

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Quartz Mountain Resources Ltd.		2 Issuer's employer identification number (EIN) N/A - Foreign Issuer	
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact (604)684-6365	5 Email address of contact info@hdimining.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1500 - 1040 West Georgia Street		7 City, town, or post office, state, and ZIP code of contact Vancouver, BC, V6E 4H1	
8 Date of action May 28, 2020	9 Classification and description Stock split		
10 CUSIP number 74773L301	11 Serial number(s)	12 Ticker symbol QZM	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **A three-for-one stock split, completed in the form of a stock dividend of two shares of common stock for each share of common stock outstanding. The stock dividend was distributed on May 28, 2020 to stockholders on record as of May 28, 2020.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The stock split was a non-taxable transaction under Internal Revenue Code (IRC) Section 305(a) and accordingly a stockholder's basis shall be allocated under IRC Section 307(a). Under IRC Section 307(a) each stockholder will allocate the basis in a share owned prior to the stock split over that share and the additional shares issued in the three-for-one stock split. As a result, a stockholder will multiply the basis in each share held before the stock split by 1/3 to determine the basis, after the stock split, in that share and the additional shares distributed in the stock split. See the example below in the response to Question 16.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The following example is not tax advice and is provided only as reference. Investors should consult their own tax advisor. A shareholder will multiply the basis in each share held before the stock split by 1/3 to determine the basis, after the stock split, in that share and the additional shares distributed in the stock split.**

Example:
Before the stock split: a stockholder holds 10 shares of Quartz Mountain Resources Ltd. common stock with a basis of \$90 per share and \$900 in total.
After the stock split: a stockholder holds 30 shares of Quartz Mountain Resources Ltd. common stock with a basis of \$30 per share and \$900 in total.

Part II **Organizational Action** (continued)


17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Section 305(a) and IRC Section 307(a).

18 Can any resulting loss be recognized? ▶ No loss should result from the three-for-one stock split completed in the form of a stock dividend.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the year which includes May 28, 2020.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶  Date ▶ January 13, 2021

Print your name ▶ **Sebastian Tang** Title ▶ **Chief Financial Officer**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.