



## Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Three and Nine Months Ended July 31, 2022

(Expressed in Canadian Dollars, unless otherwise noted)

September 29, 2022

**Canada Nickel Company Inc.  
Management's Discussion & Analysis  
For the Three and Nine Months Ended July 31, 2022**

**Introduction**

The following interim management's discussion and analysis (Interim MD&A) of Canada Nickel Company Inc. (the "Company" or "Canada Nickel") for the three and nine months ended July 31, 2022 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion and analysis, being the management's discussion and analysis for the year ended October 31, 2021 (Annual MD&A). This Interim MD&A does not reflect any non-material events since the date of the Annual MD&A.

For the purposes of preparing this Interim 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.

This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended October 31, 2021 and 2020, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 2022 and 2021, together with the notes thereto.

Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated 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). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

This Interim MD&A has been prepared with 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](http://www.canadanickel.com) or through the Company's SEDAR profile available at [www.sedar.com](http://www.sedar.com). This Interim MD&A has been prepared as of September 29, 2022.

**Caution Regarding Forward-Looking Statements**

This Interim 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 Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement.

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The results of Crawford's Preliminary Economic Assessment, including statements relating to net present value, future production, estimates of cash cost, proposed mining plans and methods, mine life estimates, cash flow forecasts, metal recoveries, estimates of capital and operating costs, timing for permitting and environmental assessments, realization of mineral resource estimates, capital and operating cost estimates, project and life of mine estimates, ability to obtain permitting by the time targeted, size and ranking of project upon achieving production, economic return estimates, the timing and amount of estimated future production and capital, operating and exploration expenditures and potential upside and alternatives are forward looking statements. Readers should not place undue reliance on forward-looking statements.

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 Interim 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.Geol.), Vice President Exploration and Arthur G. Stokreef, P.Eng (ON), Manager of Process Engineering & Geometallurgy, both with the Company and both Qualified Persons as defined by NI 43-101, have reviewed and approved the scientific and technical content contained in this Interim 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 "CNC" and its common shares also trade on the OTCQX Best Market under the symbol "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 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 owns 19 additional nickel targets located near the Crawford Project.

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 Nickel™, NetZero Cobalt™, and NetZero Iron™ in the United States, Canada, and other jurisdictions related to zero-carbon production of nickel, cobalt, and iron products.

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**Key Developments During the Three Months Ended July 31, 2022 and up to September 29, 2022**

During the third quarter of fiscal year 2022, the Company continued its efforts to enhance the value of the Crawford Project issuing a revised resource estimate doubling the measured and indicated resources at Crawford, developed a potential new method to accelerate carbon capture, continued its estimated timeline to complete the Crawford feasibility study by the end of 2022 and concluded several acquisitions in the nickel district within the Timmins/Cochrane region.

**Updated Crawford Mineral Resource Estimate Doubles Measured and Indicated Resources**

On August 23, 2022, the Company filed on SEDAR an independent technical report titled "Crawford Nickel Sulphide Project - NI 43-101 Technical Report, Preliminary Economic Assessment & Updated Mineral Resource Estimate" (the "Technical Report"). The Technical Report was prepared by Caracle Creek International Consulting Inc with support from Ausenco Engineering Canada Inc. and Wood Environment & Infrastructure Solutions Canada Limited to provide the updated mineral resource estimate and to reiterate the results of the Crawford Nickel Sulphide Project Preliminary Economic Assessment (PEA) dated July 9, 2021 (with an effective date of May 21, 2021). A copy of the Technical Report is available under the Company's profile page at [www.sedar.com](http://www.sedar.com).

The updated mineral resource estimate more than doubles Measured and Indicated resources to 1.4 billion tonnes at 0.24% nickel plus a further 670 million tonnes of Inferred resources at 0.23% nickel. The increase in the resource is largely due to the exploration success in the East Zone of Crawford. With additional potential from a number of holes still pending assays at the resource cut-off date, the Company expects the final feasibility study resource to support the upper end of the mine plan target of 1.3 to 1.8 billion tonnes.

Please refer to Canada Nickel press release dated July 6, 2022 for the complete Mineral Resource table plus additional details on the resource and changes from the previous estimate.

**Feasibility Study 85% Complete**

During the first 6 months of fiscal 2022 the Company executed the highest activity and largest spend for the feasibility study as the main field geotechnical data gathering programs and infill drilling programs were largely completed during this timeframe. The soils program focused on understanding the overall thickness of clays and soil overburden and determining any potential water conductivity. The rock program focused on determining the geotechnical stability of the rock to determine the pit slopes to be used in the open pit design. The third quarter focused on engineering activity incorporating the data gathered during the prior two quarters. The feasibility study remains on track to be completed by calendar year-end 2022.

Mineralogical studies and metallurgical test work will continue through the fall of 2022 and will be incorporated into the Feasibility Study. Additional exploration drillholes in the East and Main Zones will be added to the resource once assays are received and any final drilling to upgrade any inferred resource remaining within the feasibility study mine plan.

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**New Method for Accelerated CO<sub>2</sub> (Carbon Dioxide) Capture is Identified**

On July 20, 2022 the Company announced the results of a laboratory test program for a new method of accelerated carbon capture – In Process Tailings Carbonation (“IPT Carbonation”). The lab scale test program demonstrated IPT Carbonation could allow Crawford tailings to absorb enough CO<sub>2</sub> to achieve Net Zero carbon emissions within 36 hours, and generate up to 21 tonnes of CO<sub>2</sub> credits per tonne of nickel produced within just six days, rather than the multiple months involved in existing passive tailings approaches. At Canada Nickel’s Crawford project, this translates into an average of approximately 710,000 tonnes of CO<sub>2</sub> credits per year and 18 million total tonnes of CO<sub>2</sub> credits over the PEA life-of-mine. The Crawford project is hosted in ultramafic rock, which naturally absorbs and sequesters CO<sub>2</sub>. Canada Nickel has developed a simple active process that utilizes tailings as generated in the milling process and injects a concentrated source of CO<sub>2</sub> for a brief period of time. This novel process for accelerated mineral carbonation is called In Process Tailings Carbonation or IPT Carbonation, which fixes CO<sub>2</sub> geologically while the tailings are still in the processing circuit, rather than after they have been finally deposited. While Canada Nickel’s IPT Carbonation process has only been demonstrated on a lab scale and on a limited number of samples, the Company believes that, given its relative simplicity, this process could be scaled up with availability of concentrated (rather than atmospheric) sources of CO<sub>2</sub>. This CO<sub>2</sub> could potentially be delivered by downstream processing of Crawford concentrates, a wide range of industrial processing activities, green hydrogen production, carbon capture facilities, or natural gas power generation. The process clearly demonstrates the potential to produce NetZero Nickel™ and NetZero Cobalt™ for the EV industry, NetZero Iron™ and chromium for the stainless steel industry and generate substantial carbon credits during the process.

Please refer to Canada Nickel press release dated July 20, 2022 for additional details.

**Development of District Scale Potential**

In the first quarter, the Company concluded on 13 acquisitions, acquiring or earning into 13 properties within a 100 kilometre radius of Crawford. In the second quarter, the Company continued its strategy to expand and consolidate Crawford’s overall footprint, as well as expanding the district scale potential and concluded on six additional acquisitions. In the third quarter, the Company acquired three more properties, including the Bannockburn Nickel Property (“Bannockburn”) and the Newmarket Property.

On June 6, 2022, the Company entered into an agreement with Grid Metals Corp. (“Grid”) to acquire a 100% interest in Bannockburn located near Matachewan, Ontario, which is subject to an existing 2.0% net smelter return royalty with Outokumpu Oyj (“Outokumpu”) in exchange for two million common shares of the Company. The acquisition of Bannockburn is highly complementary to the Company’s southern cluster of properties at Sothman, Midlothian, and Powell. The Bannockburn “B” zone has already been successfully tested for 600 metres of its total 1.3 kilometre strike length with multiple intervals in excess of 0.3% nickel and has smaller, higher grade potential at other zones on the property. Historical mineral processing work confirmed presence of heazlewoodite, similar to Crawford, and the ability to generate a 35% nickel concentrate.

The Bannockburn property is located 100 kilometres south of Timmins and consists of 125 contiguous unpatented mining claims totaling 2,700 hectares. The property contains at least two ultramafic units with the larger one representing the “B” Zone, a large, lower-grade mineralized ultramafic measuring 1.3 kilometres along strike by up to 700 metres across strike (based on its magnetic response) that had yielded similar intervals to Canada Nickel’s Crawford Deposit. The “B” Zone was drilled in 2021 by Grid to a depth of 340 metres, with the best hole, GBN21-03, intersecting 342 metres of 0.28% nickel. Previous drilling by Outokumpu intersected 203 metres of 0.33% nickel in MBB4-09 and 25 metres of 0.46% nickel in BN-19-98. Preliminary mineral processing testing in 2005 on the “B” Zone showed that a 0.33% nickel grade sample indicated a recovery of 52% to a 35% nickel concentrate. Previous drilling within the high-grade zones intersected up to 5% nickel in the “C” Zone, which averages 2.5 metres in true thickness, 0.85%

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nickel over 4.27 metres in the "D" Zone, which remains open and up to 4.54% nickel in the "F" Zone with widths ranging from 0.25 metres to 17.6 metres.

In addition, drilling by the previous operator was consistent with the Company's geophysical approach and further confirmed the geophysical targeting model. Eight holes intersected 160.9 to 369.0 metres of mineralization and multiple holes (GBN21-01, GBN21-02, GBN21-03, GBN21-04, GBN21-06) intersected nickel grades in excess of 0.3%. Please refer to Canada Nickel press release dated September 28, 2022.

Future drilling will continue to expand the low-grade mineralization outlined by Grid Metals as well as target the high-grade nickel (up to 5% nickel) in the C-zone at shallow depths.

The Newmarket Property is located 34 kilometres east of Canada Nickel's Crawford Deposit and consists of 93 contiguous mining claims totaling 1,488 hectares. The property is thought to contain the extension of an ultramafic sill located in Mann Township that Canada Nickel previously optioned from Noble Mineral Exploration. The ultramafic in Newmarket Township measures approximately 8.4 kilometres along strike and up to 600 metres across strike (as estimated from its magnetic footprint). Exploration of the ultramafic within Newmarket dates to 1947 when International Nickel Co. drilled a series of six short holes to a maximum length of 488 feet (149 metres) and intersected serpentinized ultramafic rocks (no assays provided). In 1995, Falconbridge Ltd. conducted ground geophysics and drilling. Hole MAN35-01 drilled just off the edge of Newmarket property intersected serpentinized ultramafic across entire core length to end of hole. Three three-metre assays at 47, 71, and 105 metres yielded nickel intervals in excess of 0.31% nickel. Hole NEW22-01 intersected a coarse-grained peridotite with an assay value of 0.248% nickel over 3 metres reported by the Ontario Geological Survey.

Please refer also to Canada Nickel press release dated June 7, 2022 for complete transaction details as well as additional information for both Bannockburn and Newmarket.

The acquisition of these target properties represents a transformational milestone for Canada Nickel, on par with the initial discovery of the flagship Crawford. The consolidation of these properties underscores the Company's strong belief in the district-scale potential of the Timmins region and in the journey to become a leader of the Next Generation of Nickel Supply – large, scalable, and low carbon nickel. Each target has had some historical work, and in some cases, much more than Crawford did initially, confirming that these targets contain the same serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO<sub>2</sub>.

In summary, following the completion of the acquisitions, the Company has 15 new interests in properties around the Timmins/Cochrane region:

- To the south of the Crawford Project – Sothman, Midlothian, Bannockburn, Powell, Deloro
- To the east of the Crawford Project – Stimson, Mortimer, Moody, McCool
- To the north of the Crawford Project – Reaume, Mann (Northwest, Central and Southeast), Newmarket, Reid

These acquisitions combine with the previously held properties in MacDiarmid, Mahaffy, Nesbitt, Kingsmill and Bradburn districts.

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**Realization of District Scale Potential**

The Company's regional exploration program intended to highlight the potential for multiple Crawford-sized discoveries has taken several big steps forward which confirm the success of its geophysical targeting model, as described below.

Reid Nickel Property

The Reid Property is located just 16 kilometres south-west of Crawford, or 37 kilometres north-west of Timmins, and contains an ultramafic target with a target geophysical footprint of 3.9 square kilometres. The ongoing drilling program continues to successfully intersect mineralized dunite, helping define the boundary of the target, confirming a footprint that is already 90% of the footprint of the current Crawford resource, with similar lithology, mineralogy and alteration. Nickel mineralization in serpentinized dunite has been found in all 16 holes drilled to date and stronger mineralization has been intersected in holes REI22-02, REI22-06, REI22-09, REI22-14, and REI22-16. The interpreted thickness of the dunite intersected by REI22-16 and REI22-14 at Reid appears to be thicker than the thickest intersection within the Crawford Resource.

Three holes (REI22-12, REI22-13, REI22-15) were drilled in the north limb with all holes intersecting the targeted mineralized dunite. REI22-13 intersected the typical differentiation sequence, collaring in gabbro and followed by pyroxenite, peridotite and dunite. The hole finished in dunite.

The 13 remaining holes were drilled in the central core of the anomaly, with all of them intersecting consistent moderate to strongly serpentinized dunite, and visible nickel mineralization. Dunite is the lithology predominant in the central core, with only an occasional occurrence of later dykes that crosscut the anomaly in a northwest and southeast direction. The south limb of the anomaly remains to be drilled and over 50% of the geophysical target remains untested.

On June 27, 2022, the Company announced the assay results from two of the earlier drill holes. Drilling was highlighted by hole REI22-02 which intersected 354 metres of 0.24% nickel and includes 15 metres of 0.39% nickel and 6 metres of 0.57% nickel. Mineralogy completed on samples from these holes confirmed that they contain the same heazlewoodite-pentlandite-awaruite minerals as Crawford.

Please refer to Canada Nickel press releases dated May 10, 2022, June 27, 2022 and September 28, 2022 for additional details.

Deloro Property

The Deloro property is located 25 kilometres south of Crawford and 9 kilometres south-east of Timmins and contains an ultramafic target measuring 1.4 kilometres north-south by 450 metres east-west. As of September 28, 2022, the Company completed 11 drillholes at Deloro and succeeded at defining the continuity of the ultramafic lithologies and nickel mineralization throughout the target anomaly in all 11 holes.

DEL22-05 collared in dunite and was drilled to the northeast. The hole intersected 394 metres of 0.26% nickel and finished in dunite, only interrupted by minor dykes. Showing moderate to strong serpentinization and visible pentlandite-heazlewoodite mineralization with minor awaruite.

DEL22-04 collared in dunite near the center of the target and drilled to the northeast. The dunite is mineralized throughout, interrupted only by a few minor dykes. Dunite graded 0.26% nickel over 43 metres, and 0.26% nickel over 271 metres. The hole reached the east contact intersecting Peridotite and Mafic volcanics.

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DEL22-08 collared in dunite and was drilled to the southwest. Dunite graded 0.22% nickel over 156.5 metres at the top of the hole, and 0.25% nickel over 213 metres near the bottom and ended in dunite.

Hole DEL22-03 collared in dunite on the northern half of the target and was drilled to the southwest. The hole remained and finished in dunite except for a section of pyroxenite in the center. The dunite sections grading up to 0.24% nickel over 157.7 metres, and 0.22% nickel over 106.2 metres with visible pentlandite-heazlewoodite mineralization. Hole DEL22-02 drilled at the most northern edge of the target, intersected a sequence of pyroxenite, peridotite and dunite rocks with varying degrees of alteration and mineralization. Assays for this hole are pending.

Hole DEL22-01 intersected 487 metres of 0.25% nickel with a higher-grade section near the bottom of the hole intersecting 0.28% nickel over 91 metres and hole DEL 22-09 which intersected 393 metres of 0.26% nickel.

Please refer to Canada Nickel press releases dated May 10, 2022, August 17, 2022 and September 28, 2022 for additional details.

Nesbitt Nickel Property

The Nesbitt Nickel Property is located just 9 kilometres north-northwest of Crawford. The Property includes two ultramafic sills that strike east-west, the larger sill being 3.7 kilometres long. Nesbitt NES21-08 was collared over a strong magnetic high and drilled to the south to test for the presence of a mineralized, dunitic core within the centre of the ultramafic sill. The hole encountered 336.5 metres (core length) of 0.27% nickel including 31 metres of 0.33% nickel. Nesbitt NES21-09 was collared 250 metres west of NES21-08 to determine the consistency of mineralization farther to the west. The hole intersected 415.3 (core length) metres grading 0.26% nickel including a higher-grade zone of 25.5 metres (core length) grading 0.31% nickel. The hole intersected a thick interval of peridotite grading to dunite from 41.7 to 459.0 metres, ending in peridotite. Eight holes in total tested the western extent of the main ultramafic sill at Nesbitt with all holes intersecting mineralization. Grades were lower near the end of the mineralization to the west. There appears to be a break in the sill east of NES21-08 which has not yet been drill-tested. Farther east holes NES21-03 and NES21-11 intersected thick sections of lower-grade mineralization. NES21-06 was drilled in the northern sill and intersected lower-grade mineralization encountering 483.8 metres of 0.17% nickel within a peridotite sill containing minor dunite.

Please refer to Canada Nickel press releases dated May 10, 2022 for additional details.

Reaume Property

The Reaume Property is located 20 km north-east of Crawford and contains an ultramafic target that measures 3 kilometres east-west by 1.4 kilometres north-south. The geophysical footprint indicates a highly folded structure, unlike the single differentiated sills observed at Deloro, and other properties including Bannockburn, Sothman, and McCool among others.

Drilling during the summer successfully confirmed the presence of ultramafic rocks, dominated by peridotite with nickel mineralization in 6 of 7 drillholes. The peridotite intersected was generally lower grade than the peridotites at Crawford. Minor pyroxenite and dunite were also intersected. The North half of the target remains untested, due to difficult access outside of winter. Assays are pending for 3 of the 7 holes.

Hole REU22-01, REU22-02 and REU22-03 drilled a fan of drillholes from the same setup, located near the southwest of the target. REU22-01 drilled to the south-southeast, collaring on peridotite at 9.4 metres and stayed in peridotite for 327.7 metres grading 0.14% nickel. After a small gabbro section, the hole intersected and finished in dunite with an average grade of 0.21% nickel over 68.7 metres.

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Hole REU22-02 drilled to the east, collaring, and finishing in peridotite averaging 0.13% nickel over 242.5 metres with the whole extent displaying moderate to strong serpentinization and minor pentlandite-heazlewoodite mineralization.

Hole REU22-07 is located east of the previous holes and closer to the center of the target. The hole collared in a pyroxenite, continued into peridotite, and finished in peridotite averaging 0.16% nickel over 364.5 metres.

Hole REU22-03 drilled to the northeast, and intersected a typical succession of ultramafic differentiation, drilling through peridotite, pyroxenite and gabbro. The pyroxenite here averaged 0.19 grams per tonne palladium and 0.11 grams per tonne platinum over a length of 23 metres.

The drilling to date has intersected mostly weakly mineralized peridotite. The more mineralized dunite is expected to occur on the eastern edge of the property to which access is limited to winter months. This will be more directly targeted as exploration at Reaume continues.

Please refer to Canada Nickel press releases dated May 10, 2022 and September 28, 2022 for additional details.

The Company was encouraged by these results as they represent targets that were easily accessible and not the highest potential targets. The Company expects to have access to the full target base through this year to further unlock the exploration potential.

**Progressing with Permitting and Meaningful Engagement with Indigenous Peoples**

On August 8, 2022 the federal Impact Assessment permitting process for the Company's Crawford Nickel Project was initiated following the acceptance by the Impact Assessment Agency of Canada (the "Agency") of the Company's Initial Project Description (the "IPD"). The Agency determined the IPD conforms to the regulations and posted it to the Agency's public website. The Company also initiated the implementation of ground-breaking Impact Assessment Process Agreements ("Impact Assessment Agreements" or "IA Agreements") with Taykwa Tagamou Nation, Matachewan First Nation, Mattagami First Nation, and Flying Post First Nation.

Canada Nickel initiated an extensive round of engagement on the IPD, hosting more than 20 meetings with Indigenous communities, project stakeholders, and the general public to present key content from the IPD and enable follow up Q&As. The intention of these meetings was to gather crucial feedback from as many interested individuals as possible – all of which was carefully logged and integrated into the final IPD submission. The Agency's filing of the IPD to its website triggered the beginning of a 30-day comment period for the document that closed on September 8, 2022. With the IPD now publicly available, the Agency conducted its own series of engagement activities, which will assist the Agency in developing a Summary of Issues relating to the project, to then be provided to Canada Nickel. Subsequent to this, Canada Nickel will complete a Response to the Summary of Issues and a Detailed Project Description ("DPD"), both of which will be submitted to the Agency for further review by the end of calendar 2022. The Impact Assessment process is a planning and decision-making tool used by regulators, Indigenous communities, the general public, stakeholders, and proponents to emphasize the positive benefits and resolve or mitigate the potential impacts of a proposed major project. The DPD is a key phase in the early planning and development of a modern mining project.

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In parallel, the Company will provide a Notice of Project Status to the provincial government by the end of October 2022. This document will allow the provincial authorities to make an informed decision on the nature and scale of the provincial environmental impact assessments required for the Crawford Nickel Project. This process will also allow the two levels of government to accelerate discussions on collaboration and coordination in order to potentially streamline both impact assessment processes. It is now believed by the company, based on publicly available information and consultants past experience, that the provincial process duration will fall within the federal process timeline.

The signing and implementation of the IA Agreements further validates the meaningful and productive relationships developed between Canada Nickel and Taykwa Tagamou Nation, Matachewan First Nation, Mattagami First Nation, and Flying Post First Nation and serves as tangible evidence of Canada Nickel's intention around full integration of Indigenous communities into the development of the Crawford Nickel Project. The IA Agreements are intended to foster full participation of Indigenous communities in the federal Impact Assessment process, with a focus on community driven completion of Traditional Knowledge and Land Use and Socioeconomic studies. In addition to outlining effective communication channels and platforms for meaningful engagement, the IA Agreements facilitate tangible capacity building within the communities that will extend beyond the timeline of and activities relating to the Crawford Project and Canada Nickel, including the hiring and training of a dedicated Impact Assessment Coordinator and the creation of an Impact Assessment Coordination Committee, comprised of representative, interested community members, including youth and elders.

**Corporate Financing**

The Company arranged a US\$10 million loan facility with Auramet International Inc. ("Auramet Inc.") which is expected to close on or before October 14, 2022. The facility allows the Company to be able to execute post feasibility study work on permitting and detailed engineering for Crawford that is advantageous to complete during the winter months and allows the Company to remain well-funded as it continues to aggressively advance the project. The loan is secured and matures on January 14, 2023, subject to the Company's right to extend the loan for a further three-month period at its option. The loan will carry an interest rate of 1.00% per month, and be subject to a 2% arrangement fee. At closing, Auramet Inc. will also receive 325,000 1-year warrants with a strike price of \$1.52 per share. The warrants and the underlying shares will be subject to a four month hold period under applicable Canadian securities laws. The closing of the loan facility is subject to customary conditions including the approval of the TSX Venture Exchange.

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**Outlook**

Use of proceeds from the Offering

Net proceeds of \$48.2 million were received on April 5, 2022, from a bought deal offering. The Company spent \$12.8 million to repay the Auramet short-term loan facility including related interest. Of the remaining proceeds of \$35.4 million, the Company expects to spend \$9.3 million on general corporate and working capital purposes and \$26.1 million on accomplishing the following objectives:

<b>Use of Proceeds</b>	<b>Expected Costs \$</b>	<b>\$ Spent to July 31</b>	<b>Description and Expected Time Frame to Complete</b>
Feasibility Study	4,200,000	3,200,000	Mine and project design and compilation of the feasibility study expected to complete by December 2022
Net Zero / Metallurgy	900,000	400,000	Analysis of carbon sequestration potential on larger scale tailings samples expected to complete by December 2022  Further development of alternative processing paths for the nickel and magnetite products from the Crawford Project expected to be complete by December 2023
Environmental, Permitting and Community Engagement	1,500,000	500,000	Environmental and Social Impact Assessment process (including all related studies) expected to complete by February 2023
	300,000	50,000	Ongoing community engagement process (including First Nations and other community costs)
Crawford Project Resource Definition	5,100,000	2,200,000	The Company plans to complete in-fill drilling programs at Crawford to upgrade and expand resources as well as update the resource model utilizing recent drilling. In July 2022 the Company expects a resource update and a further resource definition by September 2022. In addition, complete geotechnical work to optimize pit design and execute condemnation drilling of the footprints identified for various surface infrastructure, including waste impoundments to be incorporated into the feasibility study.
District Exploration: Geophysics and Pre-Drilling	2,500,000	200,000	Programs aimed at geo-physics surveys and pre-drilling to be completed by February 2023 at the following properties/townships:  <i>Southern</i> (Bannockburn, Deloro, Midlothian, Powell and Sothman) - \$1,249,000 <i>Eastern</i> (McCool, Moody, Mortimer and Stimson) - \$287,500 <i>Northern</i> (Mann, Newmarket, Reaume and Reid) - \$963,500
District Exploration: Drilling	11,600,000	6,000,000	Drilling programs aiming to complete by February 2023 at the following properties/townships:  <i>Southern</i> - \$5,012,000 <i>Eastern</i> - \$1,990,000 <i>Northern</i> - \$4,598,000

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*Feasibility Study*

Engineering activities incorporating the data gathered during the prior two quarters are nearing completion with only internal reviews to complete. Vendor packages have been issued to the market and are starting to trickle in to support the capital expenditures and operating activities. The feasibility study remains on track to be completed by calendar year-end 2022.

*Exploration*

Exploration efforts will focus outside of Crawford on the newly acquired properties to highlight the exploration potential of each of the properties and highlight the district-scale potential of the consolidated land package.

*Metallurgy and carbon sequestration*

The Company is continuing with the third phase of metallurgical variability testing for the feasibility study, including both open circuit and locked cycle tests on samples. The pilot demonstration of the Crawford flowsheet is underway and will continue into Fall 2022. Concentrate produced from the pilot plant will support marketing and downstream flowsheet development efforts.

The Company is continuing to evaluate opportunities to maximize the carbon sequestration potential of the Crawford tailings. Tailings produced from the metallurgical pilot plant are being used for research and development efforts into the IPT Carbonation Process. Due to the massive potential for this novel process to capture CO<sub>2</sub>, Canada Nickel's Net Zero program is focusing primarily on this key opportunity and as a result, the two pilot scale campaigns into passive tailings carbonation have been put on hold.

*Environmental and Social Impact Assessment*

Due to the nature and size of the Crawford Project, the company needs to proceed with both the federal and provincial Impact Assessment Processes. In order to increase its knowledge of the Crawford property and feed the permitting process, the Company initiated a large scale baseline data acquisition program in March 2021. This program focuses on numerous biophysical components such as fish and wildlife, terrestrial and aquatic habitats, species at risk, air and water quality, hydrology, hydrogeology and environmental geochemistry, as well as human aspects such as land use, archeology and socio-economic components. The second year of this program is presently underway.

The Company formally triggered a review of the Project as part of the federal Impact Assessment Process by submitting the IPD to the Agency on August 8, 2022. As part of Canada Nickel's extensive engagement process, the project's stakeholders and relevant Indigenous groups were consulted on the IPD content between May and June 2022. The Agency will use the IPD, including inputs from this engagement process and from their own consultation, to assess if an Impact Assessment is required, and generate tailored guidelines for the Crawford Impact Study. In parallel, the Company will provide a Notice of Project Status to the provincial authorities to trigger the Provincial Impact Assessment Process by the end of October 2022.

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**Review of Operations for the Quarters Ended July 31, 2022**

The following is a summary of Canada Nickel's statement of loss on a quarterly basis for the last eight quarters:

<b>Last eight quarters</b>								
<i>(Canadian dollars)</i>	Q4 2020	Q1 2021	Q2 2021	<b>Q3 2021</b>	Q4 2021	Q1 2022	Q2 2022	<b>Q3 2022</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries and management fees	129,958	141,560	211,762	<b>269,087</b>	238,965	254,845	273,262	<b>149,861</b>
General and administrative costs	275,230	223,859	22,550	<b>156,171</b>	93,568	242,497	317,201	<b>145,857</b>
Professional fees	575,621	107,650	143,480	<b>146,710</b>	226,103	111,915	244,347	<b>374,488</b>
Consulting and advisory	297,892	304,964	310,628	<b>201,699</b>	245,085	230,301	455,223	<b>281,208</b>
Promotion and communication	130,033	134,992	94,090	<b>216,018</b>	193,882	128,658	98,557	<b>125,399</b>
Investor relations and marketing	93,632	65,323	96,511	<b>45,119</b>	19,463	76,980	63,280	<b>32,787</b>
Share-based compensation	887,245	686,286	1,155,705	<b>1,425,822</b>	547,385	1,001,748	1,054,401	<b>1,290,422</b>
Travel and other	136,082	5,410	11	<b>80</b>	117,113	4,901	48,726	<b>199,828</b>
Transaction costs and interest expense	-	-	-	-	-	439,654	367,580	-
	<b>2,525,693</b>	<b>1,670,044</b>	<b>2,034,737</b>	<b>2,460,706</b>	<b>1,681,564</b>	<b>2,491,499</b>	<b>2,922,577</b>	<b>2,599,850</b>
Flow-through share premium	(1,589,000)	(282,027)	-	-	(1,186,921)	(959,399)	-	<b>(3,500,000)</b>
<b>Net loss (income)</b>	<b>936,693</b>	<b>1,388,017</b>	<b>2,034,737</b>	<b>2,460,706</b>	<b>494,643</b>	<b>1,532,100</b>	<b>2,922,577</b>	<b>(900,150)</b>
Weighted average shares outstanding	72,532,507	80,097,896	82,120,009	<b>85,136,310</b>	88,296,658	91,160,063	98,824,056	<b>111,622,072</b>
<b>Net loss (income) per share</b>	<b>\$0.01</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$0.01</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$(0.01)</b>

The Company started operating activity in October 2019. Financial information is presented for the last eight quarters to demonstrate the trends. Accounting principles have been applied consistently amongst the periods and some reclassifications were made between expense categories in 2020 to conform to 2021 presentation.

**Salaries and management fees**

Salaries and management fees have been consistent over the previous four quarters with headcount increasing slightly during the second quarter of 2022. The expenses in the third quarter of 2022 are lower than the third quarter of 2021 and the previous quarters reflecting a re-allocation of salaries to exploration and evaluation assets.

**General and administrative costs**

General and administrative costs include general office expenses plus costs in relation to corporate governance requirements, filing and listing fees, and insurance. Variations in costs between quarters tend to be based on timing of payments for annual filing and listing requirements. Costs in the third quarter of 2022 represent typical operating expenses. Costs in the second quarter of 2022 are higher than the trend because of additional filing fees of approximately \$150,000 paid to the TSX-V in relation to approvals required for the property acquisitions made during the same period and for the filing of the prospectus in

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relation to the financing. Fees paid to the TSX-V in Q1 2021 in relation to approvals for property acquisitions was \$80,000. Third quarter of 2021 includes annual fee payments for the TSX-V listing. Costs are higher in the fourth quarter of 2020 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. The majority of directors' fees for 2021 and 2022 will be paid through the grant of restricted share units and will be expensed as share-based compensation.

*Professional fees*

Professional fees include legal, accounting and audit related fees, which have risen in the second and third quarters of 2022 largely due to additional fees associated with the land acquisitions. In 2020, professional fees were mostly associated with the consolidation and acquisition of Crawford, most of which were agreed and finalized in the fourth quarter of 2020 which resulted in a higher expense in that quarter.

*Consulting and advisory*

Fees incurred are with respect to strategic consulting in the areas of media, business development and financing. Cost increased in the second quarter of 2022 with the addition of additional advisory in the areas of corporate development and by the third quarter of 2022 are more representative of normal business practice.

*Promotion and communication*

Promotion and communication include costs related to website design and maintenance, advertising in trade magazines and communication with shareholders. Costs are lower than in the third quarter of 2022 compared to the same quarter in 2021 because of additional communication expenses in relation to the release of the PEA in the third quarter of 2021 and the fourth quarter of 2021 includes additional expenses related to newswire distribution.

*Investor relations and marketing*

Investor relations and marketing costs are for attendance at investor conferences, meetings and tradeshows and remain stable between periods.

*Share-based compensation*

Share-based compensation includes non-cash expenses related to both stock options and restricted share units. Share-based compensation tends to fluctuate depending on timing of grants. In the fourth quarter of 2021 the Company capitalized \$650,000 of share-based compensation to *Exploration and evaluation assets*, which was previously expensed in the first three quarters of the year. The increase in the fourth quarter of 2020 includes approximately \$500,000 in RSU expense which reflects second and third quarter expenses from RSUs approved in March 2020.

*Travel and other*

The third quarter of 2022 sees a rise in travel expenses with the opening of travel for conferences, investor meeting and other development opportunities.

*Transaction costs and interest expense*

These costs are directly attributable to the receipt of proceeds from the Auramet short-term loan facility (refer to *Cash provided by financing activities*). The facility was received on January 5, 2022 and repaid April 5, 2022. Transaction costs include a two percent arrangement fee, legal and other fees, and the cost of the warrant amounting to \$706,155. Interest was \$384,662 for the outstanding period and a foreign exchange gain was realized on repayment of the US dollar loan facility of \$283,583.

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*Flow-through share premium*

This amount represents the extinguishment of the flow-through share premium liability from the various financings. 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 consolidated statements of financial position.

**Liquidity and Financial Condition**

**Cash flows**

A summary of the Company's cash flow for the three and nine months ended July 31, 2022 and 2021 are as follows:

<i>(Canadian dollars)</i>	<b>For the three months ended July 31</b>		<b>For the nine months ended July 31</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	\$	\$	\$	\$
Cash used in operating activities:				
Before working capital changes	<b>(1,303,980)</b>	(1,034,884)	<b>(3,854,673)</b>	(2,897,674)
Working capital changes	<b>(1,164,367)</b>	(315,442)	<b>92,088</b>	(1,642,597)
	<b>(2,468,347)</b>	(1,350,326)	<b>(3,762,585)</b>	(4,540,271)
Cash used in investing activities:				
Exploration and evaluation expenditures	<b>(12,557,327)</b>	(4,754,560)	<b>(38,587,929)</b>	(12,060,834)
Purchase of equipment	<b>(18,799)</b>	(1,130,484)	<b>(111,796)</b>	(1,264,139)
	<b>(12,576,126)</b>	(5,885,044)	<b>(38,699,725)</b>	(13,324,973)
Cash provided from financing activities:				
Proceeds from share issuance, net of transaction costs	-	11,341,994	<b>48,242,253</b>	11,226,994
Proceeds from loan, net of issuance costs	-	-	<b>12,302,085</b>	-
Repayment of loan plus related interest	-	-	<b>(12,826,178)</b>	-
Proceeds from exercise of warrants, compensation options, stock options and RSUs	<b>43,504</b>	190,500	<b>168,882</b>	6,948,157
	<b>43,504</b>	11,532,494	<b>47,887,042</b>	18,175,151
Change in cash and cash equivalents	<b>(15,000,970)</b>	4,297,124	<b>5,424,732</b>	309,907
Opening cash and cash equivalents	<b>23,760,345</b>	7,180,048	<b>3,334,643</b>	11,167,265
<b>Closing cash and cash equivalents</b>	<b>8,759,375</b>	11,477,172	<b>8,759,375</b>	11,477,172

***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, flow-through share premium and transaction and interest costs. In the first half of 2022, the Company received \$3.5 million in refunds from harmonized sales taxes ("HST") related to fiscal year 2021 and as of the end of the third quarter of 2022 has \$3.5 million outstanding representing five months of HST paid. Other working capital changes largely represent timing of payments.

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***Cash used in investing activities***

*Exploration and evaluation expenditures*

Exploration and evaluation expenditures increased considerably in 2022 compared to 2021 largely due to the expenditures incurred for the feasibility study. Approximately \$21 million (\$6 million in the third quarter of 2022) was spent in relation to feasibility study work and \$14 million (\$6 million in the third quarter of 2022) on regional exploration. The pace of spend related to the feasibility was quite high during the first part of the year largely due to the extensive infill drilling and geotechnical programs. The spend will be significantly lower through the remaining quarters until completion of the study.

Acquisition of properties

On April 22, 2021, the Company entered into a binding letter of intent with Noble to acquire six option properties (Crawford/Nesbitt/Aubin, Nesbitt North, Aubin/Mahaffy, Kingsmill/Aubin, MacDiarmid and Bradburn/Dargavel) it holds plus additional claims held by Noble and on December 17, 2021 the transaction was closed. Under the terms of the transaction, the option agreements Canada Nickel held with Noble were terminated and Canada Nickel acquired 100% of the optioned claims and other interests in return for 3.5 million of the Company's common shares. The transaction also provided Canada Nickel with the right to re-purchase 1% (half) of the 2% royalty held by Noble in respect of certain properties for a re-purchase price of \$1.5 million per property if re-purchased during the one-year period after closing, increasing to \$2.5 million per property if re-purchased during the second year after closing.

In the first quarter of 2022, the Company entered into 13 separate agreements to directly acquire or earn-in to 13 target properties within a 100 kilometre radius of Crawford. In the second quarter of 2022, the Company entered into an additional six agreements to directly acquire one new target property and expand five other properties through either acquisition or earn-in agreements. In the third quarter, the Company entered into three more purchase agreements, including the new Bannockburn property (as described in *Development of District Scale Potential* earlier in this interim MD&A). The consolidation of these properties underscores the Company's belief in the district-scale potential of the Timmins region.

In total, the Company negotiated 22 separate agreements to directly acquire or earn-in to the properties. Under these agreements, Canada Nickel has agreed to issue the shares and pay the cash listed in the table below and in most agreements has agreed that each of the sellers will retain a net smelter royalty ("NSR") that ranges between 1% and 2%, with Canada Nickel having the right to re-purchase 50% of the royalty for \$500,000 (with respect to a 1% NSR) or \$1 million (with respect to a 2% NSR).

On signing, the Company was obligated to pay an aggregate of \$697,000 in cash and issue an aggregate 5,012,000 common shares of the Company. As of July 31, 2022, all of this cash has been paid and all of the common shares have been issued. The table below also shows the additional aggregate payments required to maintain the acquisition or earn-in to the properties post signing.

	Cash	Shares
	\$	#
On signing (paid and issued)	697,000	5,012,000
Fiscal year 2022 (paid)	100,000	-
Fiscal year 2023	415,000	976,000
Fiscal year 2024	325,000	245,000
Fiscal years 2025 and 2026	700,000	245,000
	<b>2,237,000</b>	<b>6,478,000</b>

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In addition, there are commitments to fund exploration expenditures of at least \$2.3 million in fiscal 2023 and \$3.7 million in fiscal 2025/2026 on certain properties to earn-in. Fiscal year 2023 includes a loan payment for \$200,000 and an obligation to issue 350,000 common shares of Canada Nickel for one of the purchased properties due in December 2022.

Also included in the table above is an agreement with Noble to earn-in and acquire up to an 80% interest in approximately 625 single cell mining claims (the "Claims") in Mann, Hanna, Duff and Reaume Townships (the "Option Agreement") and to acquire 198 mineral rights only patented properties in Kingsmill and Mabee Townships. The definitive agreement was completed in February 2022 with Noble. The Option Agreement requires an initial payment to Noble of \$100,000 and 250,000 Common Shares (included in the table above and paid in the second quarter of 2022), and provides Canada Nickel the right to acquire a 60% interest in the Claims by incurring at least \$500,000 of exploration expenditures on the properties by approximately December 31, 2022, and also making a further payment to the Company of \$350,000, or at Noble's option the issuance to Noble of 150,000 common shares of Canada Nickel in lieu of that cash payment. After earning that 60% interest, Canada Nickel would have the option to increase its interest in the claims to 80% by incurring additional exploration expenditures of at least \$1,200,000 on the properties by approximately July 15, 2025. In addition, Noble will receive four annual payments of \$100,000 and retain a 2% net smelter return royalty on the 304 staked claims that are subject to the Option Agreement (subject to Canada Nickel having the right to purchase 50% of that royalty for a payment of \$1,000,000). Noble will also retain the right to purchase up to 25% of the 2% royalty held by third parties on other parts of the claims that are subject to the Option Agreement (with Canada Nickel having the right to purchase another 25% of those royalties).

***Cash provided by financing activities***

Share issuance

On April 5, 2022, the Company closed a "bought deal" offering (the "Offering") and received aggregate gross proceeds of C\$51,554,157 (\$48,242,253 after payment of issuance costs), which included the exercise of the Underwriters' over-allotment option. Under the Offering, the Company sold the following:

- 10,440,050 common shares of the Company at a price of \$3.10 per common share;
- 3,424,658 traditional flow-through shares of the Company at a price of \$3.65 per traditional flow-through share; and
- 1,500,000 charity flow-through shares at a price of \$4.46 per charity flow-through share.

A flow-through share is a common share of the Company to be issued as a "flow-through share" within the meaning of the *Income Tax Act* (Canada).

The Offering was completed pursuant to an underwriting agreement dated March 14, 2022 entered into among the Company and a syndicate of underwriters led by Red Cloud Securities Inc., and including Clarksons Platou Securities SA, Scotia Capital Inc., BMO Nesbitt Burns Inc., Cormark Securities Inc., Echelon Wealth Partners Inc., Haywood Securities Inc., Research Capital Corporation (collectively, the "Underwriters"). In connection with the Offering the Underwriters received an aggregate cash commission of \$3,086,103.

On July 27, 2021 the Company completed a broker private placement financing for aggregate gross proceeds of \$12,222,100 through the issuance of 2,981,000 flow-through common shares at a price of \$4.10 per flow-through common share. Costs of issue amounted to \$880,106.

The gross proceeds from the financing were used by the Company to incur eligible "Canadian exploration expenses" that qualify as "flow-through mining expenditures" as both terms are defined in the Income Tax

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Act (Canada) (the "Qualifying Expenditures"), related to the Company's projects in Ontario. The Qualifying Expenditures were renounced in favour of the subscribers of the flow-through common shares with an effective date of December 31, 2021 in the aggregate amount of the gross proceeds raised from the issuance of the flow-through common shares.

Short-term debt facility

On January 5, 2022, the Company closed a secured loan facility with Auramet International LLC ("Auramet") for US\$10 million. The loan was repaid on its maturity of April 5, 2022. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears. Interest of \$377,178 was repaid on April 5, of which \$271,163 was expensed in the second quarter of 2022 in Transaction costs and interest expense in the Condensed interim consolidated statements of loss and comprehensive loss.

The Company paid an arrangement fee equal to 2 percent of the loan amount and issued 325,000 common share purchase warrants ("Auramet warrants"). Each of the Auramet warrants entitles Auramet to acquire one common share of the Company at a price of \$3.94 per share until January 5, 2023.

The Auramet warrants issued were assigned an aggregate fair value of \$283,140 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 65%, risk-free rate of return 1.0% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were being amortized over the three-month maturity in Transaction costs and interest expense in the Condensed interim statements of loss and comprehensive loss.

Other

Since the Company was incorporated it has received all its funding through a series of private and brokered equity placements. From November 2019 to July 2021, the Company received \$24.9 million in net proceeds from the sale of flow-through shares and \$10.6 million from the sale of common shares of Canada Nickel. The proceeds have been used to advance the Crawford Project, including Canadian exploration expenses, such as drilling and resource definition, completion of the preliminary economic analysis, the start of the feasibility study and for general corporate purposes.

***Commitments and contingencies***

At July 31, 2022, the Company has \$7.3 million (October 31, 2021 - \$6.2 million) in payables owing with respect to exploration and evaluation assets and has lease obligations remaining of \$40,784 related to fiscal 2022 and \$135,129 in fiscal years 2023 and 2024.

Canada Nickel entered into agreements with the Matachewan and Mattagami First Nations and Taykwa Tagamou Nation in relation to exploration and development operations at Crawford. The agreements establish a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the Indigenous Peoples located in the Crawford 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. Financial compensation includes a commitment to pay a specified percentage of the annual expenses related to the Company's exploration program and a three-year commitment of approximately \$1.6 million for specific impact assessment programs.

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

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***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 \$2,316,165 at July 31, 2022, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$13,009,901. 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.

On September 29, 2022, the Company arranged to enter into a US\$10 million short-term loan facility so that it could be in a position to execute post feasibility study work on permitting and detailed engineering for Crawford (see *Corporate Financing*). The Company plans to raise additional capital to repay the facility and continue to execute its business plan on advancing Crawford. The Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

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

**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 are as follows:

	<b>For the three months ended July 31</b>		<b>For the nine months ended July 31</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	\$	\$	\$	\$
Management and directors' fees	<b>280,445</b>	123,500	<b>768,268</b>	379,167
Share-based compensation	<b>1,056,372</b>	837,867	<b>2,594,673</b>	2,039,043

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. No amounts were payable to related parties at July 31, 2022 or October 31, 2021.

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## **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 adjusts 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 was \$116,552,296 as at July 31, 2022.

## **Financial Instruments**

### Fair values

At July 31, 2022, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short-term loan facility. The short-term loan facility has been measured at amortized cost. 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 – cash and cash equivalents

Level 2 – none

Level 3 - none

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

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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, and accounts receivable. 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. Harmonized sales tax receivable and accounts receivable consist of receivables created in the course of normal business, including 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 July 31, 2022, 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.

**Off-Balance-Sheet Arrangements**

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

**Share Capital**

As at the date of this Interim MD&A, September 29, 2022, the Company had 113,063,536 common shares issued and outstanding, 469,712 warrants outstanding, 6,480,586 stock options outstanding and 3,666,915 restricted share units outstanding. Each warrant, 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 unaudited interim condensed 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 unaudited interim condensed consolidated financial statements; and (ii) the unaudited interim condensed 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 unaudited interim condensed consolidated financial statements for external purposes in accordance with

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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. The Company is a junior resource company focused primarily on the exploration and development of mineral properties located in North America. The Company's properties have no established mineral reserves and there is no assurance that any of the Company's projects can be mined profitably. The Company is also exploring and developing other opportunities and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and base mineral price volatility.

The PEA results are estimates only and are based on a number of assumptions, any of which, if incorrect, could materially change the projected outcome. There are no assurances that Crawford will be placed into production. Factors that could affect the outcome include, among others: the actual results of development activities; project delays; inability to raise the funds necessary to complete development; general business, economic, competitive, political and social uncertainties; future prices of metals or project costs could differ substantially and make any commercialization uneconomic; availability of alternative nickel sources or substitutes; actual nickel recovery; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; accidents, labour disputes, the availability and productivity of skilled labour and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; mineral resource estimates relating to Crawford could prove to be inaccurate for any reason whatsoever; additional but currently unforeseen work may be required to advance to the feasibility stage; and even if Crawford goes into production, there is no assurance that operations will be profitable.

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 that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended October 31, 2021, available on SEDAR at [www.sedar.com](http://www.sedar.com).