**MANAGEMENT'S DISCUSSION AND ANALYSIS OF QUEBEC RARE EARTH ELEMENTS CORP.**
**(FORMERLY METALLICA METALS CORP.)**
For the three and six months ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

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This management's discussion and analysis ("MD&A") provides an analysis of the financial situation and operations of Quebec Rare Earth Elements Corp. (formerly Metallica Metals Corp.) ("QREE", "Corporation") for the three and six-month periods ended October 31, 2023. This report, prepared as at December 14, 2023, intends to complement and supplement our unaudited condensed interim financial statements (the "financial statements") as at October 31, 2023 which have been prepared in accordance with International Financial Reporting Standards, and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and should be read in conjunction with the condensed interim consolidated financial statements and the accompanying notes. Readers are also advised to read the Corporation's audited financial statements (the "financial statements") and accompanying notes for the year ended April 30, 2023, (the "financial statements"), which have been prepared in accordance with International Financial Reporting Standards "IFRS".

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation. Our financial statements have been prepared using accounting policies consistent with IFRS. All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Corporation. Additional information relevant to the Corporation's activities can be found on SEDAR+ at www.sedarplus.ca.

| ABBREVIATION | PERIOD |
|---|---:|
| Q1-23 | May 1, 2022, to July 31, 2022 |
| Q2-23 | August 1, 2022, to October 31, 2022 |
| Q2-23 YTD | May 1, 2022, to October 31, 2022 |
| Q3-23 | November 1, 2022, to January 31, 2023 |
| Q4-23 | February 1, 2023, to April 30, 2023 |
| **Fiscal 23** | **May 1, 2022, to April 30, 2023** |
| Q1-24 | May 1, 2023, to July 31, 2023 |
| Q2-24 | August 1, 2023, to October 31, 2023 |
| Q2-24 YTD | May 1, 2023, to October 31, 2023 |
| Q3-24 | November 1, 2023, to January 31, 2024 |
| Q4-24 | February 1, 2024, to April 30, 2024 |
| **Fiscal 24** | **May 1, 2023, to April 30, 2024** |

## FORWARD-LOOKING INFORMATION

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events and include without limitation, statements regarding discussions of the Corporation's business strategy, plans, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the development of the Corporation's projects. These forward-looking statements involve numerous risks and uncertainties, and actual results may vary. Important factors that may cause actual results to vary include without limitation, certain transactions, certain approvals, changes in commodity prices, risks inherent in exploration results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and mineral resources), delays in the receipt of government approvals, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this MD&A, the Corporation has applied several material assumptions, including without limitation, the assumptions that: (1) any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among other factors: (1) weak commodity prices and general metal price volatility; (2) the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand and economic and political events affecting supply and demand; and (3) securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations. The Corporation cannot assure you that any of these assumptions will prove to be correct.

The words "expect," "anticipate," "estimate," "may," "will," "should," "intend," "believe," "target," "budget," "plan," "projection" and similar expressions are intended to identify forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations or if and when an undeveloped project is actually developed.

These factors should be considered carefully, and readers should not place undue reliance on the Corporation's forward-looking statements. The Corporation believes that the expectations reflected in the forward-looking statements, including future-oriented financial information, contained in this MD&A and any documents incorporated by reference are reasonable, but no assurance can be given that these expectations will prove to be correct. In addition, although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, including future-oriented financial information, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The Corporation undertakes no obligation to disclose publicly any future revisions to forward-looking statements, including future-oriented financial information, to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events, except as expressly required by law.

Additionally, the forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying our reasonable belief of the direction of the Corporation and may not be appropriate for other purposes. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Corporation disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## OVERVIEW

Quebec Rare Earth Elements Corp. (the "Corporation") was incorporated under the Company Act of British Columbia on March 3, 1987. The Corporation is a mining exploration and development company focused on Rare Earth Elements (REE), primarily in the favorable mining jurisdiction of Quebec. The need for REE supply chains outside of China is clear and when combined with fundamental REE demand presents a significant opportunity. The province of Quebec is a premier, stable mining jurisdiction with vast REE exploration potential and has the required infrastructure for all stages of REE development.

On November 20, 2023, a Certificate of Continuance was issued to the Corporation under section 187 of the Canada Business Corporations Acts and the name was changed from Metallica Metals Corp to Quebec Rare Earth Elements Corp. The Corporation's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "QREE", the OTCQB Venture Market under "QQREF" and the Frankfurt Exchange under "41K".

## EXPLORATION ACTIVITIES

### WASWANIPI-SAGUENAY PROJECTS - CARCAJOU REE PROPERTY

The Corporation entered into a purchase agreement on March 8, 2023, pursuant which the Corporation acquired 54 claims, representing approximately 3,024 hectares along the Waswanipi-Saguenay Zone in Quebec. As consideration, the issued 9,600,000 common shares (valued at $1,440,000).

On April 17, 2023, the Corporation issued 8,000,000 common shares (valued at $1,440,000) to acquire an additional 37 claims, which represent approximately 2,072 hectares.

In May 2023, the Corporation issued 8,000,000 common shares acquire additional claims in the Waswanipi-Saguenay Zone.

### WASWANIPI-SAGUENAY PROJECTS - LYNX REE PROPERTY

On November 21, 2023, the Corporation entered into an option agreement with Les Ressources Tectonic Inc. (the "Optionor") pursuant to which the Corporation has been granted an option to acquire 100% beneficial and legal interest in the Lynx rare earth elements project located in Quebec, Canada.

Under the terms of the option agreement, the Corporation may exercise the option to acquire a 100% interest in the Property upon completion of the following option payments):

- On or about November 28, 2023 (the "Effective Date"), the Corporation shall make a cash payment in the amount of $10,000 to the Optionor and issue the Optionor 100,000 common shares (each, a "Common Share") in the capital of the Corporation, at a deemed issue price of $0.155 per Common Share;
- On or before the first anniversary of the Effective Date, the Corporation shall make a cash payment in the amount of $20,000 to the Optionor and issue the Optionor 100,000 common shares;
- On or before the second anniversary of the Effective Date, the Corporation shall make a cash payment in the amount of $40,000 to the Optionor and issue the Optionor 150,000 common shares; and
- On or before the third anniversary of the Effective Date, the Corporation shall make a cash payment in the amount of $60,000 to the Optionor and issue the Optionor 200,000 common shares.

In addition, if the Corporation obtains a preliminary economic assessment, study, pre-feasibility study or feasibility study prepared by an independent qualified person in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects, the Corporation shall make a cash payment in the amount of $200,000 to the Optionor.

Pursuant to the policies of the Canadian Securities Exchange (the "CSE"), the Option Agreement and the issuance of the Common Shares remain subject to receipt of all necessary corporate and regulatory approvals, including the approval of the CSE. All Common Shares issued will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

On November 28, 2023, the Corporation acquired additional land surrounding the Lynx rare earth elements project.

## CAUTIONARY NOTES AND QUALIFIED PERSON STATEMENT

This MD&A contains scientific and technical information with respect to adjacent or similar mineral properties, which the Corporation has no interest in or rights to explore. Readers are cautioned that any technical information disclosed regarding mineralization, deposit style, and past-production on adjacent or similar properties is not necessarily indicative of the presence of a mineral deposit or mineralization on the Corporation's properties.

All scientific and technical information contained in this MD&A was prepared and approved by Richard Roy, P.Geo., who is a Qualified Person as defined in NI 43-101. Mr. Roy has verified the scientific and technical information disclosed in this MD&A by reviewing published scientific papers, government reports, and NI 43-101 technical reports related to the Corporation's properties that outline its geology and structure, mineralization potential, deposit style, and past production history.

## SELECTED FINANCIAL INFORMATION

Due to the Corporation's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Corporation currently does not have any revenues from its operations.

### FOR THE SIX MONTHS ENDED OCTOBER 31, 2023 AND 2022

| DESCRIPTION | SIX-MONTH PERIOD ENDED OCTOBER 31, 2023 | SIX-MONTH PERIOD ENDED OCTOBER 31, 2022 |
|---|---:|---:|
| | $ | $ |
| Net loss (a) | 79,700 | 260,400 |
| Basic and diluted loss per share | 0.00 | 0.00 |

(a) Consulting and management fees of $30,000 (Q2-23 YTD – $164,900) decreased compared to fiscal 2023 as a result of a decrease in the number of consultants in Q2-24 YTD.

(b) Filing and transfer agent fees of $17,600 decreased in Q2-24 YTD (Q2-23 YTD - $29,800). The Corporation's filing and regulatory expenses relate to the appointments and resignations of certain officers and directors and sustaining fees for the Corporation's stock market listing.

(c) Professional fees $18,700 (Q2-23 YTD – $35,020) decreased compared to Q2-23 YTD because of a decrease in legal correspondence with regulatory bodies and general corporate matters.

**FOR THE THREE MONTHS ENDED OCTOBER 31, 2023 AND 2022**

| DESCRIPTION | THREE-MONTH PERIOD ENDED OCTOBER 31, 2023 | THREE-MONTH PERIOD ENDED OCTOBER 31, 2022 |
|---|---|---|
| | $ | $ |
| Net loss (a) | 29,700 | 110,900 |
| Basic and diluted loss per share | 0.00 | 0.00 |

(a) Consulting and management fees of $15,000 (Q2-23 - $66,000) decreased compared to fiscal 2023 as a result of a decrease in the number of consultants in Q2-24.

(b) Filing and transfer agent fees of $6,800 decreased in Q2-24 (Q2-23 - $16,300). The Corporation's filing and regulatory expenses relate to the appointments and resignations of certain officers and directors and sustaining fees for the Corporation's stock market listing.

(c) Professional fees $4,100 (Q2-23 - $25,100) decreased compared to Q2-23 because of a decrease in legal correspondence with regulatory bodies and general corporate matters.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Corporation's financial results for each of the eight most recently completed quarters:

| | October 31, 2023 | July 31, 2023 | April 30, 2023 | January 31, 2023 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | - | - | - | - |
| Loss for the period | (29,700) | (50,000) | (8,364,100) | (123,900) |
| Exploration and evaluation assets | 4,240,000 | 4,240,000 | 2,905,000 | 8,218,900 |
| Total assets | 4,403,500 | 4,472,600 | 3,162,300 | 8,678,500 |
| Loss per share | (0.00) | (0.00) | (0.53) | (0.00) |

| | October 31, 2022 | July 31, 2022 | April 30, 2022 | January 31, 2022 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Revenue | - | - | - | - |
| Loss for the period | (111,900) | (149,600) | (1,254,000) | (495,600) |
| Exploration and evaluation assets | 8,192,400 | 8,021,700 | 7,863,900 | 9,028,400 |
| Total assets | 8,748,400 | 8,874,700 | 8,994,200 | 10,420,300 |
| Loss per share | (0.00) | (0.00) | (0.10) | (0.03) |

## EQUITY TRANSACTIONS

The Corporation will continue to require funds for exploration work on its properties, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Corporation in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Corporation. The Corporation does not have any other commitments for material capital expenditures over either the near or long term or none are presently contemplated other than as disclosed above and/or over normal operating requirements.

During the months of July and August 2022, the Corporation issued an aggregate of 616,424 common shares with a fair value of $61,642 as an option payment on the Starr Gold-Silver project.

During the months of March and April 2023, the Corporation issued an aggregate of 17,600,000 common shares with a fair value of $2,880,000 as payment for the Waswanipi-Saguenay property.

In May 2023, the Corporation issued 8,000,000 common shares acquire additional claims in the Waswanipi-Saguenay Zone.

## LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no operations that generate cash flow, and its long-term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Corporation's primary capital asset is a resource property. Exploration expenditures are capitalized as incurred.

Since incorporation, the Corporation's capital resources have been limited. The Corporation has had to rely upon the sale of equity securities and debt financing for the cash required to make property acquisition and exploration payments, office and miscellaneous expenses and accounting, audit, and legal fees, among other expenses.

The annual audited financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Corporation may revise programs depending on its working capital position.

As at October 31, 2023 the Corporation reported working capital of $66,600 (April 30, 2023 – $121,300). As at October 31, 2023, the Corporation had not yet achieved profitable operations, has accumulated losses of $47,436,200 (April 30, 2023 - $47,356,500) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Corporation's ability to continue as a going concern. The Corporation's ability to continue as a going concern is dependent on continued financial support from its shareholders, the ability of the Corporation to raise equity financing, the attainment of profitable operations, external financings, and further share issuances.

The following table summarizes the Corporation's cash on hand, working capital and cash flow activities:

| | **AS AT OCTOBER 31, 2023** | **AS AT APRIL 30, 2023** |
|---|---:|---:|
| | **$** | **$** |
| Cash | 138,500 | 211,500 |
| Working capital | 66,600 | 121,300 |

| **CASH FLOWS PROVIDED BY (USED IN)** | **SIX-MONTH PERIOD ENDED OCTOBER 31, 2023** | **SIX-MONTH PERIOD ENDED OCTOBER 31, 2022** |
|---|---|---|
| | **$** | **$** |
| Operating activities (a) | (73,000) | (230,900) |
| Investment activities (b) | - | (266,900) |
| Financing activities (c) | - | (25,000) |
| Increase in cash and cash equivalents | (73,000) | (522,800) |

The Corporation is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Corporation will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Corporation will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Corporation will be forced to curtail its activities.

(a) During the six-month period ended October 31, 2023, cash used in operating activities was for the activities as described above, in results of operations.

(b) During the six-month period ended October 31, 2022, the Corporation incurred exploration activities. For Q2-24 YTD, the Corporation acquired mineral claims through common shares issuance.

(c) During the six-month period ended October 31, 2023, the Corporation used $nil in financing activities and repaid loans payable in Q2-23 YTD.

## OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Corporation is committed.

## TRANSACTIONS WITH RELATED PARTIES

The balance due to related parties comprise of the following:

| | **SIX-MONTH PERIOD ENDED OCTOBER 31, 2023** | **SIX-MONTH PERIOD ENDED OCTOBER 31, 2022** |
|---|---|---|
| | **$** | **$** |
| Management fees (a) | 30,000 | 102,000 |
| Consulting fees (b) | - | 18,000 |
| | **30,000** | **120,000** |

(a) Management fees were comprised of $nil (2022 – $60,000) for the CEO, $nil (2022 - $42,000) for the President, and $30,000 (2022 - $nil) for the CFO.
(b) The Corporation recorded consulting fees of $nil (2022 – $12,000) for the former CFO and Corporate Secretary.

## RECENT ACCOUNTING POLICIES

Please refer to the April 30, 2023 audited financial statements on SEDAR+ at www.sedarplus.ca.

## APPLICATION OF NEW IFRS AND CRITICAL ACCOUNTING ESTIMATES

The Corporation is a venture issuer and as such utilizes limited critical accounting estimation.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Refer to notes 2 and 3 in the unaudited condensed interim consolidated financial statements for the three and six-month periods ended October 31, 2023, and 2022. Also, there is a summary of significant accounting policies and a summary of the critical accounting estimates and judgements in note 2 of the audited consolidated financial statements for the year ended April 30, 2023.

## FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Corporation's financial instruments, financial risk and capital management are presented and described in the audited consolidated financial statements for the year ended April 30, 2023.

## OTHER MD&A REQUIREMENTS

Additional disclosure of the Corporation's technical reports, material change reports, news releases and other information can be obtained on SEDAR+ at www.sedarplus.ca.

## SHAREHOLDER'S EQUITY AND OUTSTANDING SHARE DATA

| | **AS AT DECEMBER 14, 2023** |
|---|---|
| Common shares | 40,644,679 |
| Stock options | 40,000 |
| Warrants | 1,776,927 |