

Quebec Nickel Corp.

**Condensed Interim Financial Statements
For the Three and Six Months Ended September 30, 2021
(Unaudited)**

Notice to Reader

Under National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim financial statements by an entity's auditor.

Quebec Nickel Corp.
Condensed Interim Statements of Financial Position
(Stated in Canadian Dollars)
(Unaudited)

	Notes	September 30, 2021	March 31, 2021
ASSETS			
Current assets			
Cash		\$ 996,434	\$ 1,083,150
GST receivable		22,614	8,310
Prepaid expenses		31,051	11,323
Total current assets		1,050,099	1,102,783
Exploration and evaluation assets	3	\$ 479,431	314,288
TOTAL ASSETS		\$ 1,529,530	\$ 1,417,071
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	6	\$ 32,118	\$ 8,000
Shareholders' equity			
Common shares	4	1,729,768	1,439,591
Share-based payments reserve	5	253,783	74,000
Deficit		(445,666)	(104,520)
Total equity		1,537,885	1,409,071
TOTAL LIABILITIES AND EQUITY		\$ 1,570,003	\$ 1,417,071
Nature and continuance of operations	1		
Subsequent events	8		

Approved on behalf of the Board of Directors:

"David Patterson"

David Patterson, Director

"Ming Jang"

Ming Jang, Director

Quebec Nickel Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Notes	Three months ended September 30, 2021	Period from incorporation on September 18, 2020 to September 30, 2020	Six months ended September 30, 2021	Period from incorporation on September 18, 2020 to September 30, 2020
Expenses					
Filing and listing fees		\$ 1,500	\$ -	\$ 17,797	\$ -
General and administrative		11,580	-	28,233	-
Management fees		3,000	-	3,000	-
Professional fees		11,456	-	18,829	-
Promotion and marketing		69,298	-	69,298	-
Share-based payments	5	238,000	-	238,000	-
Transfer agent fees		2,730	-	2,880	-
Travel		3,582	-	3,582	-
Loss and comprehensive loss for the period					
		\$ (341,146)	\$ -	\$ (381,619)	\$ -
Weighted average number of common shares outstanding					
	4				
Basic		38,637,029	425,001	37,298,780	425,001
Diluted		38,637,029	425,001	37,298,780	425,001
Basic and diluted loss per common share					
	4	\$ (0.01)	\$ -	\$ (0.01)	\$ -

The accompanying notes are an integral part of these condensed interim financial statements.

Quebec Nickel Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Special Warrants		Share-based	Deficit	Total
	Number	Amount	Number	Amount	Payments Reserve		
Balance at March 31, 2021	35,929,342	\$ 1,439,591	-	\$ -	\$ 74,000	\$ (104,520)	\$ 1,409,071
Common shares issued for cash:							
Exercise of stock options	2,700,000	135,000	-	-	-	-	135,000
Exercise of warrants	969,600	96,960	-	-	-	-	96,960
Fair value of stock options exercised	-	58,100	-	-	(58,100)	-	-
Fair value of warrants exercised	-	117	-	-	(117)	-	-
Share-based payments	-	-	-	-	238,000	-	238,000
Net loss for the period	-	-	-	-	-	(341,146)	(341,146)
Balance at September 30, 2021	39,598,942	1,729,768	-	-	253,783	(445,666)	1,537,885

	Common Shares		Special Warrants		Share-based	Deficit	Total
	Number	Amount	Number	Amount	Payments Reserve		
Balance at September 18, 2020	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Issue of common shares for cash	4,425,001	88,500	-	-	-	-	88,500
Issue of special warrants for cash	-	-	26,600,000	1,330,000	-	-	1,330,000
Issue of special warrants for exploration and evaluation assets	-	-	3,589,341	179,467	-	-	179,467
Special warrant issue costs	1,315,000	65,750	-	(224,126)	15,900	-	(142,476)
Conversion of special warrants to common shares	30,189,341	1,285,341	(30,189,341)	(1,285,341)	-	-	-
Share-based payments	-	-	-	-	58,100	-	58,100
Net loss for the period	-	-	-	-	-	(104,520)	(104,520)
Balance at March 31, 2021	35,929,342	\$ 1,439,591	-	\$ -	\$ 74,000	\$ (104,520)	\$ 1,409,071

The accompanying notes are an integral part of these condensed interim financial statements.

Quebec Nickel Corp.

Condensed Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

	Six months ended September 30, 2021	Period from incorporation on September 18, 2020 to September 30, 2020
Operating activities		
Loss for the period	\$ (381,619)	\$ -
Item not involving cash:		
Share-based payments	238,000	-
Changes in non-cash working capital items:		
GST receivable	(14,304)	-
Prepaid expenses	(19,728)	-
Trade and other payables	24,118	-
Net cash used in operating activities	(153,533)	-
Investing activity		
Purchase of exploration and evaluation assets	(165,143)	-
Net cash used in investing activity	(165,143)	-
Financing activity		
Proceeds from issuance of common shares	231,960	8,500
Net cash provided by financing activity	231,960	8,500
Change in cash during the period	(86,716)	8,500
Cash, beginning of period	1,083,150	-
Cash, end of period	\$ 996,434	\$ 8,500
Supplemental Cash Flow Information		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -

The accompanying notes are an integral part of these condensed interim financial statements.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

1. Nature and Continuance of Operations

Quebec Nickel Corp. (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’.

These condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at September 30, 2021, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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.

During the first quarter of calendar 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

As at September 30, 2021, the Company had not yet achieved profitable operations, has accumulated losses of \$445,666 since inception, and expects to incur further losses in the development of its business. These factors indicate a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its mineral property exploration activities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these condensed interim financial statements.

The office of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 2Y3.

Quebec Nickel Corp.
Notes to the Condensed Interim Financial Statements
September 30, 2021
(Stated in Canadian Dollars)
(Unaudited)

2. Basis of Preparation

a) Statement of compliance

These condensed interim financial statements, including comparatives, are unaudited and have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's financial statements for the period from incorporation on September 18, 2020 to March 31, 2021.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

c) Recent accounting pronouncements and changes to accounting policies

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.

d) Approval of the condensed interim financial statements

The condensed interim financial statements of the Company for the six months ended September 30, 2021 were reviewed, approved and authorized for issue by the board of directors on November 26, 2021.

3. Exploration and Evaluation Assets

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, located in the Val d'Or area of Quebec, Canada. 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.

As of September 30, 2021, the Company had spent \$32,383 for the staking of additional claims, increasing the Ducros Property to 239 contiguous mineral claims covering 12,851.27 hectares.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

3. Exploration and Evaluation Assets (cont'd)

Subsequent to September 30, 2021, the Company staked 41 claims, totaling 2,328.45 hectares, such that the Ducros Property is currently comprised of 280 contiguous mining claims covering 15,179.72 hectares.

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.

During the six months ended September 30, 2021, the Company incurred the following exploration expenditures on the property:

	Exploration & evaluation Assets
Balance at March 31, 2021	\$ 314,288
Geology	41,788
Geophysics	115,079
Lodging and meals	4,025
Mobilization and Demobilization	2,250
Transportation	2,000
<hr/> Balance at September 30, 2021	<hr/> \$ 479,430

4. Common Shares

a) Authorized:

An unlimited number of common shares with no par value.

b) During the six months ended September 30, 2021, the Company issued 2,700,000 common shares pursuant to the exercise of 2,700,000 stock options at \$0.05 per share for gross proceeds of \$135,000.

During the six months ended September 30, 2021, the Company issued 969,600 common shares pursuant to the exercise of 969,600 warrants at \$0.10 per share for gross proceeds of \$96,960.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2021

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(Unaudited)

4. Common Shares (cont'd)

c) Loss per share:

Basic and diluted loss per share

	Three months ended September 30, 2021	Period from incorporation on September 18, 2020 to September 30, 2020	Six months ended September 30, 2021	Period from incorporation on September 18, 2020 to September 30, 2020
Numerator:				
Net (loss) income	\$ (341,146)	\$ -	\$ (381,619)	\$ -
Denominator:				
Weighted average number of common shares (basic)	38,637,029	425,001	37,298,780	425,001
Dilutive effect of share options	-	-	-	-
Dilutive effect of warrants	-	-	-	-
Weighted average number of common shares (diluted)	38,637,029	425,001	37,298,780	425,001
Basic and diluted (loss) income per common share	\$ (0.01)	\$ -	\$ (0.01)	\$ -

5. Share-based Payments

a) Warrants:

The changes in warrants issued during the six months ended September 30, 2021 are as follows:

	Period ended September 30, 2021	
	Number of warrants	Weighted- average exercise price
Balance, beginning of period	14,607,000	\$ -
Exercised	(969,600)	0.10
Balance, end of period	13,637,400	\$ 0.10

Quebec Nickel Corp.
Notes to the Condensed Interim Financial Statements
September 30, 2021
(Stated in Canadian Dollars)
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5. Share-based Payments (cont'd)

Warrants exercisable and outstanding as at September 30, 2021 are as follows:

Expiry Date	Number of warrants	Exercise Price
October 21, 2022	1,297,400	\$0.10
March 12, 2023	12,340,000	\$0.10
	13,637,400	

b) Stock Options:

On December 29, 2020, the Company adopted an option plan in accordance with the rules and policies of the CSE. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of the grant of the stock options, and (b) the date of grant of the stock options, and the term may not exceed 10 years. The aggregate number of securities available for issuance under the plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to time.

On July 28, 2021, the Company granted 3,400,000 stock options to directors, officers, employees and consultants, at an exercise price of \$0.11. The stock options expire on July 28, 2026 and vested immediately upon grant. The Company recognized \$238,000 for share-based payments.

The fair value of the 3,400,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.80%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 80% and an expected life of 5 years. The fair value of the stock options was \$0.07 per option. 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.

The changes in stock options issued during the six months ended September 30, 2021 are as follows:

	Period ended September 30, 2021	
	Number of options	Weighted- average exercise price
Balance, beginning of period	2,700,000	\$ 0.05
Exercised	(2,700,000)	0.05
Granted	3,400,000	0.11
Balance, end of period	3,400,000	\$ 0.11

Quebec Nickel Corp.
Notes to the Condensed Interim Financial Statements
September 30, 2021
(Stated in Canadian Dollars)
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5. Share-based Payments (cont'd)

Stock options exercisable and outstanding as at September 30, 2021 are as follows:

<u>Expiry Date</u>	<u>Number of options</u>	<u>Exercise Price</u>
July 28, 2026	3,400,000	\$0.11

6. Related Party Transactions

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 six months ended September 30, 2021.

a) Compensation of key management personnel

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

The Company incurred management fees of \$3,000 (2020 - \$nil) to its CFO.

The Company incurred share-based payments of \$238,000 of which \$87,500 represents the fair value vesting of stock options granted to key management personnel.

As at September 30, 2021, \$22,192 is owing to related parties for expenditures incurred on behalf of the Company.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits.

7. Financial Instruments – Fair Value

Fair value estimates are made at the condensed interim statement of financial position date, based on relevant market information and other information about financial instruments. As at September 30, 2021, the Company's financial instruments are cash and trade and other payables. The amounts reflected in the condensed interim statements of financial position are carrying amounts and approximate their fair values due to their short-term nature.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2021

(Stated in Canadian Dollars)

(Unaudited)

8. Subsequent Events

Subsequent to September 30, 2021, the following transactions occurred:

- a) The Company issued 1,910,000 common shares via the exercise of 1,910,000 warrants for gross proceeds of \$191,000.
- b) The Company issued 250,000 warrants to a Technical Advisor, with each warrant exercisable into one common share at a price of \$0.35 for a period of two years.
- c) The Company issued a total of 27,407,496 common shares for gross proceeds of \$7,700,000 pursuant to the closing of a non-brokered private placement. The private placement was 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 paid \$539,000 in finder's fees and 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.

- d) On November 25, 2021, the Company granted 3,400,000 stock options to directors, officers, employees and consultants, at an exercise price of \$0.30. The stock options expire on November 25, 2023 and vested immediately upon grant.