

HPQ - SILICON
R E S O U R C E S



HPQ SILICON RESOURCES INC.

(Formerly Uragold Bay Resources Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the quarter ended September 30, 2017

INTRODUCTION

This management discussion and analysis (“MD&A”), prepared as at November 23, 2017, contains information as at September 30, 2017 and should be read in conjunction with the Consolidated Unaudited Financial Statements for the quarter ended September 30, 2017 of HPQ Silicon Resources Inc. (formerly “Uragold Bay Resources Inc.”) (“HPQ-Silicon”, the “Corporation” or “HPQ”). The Notes referred to in this MD&A refer back to the Notes in the Consolidated Financial Statements. The Consolidated Unaudited Financial Statements are presented in compliance with the IAS 34 standards 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. All amounts are in Canadian dollars.

The Consolidated Financial Statements of September 30, 2017, were prepared by management and were not audited by the Corporation’s Auditors Raymond Chabot Grant Thornton.

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

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

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

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

NATURE OF ACTIVITIES

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

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

HIGHLIGHTS FOR THE THIRD QUARTER OF 2017

- The Corporation has initiated another Audio-magnetotelluric ("AMT"), Electric Resistivity Tomographic and various gravimetric surveys on its Beauce Placer property. This work is under the supervision of Professor Marc-Richer Lafleche, PhD, P. Geo, from the INRS (Institut National de Recherche Scientifique-Quebec City).
- The Corporation has announced that it will undertake, during the last quarter of 2017, a diamond drilling program for a cumulative depth of 2,000 meters in an effort to outline a Quartz (SiO₂) resource on its Roncevaux property, located in the Matapedia region of the Gaspé peninsula, Quebec. In addition the Corporation will extract and store on the property two 50 tons bulk samples.

HIGHLIGHTS FOR THE THIRD QUARTER OF 2017 (continued)

- During the second quarter of 2017, the Corporation had announced the signing of a new non-binding option agreement with Golden Hope Mines Ltd. in regards to the development of the Timmins-Bellechasse project by granting to HPQ the right to participate in a joint-venture and acquire an interest in the project. This agreement had been followed by the signature of the final agreement by the parties. The agreement was terminated during the third quarter.
- The Corporation still proposes to proceed with the distribution of Beauce Gold Fields Inc. (“BGFI”) shares by way of a Plan of Arrangement under a Quebec Superior Court decision. It also proposes to ask for the listing of the BGFI shares on the TSX-Venture Exchange.
- During the quarter, the Corporation settled outstanding payables through the issuance of 191,470 shares for a value of \$28,250 of which 78,470 at a price of \$0.18 per share and 113,000 at \$0.125 per share.
- During the quarter the Corporation raised \$28,227 through the exercise of:
 - 342,269 warrants
- As at September 30, 2017, the Corporation held cash in an amount of \$329,517, \$480,000 in the marketable securities in a quoted company, \$31,730 in goods and services tax receivables, \$43,863 in prepaid expenses, \$122,332 in installments on due to a corporation, and \$371,201 in installments on due to Directors, Officers and to corporations controlled by a Director or Officer.
- For the period ending on September 30, 2017, HPQ completed exploration work on its properties in an amount of \$260,003 and wrote off \$263,451 in abandoned claims.

HIGHLIGHTS OF THE PERIOD PRECEDING THE THIRD QUARTER OF 2017

- The Corporation identified a major fault located under the former Beauce-Placer alluvial operations. The geophysical survey of a length of 5.6 kilometre, completed along the Saint-Gustave road, identified this previously unknown fault.
- The Corporation announced new PUREVAP™ QRR results showing a 62% improvement in the system capacity in removing impurities found in material grading less than 98.14% SiO₂.
- During the first six months of 2017 the Corporation completed the following placements:
 - Through a Private Placement the Corporation raised \$1,600,000 by issuing 9,411,766 common share units composed of one common share and one warrant.
 - The Corporation also raised \$423,000 through a Private Placement of 2,488,234 common share units composed of one share and one warrant.

HIGHLIGHTS OF THE PERIOD PRECEDING THE THIRD QUARTER OF 2017 (continued)

- During the first half the Corporation settled a debt to a supplier in the amount of \$28,250 through the issuance of 176,560 common shares of which 88,680 shares were to be issued prior to December 31, 2016.
- During the first half the Corporation It received \$200,182 through the exercise of 2,781,818 warrants.

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 ha and is host to the Roncevaux quartz vein occurrence. The second block consists of 3 CDCs covering 172.40 ha some 2.2 km north of the main block. The property is located in Gaspé in the Matapedia region about 75 km south of Causapscal.
- The Roncevaux Project lies within the southern domain in the central portion of the Connecticut Valley-Gaspé synclinorium. It is bounded to the north by the Shickshock-South fault and to the south by the Restigouche fault. This basin is filled with fine to very coarse grained siliciclastic rocks, various types of limestones, felsic to mafic volcanic and intrusive rocks. The rocks of the Roncevaux vein area belong to the Fortin Group and the few outcrops visited by the INRS-ETE technical team in September 2015 were made-up of sandstones and siltstones with lesser units of shales and mudstones. The rocks are folded faulted and fractured. Bedding (So) appears sub-vertical (85o) with an average strike of N231o.
- During the fourth quarter of 2017, the Corporation SEDAR-filed a NI 43-101-compliant report on the property prepared by Benoit M. Violette, P. Geo. In November, 2017, the Corporation SEDAR-filed an updated NI 43-101-compliant report on the Beauce Placer project.
- The Corporation initiated a 2,000 meters diamond drilling program in an effort to outline a quartz (SiO₂) resource on the property. This program will consist in 32 holes along the known 400 meter Quartz outcrop. The objective is to outline a 650,000 tonnes resource to a depth of 50m. Assays and characterization tests will be undertaken on the drill cores. The Corporation has applied for the tree cutting and the building of the drill access trails. The Corporation will also be extracting two (2) 50 tonnes bulk samples which will be stocked on the property. This material will be used in the continuing metallurgical testing of the PUREVAP™ QRR Generation 2 (“Gen 2”) reactor.

PROJECT: RONCEVAUX (continued)

- During the third quarter of 2017 HPQ invested \$199,021 in exploration work consisting mainly \$780 for renting exploration equipment, \$8,501 in geological costs, \$3,870 in various geological exploration work and \$185,871 in metallurgical testing to validate that quartz from various parts of the occurrence is homogeneous.
- The Corporation plans to sell to its wholly-owned subsidiary Beauce Gold Fields Inc. the Roncevaux exploration and extraction rights to Precious and Base Metals as well as to all other minerals except Quartz in exchange for 100,000 shares at a deemed price of \$0.10 each and a 5% NSR. Up to 4% of this royalty can be bought back by paying \$100,000 for each 0.10% NSR up to a maximum of \$4 million.

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. Of the 8 claims that make up the property a total area of 2.42 km² is available for exploration. The initial 2 CDCs are 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 2017 to date, the Corporation did not perform any exploration work on the property.

PROJECT: MONTPETIT QUARRY

- The Montpetit Silica Quarry property is composed of 4 Claims covering an area of 243 hectares, located in the Montérégie Region of Québec, some 40 km south of Montreal and 7 km south of Saint-Clotilde-de-Chateaugay close to Hemmingford.
- The formation is composed of consolidated beach sand that was highly purified by segregation, sorting and leaching. Diagenesis has transformed this sand to a SiO₂ quartzite deposit.
- During 2017 to date, the Corporation did not perform any exploration work on the property.

PROJECT: DRUCOURT

- The Drucourt Property is composed eight claims located in the North Shore Region of Quebec, some 700 km northeast of Montreal. The property covers 442 hectares mostly within crown land and a few private tracts. It is approximately 100 km west of Natashquan, QC.
- The property contains part of the quartzite bodies historically named Q1 to Q12. In 2014, a HPQ exploration team selected the Q-12 body for sampling due to its size, the historical work already done on it and its location 850 metres from road 138. The field crew localized the Q12 quartzite occurrence with a length of over 125 metres and over 45 m in width. From this site they successfully extracted samples. Visually, the quartzite showed very high purity quartz with some impurities, mostly fine iron oxides due to surface weathering and in veinlets. The other quartz occurrences in the original CDCs and the additional CDCs were not explored at this time.

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

- During 2017 to date, the Corporation did not perform any exploration work on the property.

PROJECT: MALVINA

- The Malvina Property (the "Property") composed of 2 claims covering 121 hectares and is located in the Eastern Township, some 200 km east of Montreal, 50 km southeast of Sherbrooke and 5 km from the Quebec-Vermont border. The region is mostly covered by private forests and small scale farms.
- The exploration campaign revealed that the mineralization appears to be located in a lens that is 15m by 16m. The mineralization seems to be linked with a post-orogenic event that created several shear zone filled with hydrothermal quartz.
- During 2017 to date, the Corporation did not perform any exploration work on the property.

PROJECT: SILICON - OTHERS

- The Quartz/Silicon - Others project is made up of four (4) claim blocks:
 - One consists in four (4) claims, called the Saint-Gédéon covering 240 hectares in the Beauce region close to the US Border;
 - The second one is called Saint-Ludger composed of four (4) claims covering 221 hectares in the Lac Mégantic area;
 - One claim called Beaudoin project; and
 - The last one called Bourque project, both in the Eastern Townships south of Sherbrooke.
- During 2017 to date, the Corporation did not perform any exploration work on the properties. HPQ wrote-off \$36,977 in property costs since it abandoned silicon claims.

OTHER PROPERTIES

- HPQ wrote off \$15,225 in mining rights on non-gold or Silicon properties for which it held exploration rights.

OTHER BEAUCE PROPERTIES

- The Corporation wrote-off \$58,067 of non-gold or Silicon claims it held in Beauce which expired.

HIGH PURITY QUARTZ/SILICON

- At the start of the fourth quarter of 2017, the Corporation announced the PUREVAP™ Generation 1 (Gen1) QRR final results at the same time it announced the start-up of the PUREVAP™ Gen 2 QRR. The variations of the results on the final purity of the Silicon Metal using different parameters were rigorously investigated. The results validated the concept, the result extrapolations suggest that in a semi-continuous PUREVAP process HPQ can transform SiO₂ into Silicon Metal reaching purity levels acceptable to the Solar Industry (4N+ or 99.99%+). The recently launched PUREVAP™ Gen 2 metallurgical testing aims to validate this hypothesis and to sample downstream products while finalizing the plans and the preparations leading to the assembly of the Pilot Plant equipment.
- At the start of the last quarter of 2017, PyroGenesis informed the Corporation that the installation, assembly and start-up phases, of PUREVAP™ Gen 2 QRR, a 1/250 scale model of the 200 tpy pilot plant equipment, have been completed and a new metallurgical testing program has been initiated.
- The PUREVAP™ QRR intellectual property (IP) belongs to HPQ Silicon. The Corporation continues its development work on the technology in collaboration with PYROGENESIS Canada, while having completed the design and fabrication of the pilot plant equipment.
- The PUREVAP™ QRR technology consistently produces 99.97% (3N) pure Silicon Metal. The purity of the quartz used during these tests varied between 98.14% and 99.99%.
- The PUREVAP™ QRR technology produces Sg Si at less than 20% of the current industry costs with CAPEX of 5% of the current industry standards with a 75% reduction of the carbon footprint. PUREVAP™ QRR produces 14.1 Kg of Co₂ equivalents vs 54 Kg equivalent for traditional methods. It is the only one-step quartz into SGSi transformation process now in existence.
- The technology uses a Submerged Arc Vacuum Plasma. As the Silicon is refined the contaminants are removed. This is done at very low atmospheric pressure and using a high temperature arc plasma, thus the contaminants are vaporized before the Silicon.
- According to the 2016 agreement with PyroGenesis an amount of \$8,260,000 was planned for placing an order for a 200 metric tonne per year Silicon Metal pilot plant equipment. PyroGenesis must design, build and start up a pilot Silicon Metal PUREVAP™ vaporisation reactor which will use HPQ Quartz from its various properties.

HIGH PURITY QUARTZ/SILICON (continued)

- During the first 9 months of 2017, the Corporation paid to the consultant \$1,594,800 for the fabrication of the test equipment. In accordance with the design, fabrication, assembly, cold start-up and break-in period, the Corporation must make two payments: \$ 531,600 around January and \$ 441,600 around March 2018. The subsequent steps will consist of the hot start-up of the equipment for a sum of \$520,000 and a 10 month breaking-in period for a value of \$2,310,000. As at September 30, 2017, the investments total \$4,266,800 of which \$1 million for the acquisition of the Intellectual Property.

GOLDEN HOPE – BELLECHASSE-TIMMINS MINE OPTION

- HPQ has canceled its agreement with Golden Hope.

ASSETS HELD FOR SALE

BEAUCE PLACER

- The Beauce-Placer Project is made up of 152 (one hundred and fifty-two) mostly contiguous CDCs covering a total area of 4,808.95 hectares. Through ongoing staking the Corporation has also expanded its claim portfolio. The claims are located in the Beauce region of Quebec some 70 km south-east of Quebec City. Historically this region was the site of the first commercial gold production in Canada and is also one of the largest placer gold areas in Eastern North America.
- During 2017, Beauce Gold Fields has initiated an exploration program to identify the sulphide mineralization in the Beauce Placer project. This exploration program was performed by a renowned international multi-disciplinary team of geophysicists. The targets of the survey were the study and identification of the gold sources that were at the origins of the Beauce Placer site and to determine the property's potential.
- This program systematically collected magnetic and gravimetric data along various sections that are perpendicular to the St-Simon-les-Mines region. Afterwards an electromagnetic survey with a depth of 2,000 meters was completed to document the geoelectric characteristics of the Bellechasse gold belt. The electric resistivity survey, done by INRS and the Corporation, revealed the presence of strong anomalies in the rock substratum located under the Quaternary units of the Placer.
- On May 11, 2017, the Corporation announced the identification of a major fault located under the site of the former placer operations of the Beauce-Placer project. The geophysical survey conducted over a length of 5.6 kilometres along the St-Gustave Road revealed this fault which had not been identified to date. The survey consisted of audiomagnetotelluric ("AMT"), magnetometric and electromagnetic surveys.
- The surveys show the fault nearing surface along the site of the 1960's placer operations. The MAG data shows a contrast between the North and South block of the fault. This data could explain the presence of till and saprolitic gold in the St-Simon-Les-Mines region. The surface projection of the fault corresponds to a high electric chargeability domain (Richer-Lafleche, 2014) which could suggest the presence of disseminated sulphides in the volcanoclastic rock. This zone corresponds to the northern limit of the St-Simon-Les-Mines placers.

BEAUCE PLACER (continued)

- The AMT data could also suggest the presence of a large conductor (IV) 50 metres in width and with a vertical extension of 400 metres.
- The Corporation has initiated an exploration program with the goal of finding the limits of the geological fault that surfaces under the historical placer deposit. This program consists in two AMT (“Audio-magneto-telluric”) survey lines, two Electric Resistivity Tomographic (“ERT”) survey lines and many gravimetric surveys. The work is under the supervision of Professor Marc Richer-Lafleche, PhD, P. Geo, of the INRS.
- During 2016, the Corporation’s created a HPQ-wholly-owned subsidiary which will operate under the name “Beauce Gold Fields Inc.” (“BGF” or “Gold Fields”). Gold Fields has initiated a listing application on a stock exchange. BGF intends on completing a financing so it can meet the listing requirements. Approximately 80% shares to be held by HPQ in the subsidiary will be distributed to its shareholders in accordance with the resolution adopted by the shareholders to that effect. In November, 2017, the Corporation SEDAR-filed an updated NI 43-101-compliant report on the Beauce Placer project.
- The company plans to sell its gold projects to its BGF subsidiary. These transfers should be paid by the issuance of common shares of BGF at a price of \$ 0.10 each.
- HPQ has also agreed to grant to BGF the Exploration and Extraction rights to all Precious and Base metals from the Roncevaux property as well as to all minerals except for Quartz. As a consideration for this BGF will issue to HPQ 100,000 common shares, at a deemed price of \$0.10, as well as grant it a 5% NSR on all metal and mineral production. BGF can acquire up to 4% of this NSR against payments of \$100,000 for each 0.10% NSR interest to a maximum of \$4 million.
- These transactions are subject to a Court reviewed Plan of Arrangement under the Canadian Business Corporations Act, shareholder and TSX-Venture Exchange approvals.
- BGF will continue the efforts undertaken by HPQ to locate the source of the Beauce Placer deposit. The area where the Beauce-Placer project is located hosts a non-consolidated sedimentary unit 6 kilometer in length (a Sapolite unit underlays a brown diamictite unit on surface). This formation is the location of this historically important deposit. The work done to date by the Corporation revealed the presence of delicate gold in the Sapolite that is an indicator that the gold originates from nearby. This discovery allows the Corporation to hope that it could discover an important gold potential on its CDCs.

EXPLORATION AND EVALUATION EXPENSES

The deferred exploration expenses (before exploration credits and mining rights) for the quarter ending on September 30, 2017 totalled \$199,021 compared to \$45,791 for the same period last year.

The Corporation's objectives for the fiscal year of 2017 and 2018 are to continue the exploration program seeking to finalize mineral resources for the Roncevaux property as well as to start outlining resources on the Beauce Placer property. Also, the Corporation continues to perform metallurgical tests on the Roncevaux quartz as well as on its other quartz properties. The results from this work will allow the elaboration of various scenarios such as more in-depth exploration or the sale or lapsing of the CDCs.

Here is a detailed exploration and evaluation comparative analysis of costs and expenses for the period ending on September 30, 2017 and 2016.

	For the quarter ending on September 30		For the nine months ending on September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Beginning balance	550,534	1,163,404	541,622	1,034,849
Add:				
Geology	8,500	8,082	23,381	8,082
Analysis	185,871	37,024	231,471	165,579
Location	780	685	1,281	685
Divers	3,870	-	3,870	-
	<u>199,021</u>	<u>45,791</u>	<u>260,003</u>	<u>174,346</u>
Balance before credits	<u>749,555</u>	<u>1,209,195</u>	<u>801,625</u>	<u>1,209,195</u>
Less : Write-offs	<u>-</u>	<u>-</u>	<u>52,070</u>	<u>-</u>
Ending balance	<u><u>749,555</u></u>	<u><u>1,209,195</u></u>	<u><u>749,555</u></u>	<u><u>1,209,195</u></u>

SELECTED FINANCIAL INFORMATION FOR THE QUARTER

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

Quarter finishing on:	FISCAL 2017			FISCAL 2016				FISCAL 2015
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	06/30/16	03/31/16	12/31/15
	\$	\$	\$	\$	\$	\$	\$	\$
Operating	305,400	659,235	292,437	1,421,465	370,629	421,561	288,565	424,311
Net Loss	679,765	377,392	120,716	1,476,982	373,594	436,540	302,566	424,438
Loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)	(0.01)
Current Assets	3,299,943	4,047,091	4,131,361	3,497,544	1,282,390	1,391,805	997,981	875,646
Total Assets	9,538,683	9,786,113	9,583,357	7,840,995	5,783,307	3,813,490	3,385,603	3,140,236
Current Liabilities	1,215,267	888,072	447,376	735,418	500,854	668,253	634,315	439,541
Non-Current Liabilities	2,221,656	2,171,034	2,120,441	2,069,876	1,402,623	707,246	703,758	930,286
Total Liabilities	3,436,923	3,059,106	2,567,817	2,805,294	1,903,477	1,375,499	1,338,073	1,369,827
Shareholders' Equity	6,101,760	6,727,007	7,015,540	5,035,701	3,879,830	2,437,991	2,047,530	1,770,409

DISCUSSION ON THE FINANCIAL INFORMATION OF THE SELECTED QUARTER

- **TOTAL PERFORMANCE**

For the third quarter of 2017, the Company saw an increase in its Net Loss of \$306,171 (82%) (\$679,765 vs \$373,594), while operational costs decreased by \$65,229 (28%) (\$305,400 vs \$370,629) while during the last seven quarters the respective averages were \$501,747 and \$554,029.

- **NET LOSS ANALYSIS**

The increase in Net loss of \$306,171 (82 %) (\$679,765 vs \$373,594), in comparison to the same period in 2016 corresponds to the variation in the fair value of marketable securities in a quoted company of \$267,250 and to the amortization of the difference between the net present value of royalties to pay of \$44,848. These two elements were not present in the same period last year. This explains the increase of close to 100% of the Net Loss compared to the same period last year.

- **NET LOSS ANALYSIS (continued)**

The reduction in salaries and personnel charges compared to the previous period is \$50,742 (32%) (\$107,938 vs \$158,680). During the period, the Corporation did not account for any amount on any payments based on shares compared to the same period in 2016 the Corporation didn't account for any variation on the instalments on due to Directors, Officers and company controlled by a Director or Officer compared to 2016. This variation corresponded to an amount of \$59,463.

There was a small decrease in Other Operational Charges of \$14,742 (7%) (\$197,207 vs \$211,949). A number of factors created this small decrease. The reduction in professional fees of \$14,155 (10%) (\$121,054 vs \$135,209) is mainly due to a reduction in work done on the research and marketing of Quartz and its derivatives. The amount in regards to Shareholder Information and Listing fees were reduced by \$16,675 (or 62%) (\$10,314 vs \$26,989) are due to our Annual General meeting of shareholders. Office expenses went down by \$5,298 (or 25%) (\$15,765 vs \$21,063). This decrease in expenses were reduced by an increase in Investor Relations fees of \$7,073 (or 48%) (\$21,750 vs \$14,677) (including a share based payment of \$8,177 in 2016) as well as due to an increase in travel expenses of \$14,433 (or 107%) (\$27,801 vs \$13,368). These expenses were for meetings with potential investors during the quarter.

Other revenues decreased by \$399,300 (\$402,265 vs \$2,965). This decrease is due to the variation in fair value of marketable securities in a quoted company in the amount of \$263,567 compared to the same quarter in 2016 the Corporation includes the amortization of the difference between the net present value of royalties to pay of \$44,848. The interest charges on the Notes to payable decreased by \$1,523. During the quarter the Corporation accounted for restructuring costs of \$80,734. These costs are related to the preparation for the Plan of Arrangement under which its gold assets will be eventually vended to its subsidiary.

SELECTED FINANCIAL INFORMATION FOR THE 2017 PERIOD

The following table presents Selected Financial Information for fiscal 2017, 2016 2015 and 2014.

	FISCAL ENDING			
	2017 09/30	2016 09/30	2015 09/30	2014 09/30
	\$	\$	\$	\$
Operating expenses	1,257,072	1,080,755	843,487	1,327,528
Net loss	1,177,873	1,112,700	878,572	1,360,861
Results per share (basic and diluted)	(0.00)	(0.01)	(0.01)	(0.02)
Current Assets	3,299,943	1,282,390	938,992	100,548
Total Assets	9,538,683	5,783,307	3,008,521	1,325,2978
Current Liabilities	1,215,267	500,854	359,661	170,947
Non-current Liabilities	2,221,656	1,402,623	926,831	638,555
Shareholders' Equity	6,101,760	3,879,830	1,722,029	516,476

GENERAL DISCUSSION ON FINANCIAL INFORMATION FOR THE 2017 PERIOD

- **OVERALL PERFORMANCE**

To date, in comparison to 2016, the Corporation has seen an increase in its Net Loss of \$65,173 (6%) (\$1,177,873 vs \$1,112,700), while costs of operations went up by \$176,317 (16%) (\$1,257,072 vs \$1,080,755) while during the last three previous periods these costs averaged respectively \$1,117,378 and \$1,083,923.

- **DISCUSSION ON NET RESULTS**

There was an increase in Net Loss of \$65,173 (6%) (\$1,177,873 vs \$1,112,700), compared to 2016. This is divided amongst an increase in the fair value of marketable securities in a quoted company of \$302,750 reduced by the write-offs of Exploration and Development assets of \$263,451 and also by the amortization of the difference between the net present value of royalties to pay of \$134,544.

The reduction of salaries and personnel charges of \$63,212 (or 15%) (\$351,068 against \$414,280). During the first nine months the Corporation did not account for any amount on any payments based on shares compared to the same period in 2016. By excluding these amounts, which represent \$69,040, we have kept the personnel compensation costs stable.

There was a small decrease in Other Operational Charges of \$22,646 (3%) (\$641,788 vs \$664,434) compared to last year. A number of factors created this small decrease. The reduction in professional fees of \$88,011 (18%) (\$413,781 vs \$501,792) is mainly due to a reduction in work done on the research and marketing of Quartz and its derivatives. There was an increase in the amount in regards to Investor Relations fees of \$59,854 (3%) (\$81,604 vs \$14,677) (including a share-based payments amount of \$16,354 in 2017 and \$8,177 in 2016) represents a number of meetings with potential investors. There was a stability in the Travel Costs. The Corporation expects to hold a number of meetings with potential investors.. Office expenses decreased y \$4,345 (or 8%) (\$48,744 vs \$53,089).

Other Revenues and expenses increased by \$79,244 (\$47,299 vs -\$31,945). This is mostly due to the increase in the value of the shares held in a publicly traded company for a value of \$302,750 reduced by the amortization of the difference between the net present value of royalties to pay of \$134,544. This represents \$168,206 in increase of other revenues. During the third quarter of 2017, the Corporation accounted for \$80,734 in restructuring costs. These costs are related to the preparation of a Plan of Arrangement under which the Corporation's gold assets should be vended to its subsidiary. The interest costs on a note went down by \$8,211.

- **LIQUIDITIES AND CAPITAL RESOURCES**

The Corporation ended the September 30, 2017 period with a working capital of \$2,084,676 (\$2,762,126 as at December 31, 2016). The current assets totalled \$3,299,943: cash on hand \$329,517 (\$472,393 as at Dec. 31, 2016), Marketable securities in a quoted company \$480,000 (\$200,000 as at Dec. 31, 2016), HST tax receivables \$31,730 (\$261,387 as at Dec. 31, 2016), no advance for Exploration Expenses (\$45,600 as at Dec. 31, 2016), prepaid expenses of \$43,863 (\$153,630 as at Dec. 31, 2016), Assets held for sale of \$1,921,300 (\$1,908,339 as at Dec. 31, 2016) an instalment on due to a company of \$122,322 (\$93,242 as at 31 December, 2016), as well as instalments on due to Directors, Officers and company controlled by a Director or Officer \$371,201 (\$362,953 as of December 31, 2016).

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

The marketable securities in a quoted company for a value of \$480,000 represent an investment with an adjusted cost basis is in PyroGenesis for a value of \$600,000. The HST receivable for \$31,730 comes from the payment of bills related mainly to suppliers. The prepaid expenses of \$43,863 the remuneration on a service contract with a consulting firm based outside of Quebec, a membership contract for 2017 as well as the insurance premium payable on a Directors and Officers insurance policy. The assets held for a Sale of \$1,921,300 represent the value of the Beauce Placer project which should eventually sold to its subsidiary BGF. To eliminate the possibility of legal action the Corporation paid part of a sum due to a supplier, this amount being classified in the Financial Statements as an instalment on a due to a company of \$122,332 (nominal value \$127,000). Since the start of 2017 the Corporation made payments on Instalments due to a corporation of \$28,000. In the Instalments due to a directors, Officers and company controlled by a Director or Officer of \$371,201 (nominal value \$383,000).

During the period to September 30, the Corporation acquired \$ 1,594,800 of assets representing equipment under construction as well as \$300,000 in intangible assets.

Current liabilities totalling \$1,215,127 (\$735,418 as at Dec. 31, 2016) were made up of amounts owed to trade and others payables of \$864,127 (\$393,878 as at Dec.31, 2016), a liability related to Flow-Through shares of \$129,640 (\$161,540 as of Dec. 31, 2016), amounts owing to Directors of \$41,500 and Notes payables of \$180,000 (\$180,000 as at Dec. 31, 2016). The non-current liabilities of \$2,221,656 (\$2,069,876 as at Dec. 31, 2016) represent due to Directors, Officers and a company controlled by a Director \$1,226,837 (Nominal value \$1,243,141) as well as royalties payable of \$994,819 (as at Dec. 31, 2016 \$860,275).

- **WORKING CAPITAL**

As at September 30, 2017, the Corporation had a working capital of \$329,517 (\$261,209 on September 30, 2016).

The Cash Flow used for operational activities is \$676,609. The use of cash flow for operations is made up of the Net Loss of \$1,177,873 which was reduced by the market value of listed securities of \$302,750. The other non-cash elements that have no influence on cash flow are composed of depreciation for \$143,207 and a share-based payment of \$16,354, Salaries and employee benefits expense of \$41,500 , the write-off of exploration and evaluation assets of \$ 263,451 and Deferred income taxes of \$31,900. The use of cash flow for operation working capital represents an amount of \$371,402 which comes from: decrease in HST receivables of \$229,657, reduction in prepaid expenses of \$109,767, the decrease of \$45,600 on advances for exploration expenses as well as the reduction in trade and other payables of \$13,622.

The use of cash flow for investing activities of \$1,651,470 is made up of increase in Exploration and Evaluation assets of \$304,259, an property and equipment assets of \$1,329,900, an increase in the value of assets held for sale of \$12,961, Installments on a due to a company of \$28,000, the proceeds from the disposition of negotiable investments of \$895,750 and \$873,000 on increase in marketable securities.

- **WORKING CAPITAL (continued)**

The cash flow from financing activities of \$2,185,203 includes the issuance of common share units as part of completed private placements for an amount of \$2,023,000, the exercise of warrants for \$227,409. There were share issuance costs of units of \$66,206. The Corporation decreased its cash flow by \$142,876 during the period.

The Corporation average quarterly cash requirements should vary between \$250,000 and \$275,000 according to each period's activities excluding exploration and evaluation costs and the addition to property equipment and intangible assets. The Corporation is currently structuring a financing for its upcoming tangible and intangible asset purchases. To that purpose the corporation management is in discussion with institutions in order to complete the financial package during 2018.

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

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

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

On February 6, 2012, the Corporation signed a Mortgage contract on the seven Beauce lots to guarantee a \$180,000 loan bearing an interest of 25% per year, thereby putting a lien on it. On October 6, 2017, the Company agreed with the Mortgagee to extend the term to July 31, 2019.

The July 15, 2014, AGORACOM contract was extended by one year under the original conditions. HPQ will issue shares to AGORACOM for on-line advertising and marketing services and other related activities. The extension started on July 15, 2015 and the \$50,000 fees must be paid quarterly in \$12,500 payments plus HST. 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 new twelve month agreement starts on July 15, 2017 and the services totaling \$50,000 must be paid quarterly by the Corporation through payments of \$12,500 plus HST.

FINANCIAL COMMITMENTS, CONTINGENCIES AND SUBSEQUENT EVENTS (continued)

On April 12, 2016, the Corporation concluded an Investor Relations agreement with Paradox Public Relations Inc. In accordance with this agreement, the Corporation must pay monthly fees of \$6,500 for 24 months and issue 500,000 Share Purchase Options with a \$0.15 per share exercise price. The Options are to be released over 12 months, 25% per quarter and 500,000 options have vested to date. As of September 30, 2017, 500,000 options had been vested.

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 September 30, 2017, the remaining total commitment for the purchase of the Pilot Plant Equipment was around \$3,803,200.

On October 2, 2017, the Company has settled a debt supplier of \$300,000 by the issuance 3,000,000 units consisting of one common share and one warrant. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.20 per share, during a period of 36 months following the closing of the financing. No amount related to warrants was recorded and No profit or loss was recorded on this transaction.

As of November 21, 2017, the Corporation had completed two tranches, for a total of \$715,100, out of the regulatory authorities-approved maximum for the Private Placement of \$1,640,000. The Company issued 7,151,000 units consisting of one common share and one warrant. Each warrant entitles the holder to subscribe to one common share of the Company at a price of \$0.15 per share, during a period of 36 months following the closing of the financing. No amount related to warrants was recorded.

After the period, 1,750,000 warrants were exercised which raised a total amount of \$122,500 in cash.

SUMMARY OF ACCOUNTING POLICIES

The preparation of quarterly consolidated financial statements under IAS 34 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.

SUMMARY OF ACCOUNTING POLICIES (continued)

Information on the hypotheses and estimate uncertainties that present an important risk of creating a significant adjustment during the course of the next financial period are as follows:

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

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

FUTURE ACCOUNTING POLICIES

IFRS 9, Financial Instruments

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

INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

As the 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, installments dues to a corporation and to Directors, officers and a company controlled by a Director and are part of the loan and liabilities category. The Corporation's liabilities include amounts owed to suppliers and creditors, amounts owed to Directors Officers and a company controlled by a Director (excluding salaries and personnel charges), and short term notes to pay.

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

FINANCIAL INSTRUMENTS (continued)

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

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 September 30, 2017.

As at September 30, 2017, 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 September 30, 2017, the Corporation had 170,003,173 shares issued and in circulation (154,611,056 on December 31, 2016), no shares to be issued (88,280 on December 31, 2016), 66,032,370 warrants (57,396,956 as at December 31, 2016), 89,172 Broker's Options (89,172 as at December 31, 2016), 337,940 Broker's Warrants (35,440 on December 31, 2016), 86,000 Broker's Units (86,000 as at December 31, 2016) and 11,650,000 Options (11,650,000 as of December 31, 2016). The number of shares on a diluted basis is 248,241,655. There were 1,750,000 warrants exercised since September 30, 2017.

- **Information on outstanding shares**

As at November 23, 2017, the Corporation had 181,904,173 shares issued and in circulation, 74,433,370 warrants, 87,172 Broker's Options, 337,940 Broker's Warrants, 86,000 Broker's Units and 11,650,000 options. The number of fully diluted shares is 277,041,655. 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 September 30, 2017, the sum of \$112,500 (\$300,000 on December 31, 2016) was accounted for as management fees under a contract between the Corporation and a corporation controlled by the Chairman of the Board as part of a consulting agreement with the Corporation.

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

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

RELATED PARTY TRANSACTIONS (continued)

The Corporation owes to Directors and Officers salaries and remuneration with a nominal value of \$1,274,141. The Corporation has obtained confirmation that payment of an amount of \$1,226,837, under certain conditions, will not be demanded for a minimum of 12 months and one day after September 30, 2017.

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 Regulation 52-109.

RISK FACTORS

- **Inherent risks in mineral exploration and evaluation**

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

- **Environmental regulations and commitments**

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

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

RISK FACTORS (continued)

- **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) Patrick Levasseur, President and Chief Operating Officer

(s) François Rivard, Chief Financial Officer

Montréal, November 23, 2017