



QC COPPER & GOLD

QC Copper and Gold Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

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 condensed consolidated interim financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not performed an audit or review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants.

QC COPPER AND GOLD INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

<i>As at</i>	Notes	July 31, 2022	October 31, 2021
ASSETS			
Current			
Cash		\$10,056,853	\$17,508,624
Accounts receivable		633,483	200,652
Due from related party	11	70,694	25,086
Prepaid expenses		26,647	98,335
Total current assets		10,787,677	17,832,697
Investments in associates	7	2,191,956	2,843,708
Property, plant and equipment	5	68,781	55,997
TOTAL ASSETS		\$13,048,414	\$20,732,402
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$425,415	\$916,455
Flow-through share liability	9	422,325	2,613,553
Current tax payable		-	30,000
TOTAL LIABILITIES		847,740	3,560,008
SHAREHOLDERS' EQUITY			
Share capital	10	16,979,144	14,405,914
Shares to be issued	10	-	371,667
Reserves	10	2,621,172	1,840,294
Deficit		(7,399,642)	554,519
TOTAL SHAREHOLDERS' EQUITY		12,200,674	17,172,394
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$13,048,414	\$20,732,402

Nature of operations (Note 1)

Going concern (Note 2)

Commitments and contingencies (Note 12)

Approved on behalf of the Directors:

"Alex Stewart"

Alex Stewart – Director

"Stephen Stewart"

Stephen Stewart – Director

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

QC COPPER AND GOLD INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)**

(Unaudited - Expressed in Canadian dollars)

	Notes	Three Months Ended July 31,		Nine Months Ended July 31,	
		2022	2021	2022	2021
EXPENSES					
Amortization	5	\$4,905	\$2,803	\$14,715	\$7,925
Share-based payments	10	(18,414)	-	908,819	79,176
Consulting, wages and management fees	11	106,167	62,314	298,016	193,365
Exploration expense	6	4,545,903	3,046,478	7,683,716	5,710,265
Office, rent and general		(31,508)	6,743	(22,003)	18,603
Professional fees		170,540	4,215	324,701	31,057
Transfer agent, filing fees and shareholder communications		89,273	26,666	240,999	185,767
Travel and related costs		23,550	629	44,674	1,535
Equity loss on investment in associate	7	188,213	661,395	1,983,753	1,240,615
Gain on dilution of investment in associate	7	(29,989)	(100,765)	(1,332,001)	(1,080,681)
TOTAL EXPENSES		\$5,048,640	\$3,710,478	\$10,145,389	\$6,387,627
Loss from operations for the period		5,048,640	3,710,478	10,145,389	6,387,627
Deferred income tax recovery					
Flow-through share premium liability renunciation	9	1,057,235	113,271	2,191,228	578,103
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		\$3,991,405	\$3,597,207	\$7,954,161	\$5,809,524
Weighted average number of shares - basic and diluted		148,188,783	107,384,825	147,768,046	107,384,825
Loss per share – basic and diluted		\$(0.03)	\$(0.04)	\$(0.05)	\$(0.05)

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

QC COPPER AND GOLD INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited - Expressed in Canadian dollars)

	Number of shares	Amount	Share to be issued	Share-based payments reserve	Accumulated Deficit	Total Equity
Balance at October 31, 2020	70,778,634	\$3,584,811	\$-	\$1,123,760	\$72,394	\$4,780,965
Loss for the period	-	-	-	-	(5,809,524)	(5,809,524)
Shares issued for exploration and evaluation expenses	3,150,000	646,500	-	-	-	646,500
Warrants issued for exploration and evaluation expenses	-	-	-	234,412	-	234,412
Shares issued on flow-through private placement	8,890,001	1,379,200	-	221,000	-	1,600,200
Premium allocated to flow-through shares	-	(266,700)	-	-	-	(266,700)
Shares issued on hard-dollar private placement	22,667,066	2,812,060	-	588,000	-	3,400,060
Finders' units issued	1,837,266	227,590	-	48,000	-	275,590
Share issuance costs	-	(275,590)	-	-	-	(275,590)
Share-based payments	-	-	-	79,176	-	79,176
Stock options exercised	650,000	83,662	-	(32,662)	-	51,000
Warrants exercised	9,226,785	1,393,718	-	(229,140)	-	1,164,578
Balance at July 31, 2021	117,199,752	\$9,585,251	\$	\$2,032,546	\$(5,737,130)	\$5,880,667
Loss for the period	-	-	-	-	6,291,649	6,291,649
Shares issued on flow-through private placement	11,615,000	7,190,000	-	(221,000)	-	6,969,000
Premium allocated to flow-through shares	-	(2,671,450)	-	(588,000)	-	(3,259,450)
Finders' units issued	-	48,000	-	(48,000)	-	-
Value of warrants	-	(48,000)	-	48,000	-	-
Share issuance costs	-	(538,348)	-	-	-	(538,348)
Warrants exercised	5,540,903	1,061,461	371,667	(192,252)	-	1,240,876
Balance at October 31, 2021	134,355,655	\$14,405,914	\$371,667	\$1,840,294	\$554,519	\$17,172,394
Loss for the period	-	-	-	-	(7,954,161)	(7,954,161)
Shares issued for exploration property	2,650,000	525,000	-	-	-	525,000
Warrants exercised	11,332,132	1,928,330	(371,667)	(370,151)	-	1,186,511
Warrants issued for exploration and evaluation expenses	-	-	-	289,111	-	289,111
Stock options exercised	1,050,000	119,900	-	(46,900)	-	73,000
Share-based compensation	-	-	-	908,819	-	908,819
Balance at July 31, 2022	149,387,787	\$16,979,144	-	\$2,621,172	\$(7,399,642)	\$12,200,674

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

QC COPPER AND GOLD INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

<i>For the periods ended</i>	July 31, 2022	July 31, 2021
Operating activities		
(Loss) for the period	\$(7,954,161)	\$(5,809,524)
Items not involving cash:		
Amortization	14,715	7,925
Flow-through share premium renunciation	(2,191,228)	(578,103)
Share-based payments	908,819	79,176
Shares and warrants issued for exploration expenses	814,111	880,912
Equity loss on investment in associate	1,983,753	1,240,615
Gain on dilution of investment in associate	(1,332,001)	(1,080,681)
Changes in non-cash working capital items		
Prepaid expenses	71,688	-
Accounts receivable	(432,831)	67,562
Accounts payable and accrued liabilities	(491,040)	99,075
Taxes payable	(30,000)	(228,385)
Net cash used in operating activities	\$(8,638,175)	\$(5,321,428)
Investing activities		
Purchase of property, plant and equipment	(27,499)	(44,007)
Advances to related parties	(45,608)	(11,372)
Net cash used in investing activities	\$(73,107)	\$(55,379)
Financing activities		
Issuance of common shares and warrants	-	5,000,260
Proceeds on exercise of warrants	1,186,511	1,164,578
Proceeds on exercise of stock options	73,000	51,000
Net cash provided by financing activities	\$1,259,511	\$6,215,838
Net (decrease) increase in cash	(7,451,771)	839,031
Cash, beginning of period	17,508,624	1,743,473
Cash, end of period	\$10,056,853	\$2,582,504

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements

For the periods ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

QC Copper and Gold Inc. (“QC Copper” or “Company”), was incorporated under the Business Corporations Act (British Columbia) on February 1, 2018, originally as a wholly owned subsidiary of Orefinders Resources Inc. (“Orefinders”). Its principal business activity is the exploration, development and production of exploration and evaluation assets in Canada.

The head and principal office of the Company is located at 55 University Avenue, Suite 1805, Toronto, Ontario, M5J 2H7.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts expended on mineral properties is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company’s exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The ability of the Company to arrange financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations. Management is also closely evaluating the impact of COVID-19 on the Company’s business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements. As at July 31, 2022 the Company had working capital of \$9,939,937 (October 31, 2021 - \$14,272,689) and accumulated deficit of \$7,399,642 (October 31, 2021 – retained earnings \$554,519). The Company has no proven history of performance or success.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements

For the periods ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance and basis of measurement

These unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part I of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). These interim financial statements should be read in conjunction with the October 31, 2021 consolidated annual financial statements. These interim financial statements were authorized for issuance by the Audit Committee on behalf of the Board of Directors on September 29, 2022.

These interim financial statements follow the same accounting principles and methods of application as disclosed in the consolidated financial statements as at and for the year ended October 31, 2021. The interim consolidated financial statements may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS.

b) Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported.

Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. However, actual results could differ materially from these estimates.

The significant areas of estimation and uncertainty considered by management in preparing the condensed consolidated interim financial statements are the same as those described in the Company’s annual financial statements for the year ended October 31, 2021.

c) Significant accounting policies

The Company’s accounting policies applied to all periods presented in these Financial Statements are the same as those applied by the Company in its annual consolidated financial statements as at and for the year ended October 31, 2021, except as detailed in note 4.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

At the date of authorization of these consolidated interim financial statements, the IASB has issued new and revised Standards and Interpretations which are not yet effective for the relevant reporting period. Many are not applicable or do not have a significant impact on the Company. Management is currently evaluating the impact of these pronouncements on the Company’s consolidated interim financial statements.

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements
For the periods ended July 31, 2022 and 2021
(Expressed in Canadian dollars)

5. EQUIPMENT

	Automotive equipment	Mining equipment	Total
Cost			
Balance, November 1, 2020	\$19,026	\$-	\$19,026
Additions	37,208	14,500	51,708
Balance, October 31, 2021	56,234	14,500	70,734
Additions	27,499	-	27,499
Balance, July 31, 2022	\$83,733	\$14,500	\$98,233
Accumulated amortization			
Balance, November 1, 2020	\$2,854	\$-	\$2,854
Amortization	10,433	1,450	11,883
Balance, October 31, 2021	13,287	1,450	14,737
Amortization	12,757	1,958	14,715
Balance, July 31, 2022	26,044	3,408	29,452
Net book value, October 31, 2021	42,947	13,050	55,997
Net book value, July 31, 2022	\$57,689	\$11,092	\$68,781

6. EXPLORATION AND EVALUATION EXPENDITURES

The following are details of the Company's exploration and evaluation expenditures:

	Three months ended July 31,		Nine months ended July 31,		Accumulated From Property Inception
	2022	2021	2022	2021	
Mann/MacMurchy Property, Ontario	\$-	\$-	\$-	\$-	\$543,548
Cooke-Robitaille Property, Quebec	77,013	190,944	221,561	483,017	766,578
Scott Property, Quebec	47,614	-	97,139	28,944	126,083
Opemiska Property, Quebec*	4,421,166	1,605,184	7,364,906	3,947,954	12,560,551
Roger Property, Quebec	110	1,250,350	110	1,250,350	1,250,460
Shadow and Hook Property, Saskatchewan	-	-	-	-	278,876
	\$4,545,903	\$3,046,478	\$7,683,716	\$5,710,265	\$15,526,096

Opemiska Property, Quebec

On November 30, 2021, the Company completed the acquisition of 100% interest in 38 claims from a private arm's length company. The claims cover 2,112 hectares that connects two land parcels of the Opemiska Copper Project. The Company is acquiring 100% of the 38 claims and has issued 150,000 common shares of the Company and paid \$10,000 in cash to the vendor, an arm's length private company. The vendor will retain a 2% Net Smelter Royalty, of which 50% of can be repurchased for \$500,000.

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements

For the periods ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

To acquire a 100% interest in the Opemiska Copper Complex, the Company and Ex-In entered into a definitive agreement with the effective date being May 23, 2019. Its terms are as follows*: By November 23, 2019, the Company will issue 1.5 million shares and 1.5 million warrants (\$0.20 exercise price) and pay \$50,000 to Ex-In (paid and issued November 22, 2019); By May 23, 2021, the Company will incur \$500,000 in work expenditures on Opemiska, issue 1.5 million shares and 1.5 million warrants (\$0.25 exercise price) and pay \$150,000 to Ex-In (paid and issued May 23, 2021); By May 23, 2022, the Company incurred an additional \$1,000,000 in work expenditures on Opemiska, issue 2 million shares and 2 million warrants (\$0.30 exercise price) and paid \$300,000 to Ex-In; By May 23, 2023, the Company will incur an additional \$1,500,000 in work expenditures on Opemiska, issue 3 million shares and 3 million warrants (\$0.35 exercise price) and pay \$1,000,000 to Ex-In. The Opemiska Copper Complex is subject to a 2% NSR, 50% of which can be re-purchased by the Company at a cost of \$4.5 million. At any time, the Company can accelerate its obligations to exercise 100% ownership of Opemiska Copper Complex at an earlier date. Subject to certain adjustments in the case of accelerated issuance, all warrants to be issued to Ex-In will expire 36 months after their date of issuance. If the Company files a positive feasibility study, it will be required to pay advance royalty payments of \$250,000 per year.

*On May 6, 2020, the Company received a 6-month deferral on all of its remaining milestone obligations outlined in the Opemiska Copper Complex as detailed above.

Cooke Robitaille Property Option, Quebec

On July 13, 2020, the Company closed an option agreement to acquire the Cooke Robitaille property. The cash, work and share commitments to keep the option in good standing are as follows:

	Cash Payment (\$)	Work (\$)	Shares	Warrants	Warrant Exercise Price (\$/share)
July 13, 2020	-	-	500,000	500,000	\$0.10
July 13, 2021	\$50,000	\$300,000	500,000	500,000	\$0.15
July 13, 2022	\$50,000	\$400,000	500,000	500,000	\$0.20
July 13, 2023	\$50,000	\$400,000	500,000	500,000	\$0.25
July 13, 2024	\$100,000	\$400,000	500,000	-	-
July 13, 2025	\$200,000	\$1,500,000	500,000	-	-
Total	\$450,000	\$3,000,000	3,000,000	2,000,000	-

All commitments are in good standing.

7. INVESTMENT IN ASSOCIATE

As at July 31, 2022, the Company held 10,714,287 shares (12.6% interest) (October 31, 2021 – 10,714,287 shares – 14.6% interest) in Baselode Energy Corp. (“Baselode”) and accounts for this investment using the equity method as a result of common management and directors.

Summarized financial statements and investment continuity for Baselode as at and for the nine-month period ended July 31, 2022 are as follows:

	July 31, 2022	October 31, 2021
Current assets	\$9,460,640	\$11,602,282
Non-current assets	262,633	113,013
Total assets	9,723,273	11,715,295
Total liabilities	2,811,246	412,745
Total net loss and comprehensive loss	\$(13,913,441)	\$(5,666,274)

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements
 For the periods ended July 31, 2022 and 2021
 (Expressed in Canadian dollars)

	July 31, 2022	October 31, 2021
Balance – beginning of year	\$2,843,708	\$3,355,256
Less: Sale of shares in Baselode	-	(1,834,128)
Less: Equity loss from Baselode	(1,983,753)	(1,762,423)
Add: Gain on dilution from Baselode	1,332,001	3,085,003
Balance – end of period	\$2,191,956	\$2,843,708

Based on the quoted market price at July 31, 2022, the fair value of the Company's interest in Baselode was \$7,146,429 (October 31, 2021 - \$11,892,859).

8. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments

The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. At July 31, 2022 and October 31, 2021, the Company has no financial instruments to classify in the fair value hierarchy.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Amounts receivable are due from the Government of Canada and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts. Cash is held with major banks in Canada. Management assesses credit risk of cash as remote.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk

The Company is not exposed to any significant foreign exchange risk or interest rate risk.

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position are as follows:

	July 31, 2022	October 31, 2021
Financial assets at amortized costs:		
Cash	\$10,056,853	\$17,508,624
Accounts receivable	633,483	200,652
Due from related party	70,694	25,086
	\$10,761,030	\$17,734,362

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements
 For the periods ended July 31, 2022 and 2021
 (Expressed in Canadian dollars)

	July 31, 2022	October 31, 2021
Financial liabilities at amortized costs:		
Accounts payable and accrued liabilities	\$425,415	\$916,455
	\$425,415	\$916,455

9. FLOW-THROUGH SHARE LIABILITY

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share liability is reversed. During the three and nine-month periods ended July 31, 2022, the Company recognized a flow-through share premium renunciation of \$1,057,235 and \$2,191,228, respectively (three and nine months ended July 31, 2021 - \$113,270 and \$578,102). At July 31, 2022, the flow-through share liability was \$422,325 (October 31, 2021 - \$2,613,553).

10. SHARE CAPITAL**Authorized share capital**

Unlimited number of voting common shares without par value.

Stock options

A summary of the changes in the Company's stock options is set out below:

<i>For the period and year ended</i>	July 31, 2022			October 31, 2021		
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price	Weighted average life (years)
Outstanding, beginning of period	10,175,000	\$0.09	2.41	10,575,000	\$0.07	3.37
Granted	3,935,000	0.33	5.00	500,000	0.23	4.35
Cancelled/Forfeited	(200,000)	0.34	4.50	(250,000)	(0.08)	(3.82)
Exercised	(1,050,000)	0.07	(2.44)	(650,000)	(0.08)	(2.70)
Options outstanding, end of period	12,860,000	\$0.15	2.45	10,175,000	0.09	2.41
Options exercisable, end of period	12,760,000	\$0.15	2.44	10,175,000	\$0.09	2.41

The weighted average share price at the time of option exercises was \$0.32.

On December 20, 2021, the Company granted 3,525,000 stock options with an exercise price of \$0.34 and a term of five years with 3,425,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months. The fair value of \$853,413 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.30, a risk-free interest rate of 1.32%, dividend yield of \$0 and expected volatility of 133% based on historical company share data. The granting of these options resulted in a share-based payment recovery of \$24,210 and an expense of \$829,203 being recorded during the three and nine-month periods ended July 31, 2022, respectively.

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements

For the periods ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

On April 2, 2022, the Company granted 410,000 stock options with an exercise price of \$0.28 and a term of five years with 310,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months. The fair value of \$95,077 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, share price of \$0.27, a risk-free interest rate of 2.46%, dividend yield of \$0 and expected volatility of 130% based on historical company share data. The granting of these options resulted in a share-based payment expense of \$5,796 and \$73,820 being recorded during the three and nine-month period ended July 31, 2022, respectively.

The following incentive stock options were outstanding and exercisable at July 31, 2022:

Number of options outstanding	Number of options exercisable	Exercise Price
5,250,000	5,250,000	\$0.05
1,375,000	1,375,000	\$0.10
2,000,000	2,000,000	\$0.08
500,000	500,000	\$0.23
3,325,000	3,325,000	\$0.34
410,000	310,000	\$0.28
12,860,000	12,760,000	\$0.15

Warrants

A summary of the changes in the Company's warrants is set out below:

<i>For the period and year ended</i>	July 31, 2022			October 31, 2021		
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price	Weighted average life (years)
Outstanding, beginning of period	34,989,688	\$0.15	1.12	31,766,311	\$0.09	1.50
Issued for exploration expenses	2,500,000	0.28	2.80	2,000,000	0.23	2.34
Issued - flow-through financing	-	-	-	4,445,001	0.22	1.07
Issued – hard-dollar financing	-	-	-	11,333,533	0.20	1.07
Finders' warrants issued	-	-	-	918,633	0.20	1.07
Exercised	(11,417,832)	(0.15)	0.50	(14,767,688)	(0.14)	(0.53)
Expired	(75,000)	(0.10)	-	(706,102)	(0.15)	-
Outstanding, end of period	25,996,856	\$0.17	0.55	34,989,688	\$0.15	1.12

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements
For the periods ended July 31, 2022 and 2021
(Expressed in Canadian dollars)

As at July 31, 2022, the following warrants were outstanding:

Number of warrants outstanding	Exercise Price	Expiry Date
2,158,332	\$ 0.10	31-May-23
4,420,000	0.08	31-May-23
1,500,000	0.20	21-Nov-22
3,217,856	0.14	20-Aug-22
1,464,111	0.14	20-Aug-22
14,000	0.075	20-Aug-22
14,000	0.09	20-Aug-22
972,222	0.22	25-Nov-22
7,083,535	0.20	25-Nov-22
877,800	0.20	25-Nov-22
475,000	0.15	12-Jul-23
1,500,000	0.25	20-May-24
500,000	0.20	12-Jul-24
2,000,000	0.30	22-May-25
25,996,856	\$ 0.17	

11. RELATED PARTY TRANSACTIONS

As at July 31, 2022, Orefinders Resources Inc., an associated company, held 5,059,752 common shares (October 31, 2021 - 5,059,752) or approximately 3.5% (October 31, 2021 – 3.8%) of the common shares outstanding of the Company.

Key management personnel compensation

Key management includes directors and executive officers. The remuneration of the key management of the Company due from a related party company during the three and nine months ended July 31, 2022 and 2021 were as follows:

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2022	2021	2022	2021
Geological consulting included in exploration expenses	\$45,000	\$45,000	\$135,000	\$123,000
Management and consulting fees	67,365	50,500	201,215	166,633
Share-based payments	(18,413)	-	630,125	-
	\$93,951	\$95,500	\$966,339	\$289,633
			July 31, 2022	October 31, 2021
Due from Standard Ore Corporation			\$70,694	\$25,086

Standard Ore Corporation (“Standard Ore”) is controlled by a director of the Company. Standard Ore provides corporate and administrative services to the Company. These expenses are included in management and consulting fees in the compensation table above.

QC Copper and Gold Inc.

Notes to the Consolidated Financial Statements

For the periods ended July 31, 2022 and 2021

(Expressed in Canadian dollars)

All of the amounts due to and from related parties are unsecured, non-interest bearing with no fixed terms of repayment.

12. COMMITMENTS AND CONTINGENCIES

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

(i) The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made and expects to make in the future, expenditures to comply with such laws and regulations.

(ii) Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures in the period permitted. On October 27, 2021, the Company received \$6,969,000 from the issuance of flow-through shares and has spent \$5,928,383 in qualifying exploration expenditures leaving a flow-through spending commitment of \$1,040,617 as at July 31, 2022 to be spent by December 31, 2022.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitment.

(iii) The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$10,000 per month.

(iv) The Company is party to commitments with regards to the acquisition of its Opemiska and Cooke Robitaille properties as detailed in Note 6.

(v) The COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material. To-date there have been no material effects to the Company's operations.

13. SUBSEQUENT EVENTS

Subsequent to July 31, 2022, 1,348,173 warrants were exercised for proceeds of \$187,858.