## Background and Corporate Update

This Management's Discussion and Analysis ("MD&A") for Quebec Nickel Corp. (the "Company") is prepared as at November 10, 2022 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the six-month period ended September 30, 2022 and in conjunction with the Company's March 31, 2022 audited financial statements and related notes. This MD&A is prepared in accordance with section 2.2.1 of National Instrument 51-102, *Continuous Disclosure Obligations* ("NI 51-102"), which contemplates venture issuers providing quarterly highlights reporting by way of a brief narrative update about the business activities, financial condition, financial performance and cash flow of the Company.

All dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company's principal business activities include the acquisition and exploration of mineral resource properties. The Company has one exploration property located in the Val d'Or area of Quebec, Canada.

On June 21, 2021, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission and on July 2, 2021, the Company's common shares began trading on the 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'.

## Forward-Looking Statements

Certain statements contained in the MD&A may constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company's business plans focussed on the exploration and development of its mineral property; proposed work programs on its mineral property; costs and timing of future exploration and development activities; timing and receipt of approvals, consents and permits under applicable legislation; use of available funds and ability for the Company to raise additional funds; business objectives and milestones; and adequacy of financial resources. A more detailed discussion of forward-looking statements is included in the Company's Prospectus dated June 21, 2021. Readers are cautioned not to place undue reliance on forward-looking statements.

## Risks and Uncertainties

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to, limited operating history, speculative nature of mineral exploration, dilution, mineral titles, loss of interest in properties, permits and government regulations, environmental and safety regulations and risks, fluctuating mineral prices, financing risks and competition. A more detailed discussion of these risk factors is included in the Company's Prospectus dated June 21, 2021.

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 outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and 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.

**Exploration and Evaluation Property**

Ducros Property

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 at their 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 staked additional mineral claims, such that the Ducros Property presently consists of 280 contiguous mineral claims covering 15,147 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.

On October 19, 2022, the Company provided an update that new drill intercepts have expanded the known sulphide mineralization zone at the Fortin Sill Zone. The abundance, composition and texture of the sulphides encountered in hole QDG-22-38 appear very similar to the mineralization encountered in hole QDG-22- 09 earlier this year. The Company had previously reported assay results from hole QDG-22-09 returned a 31 metres-wide intercept averaging 0.37% Ni, 0.40% Cu and 0.55 g/t Pt-Pd-Au that includes higher grade sub-intervals of 0.44% Ni, 0.51% Cu and 0.69 g/t Pt-Pd-Au over 18.50 and 0.55% Ni, 0.86% Cu and 0.86 g/t Pt-Pd-Au over 5.0 metres (see May 16, 2022 News Release for more information).

On June 13, 2022, the Company provided an update on the multi-phase diamond drilling program at the Ducros project, which had commenced in mid-February 2022. The Company announced it had completed 16 drill holes for a total of 4,612 metres with one diamond drill. The Phase I drilling program was designed to test multiple Ni-Cu-PGE targets generated from a surface electromagnetic survey (ARMIT-TDEM) completed in 2020 by Abitibi Geophysics in addition to completing several holes designed to gain a better understanding of the local geology and to explore at depth within this portion of the greater Ducros property.

The Company's Phase II drilling program began on April 16, 2022 at the Fortin Sill Ni-Cu-PGE showing. Assay results from one of the reported holes drilled, QDG-22-09, improved upon the historical drill intercept in terms of both overall grade and core length (see May 16, 2022 news release for more details). Two additional holes were completed from the same set-up as QDG-22-09, namely QDG-22-10 & 11, to test for the continuity of the Ni-Cu-Co-PGE-Au mineralization on section with QDG-22-09 and GCF-08-07. The Company reported drilling was successful at expanding the mineralized zone at Fortin Sill on section to the southwest (see June 6, 2022 news release for more information).

**Analysis of the Company's Financial Performance and Condition**

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

| | Revenue | Net Loss ($) | Loss per share ($) | Total Assets ($) | Total Current Liabilities ($) | Working Capital ($) |
|---|---|---|---|---|---|---|
| September 30, 2022 | $nil | 399,550 | 0.01 | 9,445,121 | 1,016,826 | 3,066,626 |
| June 30, 2022 | $nil | 196,025 | 0.00 | 9,131,606 | 592,862 | 5,295,221 |
| March 31, 2022 | $nil | 1,884,909 | 0.04 | 9,221,268 | 486,499 | 8,734,769 |
| December 31, 2021 | $nil | 600,346 | 0.01 | 8,858,946 | 511,668 | 8,347,278 |
| September 30, 2021 | $nil | 341,146 | 0.01 | 1,529,530 | 32,118 | 1,497,412 |
| June 30, 2021 | $nil | 40,473 | 0.00 | 1,446,558 | 2,960 | 1,443,598 |
| March 31, 2021 | $nil | 87,125 | 0.01 | 1,417,071 | 8,000 | 1,409,071 |
| December 31, 2020 | $nil | 16,950 | 0.00 | 1,460,085 | 21,989 | 1,438,096 |

The only material variations are:

(i) the increased net loss for the quarter ended September 30, 2022 can be attributed the recognition of share-based payments recognized on the granting of 1,775,000 stock options. The Company also incurred additional professional fees relating to auding and tax matters. The Company also incurred higher travel costs due to investor relations work.

(ii) the increased net loss for the quarter ended March 31, 2022 can be attributed to a deferred tax expenditure of $1,587,500 because of the Company's renunciation of its flow-through expenditures during the period.

(iii) the Company saw a significant increase in assets in the quarter ended December 31, 2021 as the Company issued an aggregate of 27,407,496 common shares for gross proceeds of $7,700,000. The Company also recognized share-based payment costs of $464,700 as it began securing qualified individuals to manage the business.

(iv) the Company recognized share-based payments of $238,000 during the quarter-ended September 30, 2021. These payments were a result of securing qualified individuals to manage the business.

**Three-months ended September 30, 2022**

The Company reported a loss of $399,550 (Q2-2021 - $341,146) and a loss per share of $0.01 (Q2-2021 - $0.01) for the three-months ended September 30, 2022. The loss was comprised of the following significant items:

- General and administrative expenses were $47,098 (Q2-2021 - $11,580) consisted principally of administrative fees and rent. The increased costs can be attributed to the increased business activities of the Company over the year.
- Management fees were $32,000 (Q2-2021 - $3,000) include corporate development costs of $15,000 and director fees of $14,000. Overall costs were higher as the Company engaged the services of independent directors to provide services to the Company.

- Professional fees were $63,156 (Q2-2021 - $11,456) and were composed of $48,888 of accounting and audit fees and $14,268 for legal services. The increase in fees can be attributed to an increase in costs for general audit and accounting services.
- Promotion and marketing costs were $36,111 (Q2-2021 - $69,298) and were composed of capital market advisory services, website design and development, corporate presentation materials, creation of promotional videos, and news release dissemination costs. Costs were higher in the previous corresponding quarter due to the initial set-up of the Company's marketing programs which were one-time fees.
- The Company recorded share-based compensation of $179,300 (Q2-2021 - $238,000). The Company had granted 1,775,000 options with a fair value determined using the Black-Scholes Model. The higher fair value from the previous year can be attributes to the fact that 3,400,000 options were granted at that time. The increased options were granted to attract quality management staff.
- Transfer agent and filing fees were $14,120 (Q2-2021 - $4,230) and consisted of monthly transfer agent, OTC listing and CSE listing fees. The Company also incurred various AGM costs totaling $6,370 during the quarter.
- Travel costs were $38,743 (Q2-2021 - $3,582) were incurred in promoting the Company at various trade show and investor events. The Company also incurred costs as it brought potential investors to the Ducros Property for a tour of the project.

The overall increase in expenditures for the three-month period ended September 30, 2022 compared to the corresponding three-month period ended September 30, 2021 can be attributed to the overall increased activity in marketing, investor relations and other general costs associated with an active business.

**<u>Six-months ended September 30, 2022</u>**

The Company reported a loss of $595,574 (2021 - $381,619) and a loss per share of $0.01 (2021 - $0.01) for the six-months ended September 30, 2022. The loss was comprised of the following significant items:

- General and administrative expenses were $107,781 (2021 - $28,233) consisted principally of administrative fees and rent. The increased costs can be attributed to the increased business activities of the Company over the year.
- Management fees were $53,000 (2021 - $3,000) include corporate development costs of $30,000 and director fees of $20,000. Overall costs were higher as the Company engaged the services of independent directors to provide services to the Company.
- Professional fees were $103,508 (2021 - $18,829) and were composed of $74,240 of accounting and audit fees and $14,268 for legal services. The increase in fees can be attributed to an increase in costs for general audit and accounting services.
- Promotion and marketing costs were $68,677 (2021 - $69,298) and were composed of capital market advisory services, website design and development, corporate presentation materials, creation of promotional videos, and news release dissemination costs.
- Transfer agent and filing fees were $25,618 (2021 - $20,677) and consisted of monthly transfer agent, OTC listing and CSE listing fees.
- Travel costs were $73,600 (2021 - $3,582) were incurred in promoting the Company at various trade show and investor events. The Company also incurred higher costs as it brought potential investors to the Ducros Property for a tour of the project.

The overall increase in expenditures for the six-month period ended September 30, 2022 compared to the corresponding six-month period ended September 30, 2021 can be attributed to the overall increased activity in marketing, investor relations and other general costs associated with an active business.

**Liquidity and Capital Resources**

As at September 30, 2022, the Company's cash position was $2,939,127 (March 31, 2022 - $7,151,340) and it had working capital of $3,066,626 (March 31, 2022 - $8,734,769).

During the six-month period ended September 30, 2022, 250,000 options and 823,000 warrants were exercised for common shares of the Company for gross proceeds of $109,800.

During the six-month period ended September 30, 2022, an aggregate of 1,775,000 options were granted to directors, officers and consultants of the Company.

**Related Party Transactions**

Refer to note 7 of the September 30, 2022 condensed interim financial statements.

**Directors and Officers**

As at the date of this MD&A, the directors and officers of the Company are as follows:

| | |
|---|---|
| David Patterson | Director and CEO |
| Richard Dufresne | Director |
| Christine Petch | Director |
| Hani Zabaneh | Director |
| Gary DeSchutter | VP of Exploration |
| Ming Jang | CFO |

The Company's Advisory Board consists of Glenn Mullan, David Gower, and Daniel Scheiber.