HPQ SILICON RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Period ended June 30, 2019

INTRODUCTION

This management discussion and analysis (``MD&A``), prepared as at August 29, 2019, contains information as at June 30, 2019 and should be read in conjunction with the unaudited Consolidated Financial Statements for the periods ended June 30, 2019 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 Unaudited Financial Statements are presented in compliance with the IAS 34 standards ¨Quarterly Financial Information¨ 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. 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. All amounts are in Canadian dollars.

The consolidated Financial Statements of June 30, 2019, were prepared by management and not audited.

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 THE SECOND QUARTER OF 2019

- During the quarter, the Company announced a series of information on the progress of the implementation of the PUREVAP ™ Gen3 system.
- On June 17, 2019, HPQ announced that the PUREVAP ™ QRR process could significantly reduce the cost of raw materials for silicon manufacturing, thereby reducing the number of operations compared to the sector.
- On April 25, 2019, HPQ announced an evolution through tests on the commercial feasibility validation on GEN2 PUREVAP ™ and identified a new operational parameter.

OVERALL PERFORMANCE DURING THE SECOND QUARTER OF 2019 (continued)

- During the quarter, the Company settled a debt to a supplier in the amount of $ 89,125 through the issuance of 750,000 units consisting of one common share and one warrant and 156,944 common shares of which 156,944 shares were to be issued on June 30, 2019.
- During the quarter, the Company paid $ 25,816 for the patents and $ 85,200 for its alliance with Apollon Solar.

OVERALL PERFORMANCE DURING THE FIRST QUARTER OF 2019

- 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.
- On February 14, 2019, the Company has extended 4,375,000 warrants until March 2021.
- During the first quarter, the Company settled a debt to a supplier in the amount of $ 14,125 through 235,416 common shares of which 235,416 shares were to be issued on June 30, 2019.
- During the first quarter, the Company paid $ 3,961 for the patents and $ 87,000 for its alliance with Apollon Solar.

SUMMARY OF CURRENT ASSETS AND EXPLORATION WORK

- As at June 30, 2019, the Corporation held cash in an amount of $ 36,563, $ 310,500 in marketable securities in a quoted company, $ 19,233 in Goods and Services tax receivables, $ 1,950,000 in a deposit on a contract granted and $ 107,892 in prepaid expenses.
- For the period ended June 30, 2019, HPQ completed exploration work on its properties for a total of $608.

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.

PROJECT: RONCEVAUX (continued)

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.

During 2019, the Corporation did not perform any exploration work on the property.

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 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 2019, the Corporation did not perform any exploration work on the property.

HIGH PURITY QUARTZ/SILICON

Silicon (Si) is one of today's strategic materials needed to fulfil the renewable energy revolution presently under way. **Silicon (Si)** does not exist in its pure state; it must be extracted from quartz, one of the most abundant minerals of the earth's crust and other expensive raw materials in a carbothermic process.

HIGH PURITY QUARTZ/SILICON (continued)

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 first 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 is developing, in collaboration with industry leader PyroGenesis (TSX-V: PYR) the innovative *PUREVAP™ "Quartz Reduction Reactors" (QRR)*, a truly 2.0 Carbothermic process (patent pending), which will permit the transformation and purification of quartz (SiO_2) into Metallurgical Grade Silicon (Mg-Si) at prices that will propagate it significant renewable energy potential. HPQ is the owner of the PUREVAP™ QRR Intellectual Property.

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.

HPQ's is also working with industry leader Apollon Solar to develop a metallurgical pathway of producing Solar Grade Silicon (SoG Si) that will take full advantage of the *PUREVAP™ QRR* one-step production of high purity silicon (Si) and significantly reduce the Capex and Opex associated with the 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.

HPQ's focus is becoming the lowest cost producer of Silicon (Si), High Purity Silicon (Si) and Solar Grade Silicon Metal (SoG-Si). The pilot plant equipment that will validate the commercial potential of the process is on schedule to start in H2 2019***.***

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 July 11, 2019, HPQ annouced that the PUREVAP™ QRR process could significantly reduce the CAPEX investement associated with making Silicon and that this represent an additional significative competive advantage for the process;
- On June 17, 2019, HPQ annouced that the PUREVAP™ QRR process could significantly reduce raw material cost of making Silicon, lowering HPQ Opex versus the industry and represent a significative competive advantage for the process;

HIGH PURITY QUARTZ/SILICON (continued)

- On April 25, 2019, HPQ annouced that GEN2 PUREVAP™ Commercial Scalability Proof of Concept tests identified new operational parameter that increases the Pure Silicon (Si Nugget) Production Yield of the PUREVAP™ QRR and that a test using these new parameters was completed which together provided the following information:
  - The PUREVAP™ reactor can be modified from a stationary reactant mixtures load to a dynamic one, without affecting other key operational parameters of the reactor which, as a result, improves production yield significantly;
  - That changing the reactant mixture load to a dynamic flow positively affects Production Yield;
  - That it is feasible to modify the GEN3 PUREVAP™ Pilot Plant to integrate these advantages into the new design.
- On March 5, May 3, May 23 and June 6, 2019, HPQ issued a series of updates on the advancement of the Gen3 PUREVAP™ build up;
- 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% SiO_2), 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% SiO_2), 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.

HIGH PURITY QUARTZ/SILICON (continued)

- 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 (SiO_2)) and specifically sourced ultrahigh-purity feed stock (greater than 99.9 per cent SiO_2); and
  - Finding the optimum operation conditions for the GEN2 Purevap™ and gaining information about future GEN3 Purevap™ operation.

- 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.

HIGH PURITY QUARTZ/SILICON (continued)

- 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.

EXPLORATION AND EVALUATION EXPENSES

The were no deferred exploration expenses (before exploration credits and mining rights) for the quarter ending on June 30 , 2019 compared to $ 3,708 for the same period last year.

Here is a detailed exploration and evaluation comparative analysis of costs and expenses for the period ending on June 30, 2019 and 2018.

	For the quarter ending on June 30		For the six months ending on June 30	
	2019	2018	2019	2018
	$	$	$	$
Beginning balance	1,190,576	1,269,401	1,190,576	1,261,724
Add:				
Analysis	-	2,500	-	10,177
Location	608	1,208	608	1,208
	608	3,708	608	11,385
Ending balance	1,191,184	1,273,109	1,191,184	1,273,109

SELECTED FINANCIAL INFORMATION FOR THE QUARTER

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

	Financial Period 2019		Financial Period 2018				Financial Period 2017	
Quarter finishing on:	**06/30**	**03/31**	**12/31**	**09/30**	**06/30**	**03/31**	**12/31**	**09/30**
	$	$	$	$	$	$	$	$
Operating	288,221	257,294	474,795	350,920	396,682	294,794	1,567,648	386,134
Net Loss	491,046	367,426	393,298	470,294	592,373	189,458	1,438,370	679,765
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)
Current Assets	2,424,188	2,775,249	3,022,683	5,381,473	2,655,484	2,805,441	2,843,366	3,299,943
Total Assets	10,946,356	11,231,970	11,391,633	13,217,610	9,664,041	9,693,622	9,602,391	9,538,683
Current Liabilities	868,070	851,244	824,286	995,091	758,490	512,003	480,468	1,215,267
Non-Current Liabilities	3,954,275	3,493,778	3,326,348	3,004,678	2,395,256	2,342,814	2,289,959	2,221,656
Shareholders' Equity	6,484,011	6,886,948	7,240,999	9,217,841	6,510,295	6,838,805	6,831,964	3,436,923

DISCUSSION ON THE FINANCIAL INFORMATION OF THE SELECTED QUARTER

- **TOTAL PERFORMANCE**

  For the second quarter of 2019, the Company saw decrease in its Net Loss of $ 101,327 (17%) ($ 491,046 vs $ 592,373), while operational costs decreased by $ 108,461 (27%) ($ 288,221 vs $ 396,682) while during the last seven quarters the respective averages were $ 590,141 and $ 532,610.

DISCUSSION ON THE FINANCIAL INFORMATION OF THE SELECTED QUARTER (continued)

- **NET LOSS ANALYSIS**

  The decrease in Net loss of $ 101,327 (17%) ($ 491,046 vs $ 592,373), in comparison to the same period in 2018, corresponds mainly to the decrease in the cost of operations of $ 108,461.

  There was a decrease in costs operations of $ 108,461 (27%) ($ 288,221 versus $ 396,682). This decrease is related to the lower restructuring costs of $ 52,367 (or 100%) ($ 0 versus $ 52,367). These costs were related to the planning and setting of the plan of arrangement for the sale of gold assets to its subsidiary which was finalized in December 2018 and a decrease of the other operating expenses of $ 53,626 (28%) ($ 136,834). There was a decrease in professional fees of $ 57,243 compared to the corresponding period of 2018.

  Other incomes and expenses increased by $ 7,134 (-202,825 versus -195,691). This increase corresponds to the decrease in the fair value variation of a listed company's marketable securities of $ 81,997 and to the costs related to the convertible debenture of $ 109,513 compared to the intermediary of 2018. The Share of loss from equity-accounted investment in Beauce Gold Fields was $ 45,922 compared to none for the same quarter in 2018.

SELECTED FINANCIAL INFORMATION FOR THE 2019 PERIOD

The following table presents Selected Financial Information for fiscal 2019, 2018, 2017 and 2016.

	FISCAL 2019	**FISCAL 2018**	**FISCAL 2017**	**FISCAL 2016**
	30/06/19	**30/06/18**	**30/06/17**	**30/06/16**
	$	**$**	**$**	**$**
Operating expenses	545,515	691,576	951,672	710,126
Net loss	858,472	781,831	498,108	739,106
Results per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Current Assets	2,424,188	2,655,484	4,047,091	1,391,805
Total Assets	10,946,356	9,664,041	9,786,113	3,813,490
Current Liabilities	868,070	758,490	888,072	668,253
Non-current Liabilities	3,594,275	2,395,256	2,171,034	707,246
Shareholders' Equity	6,484,011	6,510,295	6,727,007	2,437,991

GENERAL DISCUSSION ON FINANCIAL INFORMATION FOR THE 2019 PERIOD

- **OVERALL PERFORMANCE**

  In 2019, in comparison to 2018, the Company saw a increase in its Net Loss of $ 76,641 (9%) ($ 858,472 vs $ 781,831), while operational costs decreased by $ 145,961 (21%) ($ 545,515 vs $ 691,476) while during the last three previous periods these costs averaged respectively $ 673,015 and $ 784,458.

- **DISCUSSION ON NET RESULTS**

  The increase in Net loss of $ 76,641 (9%) ($ 858,472 vs $ 781,831), in comparison to the same period in 2018, corresponds in the decrease in the fair value of marketable securities in a quoted company of $ 19,796, the convertible debenture costs of $ 168,953, the Share of loss from equity-accounted investment in Beauce Gold Fields of $ 48,857 and a the decrease in the cost of operations of $ 145,961.

  There was a decrease in costs of operations of $ 145,961 (21%) ($ 545,515 vs $ 691,476). The main reasons for the decrease is directly related to a decrease in the Restructuring costs of $76,592 (or 100%) ($Nil vs $76,592). These costs were related to the planning and setting of the plan of arrangement for the sale of gold assets to its subsidiary which was finalized in December 2018 and a decrease in other operating expenses of $ 66,027 ($ 293,248 versus $ 359,275).

  Other revenues and expenses increased by $ 222,602 ($ -312,957 vs $ -90,355). This increase corresponds in a decrease in the fair value of marketable securities in a quoted company of $ 19,796, the convertible debenture costs of $ 168,9532 compared to the same period in 2018 and the Share of loss from equity-accounted investment in Beauce Gold Fields of $ 48,857.

- **LIQUIDITIES AND CAPITAL RESOURCES**

  The Corporation ended the March 31, 2019, period with a working capital of $ 1,556,118 ($ 2,198,397 as at December 31, 2018). The current assets totalled $ 2,424,188: cash on hand $ 36,563 ($ 320,550 as at Dec. 31, 2018), marketable securities in a quoted company $ 310,500 ($ 364,000 as at Dec. 31, 2018), HST tax receivables $ 19,233 ($ 277,981 as at Dec. 31, 2018), a deposit on a contract of $ 1,950,000 ($1,950,000 at December 31, 201) and prepaid expenses of $ 107,892 ($ 110,152 as at Dec. 31, 2018).

  The marketable securities in a quoted company for a value of $ 401,760 represent an investment in PyroGenesis. The HST receivable for $ 19,233 comes from the payment of bills related mainly to suppliers during the last quarter. 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 $ 107,892 represents miscellaneous fees and a payment for Testing of the System.

  During the period, the Corporation acquired $ 201,977 in intangible assets.

  Current liabilities totalling $ 868,070 ($ 824,286 as at Dec. 31, 2018) were made up of amounts owed to trade and others payables of $ 487,086 ($ 501,335 as at Dec.31, 2018) and royalties payable of $ 340,984 ($ 322,951 at December 31, 2018). The non-current liabilities of $ 3,594,275 ($ 3,326,348 as at Dec. 31, 2018) represent due to Directors, Officers and a company controlled by a Director $ 992,319 (Nominal value $ 1,088,141) ($ 992,319 as at Dec. 31, 2018), the convertible debenture and derivative financial liabilities and including accrued interests for a value of $ 1,553,749 (nominal value $ 1,858,513) (1,382,796 at December 31, 2018) as well as royalties payable of $ 1,048,207 ($ 949,233 as at Dec. 31, 2018).

- **WORKING CAPITAL**

  As at June 30, 2019, the Corporation had a working capital of $ 36,563 ($ 90,984 for 2018).

  The Cash Flow used for operational activities was $ 143,923. The use of cash flow for operations is made up of the Net Loss of $ 858,472. The other non-cash elements that have no influence on cash flow are composed of Depreciation for $ 510, Accretion expenses for $ 239,970, Share of loss from equity-accounted investment for $ 48,857, Financial costs of $ 45,990, salaries and benefits of $ 99,615 as well as the variation in the value of the shares of a publicly traded company of $ 21860. The use of cash flow for operational working capital represents an amount of $ 301,467 which comes from: decrease in HST receivables of $ 258,748, decrease in Prepaid expenses of $ 2,260 as well as the increase in trade and other payables of $ 40,459.

  The use of cash flow for investing activities of $ 138,298 is made up of increase in Exploration and Evaluation assets of $ 608, an increase in Intangible Assets of $ 213,050 and from the Disposition of negotiable investments of $ 75,360.

  The use of cash flow for financing activities of $ 1,766 includes the share issuance costs of $ 1,766. The Corporation decreased its cash flow of $ 283,987 during the period.

  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 June 30, 2019, an amount of $ 8,131 pertaining to part XII.6 taxes is included in trade accounts.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

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 June 30, 2019, an amount of $40,482 pertaining to part XII.6 taxes is included in trade accounts.

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:

- 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 June 30, 2019, 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.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

On May 3, 2019, the company adopted a resolution authorizing a debt supplier of $28,250 by the issuance of 423,749 common shares. The common shares were issued on July 3, 2019.

On July 25, 2019, the Company completed a private financing for an amount of $325,000. The Company issued 3,250,000 units consisting 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 $0.15 per share, during a period of 36 months following the closing of the financing.

On August 16, 2019, the Company completed a private financing for an amount of $35,000. The Company issued 350,000 units consisting 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 $0.15 per share, during a period of 36 months following the closing of the financing.

In addition, the Company recorded an amount of $1,600 commission fees. The Company issued to the agent 16,000 warrants. Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.15 per share for a period of 36 months from the date of closing of the financing.

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.
- 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 $ 1,004,767 (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 June 30, 2019.

As at June 30, 2019, 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 June 30, 2019, the Corporation had 223,034,053 shares issued and outstanding (222,284,053 on December 31, 2018), 580,693 shares to be issued (188,333 on December 31, 2018), 64,028,000 warrants (75,178,000 as at December 31, 2018), 414,750 Broker's Warrants (717,250 on December 31, 2018), 175,000 Broker's Units (175,000 as at December 31, 2018) and 12,400,000 Options (12,400,000 as of December 31, 2018). The number of shares on a diluted basis is 300,632,496.

- **Information on outstanding shares**

  As at August 29, 2019, the Corporation had 227,057,802 shares issued and outstanding, 156,944 shares to be issued, 67,628,000 warrants, 430,750 Broker's Warrants, 175,000 Broker's Units and 12,400,000 options. The number of fully diluted shares is 307,848,496. 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 June 30, 2019, the sum of $75,000 ($150,000 on December 31, 2018) 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 and $ Nil ($14,200) 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 $ 159,526 due to officers and a corporation held by a director ($ 141,418 as at December 31, 2018).

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 June 30, 2019.

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.

- **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, August 29 2019