec. 31, 2017), no Assets held for distribution to the owners ($ 1,505,000 as at Dec. 31, 2017), an no instalment on due to a company ($ 123,251 as at 31 December, 2017), as well as no instalments on due to Directors, Officers and company controlled by a Director or Officer ($ 373,992 as of December 31, 2017).

The marketable securities in a quoted company for a value of $ 364,000 represent an investment in PyroGenesis with an adjusted cost basis of $ 344,500. The HST receivable for $ 277,981 comes from the payment of bills related mainly to suppliers during the last two quarters. The deposit on a contract of $ 1,950,000 represents part of the start-up cost for the pilot plant equipment. The prepaid expenses of $ 110,152 represents miscellaneous fees and a payment for Testing of the System.

- **LIQUIDITIES AND CAPITAL RESOURCES (continued)**

During the period, the Corporation acquired $ 973,200 in tangible assets representing its pilot plant equipment as well as intangible assets for a value of $ 436,383.

Current liabilities totalling $ 824,286 ($ 480,468 as at Dec. 31, 2017) were made up of amounts owed to trade and others payables of $ 501,335 ($ 170,755 as at Dec.31, 2017), no Note payable ($ 180,000 as at Dec. 31, 2017) and royalties payable of $ 322,951 ($ 129,713 at December 31, 2017). The non-current liabilities of $ 3,326,348 ($ 2,289,959 as at Dec. 31, 2017) represent due to Directors, Officers and a company controlled by a Director $ 992,319 (Nominal value $ 1,088,141) ($ 1,370,138 as at Dec. 31, 2017), the convertible debenture and derivative financial liabilities and including accrued interests for a value of $ 1,382,796 (nominal value $ 1,835,787) (none at December 31, 2017) as well as royalties payable of $ 949,233 ($ 919,821 as at Dec. 31, 2017).

- **WORKING CAPITAL**

As at December 31, 2018, the Corporation had a working capital of $ 320,550 ($ 329,517 for 2017).

The Cash Flow used for operational activities was $ 3,288,660. The use of cash flow for operations is made up of the Net Loss of $ 1,645,423. The other non-cash elements that have no influence on cash flow are composed of Depreciation for $ 9,944, Financial costs of $ 35,787, salaries and benefits of $ 159,731, Write-off of exploration and evaluation assets of $ 159,104 as well as the variation in the value of the shares of a publicly traded company of $ 57,931. The use of cash flow for operational working capital represents an amount of $ 1,929,984 which comes from: increase in HST receivables of $ 172,041, increase in Prepaid expenses of $ 103,927, The increase of deposit on a contract of $ 1,950,000 as well as the increase in trade and other payables of $ 295,984.

The use of cash flow for investing activities of $ 1,231,158 is made up of increase in Exploration and Evaluation assets of $ 71,201, an increase to assets held for sale of $ 14,512, an increase in the value of Tangible Assets of $ 973,200, an increase in Intangible Assets of $ 329,630, a Repayment of installments due to a company of $ 127,000, from the proceeds from the Disposition of negotiable investments of $ 283,786 and $ 175,000 on increase in Marketable securities.

The cash flow from financing activities of $ 4,526,765 includes a private placement through the issuance of common share units for a value of $ 1,950,000 as well as the exercise of warrants for $ 940,643 (which includes the warrant incentive program for a value of $ 290,640). The Corporation issued a convertible debenture in an amount of $ 1,800,000. There were share unit issuance costs of $ 17,063 as well as convertible debenture issuance costs of $ 147,315. The Corporation increased its cash flow of $ 6,447 during the period.

- **WORKING CAPITAL (continued)**

  The Corporation average quarterly cash requirements should vary between $ 225,000 and $ 250,000 according to each period's activities excluding exploration and evaluation costs and the addition to property equipment and intangible assets, as well as for restructuring costs.

  As long as the Corporation is in an exploration and evaluation mode it will not generate cash flow from operations. The Corporation's 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 Corporation 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

The Company entered into agreements with subscribers whereby the Company had to incur $245,000 of Canadian Exploration Expenses ("CEE") before December 31, 2012. The Company had incurred $163,875 in CEE before December 31, 2012 and an approximate balance of $77,000 of CEE renounced to the investors was not been incurred as at December 31, 2012 and was used for other purposes than exploration expenses. The maximal contingency for the Company, in relation to non-compliance with its obligations with subscribers, is approximately $55,000. As at February 28, 2014, the Company had produced the reductions forms related to the amount of $77,000 in CEE renounced to the investors and that have not been incurred as at December 31, 2012. As at December 31, 2017, an amount of $8,131 pertaining to part XII.6 taxes is included in trade accounts.

The Company entered into agreements with subscribers whereby the Company had to incur $1,244,000 of Canadian Exploration Expenses ("CEE") before December 31, 2017. The Company had incurred $919,256 in CEE before December 31, 2017 and an approximate balance of $293,000 of CEE renounced to the investors was not been incurred as at December 31, 2017 and was used for other purposes than exploration expenses. The maximal contingency for the Company, in relation to non-compliance with its obligations with subscribers, is approximately $220,000. As at February 28, 2018, the Company had produced the reductions forms related to the amount of $293,000 in CEE renounced to the investors and that have not been incurred as at December 31, 2017. As at December 31, 2017, an amount of $40,482 pertaining to part XII.6 taxes is included in trade accounts.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

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, 2018 and the $50,000 fees must be paid quarterly in $12,500 payments plus HST. The number of shares to be issued at the end of each period is determined on the date when the invoice is issued using the closing price of the shares the previous day on the TSX Venture Exchange. The most recent twelve-month agreement started on July 15, 2018 and the services totaling $50,000 must be paid quarterly by the Corporation through payments of $12,500 plus HST.

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:

- 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, 2018, the remaining total commitment for the purchase of the Pilot Plant Equipment was approximately $2,540,000 of which an amount of $1,950,000 is a deposit on a contract.

The Corporation has obtained the approval of the TSX-Venture Exchange for the line of credit on equity in an amount of $1,500,000 agreed to by PyroGenesis. This line of credit is only to be used if there are any cost overruns that could be incurred for the pilot plant equipment after the end of the test period in 2019 and until December 31, 2020.

The terms of the line of credit stipulate that for costs overrun to be paid for it must be agreed to by the two party prior to the expenses being incurred. Once the expenses approved, the Corporation will need to submit a 30 days advance notice to PyroGenesis stating that it intends on using the line of credit to pay for an overrun. Once the completion of the approved work, PyroGenesis will submit an invoice for the work done and HPQ will arrange for the payment of the invoice through the issuance of a sufficient number of common shares of its share capital to pay the invoice, the whole in compliance with the TSX-V regulations. The shares being subject to a 10% discount to the market price of the shares on the invoice date.

On November 17, 2017, the Company entered into a service agreement with Apollon Solar in the development of its Silicon SoG production project. Under this agreement, the Company undertakes to pay fees of € 188,000 over a period of 10 months from January 2018. On October 5, 2018, an amendment was signed between the parties extending the contract for an additional five months.

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.

SUMMARY OF ACCOUNTING POLICIES (continued)

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.
- Evaluation of the convertible debenture and derivative financial liability;

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

On January 1, 2018, the Company adopted IFRS 9 retrospectively, with the restatement of comparative data in accordance with the transitional provisions of IFRS 9. IFRS 9 defines the requirements for the recognition of financial assets and liabilities and replaces IAS 39, Financial Instruments: Recognition and Measurement.
The adoption of IFRS 9 had the effect of changing the classification of financial assets that were classified as loans and receivables but did not change the classification of other financial assets or financial liabilities. Cash, installments due to a company and installments on due to directors, officers and companies held by a director or officer classified as loans and receivables in accordance with IAS 39 are now classified at amortized cost in accordance with IFRS 9. The adoption of this new standard had no impact on the measurement of financial instruments; therefore, the comparative amounts have not been restated.

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

As the Corporation 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 Corporation consist of: cash and the deposit on contract are part of the loans and receivables category.

The financial liabilities of the Corporation include supplier and creditor payables (excluding salaries and personnel related expenses), the amounts Due to Directors, Officers and to a corporation held by a Director (excluding salaries and Personnel expenses) royalties payable, the interest payable on the convertible debenture, the convertible debenture and its derivative financial liability.

The fair value of due to Directors, Officers and corporations, controlled by a Director or Officer; of the convertible debenture and derivative financial liabilities, of the Royalties payable, are estimated using an analysis of the discounted cash flows using an interest rate for similar instruments. The fair value of royalties payable approximates the carrying amount at the end of the year, while the fair value of the due to directors, officers and a corporation held by a director is $ 992,319 and the convertible debenture is $ 930,249 (excluding derivative financial liabilities).

The fair value of the marketable securities of a quoted company was estimated based on the market price at the balance sheet date. Marketable securities of a quoted company measured at fair value in the consolidated statements of cash flows as at December 31, 2018.

As at December 31, 2018, 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, 2018, the Corporation had 222,284,053 shares issued and outstanding (191,979,173 on December 31, 2017), 188,333 shares to be issued (166,176 on December 31, 2017), 75,178,000 warrants (75,233,370 as at December 31, 2017), no Broker's Options (89,172 as at December 31, 2017), 717,250 Broker's Warrants (752,690 on December 31, 2017), 175,000 Broker's Units (261,000 as at December 31, 2017) and 12,400,000 Options (13,200,000 as of December 31, 2017). The number of shares on a diluted basis is 310,942,636.

- **Information on outstanding shares**

  As at April 30, 2019, the Corporation had 222,284,053 shares issued and outstanding, 63,278,000 warrants, 414,750 Broker's Warrants, 175,000 Broker's Units and 12,400,000 options. The number of fully diluted shares is 298,551,803. The Corporation's share capital consists of an unlimited number of common shares with No Par Value.

RELATED PARTY TRANSACTIONS

For the period ending on December 31, 2018, the sum of $150,000 ($150,000 on December 31, 2017) 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. $14,200 ($22,600) was accounted for by a corporation managed by a member of the board of Directors as part of consulting services rendered to 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.

Accounts payable and other payables include $ 141,418 due to officers and a corporation held by a director ($ 27,895 as at December 31, 2017).

The Corporation owes to Directors and Officers salaries and remuneration with a nominal value of $1,088,141. The Corporation has obtained confirmation that payment of an amount of $1,088,141, under certain conditions, will not be demanded for a minimum of 12 months and one day after December 31, 2018.

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 require 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.

- **First Nations relations**

  The Corporation regularly initiates exploration work in areas where First Nations could make claims. These claims could slow down the work to do or could increase its costs. The effect of these factors cannot be precisely determined.

- **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) Bernard J Tourillon, President and Chief Executive Officer

(s) François Rivard, Chief Financial Officer

Montréal, April 30 2019