This Management's Discussion and Analysis ("MD&A") prepared as at July 28, 2023, reviews the financial condition and results of operations of Quebec Nickel Corp. (the "Company") for the financial year ended March 31, 2023 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's March 31, 2023 audited financial statements and related notes.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the annual audited financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the annual audited financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

The Company was incorporated on September 18, 2020 pursuant to the Business Corporations Act (British Columbia). On June 21, 2021, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission. On July 5, 2021, the Company's common shares began trading on the Canadian Securities Exchange ("CSE") under the symbol "QNI". On September 13, 2021, the Company's common shares were listed for trading on the Frankfurt Exchange under the symbol "71B". On February 22, 2022, the Company's common shares were listed for trading on OTCQB Venture Market under the symbol "QNICF".

The Company's principal business activities include the acquisition and exploration of mineral resource properties and the Company currently has one exploration property located in the Val d'Or area of Quebec, Canada. The Company's objective is to identify and develop economic mineral resource properties of merit and to conduct exploration programs thereon. The Company will continue to consider other opportunities to acquire and explore mineral properties as they arise.

Exploration and Evaluation Property

Ducros Project, Quebec, Canada

On October 6, 2020, the Company entered into an agreement with Val-d'Or Mining Corporation ("Val-d'Or") for the purchase of 100% interest in a mineral property, referred to as the Ducros Property. The Company issued 3,589,341 special warrants with a fair value of $0.05 for the purchase of the mineral property. The 3,589,341 special warrants were subsequently converted, at no additional cost, into 3,589,341 common shares of the Company.

In addition, the Company has staked additional mineral claims, such that the Ducros Property presently consists of 282 contiguous mineral claims covering 15,261 hectares located in the Val d'Or area of Quebec, Canada.

The Ducros Property is subject to net smelter returns royalties and an associated area of interest which includes the additional staked property. Commencing on October 6, 2024, the Company shall pay to Val-d'Or advance minimum yearly royalty payments of $10,000.

Prior to the commencement of exploration work in the summer of 2021, a Ni-Cu-PGE showings (Fortin Sill), as well as a quartz-vein hosted gold showing were known to exist on the property but, have seen limited modern surface sampling and drilling.

During the year ended March 31, 2023, the Company continued with its diamond drilling program at its Ducros Ni-Cu-PGE property. The focus of the drill program was to evaluate potential extensions of the Fortin Sill Zone nickel-copper-PGE zone, evaluate multiple geophysical anomalies that have similar expressions as that at the Fortin Sill Zone, as well as explore the mineralized system at depth. Results of the drill program included a 8.43 metre long intersection assaying 1.85% Ni, 1.65% Cu (3.50% Ni + Cu), 576 ppm Co and 3.27 g/t Pt-Pd-Au in hole QDG-22-29 (see August 30, 2022 News Release).

During the year, the Company also commenced an inaugural drill program at the Ducros Ultramafic Sill Complex ("DUSC"). The objective of the Phase I drill program at the DUSC was to obtain the first ever geological information from this approximate two-kilometres wide by ten-kilometres long exploration target area. This area is interpreted to be underlain by significant volumes of ultramafic to mafic dikes and sills that have been injected into an extensive package of sulphide-bearing clastic metasediments and metavolcanics. As the target area is covered by variable thicknesses of overburden and contains little to no outcrop exposure, the current geological interpretation of the DUSC target area was derived from Québec Government geology maps that are in turn based on interpretations of historical airborne geophysical datasets.

Over 3,650 metres in 10 holes were drilled along an east-west fence at the DUSC target. This fence of holes spanned more than 800 metres across the interpreted north-south strike of the regional geological trend. These holes targeted strong magnetic high geophysical features with well-defined flanking and/or coincident electromagnetic conductive anomalies, as highlighted by the VTEM™ airborne survey completed in Q2-2022 (see news release from April 27, 2022 for reference) and further refined by high-resolution drone magnetic surveys (refer to news release from June 13, 2022). All drill holes encountered rock types that support the geological interpretation of the DUSC, including but not limited to thick mafic to ultramafic intrusive units, graphitic metasedimentary seams, sulphide +/- oxide facies iron formation, felsic to intermediate metavolcanics and related breccias as well as sequences of silicified +/- sulphide bearing exhalative/volcanogenic/volcanoclastic rock units.

The Company received the final results of the fixed-wing airborne gravity survey completed by Xcalibur Multiphysics in September (see the October 12, 2022 News Release for reference). The 2,054 line-kilometre Falcon Gravity system survey was flown at a 100- metre line spacing and covers the entire Ducros property. In addition, final data from the additional 3,000 line-kilometers of high-resolution drone magnetic surveys have also been received from Vision4K and has been incorporated into the geophysical database. The integration and modelling of these new datasets, in conjunction with the previously acquired VTEM™ data has led to the identification of multiple high-priority drill targets at both the Ducros Gabbro and DUSC target areas.

At the Ducros Gabbro target, multiple coincident geophysical anomalies (magnetic highs + electromagnetic anomalies +/- anomalous gravity signatures) occur along and within the distinctive geophysically defined southeast edge of the gabbroic intrusion as well as within the southern tail of the gabbroic body. At the DUSC target area, numerous similar geophysical anomalies have been identified through the analyses of the updated datasets. These data sets and new Ni-Cu-PGE drill targets in hand, and with the positive drilling results returned from the Fortin Sill Zone to date, 20,000 metres of new drilling was planned at all three targets in 2023.

On November 17, 2022, the Company announced that as part of the ongoing work to support the drilling and geology programs at the Ducros project, several representative outcrop and core samples from the Fortin Sill Zone drilling were delivered to IOS Services Géoscientifiques ("IOS"), of Chicoutimi Québec for thin section petrographic analyses. The results from the first batch of 15 core samples are highlighted by the positive identification of coarse grained pentlandite as the nickel-hosting sulphide phase at Fortin Sill. In addition, the work by IOS has identified enstatite as the dominant pyroxene silicate mineral phase within the host rocks to the Fortin Sill Zone mineralization and as such, the host rocks at Fortin Sill Zone are classified as gabbronorites (see November 17, 2022 News Release).

In addition to the thin section work completed by IOS, five additional mineralized core samples from more recent drilling at the Fortin Sill Zone were provided to the Mineral Deposit Research Unit ("MDRU") of the University of British Columbia for a mineral (nickel) deportment study using its Brunker M4 Tornado micro-X-ray fluorescence spectrometer (micro-XRF). The provided samples represent the range of styles and concentrations of sulphide mineralization encountered at the Fortin Sill Zone to date; ranging from patchy disseminated through coarse blebby to heavy net texture pyrrhotitechalcopyrite. Elemental maps of silicon, sulfur, iron, nickel, and copper were produced at a resolution of 40 microns per pixel and illustrate the nickel in the provided samples is contained within sulfides and not within silicate phases.

On April 19, 2023, the Company reported drill results from the Ducros Sill target area. These targets lie in the southern half of the two-kilometer wide by ten-kilometer long DUSC, in the southern portion of the Company's Ducros property. Historically, three widely spaced holes were drilled at the Ducros Sill target by Abitibi Resources Ltd. in 1987. Assessment report drill logs for these holes describe variably serpentinized, magnetic dunitic +/- pyroxenitic rocks with occurrences of trace amounts of native copper and brucite throughout their entire drilled lengths (Quebec Government report GM 47268). Notable results include hole 87-6 which returned greater than 0.22% nickel and 120 ppm cobalt over the last 20 metres of the 106.7 metre long BQ diameter hole before being abandoned in bad ground. The three recently completed holes encountered long core intervals of variably serpentinized dunite and peridotite, including an almost 300-metre-long intersection (see April 19, 2023 News Release).

Ongoing and Future Work Plans at Ducros

At the beginning of 2023, the Company relocated its base of operations for its work at the Ducros property from Val-d'Or to Lebel-sur-Quévillon. This move increased work efficiencies and safety for project personnel as it significantly reduced the travel time between the field and office.

Although some of the planned work programs have been impacted at the Ducros claims this year by the unprecedented forest fires in southern Quebec, plans remain in place to complete the following field work once safe to do so:

- Property-wide geological mapping
- Preparation of access trails to planned drilling locations
- Exploration drilling at the Fortin Sill Zone and processing of drill core

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the Company for the financial years ended March 31, 2023, 2022 and 2021. The information below was derived from the Company's audited financial statements and should be read in conjunction with those financial statements and the notes thereto.

	March 31, 2023	March 31, 2022	March 31, 2021
Total revenues	$ Nil	$ Nil	$ Nil
Loss for the year	(1,893,685)	(2,866,874)	(104,520)
Loss per share[1]	(0.02)	(0.06)	(0.01)
Total assets	17,681,411	9,221,268	1,417,071
Total current liabilities	2,586,665	486,499	8,000
Total non-current liabilities	2,522,700	1,310,500	-
Working capital	$ 4,044,696	$ 7,197,744	$ 1,094,783

[1] Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

RESULTS OF OPERATIONS

Loss for the year

The Company reported a net loss and comprehensive loss of $1,893,685 (FY2022 - $2,866,874) for the fiscal year ended March 31, 2023. The loss for the year also included a deferred tax expense of $1,463,000 (FY2022 - $1,587,500) on the renunciation of $6,570,288 (FY2022 - $6,600,000) in flow-through expenditures.

For the year ended March 31, 2023, the Company incurred $298,760 in general and administrative costs compared to $109,377 for the year ended March 31, 2022. The increased costs can be attributed to the growth of the Company. These expenditures include insurance costs of $15,433 (FY2022 - $13,000), office rent of $81,333 (FY2022 - $14,635) and general office support staffing costs of $106,493 (FY2022 – 77,290).

For the year ended March 31, 2023, the Company incurred $197,500 in Management fees compared to $25,000 during the year ended March 31, 2022. Included in management fees are $56,000 (FY2022 - $4,000) paid to independent director fees, $50,000 (FY2022 - $nil) paid to the CEO and $91,500 (FY2022 - $19,000) paid to the CFO of the Company. The Company also paid $nil (FY2022 - $2,000) in business advisory services.

Professional fees were $159,211 and $128,120 for the periods ended March 31, 2023 and 2022respectively. The fees include $51,396 (FY2022 - 55,869) for audit and accounting, $26,230 (FY2022 - $23,452) for legal and $81,585 (FY2022 - $48,799) for business advisory services. The general increase in costs can be attributed to the increased activity in the Company during the year.

The Company incurred $275,793 in promotional and marketing costs for the year ended March 31, 2023 compared to $128,418 for in the corresponding year ended March 31, 2022. The increased costs can be attributed to creating a market awareness of the Company to attract investors.

Share-based payments were $179,300 and $1,137,900 for the year ended March 31, 2023 and 2022 respectively. The additional costs in the previous year can be attributed to the need to attract qualified management personnel through the granting of options. In its inaugural year of being a publicly traded Company, the Company was actively recruiting personnel for its management group.

For the year ended March 31, 2023, the Company incurred $62,279 in transfer agent and filing fee costs compared to $83,051 during the year ended March 31, 2022. These costs are generally associated with the management of the Company's common shares upon listing of the Company's common shares on both the CSE and the Over-the-Counter ("OTC") market. Also included in these costs are various regulatory filing costs and fees. The increased costs in the prior year can be directly attributed to the successful listing of the Company's common shares on the CSE and other recognized exchanges. Many of these filing and listing fees were one-time costs associated with the listing.

The Company incurred $101,433 in travel costs for the year ended March 31, 2023 compared to $25,927 for in the corresponding year ended March 31, 2022. The increased costs can be various marketing promotions abroad and various promotional site visits to the Ducros property.

Total assets

Total assets of the Company were $17,681,411 as at March 31, 2023 compared to assets of $9,221,268 as at March 31, 2022. This increase can largely be attributed to the issuance of shares and units in a private placement during the year for gross proceeds of $8,695,288.

Total liabilities

As at March 31, 2023, the current liabilities of the Company were $2,586,665 compared to $486,499 as at March 31, 2022. The increase in trade liabilities can be attributed to the increased activity of the Company and the timing of settlement of its trade liabilities. The increase in current liabilities can also be attributed to a flow-through premium liability of $1,201,400 associated with the issuance of the flow-through shares during the year. This non-cash liability will be relieved as the Company meets its flow-through spending obligations.

Additionally, the Company recorded a deferred tax liability of $2,522,700 (FY2022 - $1,310,500) in connection with the renunciation of the flow-through shares. This liability will be offset only when there are sufficient deferred income tax assets available to be recognized.

The Company's current liabilities are primarily comprised of trade payables associated with its exploration activity at the Ducros property, and general administration.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters:

Quarter Ended	Revenues	Net loss	Net loss per share (1)
March 31, 2023	$nil	$ (1,065,305)	$(0.01)
December 31, 2022	$nil	$ (232,805)	$(0.00)
September 30, 2022	$nil	$ (399,550)	$(0.01)
June 30, 2022	$nil	$ (196,025)	$(0.00)
March 31, 2022	$nil	$ (1,884,909)	$(0.04)
December 31, 2021	$nil	$ (600,346)	$(0.01)
September 30, 2021	$nil	$ (341,146)	$(0.01)
June 30, 2021	$nil	$ (40,473)	$(0.00)

(1) Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

It is the nature of many junior companies that there are no sales or revenue. There can be significant variances in the Company's reported loss from quarter-to-quarter arising from factors that are difficult to anticipate in advance or to predict from past results.

LIQUIDITY AND CAPITAL RESOURCES

The Company has not generated any cash flow from operations. The Company's future financial success is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time. Future cash flows from operations will be dependent on maximizing the potential of these opportunities.

In order to finance the continued work at its exploration and evaluation assets, the Company will be dependent on investor sentiment remaining positive towards the junior companies, and towards Quebec Nickel Corp. in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior exploration companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. Note 1 of the Company's 2023 audited financial statements further discusses the going concern issue. The financial statements do not include any adjustments that might result from these uncertainties.

The Company has not financed its activities through loan financings. It is anticipated that as general sentiment towards junior companies turns positive, the Company can raise the necessary capital to secure and finance the acquisition of assets or a business.

Debt financing has not been used to finance general operating expenses. There are no other sources of financing that have been arranged by the Company.

The Company had working capital of $4,044,696 as at March 31, 2023 compared to working capital of $7,197,744 as at March 31, 2022. The decrease can largely be attributed to the to the Company's use of funds on the Ducros Property. The Company also recorded a flow-through share premium liability of $1,201,400 on the issuance of flow-through shares during the year. During the year, the Company also issued shares and units in a private placement during the year for gross proceeds of $8,695,288.

The Company has no commitments for capital expenditures.

Cash and Financial Conditions

The Company had a cash and cash equivalents balance of $5,321,200 as at March 31, 2023 compared to a cash and cash equivalents balance of $7,151,340 as at March 31, 2022. The decrease can largely be attributed to the to continued work on the Company's Durcos property.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

The Company does not use hedges or other financial derivatives.

Financing Activities

During the year-ended March 31, 2023, the Company issued 250,000 common shares pursuant to the exercise of 250,000 stock options at a weighted average price of $0.11 per share for gross proceeds of $27,500.

During the year ended March 31, 2023, the Company issued 6,322,400 common shares pursuant to the exercise of 6,322,400 warrants at $0.10 per share for gross proceeds of $632,240.

During the year ended March 31, 2023, the Company issued an aggregate of 37,155,367 common shares for gross proceeds of $8,695,288 pursuant to the closing of non-brokered private placements. The private placement were comprised of: 1) 10,625,000 units ("Unit"); 2) 6,230,367 flow-through shares ("FT Share"); and 3) 23,300,000 Quebec flow-through shares ("Quebec FT Share").

- Each Unit was issued for proceeds of $0.20 and comprised one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.30 for a period of two years from the closing date.

  The fair value of the 5,312,500 warrants was estimated using the Residual Value Method whereby the Company bifurcated the Units which consisted of one common share and one-half of a common share purchase warrant. The common share component of the unit was measured at fair value using the market price and allocating the residual value of the Unit price to the share purchase warrant component. The weighted average value of the warrant component was determined to be $0.05 per warrant.

- Each FT Share was issued for proceeds of $0.24 per FT Share and comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

- Each Quebec FT Share was issued for proceeds of $0.25 per Quebec FT Share and comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

The Company incurred $740,966 in cash share issuance costs.

The Company also issued 2,229,322 broker warrants to arm's length third parties. Each broker warrant entitles the holder to acquire one common share of the Company for the price of $0.30 per common share for a period of two years following the closing.

The fair value of the 2,229,322 broker warrants was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 3.90%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 2 years. The fair value of the broker warrant was $0.09 per warrant. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

During the year-ended March 31, 2022, the Company issued 4,800,000 common shares pursuant to the exercise of 4,800,000 stock options for gross proceeds of $366,000.

During the year-ended March 31, 2022, the Company issued 3,479,600 common shares pursuant to the exercise of 3,479,600 warrants for gross proceeds of $347,960.

During the year-ended March 31, 2022, the Company issued an aggregate of 27,407,496 common shares for gross proceeds of $7,700,000 pursuant to the closing of non-brokered private placements. The private placement were comprised of: 1) 4,166,650 units ("Unit"); 2) 10,444,000 flow-through shares ("FT Share"); 3) 8,035,446 Quebec flow-through shares ("Quebec FT Share"); and 4) 4,761,400 Premium flow-through units ("Premium FT Unit").

- Each Unit is priced at $0.24 per Unit and comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.32 for a period of two years from the closing date.

- Each FT Share is priced at $0.25 per FT Share and is comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

- Each Quebec FT Share is priced at $0.26 per Quebec FT Share and is comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

- Each Premium FT Unit is priced at $0.42 per Premium FT Unit and is comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada) and one-half of a common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.32 for a period of two years from the closing date.

The Company incurred $589,683 in cash share issuance costs.

The Company also issued 1,918,524 finder's warrants to arm's length third parties. Each finder's warrant entitles the holder to acquire one common share of the Company for the price of $0.24 per common share for a period of two years following the closing.

The fair value of the 1,918,524 finder warrants was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.95%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 2 years. The fair value of the finder's warrant was $0.15 per warrant. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

Investing Activities

During the year ended March 31, 2023 the Company had cash out flows of $8,806,080 from its investing activities compared to $858,737 during the year ended March 31, 2022 These activities relate directly to expenditures incurred on the Company's exploration and evaluation assets.

SECURITIES OUTSTANDING

As at March 31, 2023 and the date of this MD&A, the Company had 115,344,205 common shares issued and outstanding.

As at March 31, 2023 and the date of this MD&A, the Company had 14,160,371 warrants with a weighted average exercise price of $0.30 issued and outstanding.

As at March 31, 2023 and the date of this MD&A, the Company had 6,725,000 stock options issued and outstanding.

OUTLOOK

It is anticipated that in the continued and foreseeable future, the Company will rely on the equity markets to meet its financing needs. Should cash flow build through its business operations, the Company will be in a position to finance other initiatives from cash flow.

Without continued external funding to pursue and finance any business opportunities, there is substantial doubt as to the Company's ability to operate as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future. The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to achieve successful business results or obtain adequate financing. Management and the Board of Directors continuously review and examine business proposals for the Company and conduct their due diligence in respect of the same.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2023 and the date of this report, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

The following is a summary of the related party transactions that occurred during the periods ended March 31, 2023 and 2022.

The Company has determined that key management personnel consist of its Directors, the CEO, the CFO and the Vice-President of Exploration.

	Year-ended March 31, 2023	2022
Management fees paid or accrued to a company controlled by the CEO of the Company	$ 50,000	$ -
Management fees paid or accrued to a company controlled by the former CFO of the Company	-	7,000
Management fees paid or accrued to a company controlled by the CFO of the Company	91,500	12,000
Consulting fees paid or accrued to a company controlled by the VP Exploration of the Company	242,990	22,500
Management fees paid to the independent directors of the Company	56,000	4,000
Consulting fees paid to a relative of the CEO of the Company	45,000	10,000
Consulting fees paid or accrued to a company controlled by a former director of the Company	-	60,000
Share-based payments	116,166	485,400
Total	$ 601,656	$ 600,900

The Company incurred share-based payments of $179,300 (2022 - $1,137,900) of which $116,166 (2022 - $485,400) represents the fair value vesting of stock options granted to key management personnel.

As at March 31, 2023, $25,502 (2022 - $12,127) is owing to related parties and is included in accounts payable.

FOURTH QUARTER RESULTS

For the three-month period ended March 31, 2023, the Company realized a net loss of $1,065,305 compared to a loss of $1,884,909 for the corresponding three-month period ended March 31, 2022.

The loss for the period can largely be attributed to a deferred tax expenditure of $1,463,000 (Q4-FY2022 - $1,587,500) that was offset by a flow-through share premium of $801,300 (Q4-FY2022 - $357,105).

For the three-month period ended March 31, 2023, the Company incurred $112,792 (Q4-FY2022 - $35,946) in general and administration costs. The increased costs can be attributed to the increased activity in the Company.

Promotional and marketing costs were $83,338 and $43,480 for the three-month periods ended March 31, 2023 and 2022 respectively. The increased costs can be attributed to additional marketing and promotional activity in increasing the Company's profile to the market.

Management fees were $72,900 for the three-month period ended March 31, 2023 compared to $9,000 for the three-month period ended March 31, 2022. The increased costs can be attributed to additional marketing and promotional activity in increasing the Company's profile to the market.

For the three-month period ended March 31, 2023, the Company incurred $2,607,133 (Q4-FY2022 - $932,631) in exploration and evaluation expenditures.

PROPOSED TRANSACTIONS

There are no proposed transactions other than those previously discussed in this MD&A.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and judgments about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements are discussed below.

Critical judgments

The preparation of the financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 of the Company's March 31, 2023 audited financial statements.

Key sources of estimation uncertainty

<u>*Share-based payments*</u>
The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying accounting policies in the Company's financial statements include:

<u>*Title to Mineral Property Interests*</u>
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

<u>*Impairment of exploration and evaluation assets*</u>
The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resource prices and the long-term forecasts, and the overall economic viability of the project.

New standards and interpretations not yet adopted

At the date of authorization of these financial statements, the IASB and IFRIC have issued new and revised Standards and Interpretations which are not yet effective, and none of which are expected to have a material impact on the financial statements.

FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's trade and other payables approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short term nature. The Company's cash and cash equivalents is measured at amortized cost, under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash and cash equivalents consists of funds held at a Canadian chartered banks or occasionally, in trust with the Company's corporate lawyer. Management believes the Company's exposure to credit risk is minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had a cash and cash equivalents balance of $5,321,200 to settle trade liabilities of $1,385,265. These trade liabilities are due interest free on terms negotiated with each vendor. The Company expects to fund future expenditures through the issuance of capital stock.

The flow-through share premium liability of $1,201,400 will not be paid in cash but will be settled upon the incurrence of eligible expenditures.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to material currency or other price risk.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to significant interest rate risk as cash and cash equivalents comprise $5,040,320 held at a Canadian chartered bank in cashable GICs which bear interest ranging from 1.75% to 4.45% per annum as at March 31, 2023. A 1% change in interest rates on cash and cash equivalents would have an impact of $50,403 on net loss.

The Company had no interest rate swaps or financial contracts in place as at or during the years ended March 31, 2023 and 2022.

e) Other risks

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the relations between NATO and the Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions; cash flow projections; currency fluctuations; risks relating to our ability to obtain adequate financing for future activities; risks related to government regulations, including environmental regulations and other general market and industry conditions as well as those factors discussed in each management discussion and analysis, available on SEDAR at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, the ability to attract and retain skilled staff and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Quebec Nickel Corp. can be found on the Company's website at www.quebecnickel.com or on the SEDAR website at www.sedar.com.