Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Year Ended October 31, 2020

(Expressed in Canadian Dollars, unless otherwise noted)

January 25, 2021

Introduction

The following management's discussion and analysis (MD&A) of the financial condition and results of the operations of Canada Nickel Company Inc. (the "Company" or "Canada Nickel") constitutes management's review of the factors that affected the Company's financial and operating performance as at and for the year ended October 31, 2020. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended October 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC).

This MD&A has been prepared as of January 25, 2021.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (the Board), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The Company is in its first year of operations and accordingly comparative prior year financial information is not available.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) of the Canadian Securities Administrators. Additional information regarding Canada Nickel is available on its website at www.canadanickel.com or through the Company's SEDAR profile available at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains or incorporates certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance, objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, or estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors set out in ***Risk Factors***. Readers are cautioned that the list of risk factors that may affect the forward-looking statements is not exhaustive, and that the assumptions underlying such statements may prove to be incorrect. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Scientific and Technical Information

Steve Balch, (P.Geo.), Vice President Exploration of the Company and a Qualified Person as defined by NI 43-101, has reviewed and approved the scientific and technical content contained in this MD&A.

Description of The Business

Canada Nickel was incorporated on October 11, 2019 under the laws of the Province of Ontario, Canada, and its head office is located at 130 King Street West, Suite 1900, Toronto, Ontario, M5X 1E3.

On February 27, 2020, the Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol TSX-V:CNC and on October 14, 2020 its common shares commenced trading on the OTCQB Venture Marketplace under the symbol OTCQB:CNIKF.

Canada Nickel is engaged in the exploration and discovery of nickel sulphide assets to deliver future supply for the high growth electric vehicle, green energy and stainless steel markets. In 2020, the Company acquired 100 per cent of the Crawford Nickel-Cobalt Sulphide Project ("Crawford" or "the Crawford Project"), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. The Company also holds an option to earn up to an 80% interest in five additional nickel targets located in the same region as Crawford ("Option Properties").

On July 21, 2020, Canada Nickel launched wholly-owned NetZero Metals Inc. ("NetZero"), with the aim to develop zero-carbon production of nickel, cobalt, and iron at the Crawford Project. The Company has applied for trademarks for the terms NetZero NickelTM, NetZero CobaltTM, and NetZero IronTM in U.S., Canada, and other jurisdictions related to zero-carbon production of nickel, cobalt, and iron products.

Annual Highlights

Acquisition of flagship asset and commencement of trading on TSX-V

The Crawford Ultramafic Complex is an 8-kilometre long body of peridotite, dunite and their serpentinized equivalents, entirely under cover. It was defined by a helicopter-borne magnetic and electromagnetic survey and an airborne gravity survey, both conducted over of the entire project area of 100 square kilometres. An Artificial Intelligence review of data provided by Albert Mining Inc. also identified the area as being prospective for nickel. Following the inaugural drilling campaign results released in early 2019, undertaken by the previous owners, four discovery holes totaling 1,818 metres intersected multi-hundred metre intervals of serpentinized dunite with persistent nickel values with two of the four holes ending in mineralization (see news release dated March 4, 2019 issued by Noble Mineral Exploration Inc. ("Noble")). A follow up drilling campaign commenced in September 2019 and on October 11, 2019, Canada Nickel was created. Mark Selby was appointed as the Chairman and Chief Executive Officer of Canada Nickel and David Smith, John Leddy, Mike Cox and Russell Starr were appointed to Canada Nickel's Board of Directors.

In October 2019, Noble, Canada Nickel, Spruce Ridge Resources Ltd. ("Spruce Ridge") and certain private investors entered into a binding letter of intent and a subsequent Implementation Agreement on November 14, 2019, to facilitate Canada Nickel's consolidation of 100% ownership of Crawford.

Under the terms of the Implementation Agreement a series of transactions were completed to consolidate Crawford. Following which, on November 29, 2019, the Company entered into a definitive agreement with Noble, Spruce Ridge and certain private investors to acquire and consolidate Crawford for consideration of $2 million cash paid to Noble, 12,000,000 common shares issued to Noble at an ascribed fair value of $3,000,000, and 20,000,000 common shares issued to Spruce Ridge at an ascribed fair value of $5,000,000.

Through a series of private equity placements the Company raised $6.8 million prior to being listed on the TSX-V on February 27, 2020. The funds were used to consolidate and acquire Crawford and continue exploration and mineralogical work to advance the project. On February 28, 2020 the Company published its initial resource on the property. The Technical Report in support of the maiden Mineral Resource Estimate is filed on SEDAR.

Financings

Following the positive results of the maiden resource estimate, the Company received additional funding to continue to move the Crawford Project forward. From May to October of 2020, the Company received an additional $19.3 million in gross proceeds from several private and broker placements and $1.7 million from the exercise of common share purchase warrants. Further details are included in *Cash provided by financing activities*. The proceeds from the financings were used to:

- Execute the next drilling phase to better define and increase the Main-Higher Grade Zone and establish an initial resource in the East Zone
- Explore in the vicinity of the Main Zone
- Acquire additional properties
- Perform mineralogical studies and metallurgical testwork
- Compile a Preliminary Economic Assessment ("PEA") for Crawford
- Prepare a Feasibility Study with the intention to complete by the end of 2021.

Exploration and Updated Mineral Resource Estimate

The Company ran an extensive drilling campaign though the year yielding the following results:

- extended the resource in the Main Zone and discovered the new East Zone. The in-fill resource and an initial resource for the East Zone was published in an updated mineral resource estimate in January 2021.
- defined a platinum-group metal ("PGM") Zone which runs parallel to the nickel structures in the Main and East Zones at the northern contact between the peridotite and pyroxenite layer just north of the nickel structure.
- Identified nickel mineralization in the West and North Zones.

Updated Mineral Resource Estimate

The updated Mineral Resource Estimate was completed in October 2020 with a Technical Report filed on SEDAR on December 4, 2020 and subsequent amendment filed on January 18, 2021. In comparison to the initial mineral resource estimated prepared in February 2020, there was a 155% increase in the Measured Higher Grade Zone nickel content and the addition of an initial East Zone resource. The drill program achieved the objectives of finding extensions around the initial resource and new areas of mineralization, as well as proving up the extension and the continuity of the mineralization.

The Amended January 2021 resource was defined as follows:

- Main Higher Grade Zone measured and indicated resource of approximately 280 million tonnes at 0.31% nickel (874,000 tonnes nickel) within an overall measured and indicated resource of approximately 653 million tonnes at 0.26% nickel (1.7 million tonnes nickel).
- Total inferred resource of approximately 497 million tonnes at 0.24% nickel (1.2 million tonnes nickel), including the Main Zone of 320 million tonnes at 0.23% nickel and an initial inferred resource from the East Zone of 177 million tonnes at 0.24% nickel (424,000 tonnes nickel).
- Significant exploration potential remains with approximately 50% of Crawford untested and is now actively being explored. The Main Zone remains open to the west and the East Zone has more than 2.8 kilometres of strike length (40%) remaining to be drilled.

Refer to the Amended Technical Report dated January 18, 2021 for additional technical details.

New discoveries

In addition to the Company's January 2021 mineral resource update, which focuses on the Company's first two discoveries (Main Zone and East Zone), the Company has also discovered mineralization in the West and North Zones as well as a separate PGM Zone.

The Company is defining a PGM Zone which runs parallel to the nickel structures in the Main and East Zones at the northern contact between the peridotite and pyroxenite layer just north of the nickel structure. The PGM Zone was identified with grades up to 1.7 grams per tonne of palladium + platinum over 7.5 metres delineated from near surface to a depth of 500+ metres across a strike length of 600 metres – remains open to the west and at depth.

See *Highlights post October 31, 2020* for information on the West and North Zone discoveries.

Acquisition of Crawford Annex and Option Properties

On May 22, 2020, Canada Nickel acquired from Noble the Crawford Annex property and an option to earn up to an 80% interest in five additional nickel targets within Noble's Project 81 land package. The Crawford Annex comprises 4,909 hectares in Crawford and Lucas township and the five option areas (Crawford-Nesbitt-Aubin, Nesbitt North, Aubin-Mahaffy, Kingsmill-Aubin, and MacDiarmid) ("Option Properties") range in size of 903 to 5,543 hectares. As part of the consideration for these transactions, Canada Nickel paid to Noble $500,000 in cash and issued 500,000 common shares to Noble.

The initial review of historical drilling and geological information identified multiple nickel targets with large scale potential on the Option Properties and on July 13, 2020, Canada Nickel identified seven separate nickel-bearing target structures with more than 30 kilometres of total strike length ranging from 150 to 600 metres wide on the Option Properties. Historic drilling yielded nickel-bearing intersections on all of the target structures that are similar to Crawford. A nickel-bearing intrusion previously drilled by Noble also forms part of the Option Properties with drillhole KML-12-02 intersecting 0.30% nickel over 503 metres to be followed up in 2021.

Initial Mineralogy Results

In March, the Company received initial mineralogical assessment results of sample material from the Crawford Nickel-Cobalt Project. Results showed:

- Approximately 89% of the nickel in the Higher Grade Zone of Crawford's resource is contained in nickel sulphide and nickel-iron alloy minerals.
- Approximately 59% of the nickel in the Lower Grade Zone is contained in nickel sulphide and nickel-iron alloy minerals.
- Both the higher and lower grade areas contain significant quantities of magnetite. In the Higher Grade Zone, the magnetite content averaged 8.7% and in the Lower Grade Zone averaged 6.9%.

Preliminary Economic Assessment

In June 2020, Canada Nickel commenced the PEA for Crawford and retained Ausenco Engineering Canada Inc. ("Ausenco") as the lead study consultant. Results of the PEA are expected to be completed by the end of March 2021.

Building the team

With the Crawford Project progressing rapidly towards a development decision, the Company has taken the necessary steps to build a highly skilled management team with broad experience in Canadian mining developments to manage the critical preparation steps. In June 2020, Canada Nickel appointed Christian Brousseau, P.Eng., to the Canada Nickel team as the Project Director for Crawford and in November 2020, appointed Wendy Kaufman CPA, CA as Chief Financial Officer and Pierre-Phillipe Dupont as Vice-President Sustainability. All three new members of the Canada Nickel team report to the Chair and CEO.

Further, in October 2020, Canada Nickel extended and enhanced the Canada Nickel Board of Directors with the nominations of Kulvir Singh Gill, Jennifer Morais, BA, MBA CFA, and Francisca Quinn, MSc.

Highlights Post October 31, 2020

New discoveries

In December 2020, a third drill rig arrived at the Crawford Project site and two drill holes identified a fourth new discovery: the "North" anomaly. A discovery hole was collared in mineralized dunite and remained in mineralized dunite across an entire core length of 501 metres. Assays are pending as of the date of this MD&A. The North Zone (anomaly of 1.1 km long by 400 metre wide) has the same geophysical signature as the Main Zone and is located approximately three kilometres north of the Main Zone.

Follow up drilling in the West Zone shows the potential to extend higher grade mineralization by 45% or 850 metres to the northwest. Assay results show higher grade mineralization of 0.30% nickel over a core length of 308 metres, including 153 metres of 0.32% nickel and ending with an additional 36 metres at 0.32% nickel. Additionally, two other West Zone holes defined a very wide one kilometre of large, low grade mineralization coincident with a large negative gravity anomaly on the western part of the West Zone.

Update on Metallurgy

Metallurgical testing results received in December 2020 confirmed excellent nickel recovery of 46% and 51% from two locked cycle tests. This first phase of metallurgical testing was designed to confirm initial flowsheet design, which uses a typical nickel sulphide ultramafic flowsheet of two stages of grind-deslime-float with magnetic separation to support recovery of magnetic minerals. The 46% and 51% recovery from samples which bookend the grades in the higher-grade core compare very favourably to similar projects.

Stakeholder engagement

On December 14, 2020, the Company entered into a Memorandum of Understanding ("MOU") with the Matachewan and Mattagami First Nations in relation to exploration and development operations at the Crawford Project. The MOU establishes a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the First Nations located in the Project area. The agreement also provides the communities with an opportunity to participate in the benefits of the Crawford Project through business opportunities, employment and training, financial compensation and consultation on environmental matters.

On December 16, 2020, the Company signed a MOU with Taykwa Tagamou Nation ("TTN"), with the objective of establishing a long-term, mutually beneficial business relationship. As described in the MOU between TTN and Canada Nickel, TTN has already arranged access to capital so that it can own and develop the electrical transmission assets that will be necessary to supply Crawford with cost effective and reliable power. Subject to entering definitive agreements based on this non-binding MOU, Canada Nickel would rent these assets from TTN at a fair market rate over the life of the mine or twenty years (whichever comes first) and TTN would be granted an option to acquire a direct minority interest in Canada Nickel at fair commercial terms. The Company and TTN are considering other mutually beneficial business ventures.

Value Enhancing Opportunity

In January 2021, Canada Nickel entered into a non-binding MOU with Glencore Canada Corporation ("Glencore") in order to examine the potential use of Glencore's Kidd concentrator and metallurgical site ("Met Site") in Timmins, Ontario for the treatment and processing of material mined from Crawford. Crawford is located 40 kilometres north of Glencore's operations. The opportunity to utilize the excess capacity and existing infrastructure at the Kidd Met Site provides the potential to allow a faster, simpler, smaller scale start-up of Crawford at a vastly lower capital cost while the Company continues to permit and develop the much larger scale project currently being contemplated. Canada Nickel has completed an initial high-level assessment and will now proceed with a detailed study on the potential for upgrading excess capacity at the Kidd Concentrator and/or utilizing the existing infrastructure in place at the Kidd Met Site for milling and further processing of material. Should the study deliver a positive outcome for both parties, the parties will continue good faith negotiations towards a binding agreement. The MOU is non-exclusive. This detailed study is expected to be completed by the end of March 2021. Ausenco, currently retained as the lead study consultant for the Crawford PEA that is underway, has been engaged to support the assessment of the Kidd Met Site facilities. If successful, the PEA will incorporate the potential for this significant change in the scope of the project start-up.

Outlook

Exploration
The Company will run three drill rigs through the winter to continue exploring the existing targets at Crawford and the Option Properties and begin drilling targets identified through a recently completed airborne geophysics program.

PEA
The remaining metallurgical and engineering test work will be completed to incorporate into the PEA as well as the detailed study on the opportunity to utilize the Kidd Met Site. The PEA is expected to be completed by the end of March 2021.

Feasibility Study
Following the completion of a positive PEA, work will commence on the Crawford feasibility study with the aim to complete by the end of 2021.

Financing
The Company has the cash resources to complete the PEA, a winter drill program and commence the feasibility study. The Company will require additional financing as it advances the feasibility study, continues in-fill and exploration drilling (including initial drilling on the Option Properties), and advances NetZero process development.

Review of Operations for the Year and Quarters Ended October 31, 2020

The following is a summary of Canada Nickel's statement of loss on a quarterly basis for the year ending October 31, 2020:

	Quarters ended				**Year ended October 31**
(Canadian dollars)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**
	$	$	$	$	**$**
Expenses					
Salaries and management fees	52,935	60,000	163,995	129,958	**406,888**
General and administrative costs	16,952	91,790	56,170	275,230	**440,142**
Professional fees	15,225	15,171	157,968	575,621	**763,985**
Consulting and advisory	319	210,967	158,120	241,208	**610,614**
Promotion and communication	155,083	83,794	73,753	135,391	**448,021**
Investor relations and marketing	111,530	175,823	202,991	144,958	**635,302**
Share-based compensation	22,241	126,381	129,190	887,245	**1,165,057**
Travel and other	55,016	5,165	-	136,082	**196,263**
	429,301	769,091	942,187	2,525,693	**4,666,272**
Flow-through share premium	-	-	-	(1,589,000)	**(1,589,000)**
Net loss	**429,301**	**769,091**	**942,187**	**936,693**	**3,077,272**
Weighted average shares outstanding	22,074,316	51,739,757	67,389,534	72,532,507	53,447,954
Net loss per share	$0.02	$0.01	$0.01	$0.01	$0.06

The Company was incorporated October 11, 2019, with no activity prior to October 31, 2019. Accordingly, financial information is presented only for the four quarters and year ending October 31, 2020.

Salaries and management fees
In 2020, these fees are largely associated with management contracts for CEO, CFO and legal advisory from the start of the year. Fluctuations between quarters are a result of finalization of contracts with retroactive application.

General and administrative costs
These costs include general office expenses plus costs in relation to corporate governance requirements, including board fees, filing and listing fees, and insurance. Costs are higher in the fourth quarter as they include annual fees for listing on the TSX-V and the OTCQB Venture Marketplace and office rent charges not expensed in previous quarters.

Professional fees
These include legal, accounting and audit related fees, most of which are associated with the consolidation and acquisition of Crawford. Legal fees for the year were agreed and finalized in the fourth quarter of 2020 which resulted in a higher expense in that quarter.

Consulting and advisory
Fees incurred were with respect to strategic consulting in the areas of media, business development and financing.

Promotion and communication
Marketing and promotion include costs related to website design and maintenance, advertising in trade magazines and communication with other key stakeholders. Expenses were higher in the first half of the year associated with the marketing required prior to and upon inception of listing on the TSX-V.

Investor relations and marketing
Investor relations and marketing costs are for attendance at investor conferences, meetings and tradeshows.

Share-based compensation
Share-based compensation includes expenses related to both stock options and restricted share units. The increase in the fourth quarter reflects approximately $500,000 in RSU expense which reflects second and third quarter expenses from RSUs approved in March 2020.

Flow-through share premium
This amount represents the extinguishment of the flow-through share premium liability. As the Company incurs eligible expenditures as required under the flow-through share agreements, the proportionate amount of liability is recognized as income.

Spending in relation to exploration and advancement of Crawford are included as Exploration and evaluation assets capitalized on the balance sheet.

Liquidity and Financial Condition

Cash flows

A summary of the Company's cash flow for the year ended October 31, 2020 is as follows:

(Canadian dollars)	**2020**
	$
Cash used in operating activities:	
Before working capital changes	**(3,278,715)**
Working capital changes	**(1,002,871)**
	(4,281,586)
Cash used in investing activities:	
Exploration and evaluation expenditures	**(10,708,159)**
Loan receivable, net of repayments	**(160,224)**
	(10,868,383)
Cash provided from financing activities:	
Proceeds from share issuances, net	**24,622,228**
Proceeds from exercise of warrants	**1,695,006**
	26,317,234
Change in cash and cash equivalents	**11,167,265**
Opening cash and cash equivalents (October 11 and 31, 2019)	**-**
Closing cash and cash equivalents	**11,167,265**

Cash used in operating activities

Cash used in operating activities before working capital changes mainly includes cash used for expenses of the business as shown in the consolidated statements of loss, except for non-cash related items such as share-based compensation and flow-through share premium. In 2020, working capital changes reflect additional cash used mostly related to payments of harmonized sales taxes not yet refunded.

Cash used in investing activities

Exploration and evaluation expenditures

The Company incurred the following cash expenditures for the fiscal year ending October 31, 2020 to advance the Crawford Project:

	Crawford Nickel-Cobalt Sulphide Project	**Crawford Annex and Option Properties**	**Total Exploration and Evaluation Expenditures**
	$	**$**	**$**
Balance, October 11 and 31, 2019	-	-	-
Acquisition costs:			
Cash paid	2,000,000	500,000	2,500,000
Drilling	4,900,706	-	4,900,706
Assays	1,194,109	-	1,194,109
Geological and consulting	1,974,265	-	1,974,265
Mineralogy	464,059	-	464,059
Obligations to stakeholders	332,743	-	332,743
Support costs	307,746	-	307,746
Less – amounts payable with shares	(192,250)	-	(192,250)
Less – amounts payable with cash	(773,219)	-	(773,219)
Balance, October 31, 2020	**10,208,159**	**500,000**	**10,708,159**

Crawford Project
In October 2019, Noble, Canada Nickel, Spruce Ridge and certain private investors entered into a binding letter of intent and a subsequent Implementation Agreement on November 14, 2019, to facilitate Canada Nickel's consolidation of 100% ownership of Crawford.

Under the terms of the Implementation Agreement a series of transactions were completed to consolidate Crawford. Following which, on November 29, 2019, the Company entered into a definitive agreement with Noble, Spruce Ridge and certain private investors to acquire and consolidate Crawford for consideration of $2 million cash paid to Noble, 12,000,000 common shares issued to Noble at an ascribed fair value of $3,000,000, and 20,000,000 common shares issued to Spruce Ridge at an ascribed fair value of $5,000,000.

Spending to advance the Crawford Project were mainly in relation to the exploration program, including drilling, assays and other geological work. Through the year the Company revised its mineral resource estimate, discovered new zones and commenced work on a PEA.

Crawford Annex and Option Agreement with Noble

On May 22, 2020, the Company closed a definitive agreement with Noble to acquire an additional property and enter into option agreements on five other targets near its Crawford Project.

The Company paid Noble $500,000 in cash and issued 500,000 Canada Nickel common shares (ascribed a fair value of $615,000) to acquire the Crawford Annex property and the option to earn up to an 80% interest in five additional nickel targets within Noble's Project 81 land package. The Crawford Annex comprises 4,909 hectares in Crawford and Lucas township and the five option areas (Crawford-Nesbitt-Aubin, NesbittNorth, Aubin-Mahaffy, Kingsmill-Aubin, and MacDiarmid) ("Option Properties") range in size of 903 to 5,543 hectares.

The Company can earn up to an 80% interest in each of the Option Properties on the following terms and conditions:

1) Canada Nickel can initially earn a 60% interest in each of the Option Properties within two years by:

   - funding at least $500,000 of exploration and development expenditures on each option property;
   - paying all property maintenance costs for each option property, including all applicable mining land taxes; and
   - making a payment to Noble of an additional $250,000 in cash or, at Noble's election, Canada Nickel common shares.

2) Canada Nickel has the right to then increase their interest to 80% in each of the Option Properties within three years by funding an additional $1,000,000 of exploration and development expenditures on each option property (for a total of $1,500,000 per option property over three years).

If the conditions to earn a 60% interest or 80% interest have been satisfied, a joint venture would be formed on that basis and a 2% net smelter return royalty would be granted to Noble on the portion of the property which hold mining claims and are without royalty obligations.

Loan receivable, net of repayments

On June 26, 2020, the Company extended a $625,000 interest-free unsecured loan (the "Loan") to Noble maturing on June 25, 2021. Under the terms of the Loan, should Noble sell any of its Canada Nickel shares, a minimum of 50% of the proceeds of that sale must be used as repayment against the Loan until the principal amount of the Loan has been repaid. If Noble fails to make any payment due under the Loan, interest at 12% per annum will accrue (compounded monthly) retroactive to June 26, 2020 until all principal and interest has been repaid. Noble has the right to prepay the Loan at any time. As at October 31, 2020, Noble repaid $464,776 of the Loan and is in compliance with the requirements of the loan with a remaining balance outstanding of $160,224.

Cash provided by financing activities

Proceeds from share issuances

The Company completed numerous private placements and financings through the year to fund the consolidation and acquisition of Crawford, to advance the Project and for general working capital needs. A summary of the transactions are as follows:

- Issued 18,986,333 common shares from the period November 13, 2019 to February 21, 2020 through several private placements at a price of $0.25 per common share for aggregate gross proceeds of $4,746,583. Share issuance costs totaled $227,147.

- Issued 2,013,666 flow-through common shares from the period December 20 to 30, 2019 through several private placements at a price of $0.30 per flow-through common share for aggregate gross proceeds of $604,100.

- Issued 4,000,000 flow-through common shares on February 14, 2020 through private placements at a price of $0.3625 per flow-through common share for aggregate gross proceeds of $1,450,000.

- Issued 682,500 flow-through common shares on September 10, 2020 through private placements at a price of $2.60 per flow-through common share for aggregate gross proceeds of $1,774,500. Share issuance costs totaled $15,014.

- On May 5, 2020 completed a brokered private placement financing for aggregate gross proceeds of $4,449,670 by issuing:
    - 1,642,890 units of the Company (the "May Units") at a price of $0.35 per May Unit.
    - 4,390,000 common shares of the Company each of which qualifies as a "flow-through share" at a price of $0.40 per flow-through share.
    - 4,113,900 flow-through units of the Company (the "May FT Units") at a price of $0.515 per May FT Unit.
    - Each May Unit and each May FT Unit consists of one common share (or flow-through share as appropriate) of the Company and one-half of one transferable common share purchase warrant of the Company (each whole common share purchase warrant, a "May Warrant").
    - Each of the 2,878,393 May Warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.57 per common share expiring November 5, 2022, subject to adjustment and acceleration in certain events. The acceleration event was triggered (see *Proceeds from exercise of warrants* below).
    - Additionally, 608,807 broker warrants were issued in conjunction with this May financing, of which 98,573 broker warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.35 per common share, 263,400 broker warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.40 per common share and 246,834 broker warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.46 per common share until November 5, 2022.
    - Share issuance costs totaled $443,781 and the May Warrants and broker warrants were assigned a fair value of $1,031,308.

- On September 30, 2020 completed a brokered financing for aggregate gross proceeds of $8,025,000 by issuing:
  - 5,350,000 units of the Company (the "September Units") at a price of $1.50 per September Unit.
  - Each September Unit consists of one common share of the Company and one-half of one transferable common share purchase warrant of the Company (each whole common share purchase warrant, a "September Warrant").
  - Each of the 2,675,000 September Warrants entitles the holder thereof to acquire one common share of the Company at a price of $2.10 per common share expiring September 30, 2022, subject to adjustment and acceleration in certain events.
  - Additionally, the Company issued non-transferable compensation options to subscribe for up to 321,000 September Units of the Company. Each compensation option or September Unit entitles the holder to acquire one common share and ½ warrant of the Company at $1.50 per common share until September 30, 2022. Once these common shares are purchased, the 160,500 warrants attributed to these shares entitles the holder to acquire one common share of the Company at $2.10 per common share until September 30, 2022.
  - Share issuance costs totaled $685,052 and the September Warrants and compensation options were assigned a fair value of $1,965,401.

- On October 14, 2020 completed a brokered financing for aggregate gross proceeds of $5,015,000 by issuing:
  - 2,950,000 common shares of the Company each of which qualifies as a "flow-through share" at a price of $1.70 per flow-through share.
  - Additionally, the Company issued non-transferable compensation options to subscribe for up to 177,000 October Units of the Company. Each compensation option or October Unit entitles the holder to acquire one common share and ½ warrant of the Company at $1.50 per common share until October 14, 2022. Once these shares are purchased, the 88,500 warrants attributed to these common shares entitles the holder to acquire one common share of the Company at $2.10 per common share until October 14, 2022.
  - Share issuance costs totaled $455,440 and the compensation options were assigned a fair value of $257,075.

Proceeds from exercise of warrants
On July 16, 2020, under the terms of the May 5, 2020 warrant indenture, the Company accelerated the expiry date of the outstanding warrants from November 5, 2022 to September 14, 2020. Of the 2,878,393 warrants issued, 2,806,965 warrants were exercised and the Company received proceeds of $1,599,970. The remaining 71,428 unexercised warrants were automatically expired. In addition, the Company received $95,036 in proceeds from the exercise of 228,061 broker warrants.

Commitments and contingencies

At October 31, 2020 the Company has $773,219 in payables owing with respect to exploration and evaluation assets.

Canada Nickel entered into a Memorandum of Understanding ("MOU") with the Matachewan and Mattagami First Nations in relation to exploration and development operations at Crawford. The MOU establishes a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the First Nations located in the Project area. The agreement also provides the communities with an opportunity to participate in the benefits of the Project through business opportunities, employment and training, financial compensation and consultation on environmental matters. Financial compensation to the First Nations includes the issuance of 200,000 common shares of the Company, of which 150,000 common shares were owing at October 31, 2020, and a commitment to pay 2% of the annual expenses related to the Company's exploration program. The 200,000 common shares were issued in January 2021 in satisfaction of the common share obligation.

The Company has entered into other commitments as described in this MD&A (e.g., with Ausenco in connection with the preparation of the PEA and other activities) and otherwise in connection with the normal conduct of its business and exploration & development activities.

Financial Condition

The application of the going concern concept assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital balance of $11,068,160 at October 31, 2020, but has incurred losses and negative cashflows from operations and has an accumulated deficit of $3,077,272. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

As at October 31, 2020, the Company has sufficient cash on hand to meet operational expenses for the next twelve months, but would need additional funds to complete the feasibility study for Crawford. The Company plans to raise additional capital to execute its business plan, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks 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 the government and central bank 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 in future periods.

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on various external factors such as; global oil prices, demand for base metals, labour availability, availability of essential supplies, value of the Canadian dollar and the ability to obtain funding. At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, 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 in future periods.

See ***Risk Factors*** and ***Caution Regarding Forward-Looking Statements***.

Transactions with Related Parties

Related parties and related party transactions impacting the consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

A summary of the related party transactions and balances is as follows:

For the year ended October 31, 2020 and for the period from October 11, 2019 to October 31, 2019		
	2020	2019
	$	$
Management and directors fees	**380,000**	-
Share-based compensation	**715,784**	-
Accounting and financial services	**68,036**	-

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties.

Amounts payable to related parties were as follows:

	As at October 31	
	2020	2019
	$	$
Fees owing to management for expense reimbursement	**32,287**	-
Fees owing to directors for board fees and advisory	**47,970**	-
Marrelli Support Services Inc.	**24,178**	-

Marrelli Support Services Inc. provided bookkeeping and office support services for the Company, including contract Chief Financial Officer ("CFO") services. Robert D.B. Suttie acted as CFO for the Company from December 1, 2019 to October 31, 2020.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the period they become known. Items for which actual results may differ significantly from these estimates are described in the following section.

Share-based compensation, warrants and compensation options

The Company makes certain estimates and assumptions when calculating the fair values of share-based compensation and warrants granted. The significant estimations and assumptions include expected volatility, expected life, expected dividend rate, forfeiture rate and risk-free rate of return.

Exploration and evaluation assets

Judgement is required to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of economic recoverability. In addition, management applies a number of estimates and assumptions in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies (if any), accessible facilities, existing permits and estimated future cash flows.

Functional and presentation currency

The functional and presentation currency for the Company and its subsidiaries applies estimates and assumptions to assess the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Going concern

Significant judgements used in the preparation of these consolidated financial statements include but are not limited to those relating to the assessment of the Company's ability to continue as a going concern. Judgement is required to determine the non-discretionary spending for the next 12 months and the potential cash in-flows for the same period.

Impairment of accounts receivable and loan receivable

Expected credit losses on receivables requires the use of estimates and assumptions, including amongst others, historical default rates, forecast economic conditions, assessment of customer and related party financial condition and discount rates. The estimates and assumptions are subject to risk and uncertainty; hence, the Company's assessment of expected credit loss and forecast of economic conditions may not be representative of the customer's actual default in the future, which may impact the recoverable amount of the assets.

Impairment of non-current assets

Non-current assets are tested for impairment if there is an indicator of impairment. The impairment analysis generally requires the use of estimates and assumptions, including amongst others, long-term commodity prices, discount rates, length of mine life, future production levels, future operating costs, future capital expenditures and tax estimates. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances the carrying value of the assets may be impaired with the impact recorded in the consolidated statements of loss and comprehensive loss.

Decommissioning liability

The Company's accounting policy for the recognition of accrued site closure costs requires significant estimates and assumptions such as the requirements of the relevant legal and regulatory framework, the magnitude of possible disturbance and the timing, extent and costs of required closure, rehabilitation activity and applicable discount rates. Changes to these estimates and assumptions may result in actual expenditures in the future differing from the amounts currently provided. The decommissioning liability is periodically reviewed and updated based on the available facts and circumstances. Management's assumption is that there are currently no decommissioning liabilities at its sites, nor subject to known additional environmental liabilities or mitigation measures.

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery. As of October 31, 2020, the Company has not recognized any deferred income tax assets.

Changes in Accounting Policies

(a) Leases (IFRS 16)

In January 2016, the IASB issued IFRS 16, Leases. IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Company adopted this standard on November 1, 2019, with no resulting impact on its consolidated financial statements.

(b) Uncertainty over income tax treatments (IFRIC 23)

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company adopted this standard on November 1, 2019, with no resulting impact on its consolidated financial statements.

Management of Capital

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditure obligations for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic and industry conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its Shareholders' Equity as capital which as at October 31, 2020 is $31,391,949.

Financial Instruments

Fair values

At October 31, 2020, the Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 – none
Level 2 – cash and cash equivalents
Level 3 - none

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk; and
- Liquidity risk

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents. All of the Company's cash is held at a Canadian bank, or funds held in trust with legal counsel in which management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk. Loans and account receivables consist of accounts receivable created in the course of normal business along with recoverable service taxes.

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 currently settles its financial obligations with cash and from time to time with equity. As at October 31, 2020, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar with minimal exposure to other currencies.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance-sheet arrangements.

Share Capital

As at the date of this MD&A, January 25, 2021, the Company had 80,262,763 common shares issued and outstanding, 2,975,080 warrants outstanding, 498,000 compensation options outstanding, 5,310,000 stock options outstanding and 2,563,617 restricted share units outstanding. Each warrant, compensation option, stock option and restricted share unit is exercisable or exchangeable for common shares of the Company on a one for one basis.

Internal Controls Over Financial Reporting

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements 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 is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

The Company's business contains significant risk due to the nature of exploration and development activities. In addition to the usual risks associated with an investment in a junior resource company, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors below that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Working Capital Requirements

In order to meet future working capital requirements, the Company may need to sell non-core assets, cut additional costs and/or raise additional capital. If the Company seeks to raise additional capital, it may not be available when needed, or if available, the terms of such capital might not be favourable to the Company.

Global securities markets continue to experience volatility, which is resulting in difficulty in raising equity capital and market forces may render it difficult or impossible for the Company to secure placees to purchase any new share issuances at prices which will not lead to severe dilution to existing shareholders, or at all. There can be no assurance that the Company will be successful in raising capital, selling non-core assets and/or cutting sufficient costs to meet the Company's future working capital requirements. If the Company is not successful in doing so (or in doing so sufficiently), it may have a material adverse effect on the Company's business, financial condition and results of operations (including, in certain circumstances, the ability of the Company to continue to operate as a going concern).

Ability to Continue as a Going Concern

The Company believes that it has or will have sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption contained in the Company's financial statements for the year ended October 31, 2020 is appropriate, the Company takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations beyond October 31, 2021 may be dependent on the Company's ability to secure additional financing, sell non-core assets and/or reduce its working capital requirements.

Liquidity and Additional Financing

Canada Nickel's ability to continue its business operations is dependent on management's ability to secure additional financing. Canada Nickel's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet Canada Nickel's obligations.

The advancement, exploration and development of Canada Nickel's properties, including continuing exploration and development projects, and, if warranted, construction or repair of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, Canada Nickel may be required to seek additional sources of equity financing in the near future. Canada Nickel's ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that Canada Nickel will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet Canada Nickel's objectives or obtained on terms favourable to Canada Nickel. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of Canada Nickel's properties, or even a loss of its property interests, which would have a material adverse effect on Canada Nickel's business, financial condition and results of operations.

Exploration, Development and Operating Risks

Development of any of Canada Nickel's exploration and development-stage mineral projects will only follow upon, among other things, obtaining satisfactory exploration results and the completion of feasibility or other economic studies. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even with a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at Crawford or other Canada Nickel sites. It is impossible to ensure that the proposed exploration programs on exploration properties in which Canada Nickel has an interest will result in a profitable commercial mining operation.

The economics of exploring and developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating mineral market prices, costs of mining and processing equipment and such other factors as government regulations, allowable production, importing and exporting of minerals and environmental protection. Whether the exploration of the Crawford Project or future development of Canada Nickel's properties is economically feasible will depend upon numerous factors, most of which are beyond the control of Canada Nickel, including: the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to mining tenements as well as obtaining all necessary consents, permits and approvals for the development of the mine.

Should a producing mine be developed at any of Canada Nickel's exploration or development-stage mineral properties, other factors will ultimately impact whether mineral extraction and processing can be conducted economically, including actual mineralization, consistency and reliability of ore grades and future commodity prices, as well as the effective design, construction and operation of processing facilities. Canada Nickel's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Canada Nickel not receiving an adequate return on invested capital.

Mining operations are inherently dangerous and generally involve a high degree of risk. Canada Nickel's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of nickel, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, pit wall failure, mining voids, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life, damage to property and environmental damage, all of which may result in possible legal liability. Although Canada Nickel expects that adequate precautions to minimize risk will be taken, mining operations are subject to hazards such as fire, rock falls, geomechanical issues, equipment failure, which may result in environmental pollution and consequent liability. The occurrence of any of these events could result in a prolonged interruption of Canada Nickel's operations that would have a material adverse effect on its business, financial condition and prospects.

The long term profitability of Canada Nickel's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors, including Canada Nickel's ability to extend the permitted term of exploration granted by the underlying claims, concessions and leases. Substantial expenditures are required to establish resources and reserves through drilling, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction.

Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

No Earnings and History of Losses

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. Canada Nickel has not determined whether any of its properties contains economically recoverable reserves of mineralized material and currently has not earned any revenue from its projects; therefore, Canada Nickel does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future.

Canada Nickel's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from Canada Nickel's properties. Canada Nickel does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of Canada Nickel's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it does not, Canada Nickel may be forced to substantially curtail or cease operations.

Uncertainty Relating to Inferred and Indicated Mineral Resources

There is a risk that the inferred and indicated mineral resources currently reported for the Crawford Project cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty that may attach to inferred and indicated mineral resources, there is no assurance that inferred and indicated mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Reliability of Mineral Resource Estimates

Mineral resources are estimates only, and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other relevant issues. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond Canada Nickel's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data, the nature of the mineralized body and of the assumptions made and judgements used in engineering and geological interpretation. These estimates may require adjustments or downward revisions based upon further exploration or development work or actual production experience.

Fluctuations in nickel and other metal prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of mineral resource estimates. Should reductions in mineral resources occur, Canada Nickel may be required to take a material write-down of its investment in mining properties, reduce the carrying value of one or more of its assets or delay or discontinue production or the development of new projects, resulting in increased net losses and reduced cash flow. Mineral resources should not be interpreted as assurances of mine life or of the profitability of current or future operations. Any material reductions in estimates of mineral resources could have a material adverse effect on Canada Nickel's business, financial condition and results of operations.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there is no assurance that mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Volatility of Commodity Prices

The development of Canada Nickel's properties is dependent on the future prices of minerals and metals. As well, should any of Canada Nickel's properties eventually enter commercial production, Canada Nickel's profitability will be significantly affected by changes in the market prices of minerals and metals.

Base and precious metals prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond Canada Nickel's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of base and precious metals production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of base and precious metals are generally quoted), and political developments.

The effect of these factors on the prices of base and precious metals, and therefore the economic viability of any of Canada Nickel's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) Canada Nickel's properties to be impracticable or uneconomical. As such, Canada Nickel may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on Canada Nickel's financial condition and results of operations. In such a circumstance, Canada Nickel may also curtail or suspend some or all of its exploration activities.

Governmental Regulation

The mineral exploration and development activities of Canada Nickel are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although Canada Nickel's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing Canada Nickel's operations, or more stringent implementation thereof, could have an adverse impact on Canada Nickel's business and financial condition.

Acquiring Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. Canada Nickel may not be the registered holder of some or all of the claims, concessions and leases comprising the Crawford Project or any of the mineral projects of Canada Nickel. These claims, concessions or leases may currently be registered in the names of other individuals or entities, which may make it difficult for Canada Nickel to enforce its rights with respect to such claims, concessions or leases. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims, concessions or leases at one or more of Canada Nickel's projects may have a material adverse impact on the financial condition and results of operations of Canada Nickel.

Title Matters

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims, concessions or leases at Canada Nickel's projects will not be challenged or impugned.

There may be challenges to any of Canada Nickel's titles which, if successful, could result in the loss or reduction of Canada Nickel's interest in such titles. Canada Nickel's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Canada Nickel may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

Aboriginal Claims and Consultation Issues

Aboriginal interests and rights as well as related consultation issues may impact Canada Nickel's ability to pursue exploration, development and mining at its properties. Canada Nickel intends to enter into agreements with First Nations and other Aboriginal communities in order to manage its relationship with those groups but there is no assurance that claims or other assertions of rights by Aboriginal communities or consultation issues will not arise on or with respect to Canada Nickel's properties or activities. These could result in significant costs and delays or materially restrict Canada Nickel's activities.

Labour and Employment Matters

While Canada Nickel has good relations with its employees, exploration and development at its mining properties is dependent upon the efforts of Canada Nickel's employees. In addition, relations between Canada Nickel and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions Canada Nickel carries on business. Changes in such legislation or in the relationship between Canada Nickel and its employees may have a material adverse effect on Canada Nickel's business, results of operations and financial condition.

Insurance and Uninsured Risks

Canada Nickel's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Canada Nickel's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Canada Nickel will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. Canada Nickel may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Canada Nickel or to other companies in the mining industry on acceptable terms. Canada Nickel might also become subject to liability for pollution or other hazards that may not be insured against or that Canada Nickel may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Canada Nickel to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of Canada Nickel's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for Companies and their officers, directors and employees.

There is no assurance that existing or future environmental regulation will not materially adversely affect Canada Nickel's business, financial condition and results of operations. Government environmental approvals and permits are currently, or may in the future be, required in connection with Canada Nickel's operations. To the extent such approvals are required and not obtained, Canada Nickel may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations, including Canada Nickel, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of companies in the mining industry, or more stringent implementation thereof, could have a material adverse impact on Canada Nickel and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

<u>Attracting and Retaining Talented Personnel</u>

Canada Nickel's success will depend in large measure on the abilities, expertise, judgement, discretion, integrity and good faith of management and other personnel in conducting the business of Canada Nickel. Canada Nickel will initially have a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. Canada Nickel's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. Canada Nickel may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction.

Canada Nickel's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with Canada Nickel, which may not be able to find replacement personnel with comparable skills.

Canada Nickel has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If Canada Nickel is unable to attract and retain key personnel, business may be adversely affected. Canada Nickel faces intense competition for qualified personnel, and there can be no assurance that Canada Nickel will be able to attract and retain such personnel.

<u>Construction and Start-up of New Mines</u>

The success of construction projects and the start up of new mines by Canada Nickel is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), and the successful completion and operation of operational elements that have to be factored in. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which Canada Nickel is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by Canada Nickel will be successful; that Canada Nickel will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that Canada Nickel will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by Canada Nickel. Any of the foregoing factors could adversely impact the operations and financial condition of Canada Nickel.

<u>Infrastructure</u>

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Canada Nickel's business, financial condition and results of operations.

Competition for Exploration, Development and Operation Rights

The mining industry is intensely competitive in all of its phases and Canada Nickel competes with many companies possessing greater financial and technical resources than Canada Nickel. Competition in the base and precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine base and precious metals but conduct refining and marketing operations on a global basis. Such competition may result in Canada Nickel being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Canada Nickel's prospects for mineral exploration and success in the future.

Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, or at all, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Possible Conflicts of Interest of Directors and Officers of Canada Nickel

Certain of the directors and officers of Canada Nickel will also serve as directors and/or officers of other Companies involved in mineral resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Canada Nickel expects that any decision made by any of such directors and officers involving Canada Nickel will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Canada Nickel and its shareholders, but there can be no assurance in this regard.

Permitting Risk

Canada Nickel's operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development or operations on any of its properties, Canada Nickel must receive permits from appropriate governmental authorities. There can be no assurance that Canada Nickel will continue to hold all permits necessary to develop or continue operating at any particular property.

Changes in the Price of Nickel

The ability to develop the Crawford Project is directly related to the market price of nickel. Nickel is sold in an active global market and traded on commodity exchanges, such as the London Metals Exchange and the New York Mercantile Exchange. Nickel prices are subject to significant fluctuations and are affected by many factors, including actual and expected macroeconomic and political conditions, levels of supply and demand, the availability and costs of substitutes, input costs, foreign exchange rates, inventory levels, investments by commodity funds and other actions of participants in the commodity markets.

Nickel prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of the Crawford Project cannot be accurately predicted and may be adversely affected by fluctuations in nickel prices.

Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications

Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current and future applications. In response to high nickel prices or other factors, producers of batteries may shift from batteries with high nickel content to batteries with either lower nickel content or no nickel content. In addition, in response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content to stainless steels with either lower nickel content or no nickel content. One or both of these shifts may adversely affect demand for nickel.

Volatility of Market for Canada Nickel Common Shares

The market price of the Canada Nickel common shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond Canada Nickel's control, including: (i) dilution caused by issuance of additional Canada Nickel common shares and other forms of equity securities, which Canada Nickel expects to make in connection with future financings to fund operations and growth, to attract and retain qualified personnel and in connection with future strategic partnerships with other companies, (ii) announcements of new acquisitions, reserve discoveries or other business initiatives by competitors, (iii) fluctuations in revenue from operations as new reserves come to market, (iv) changes in the market for nickel and/or in the capital markets generally, (v) changes in the demand for minerals and metals; and (vi) changes in the social, political and/or legal climate in the regions in which Canada Nickel operates. In addition, the market price of Canada Nickel common shares could be subject to wide fluctuations in response to: (a) quarterly variations in operating expenses, (b) changes in the valuation of similarly situated Companies, both in the mining industry and in other industries, (c) changes in analysts' estimates affecting Canada Nickel, competitors and/or the industry, (d) changes in the accounting methods used in or otherwise affecting the industry, (e) additions and departures of key personnel, (f) fluctuations in interest rates, exchange rates and the availability of capital in the capital markets, and (g) significant sales of Canada Nickel common shares, including sales by future investors in future offerings which may be made to raise additional capital. These and other factors will be largely beyond Canada Nickel's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of Canada Nickel common shares and/or Canada Nickel's results of operations and financial condition.

Dilution Risk

In order to finance future exploration and development efforts, Canada Nickel may raise funds through the issue of Canada Nickel common shares or securities convertible into Canada Nickel common shares. The constating documents of Canada Nickel will allow it to issue, among other things, an unlimited number of Canada Nickel common shares for such consideration and on such terms and conditions as may be established by the directors of Canada Nickel, in many cases, without the approval of shareholders. The size of future issues of Canada Nickel common shares or securities convertible into Canada Nickel common shares or the effect, if any, that future issues and sales of Canada Nickel common shares will have on the price of Canada Nickel common shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Canada Nickel common shares or securities convertible into Canada Nickel common shares would result in dilution, possibly substantial, to present and prospective shareholders of Canada Nickel.

Dividends

Canada Nickel does not intend to declare dividends for the foreseeable future, as Canada Nickel anticipates that any future earnings will be re-invested in the development and growth of the business. Therefore, investors will not receive any funds unless they sell their Canada Nickel common shares, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in Canada Nickel common shares. See "Dividends and Distributions" of this Application.

Public Health Crises, including COVID-19

The Corporation faces risks related to COVID 19 and other outbreaks of communicable diseases, which could significantly disrupt our activities and may materially and adversely affect our business and financial conditions. The extent to which the coronavirus impacts our business, including our operations and the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact our business including without limitation, employee health, supply chain impacts, limitations on travel, the availability of industry experts and personnel, restrictions to our drill program and/or the timing to process drill and other metallurgical testing, causing a suspension or halt in all or a portion of our operations for an indefinite amount of time and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on our business, financial condition and results of operations. In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals, our ability to raise capital and our future prospects.

Cyber-security and privacy risks

The Company may be subject to risks related to our information technology systems, including cyber-attacks, malware, ransomware and phishing attacks that could target the Company's intellectual property, trade secrets, financial information, personal information of our employees, including sensitive personal health information. The occurrence of such an attack could disrupt our operations and expose the Company to financial losses, contractual damages, liability under labour and privacy laws, reputational damage and additional expenses. The Company has implemented security measures to protect its data and information technology systems; however, such measures may not be effective in preventing cyber-attacks. We may be required to allocate additional resources to implement additional preventative measures including significant investments in information technology systems. A serious cyber-security breach could have a material adverse effect on our business, financial condition and results of operations.

Legal Proceedings

From time to time, Canada Nickel may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Canada Nickel will evaluate its exposure to these legal and regulatory proceedings and establish reserves for liabilities (where such liabilities can be estimated) in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties and it may not be possible to estimate Canada Nickel's potential liability if any. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Canada Nickel's financial results.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards, while certain other types of litigation may be excluded from coverage entirely. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Canada Nickel bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets, liabilities, equity and expenses that are not readily apparent from other sources. Canada Nickel's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Canada Nickel's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company.

Tax Issues

There may be income tax consequences in relation to Canada Nickel common shares and its flow-through shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.