Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Year Ended October 31, 2023

(Expressed in Canadian Dollars, unless otherwise noted)

February 1, 2024

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, 2023. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended October 31, 2023, 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 February 1, 2024.

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.

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.sedarplus.ca, which also includes the Company's Annual Information Form for the year ended October 31, 2022.

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.

Forward looking information includes, but is not limited to, the potential of Crawford ; potential size of carbon storage facilities and ability to be a net negative carbon footprint, timing and results of economic studies, including the bankable feasibility study; mineral resource estimates and mineral reserve estimates; ability to realize on projected economic estimates, including EBITDA, NPV, IRR, all-in sustaining costs, free cash flow and C1 cash costs; scale, capital costs, operating costs and life of mine projections; potential to commercialize the IPT Carbonation process; timing of receipt of permits and commencement of construction and initial production; eligibility for Canadian federal refundable tax credits; the ability to sell marketable materials; strategic plans, including future exploration and development results; and corporate and technical objectives. 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 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 Canada Nickel is a Qualified Person as defined by NI 43-101, have 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 "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 or holds options to own 25 additional nickel targets located near the Crawford Project.

On July 21, 2020, the Company incorporated a wholly-owned subsidiary, NetZero Metals Inc. and on November 3, 2022, the Company incorporated a wholly-owned subsidiary, Central Timmins Nickel Company Inc.; both incorporated under the laws of the Province of Ontario.

Key Developments – Year Ended October 31, 2023 and up to February 1, 2024

The Company's focus in 2023 was on maximizing the value of its existing assets by advancing Crawford towards a construction development decision and by demonstrating resource potential at the Company's regional properties it acquired in 2022.

At Crawford, the Company delivered on significant milestones:

- Issued a bankable feasibility study ("BFS"), which increased the project's Net Present Value ("NPV") and Internal Rate of Return ("IRR") from the Preliminary Economic Assessment ("PEA") published in 2021. In comparison to the PEA the BFS established a 70% increase in resources, increased recoveries, strengthened capital estimates and incorporated the In Process Tailings ("IPT") Carbonization process into the metallurgical process flowsheet.
- Completed phase 1 of the federal permitting process.
- Secured strategic investors validating Canada Nickel's belief and vision for responsible, large scale, net-zero carbon nickel production and the potential of a Timmins Nickel District with investments from Anglo American Marketing Limited ("Anglo American"), Agnico Eagle Mines Limited ("Agnico Eagle") and Samsung SDI Co., Ltd. ("Samsung SDI").
- Advanced the financing strategy for Crawford with the support of Cutfield Freeman & Co. as the debt advisors and Scotiabank and Deutsche Bank as its equity advisors.
- Strengthened the organization with the appointment of several key management positions.

The Company continues its path and remains on track to receive its environmental permits and develop a financing package by mid-2025 with a goal of first production by the end of 2027.

In 2022, the Company acquired 16 new interests in properties and in 2023 acquired one additional property and acquired additional claims to expand the boundaries around previously acquired properties. All of the Company's properties are in the Timmins/Cochrane region supporting its strong belief in the district-scale potential of the Timmins region and supporting its goal to become a leader of the next generation of nickel supply through large, scalable, and low carbon nickel projects. Each target has had some historical work suggesting that these targets contain similar serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO_2. In 2023 Canada Nickel's drill program focused on testing multiple properties and resulted in the potential discovery of two significant ore bodies (greater than the size of Crawford) at Mann and Midlothian townships.

Positive Bankable Feasibility Study for Crawford

In October 2023 – Canada Nickel released results from the BFS for its wholly-owned Crawford Project. The BFS was prepared by Ausenco Engineering Canada Inc. ("Ausenco") in accordance with National Instrument 43-101 ("NI 43-101").

Crawford is poised to be a leader in the energy transition through the large-scale production of critical minerals, including nickel and cobalt, and is expected to become the sole North American producer of chromium[1], while also supporting Canada's climate objectives through industrial-scale carbon capture and storage.

Crawford will be a conventional open pit mine/mill operation constructed in two phases. The initial phase, costing US$1.9 billion, will have a mill throughput of 60,000 tonnes per day ("tpd"). The second phase ("27-year peak period"), planned for commissioning during the fourth year following 24 months construction, will double mill throughput to 120,000 tpd at a cost of US$1.6 billion. The third phase occurs after the pits have been depleted in Year 30 and the 120,000 tpd milling rate is satisfied from stockpiled lower grade ore.

[1] Source U.S. Geological Survey, Mineral Commodity Summaries, Chromium January 2023

Crawford 2023 BFS Highlights

- Robust economics
  - After-tax, US$2.5 billion $NPV_{8\%}$ and 17.1% IRR; increasing to US$2.6 billion $NPV_{8\%}$ and 18.3% IRR when including the projected Carbon Capture, Utilization and Storage tax credits.
- Large initial mineral reserve anchored by significantly larger mineral resource
  - Proven & Probable reserves of 3.8 million tonnes contained nickel from 1.7 billion tonnes ore grading 0.22% nickel make Crawford the world's 2nd largest nickel reserve[2]. Reserves are hosted in a Measured & Indicated resource which increased by 74% to 6.0 million tonnes (compared to the 2022 resource estimate). With additional Inferred mineral resources of 3.7 million tonnes contained nickel, Crawford is the world's 2nd largest nickel resource[2].
- Large scale, low cost, long-life
  - Annual average nickel production of 83 million pounds (38,000 tonnes) over a 41-year life.
  - Production of 48,000 tonnes per annum ("tpa") nickel, 800 tpa cobalt, 13,000 ounces per annum of combined palladium and platinum, 1.6 million tpa iron and 76,000 tpa chromium over the 27-year peak period.
  - Net life-of-mine C1 cash cost of US$0.39 per pound nickel (by-product basis) places Crawford in the first quartile of the cost curve[2]. The net all in sustaining cash ("AISC") cost, on a by-product basis, is US$1.54 per pound nickel.
  - Projected revenue exceeds US$48 billion, or more than US$1 billion annually over project life.
- Significant improvement in recoveries from PEA
  - Nickel: 10% improvement over the life-of-mine (41% over 41 year life-of-mine versus 37% over 25 year life-of-mine in the PEA), and a 23% improvement in Phase I/Phase II compared to the PEA (46% in the BFS versus 37% in the PEA).
  - Improvements to life of mine recovery for Iron: 46%, Cobalt: 38%, and Chromium: 5%.
- Significant earnings and free cash flow generation
  - Projected annual earnings before interest, taxes, depreciation and amortization ("EBITDA") of US$810 million and free cash flow ("FCF") of US$540 million over 27-year peak period, annual EBITDA of US$667 million and FCF of US$431 million over project life.
- Minimization of carbon footprint
  - Minimal carbon footprint of 4.8 tonnes CO_2 per tonne of nickel in concentrate or 2.3 tonnes CO_2 per tonne of nickel equivalent [3]("NiEq"); largely due to electrically powered mining fleet, including trolley-assist trucks, that are expected to reduce diesel consumption by over 40% compared to diesel powered equipment.
  - Implementation of the Company's proprietary IPT Carbonation process is anticipated to allow for the storage of 1.5 million tonnes CO_2 annually during 27-year peak period, the bulk of which will be sold to third parties.

The Base Case economics includes the Critical Minerals Investment Tax Credit, that was outlined during the 2023 federal budget presentation. While it is anticipated that Crawford would also qualify for the Carbon Capture, Utilization and Storage (CCUS) ITC, this will be included as an opportunity until approval to receive the credit has been obtained.

[2] Source: Wood Mackenzie, Nickel Cost Service Q3 2023 data

[3] Nickel equivalent using prices of $21,000/t Ni, $40,000/t Co, $1,350/oz Pd, $1,150/oz Pt, $325/t Fe (equivalent to $89/t iron ore price) and $3,860/t Cr; metallurgical recoveries based on average of 41% Ni, 11% Co, 48% Pd, 22% Pt, 53% Fe, 28% Cr.

IPT Carbonation

Crawford, and the Company's other properties in the Timmins Nickel District, are hosted in ultramafic rock, which contain minerals such as brucite that naturally absorb and sequester CO_2. Canada Nickel has developed the novel IPT Carbonation process which involves injecting a concentrated source of CO_2 into tailings generated by the milling process for a brief period of time. This simple process stores CO_2 chemically in the tailings while they are still in the processing circuit, rather than after they have been finally deposited.

IPT Carbonation, which is an active process, has benefits over passive mineral carbon sequestration as the process is accelerated and the method for quantifying and verifying CO_2 sequestration is expected to be much simpler. Using a standard carbon balance in the mineral processing facility, the CO_2 sequestration from IPT Carbonation is expected to be quantified before tailings are permanently discharged into the tailings storage facility such that carbon sequestration can be quantified in real time as part of a standard metallurgical accounting system. Canada Nickel expects industry standards to be developed for quantifying CO_2 sequestration through passive methods as well.

IPT Carbonation is an accelerated method of mineral carbon sequestration that utilizes a concentrated (rather than atmospheric) source of CO_2. This CO_2 could potentially be delivered by downstream processing of Crawford concentrates or a wide range of industrial processing activities such asgreen hydrogen production, carbon capture facilities, or natural gas power generation. The Company believes that the need for a concentrated source of CO_2 for this process and the substantial CO_2 sequestration capacity potential of its ultramafic land position could form the basis for an entire zero carbon industrial cluster in the Timmins region.

The Company believes that the successful incorporation of IPT Carbonation could potentially allow a portion of the Company's project capital expenditures to become eligible for the carbon capture and storage refundable investment tax credits of 37.5% to 60% for years 2022-2030 and 18.75% to 30% for years 2031-2040, as announced in the 2022 federal budget. The interest received from multiple large multinational companies pursuing carbon storage solutions further supports the Company's belief that the mineral sequestration utilized by the Company may be considered an effective carbon storage approach that would meet Environment and Climate Change Canada requirements.

The Company is in multiple discussions with leading North American and European stainless and ferroalloy producers on downstream processing partnerships to develop new processing capacity in Timmins that could upgrade the Crawford FeCr concentrate into alloy steel products. Such companies are excited by the structural advantages of project location and, most importantly, the potential to sequester carbon emissions using Crawford's IPT Carbonation process which could facilitate zero carbon production of downstream steel and ferroalloy products. The Company has engaged SMR – Steel & Metals Market Research GmbH, a global leader in providing market intelligence covering specific segments or entire markets for the global Speciality and Stainless Steel Industry, to assist the Company in these endeavours.

Technical Report

Further summary details on the BFS, including mine production and mineral processing plans, can be found in the press release dated October 12, 2023. The BFS (Technical Report (NI 43-101)) was filed on SEDAR+ on November 24, 2023 and includes the August 31, 2023 Mineral Resource Estimate used in completing the BFS as well more comprehensive information on the development and operation of Crawford.

Progressing with Permitting and Meaningful Engagement with Indigenous Peoples

On December 12, 2022, Canada Nickel submitted the Detailed Project Description for the Crawford Project to the Impact Assessment Agency of Canada ("the Agency"). The Detailed Project Description incorporated feedback received on the Initial Project Description either directly to Canada Nickel or from the Agency's consultation period from Indigenous communities, project stakeholders and the general public. The Agency accepted the document on December 22, 2022 and on January 5, 2023, the Agency determined that an Impact Assessment would be required for the Crawford Project – a decision that was expected and already considered in Crawford's permitting timeline. On March 31, 2023 the Agency officially published the Notice of Commencement of the Impact Assessment for the Crawford Nickel Project. The Company is targeting receipt of key federal and provincial permits by mid-2025.

An important step for the Crawford Project is the Impact Assessment process which is a planning and decision-making tool used by regulators, Indigenous groups, the general public, stakeholders, and proponents to emphasize the socio-economic impacts and resolve or mitigate the impacts of a proposed major project, and to ensure that the development of the project is in the public's best interest. The Crawford Project is now progressing into the Impact Statement phase, the second phase of the process, culminating with the proponent's submission of the Impact Statement, a detailed technical document that identifies and assesses the potential impacts of a project and the measures proposed to mitigate those effects.

The Company began the necessary work to support the Impact Statement in 2021 and believes that the extensive amount of baseline data collection and studies performed so far will allow it to optimize the timeline for the Impact Statement phase completion.

On February 28, 2023, the Company signed a regional exploration agreement with Apitipi Anicinapek Nation. The Company also signed a regional exploration agreement with Taykwa Tagamou Nation on April 11, 2023, and renewed the regional exploration agreement with Mattagami First Nation and Mattachewan First Nation on April 20, 2023, in order to include the recently acquired exploration properties. The company also signed a Relationship Building Agreement with the Métis Nation on Ontario on September 14, 2023. The signing and implementation of these agreements to oversee exploration work, as well as the impact assessment process agreements already in place with Taykwa Tagamou Nation, Mattagami First Nation, Mattachewan First Nation and Flying Post First Nation further validates the meaningful and productive relationships developed between Canada Nickel and the communities potentially impacted by the Company's operations, and serves as tangible evidence of Canada Nickel's intention around developing its project in partnership and collaborating with the Indigenous Peoples

Also, in September 2023, the Company published its first Environmental, Sustainability and Governance (ESG) Report. The report is based on globally recognized standards and key disclosures reported in accordance with the Global Reporting Initiative. It also outlines the Company's contributions to the United Nations Sustainable Development Goals and the 10 Principles of the United Nations Global Compact. The ESG report acknowledges the Company's extensive and innovative mobilization and engagement process, underlining the importance given to integrating Indigenous Nations and stakeholders input into the development of its projects thus fostering true partnership with the local communities.

Financing Strategy

The Company received gross proceeds of $46.3 million in March 2023 from two financing arrangements and secured its cornerstone investor – Anglo American. With net proceeds in hand, the Company repaid a loan facility on March 3, 2023 (see *Cash provided from (used for) financing activities*) and was equipped to complete the Crawford BFS, progress permitting and continue its regional exploration program.

Anglo American is a leading global mining company with a portfolio of world-class competitive operations and a broad range of future development options. The Company is working with Anglo American to identify opportunities to apply their industry leading mining innovation technology to add additional value to Crawford.

In October 2023 the BFS was completed, and additional funds were needed to continue to advance permitting and detailed engineering activities. At that time, discussions with potential partners for the Crawford Project were ongoing and expected to be completed by the start of 2024. The Company entered into a US$12 million short-term bridge facility (see *Cash provided from (used for) financing activities*) to fill the gap until the partnering discussions were concluded.

Deutsche Bank Securities Inc ("Deutsche Bank") and Scotiabank were retained in December 2022 as financial advisors for the equity component of the project financing for the Crawford Project. With the completion of the BFS, the Company turned its focus towards project financing and permitting activities to ensure that the Company has its financing package in place well in advance of the receipt of project permits which are targeted to be received by mid-2025. The Company has been engaged in discussions with a number of strategic and industry participants over the past 2 years. Deutsche Bank and Scotiabank will assist the company with the evaluation of strategic and financial alternatives for the equity portion of the project financing and Cutfield Freeman & Co will advise on the debt portion of the project financing.

On January 2, 2024 the Company announced its next partnering opportunity through the completion of a brokered private placement receiving gross proceeds of $34.7 million and securing Agnico Eagle as an investor holding approximately 12% of the Company's issued and outstanding common shares on a non-diluted basis on that date.

Agnico Eagle is one of the largest mining companies in Canada and has a long operating history in the Abitibi region, deep technical expertise and a track record of operating success with its core open pit, bulk-tonnage, gold assets in the Abitibi at both Canadian Malartic and Detour Lake. The proceeds from the Agnico Eagle Offering will help the Company to continue to unlock the potential of the Timmins Nickel District through further exploration at its regional properties.

On January 12, 2024, the Company announced another partnering opportunity. The Company entered into a Subscription Agreement with Samsung SDI to make a US$18.5 million investment whereby upon closing of the private placement, Samsung SDI will own approximately 15.6 million shares of the common shares of Canada Nickel, representing approximately 8.7% of the Company's issued and outstanding shares on a non-diluted basis and Canada Nickel will grant to Samsung SDI the right to purchase a 10% equity interest in the Crawford Project for US$100.5 million, exercisable upon a final construction decision.

Samsung SDI is a manufacturer of rechargeable batteries for the IT industry, automobiles, and energy storage systems ("ESS"), as well as cutting-edge materials used to produce semiconductors and displays. Samsung SDI's executive managers and staff members focus efforts to develop the next generation's growth drivers in order to secure Samsung SDI's place as a creative leader in the energy and materials industry. As the Company advances its Crawford Project, it is critical to form long-term partnerships with companies that understand the importance of nickel production for electric vehicle supply chains across North America and Europe.

With these three cornerstone investors (Anglo American, Agnico Eagle and Samsung SDI), the Company is not only well-positioned to advance Crawford towards a construction decision expected in mid-2025, but is able to unlock the regional potential of the Company's Timmins Nickel District.

<u>March 2023 financing and Anglo American investment</u>
On February 8, 2023, the Company entered into a Subscription and Investor Rights agreement with Anglo American Marketing Limited ("Anglo American") to make a $24.5 million investment in Canada Nickel at a price of $1.95 per Common Share, a 10% premium to the 30-day volume weighted average price. Upon completion of the private placement Anglo American will own 9.9% of the Company's issued and outstanding Common Shares on a non-diluted basis. The agreement contains customary investor rights, including Anglo American's pro rata right in any future issuance of Common Shares or any securities that are or may become convertible, exchangeable or exercisable into Common Shares to maintain its shareholding as long as they hold 7.5% or more of the issued and outstanding shares of the Company.

In addition, Canada Nickel has entered into an Offtake Term Sheet with Anglo American pursuant to which the Company has granted to Anglo American an exclusive right to purchase up to ten per cent (10%) of recoveries of nickel concentrate, iron and chromium contained in the magnetite concentrates and any corresponding carbon credits from the Company's Crawford Project until the delivery of 65,000 tonnes of nickel or a term of 15 years, whichever is later. The offtake is based on customary marketing terms and will be based on market terms for the specific products produced. If Canada Nickel utilizes any of the Anglo American technologies, Anglo American shall have the offtake rights to 100% of the incremental quantity of nickel products, related products, and carbon credits produced utilizing these technologies.

Canada Nickel has also entered into a Material Transfer and Technology Testing Agreement with Anglo American to assess opportunities to add value to Crawford from its FutureSmart Mining™ technology program. Anglo American will receive ore samples from Crawford for testing to assess opportunities to improve processing recoveries and reduce the project's overall energy, water and emission footprint. This Agreement will remain in force until 12 months after the delivery of a sample of ore in an amount of at least one hundred (100) tonnes from Canada Nickel to Anglo American, expected by 2024. For the duration of this agreement, Canada Nickel agreed to deal exclusively with Anglo American in those areas where FutureSmart Mining™ technologies apply.

Also on February 8, 2023, the Company entered into an agreement with Scotiabank to act as lead underwriter and sole bookrunner on behalf of a syndicate of underwriters (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase for resale (or arrange for purchase by substituted purchasers) the following equity securities of the Company on a bought deal basis for aggregate gross proceeds to the Company of approximately $18.2 million (the "Public Offering"):

(a) 7,462,500 common shares of the Company (each, a "Common Share") at a price of $1.77 per Common Share; and

(b) 1,748,300 common shares of the Company to be issued as "flow-through shares" within the meaning of the Income Tax Act (Canada) (the "Tax Act") (each, a "FT Share", and together with the Common Shares, the "Offered Securities") at a price of $2.86 per FT Share.

In connection with the Public Offering, the Company provided Anglo American with the right to concurrently subscribe for Common Shares in order to maintain its 9.9% interest on a non-brokered private placement basis.

On March 2, 2023 both financings closed. Gross proceeds of $26.2 million were received from Anglo American which had subscribed for (i) 12,569,235 common shares at $1.95 per Common Share, and (ii) 952,623 Common Shares at $1.77 per Common Share to maintain its 9.9% interest (collectively, the "Anglo American Investment"). The Company also concurrently closed its Public Offering for aggregate gross proceeds of $18.2 million.

Subsequently, on March 7, 2023 the Underwriters partially exercised their over allotment option and purchased an additional 950,000 common shares of the Company at a price of $1.77 per Common Share for aggregate gross proceeds of $1.7 million. Following which Anglo American also purchased an additional 111,939 common shares of the Company at a price of $1.77 per Common Share for aggregate gross proceeds of $0.2 million to maintain its 9.9% interest at that time.

January 2, 2024 financing and investment from Agnico Eagle

On January 2, 2024 the Company announced the completion of a brokered private placement consisting of 19,600,000 units of the Company (the "Flow-Through Units") at a price of $1.77 per Flow-Through Unit, with each unit consisting of one flow-through common share of the Company and 0.35 of one flow-through common share purchase Warrant (the "Warrant"), as more particularly described below, for aggregate gross proceeds of $34.7 million (the "Agnico Eagle Offering"). Following closing of the Offering, Agnico Eagle acquired the units, and as a result, as of January 2, 2024, holds approximately 12% of the Company's issued and outstanding common shares on a non-diluted basis, and 15.6% on a partially-diluted basis (assuming exercise of all of the Warrants).

Pursuant to the Agnico Eagle Offering, each Flow-Through Unit consists of (i) one common share of the Company, each of which will qualify as a "flow-through share" (as defined in subsection 66(15) of the Tax Act, and (ii) 0.35 of one purchase Warrant each of which will qualify as a "flow-through share" (as defined in subsection 66(15) of the Tax Act). Each whole Warrant shall entitle the holder thereof to acquire one Common Share of the Company (each, a "Warrant Share") at a price of $1.77 per Warrant Share until the date that is 36 months from the closing date of the Agnico Eagle Offering, subject to acceleration in certain circumstances. Beginning three months from the closing date of the Agnico Eagle Offering, if the trading price of the common shares on the TSX Venture Exchange equals or exceeds $2.65 per common share for at least 20 consecutive trading days, Canada Nickel shall have the right to accelerate, by notice to the holders of Warrants, the expiry date of the Warrants to 30 calendar days after the date of such notice (such that the holder may either exercise all or a portion of the Warrants in such 30 day period, or failing such exercise, any unexercised Warrants would expire). All securities issued under the Agnico Eagle Offering will be subject to a hold period expiring four months and one day from the closing date of the Agnico Eagle Offering.

In addition, the Company entered into an investor rights agreement with Agnico Eagle. Under the Investor Rights Agreement, Agnico Eagle is entitled to certain rights, provided Agnico Eagle maintains certain ownership thresholds in Canada Nickel, including: (a) the right to participate in future issuance of Common Shares (or any securities that are or may become convertible, exchangeable or exercisable into Common Shares) in order to maintain its pro rata ownership interest in Canada Nickel or acquire up to a 15.6% ownership interest, on a partially diluted basis, in Canada Nickel; and (b) the right (which Agnico Eagle has no present intention of exercising) to nominate one person to the Canada Nickel Board of Directors.

<u>January 12, 2024 financing and investment from Samsung SDI</u>
On January 12, 2024, the Company announced it entered into a Subscription Agreement with Samsung SDI to make a US$18.5 million investment in Canada Nickel at a price of $1.57 per Common Share. Upon closing of the private placement contemplated in the Subscription Agreement, Samsung SDI will own approximately 15.6 million shares of the common shares of Canada Nickel, representing approximately 8.7% of the Company's issued and outstanding shares on a non-diluted basis and Canada Nickel will grant to Samsung SDI the right to purchase a 10% equity interest in the Crawford Project for US$100.5 million, exercisable upon a final construction decision.

Samsung SDI is a manufacturer of rechargeable batteries for the IT industry, automobiles, and energy storage systems ("ESS"), as well as cutting-edge materials used to produce semiconductors and displays. Samsung SDI's executive managers and staff members focus efforts to develop the next generation's growth drivers in order to secure Samsung SDI's place as a creative leader in the energy and materials industry. As the Company advances its Crawford Project, it is critical to form long-term partnerships with companies that understand the importance of nickel production for electric vehicle supply chains across North America and Europe.

The Subscription Agreement and the Investor Rights Agreement contain certain customary terms and conditions. Samsung SDI will have a pro rata right in any future issuance of Common Shares or any securities that are or may become convertible, exchangeable or exercisable into Common Shares to maintain its shareholding as long as it holds 7.5% or more of the issued and outstanding Common Shares of the Company.

Samsung SDI's right to purchase a 10% equity interest in the Crawford project for US$100.5 million is exercisable upon a final construction decision. By exercising this right, Samsung SDI will have the right to 10% of the nickel-cobalt production from the Crawford project over the life of mine and the right to an additional 20% of Crawford's nickel-cobalt production for 15 years extendable by mutual agreement. The offtake rights will be based on mutually agreed terms.

The closing of the private placement and related agreements is subject to customary closing conditions including the approval of the TSX Venture Exchange and is expected to close early February, 2024

Building the Organization

In anticipation of advancing the project towards a construction decision, the Company has appointed several key management positions. Desmond Tranquilla joined the Company as Vice-President Projects. He has been supporting the Crawford Project on a consulting basis through the feasibility study process since September 2021 and possesses hands-on knowledge of the Company's projects. Chris Chang joined the Company as Vice-President, Corporate Development, after supporting the Company's Corporate Development activities on a part-time basis since 2022. Adam Schatzker joined the Company as Vice-President Corporate Development focusing on the carbon side of the business bringing 30 years of investment and strategy mining experience. Sydney Oakes joined the Company as Director of Government, Public and Indigenous Relations. Sydney is an experienced political advisor, policy and legislative analyst, communications specialist, First Nations expert and registered lobbyist.

Development of District Scale Potential

The Company's 23 properties are divided into three regional areas surrounding the Crawford project and include:

- **Timmins South** – Sothman, Deloro, Bannockburn, Texmont, Midlothian, Powell, Van Hise
- **Timmins East** – Stimson, Mortimer, Moody, McCool, Mann (Northwest, Central and Southeast), Newmarket, Reaume
- **Timmins Central** – Reid plus the previously held properties in MacDiarmid, Mahaffy, Nesbitt, Kingsmill, Bradburn and Dargavel townships.

The Company focused its drill programs on a few specific target areas in 2023 with results described below. The Company plans to leverage the understanding of the geology at Texmont and additional high-grade areas at Sothman and Bannockburn and applying these learnings to its large regional property package.

Texmont

In March, 2023, the Company closed the acquisition of a 100% interest in the past producing Texmont property situated between the Company's Deloro and Sothman properties south of Timmins, Ontario. The Texmont property comprises 14 mining leases, which were acquired by the Company for aggregate cash consideration of $4,000,000. In addition, the seller was granted a 2.0% net smelter returns royalty, which the company, at its option, can buy down to 1.0% for $2,500,000. The property has a legacy ownership interest of 15% and net profits interest of 10%. The Company is determining whether these interests are still valid. The Company had previously acquired 14 claims surrounding these mining leases in 2022 as part of its regional property consolidation and in 2023 acquired an additional 498 mining claims within the Texmont ultramafic trend through a series of 11 Purchase and Sale Agreements. The Company issued a total of 504,500 common shares and cash payments of $295,550 in the latter part of 2023. The Company has also agreed, under ten of the agreements, to grant a 2.0% net smelter returns royalty to the applicable vendors on such claims, with the Company having the exclusive option to repurchase half of each royalty for $1,000,000 per royalty.

The Texmont property provides near-term smaller scale production potential and is highly complementary to the Company's large-scale Crawford and regional nickel sulphide projects.

The Texmont Property is located 36 kilometres south of Timmins and contains an ultramafic body with a target geophysical footprint approximately 1.2 kilometres long by 150 metres wide. A historic resource estimate of 3.2 million tonnes grading 0.9% nickel was reported (Leigh, 1971)[4]. A mine and mill operated on the site from July 1971 to December 1972 at a rated capacity of 500 tons per day. The total amount milled cannot be confirmed as the data and final stope plans are not available. The mine targeted narrow nickel mineralization in excess of 1.0%. Canada Nickel confirmed that this high-grade mineralization is contained within a larger bulk tonnage deposit that extends to surface.

In March, 2023, Canada Nickel drilled a total of 39 holes and 9,726 metres, completing its initial phase to support the development of a mineral resource at Texmont. Of the 39 drill holes, 34 targeted the known mineralization and five targeted a possible north extension. See the Company's news release dated March 6, 2023 for further details. Historic drilling confirms the mineralization pinches out to the south but remains open to the north and at depth. This drilling is expected to be incorporated, along with historic drilling by Fletcher Nickel (which drilled 28,883 metres from 2006-2008) into an initial resource estimate to be released

[4] See Statement Regarding Historical Resource Estimates on the last page of this MD&A.

later in 2023. Further details on Texmont historic drilling can be found in the Company's news release dated December 19, 2022.

Assay results from the first 12 holes confirmed high-grade, near-surface nickel mineralization over 400 metres of strike length that remains open to the north and at depth. On April 18, 2023 the Company announced additional assay results from 16 holes which also indicated an expansion of high grade, near surface nickel mineralization. On June 1, 2023 the Company announced assay results from its final 11 drill holes again confirming continued high-grade, near-surface mineralization. Refer to Company's news releases dating March 6, 2023, April 18, 2023 and June 1, 2023 for further details.

The complete set of assay results reinforce the thesis of near-surface high-grade intervals within thick mineralized sections which support the potential for near-term, smaller scale, open pit production. Mineralization has been drilled to a vertical depth of 444 metres and remains open at depth.

Initial results from preliminary metallurgical test work (included in the Company's news release dating June 22, 2023) yielded rougher level nickel recoveries of 79% to 84% and rougher level cobalt recoveries of 77% to 83% with final cleaner concentrate grades of 18% to 28% nickel with up to 0.7% cobalt exceeding the Company's expectations. These results were achieved with a simple flowsheet which should maximize potential opportunities to toll mill initial production. Locked cycle testing is on-going to confirm the recoveries and grades for the final concentrate.

The Company plans to deliver an initial resource and PEA on Texmont in 2024 as its near-term production potential is highly complementary to the large-scale Crawford and regional nickel sulphide project potential.

Sothman

The Sothman property is approximately 1,100 hectares, located 70 kilometres south of Timmins and contains an ultramafic target that measures 2.2 kilometres east-west by 200 metres north-south. Drilling by previous owners in the 1950's and 1970's produced several significant intersections. An unclassified historical resource estimate reported 189,753 tons grading 1.24% nickel (the Sothman West Zone) and is centred 500 metres west of the main sill (the 2.2 km dunite sill is largely untested)[5]. The Sothman West Zone occurs at the north ultramafic contact within a footwall embayment approximately 300 metres wide and open at depth. The limited drilling in 1971 proved the high-grade zone remains open at depth. See previous news release dated November 22, 2021.

On May 24, 2023, the Company reported on assays from its drill program (see news release of the same date for additional details). Drilling in the West Zone targeted high-grade nickel with ten of eleven holes intersecting mineralization. The best intersections occurred in SOT22-09 which encountered 1.28% nickel over 5.3 metres within 192.3 metres of 0.31% nickel and SOT22-08 which encountered 0.99% nickel over 10.5 metres within 77.7 metres of 0.37% nickel. The West Zone is mineralized along a strike length of approximately 300 metres, a width of 100 to 120 metres and remains open at depth.

Seven drill holes were drilled within the East Zone, a large, highly serpentinized, ultramafic sill composed mostly of peridotite and dunite. This zone has been delineated across 1.6 kilometres length, and ranges in width between 160 and 300 metres open at depth. The magnetic anomaly measures 2.2 kilometres along strike. All seven holes intersected mineralized peridotite and dunite. SOT23-18 intersected 319.3 metres of mineralized peridotite at 0.29% nickel starting at 15 metres downhole. Six of the seven holes had mineralized intervals over 140 metres. SOT22-02 intersected 31.5 metres of 0.62 g/t Pt+Pd hosted in a Pyroxenite-Peridotite transitional contact.

[5] See Statement Regarding Historical Resource Estimates on the last page of this MD&A.

Midlothian

Midlothian covers an area of 3,257 hectares and is located 70 kilometres south-southeast of Timmins and can be accessed via an all-weather gravel road west from the town of Matachewan. The Midlothian property was acquired under an option agreement by which Canada Nickel can earn a 100% interest in 50 mining claims covering the property through cash, share payments and a commitment to exploration expenditures. Please refer to November 22, 2021 press release for further details.

The Company drilled four holes totaling 1,548 metres to complete its initial phase of testing a large geophysical target 2.7 kilometres along strike by up to 800 metres thick and open at depth. Further details on historic and current drilling can be found in the Company's news release dated April 13, 2023.

Midlothian is one of the Company's ten targets with a geophysical footprint larger than Crawford. Assay results for Hole MID23-01 returned 343 metres of 0.28% nickel starting at 2 metres (see press release dated May 24, 2023). The remaining three holes yielded long intervals grading 0.29% nickel and ending in mineralization (see press release dated July 11, 2023). Mineralization is delineated along 2.0 kilometres strike length and across a width of 250 metres. Holes MID23-02 and MID23-03 intercepted long, uninterrupted lengths of strongly serpentinized dunite, starting close to surface at approximately six metres and still open at depth. Hole MID23-04 collared on a serpentinized peridotite, followed by pyroxenite and a long intersection of mineralized dunite remaining open at depth.

Mineralogical analysis from samples from hole MID23-04 indicate awaruite and heazlewoodite being the dominant nickel minerals, with awaruite representing approximately 70% of the recoverable nickel minerals. Brucite, the most reactive carbon storage mineral, averaged 7.2%, nearly four times the amounts seen at Crawford which averages 1.9% brucite, with several individual samples over 11%.

Mann Northwest

The Mann property is located 22 kilometres east of Crawford and 45 kilometres northeast of Timmins. The property consists of at least three main ultramafic targets like that at Crawford – Mann Northwest with a target footprint of 6.0 square kilometres, Mann Central with a target footprint of 3.1 square kilometres, and Mann Southeast with a target footprint of 4.1 square kilometres - compared to Crawford target footprint of 1.6 square kilometres. Drilling started in the Northwest zone, with the first eight holes drilled intersecting mineralized sections of predominantly well serpentinized peridotite and minor dunite across combined strike length of 2.7 kilometres (target remains open in all directions). Further details are included in the Company's news releases dated May 24, 2023 and August 22, 2023.

Assays were received from the first five holes confirming grades in line with expectations (assays for the other three drill holes are pending). The first five holes delineated mineralization along 1,150 metres of strike length and a width of at least 500 metres. The additional three holes extended the potential strike length to 2,650 metres.

Reid

The Reid Property is located just 16 kilometres southwest of Crawford and 37 kilometres northwest of Timmins and contains an ultramafic body with a target geophysical footprint of 3.9 square kilometres compared to Crawford's target footprint of 1.6 square kilometres. Assay results from 16 holes continue to confirm nickel mineralization in serpentinized dunite and peridotite. Similar PGM Zone mineralization as Crawford was also observed in hole REI22-13 which was the only hole to test the contact of mineralization.

All 16 holes drilled at Reid intersected multi-hundred metre intervals of mineralization with 6 holes in the central core area intersecting higher grades. Holes REI22-14 and REI22-16 confirm mineralization of over 500 metres width, which is approximately 50% wider than Crawford Main Zone and more than 100% wider than Crawford East Zone.

Thirteen 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.

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 north limb area extends northwest for 1.5 kilometres strike length and around 400 metres width, with a target footprint of 0.6 square kilometres. The south limb remains to be drilled.

Please refer to Canada Nickel press releases dated May 10, 2022, June 27, 2022, September 28, 2022, December 1, 2022 and January 18, 2023 for additional details on drill results.

On March 15, 2023, Canada Nickel announced robust nickel recoveries from the first metallurgical test on a sample from the Reid Property which showed the highest grade nickel sulphide concentrate yet achieved by Canada Nickel. The test utilized the same mineral processing flowsheet designed for Crawford and resulted in an overall nickel recovery of 63% with half of recovered nickel reporting to nickel sulphide concentrate grading 60% nickel.

This initial open circuit test was completed by the Company's third party lab partners on a sample from the higher grade area at the Reid property. The sample had a head grade of 0.35% nickel, 0.10% sulphur and 6.2% iron. This first sample achieved a nickel recovery of 63%, iron recovery of 31% and chromium recovery of 12%. The final nickel concentrates had a combined nickel grade of 46% and cobalt grade of 0.27% with over half of the recovered nickel reporting to a nickel concentrated with a nickel grade of 60%. The magnetite concentrate had an iron grade of 55% and chromium grade of 3.0%.

2024 Outlook

Advancing Crawford Toward Construction Decision Expected in Mid 2025

Advancing Detailed Engineering

A geotechnical field program will be conducted in the winter months of 2024 which results will be used to initiate the Front-End Engineering Design (FEED) study. Completion of the FEED study will increase engineering certainty to support ordering long-lead equipment. Detailed design and engineering will continue post FEED to prepare for a construction decision in 2025.

Advancing Crawford's Permitting Processes and Indigenous Groups' and Stakeholders' Engagement

Due to the nature and size of the Crawford Project, the Company will proceed, as expected, with both the federal and provincial Impact Assessment Processes. As part of the Impact Assessment process, the Company is in the process of completing a comprehensive impact statement using the data collected as part of the ongoing baseline data acquisition initiated in March 2021. The impact statement will be submitted in the second half of 2024 which will complete the 2nd phase of the federal permitting process and initiate a 365 day period in which the federal government is required to provide a final answer on the project permit

As part of Crawford's permitting efforts, the Company intends to keep proactively engaging with Indigenous Groups, stakeholders and the general public in order to increase the level of understanding of the proposed project impacts and benefits, properly address their concerns, and define innovative collaboration pathways. An intensive engagement program is planned for the winter and spring of 2024 to support the development of the impact statement. The Company is also aiming at advancing the negotiation of long term agreements with the Indigenous Groups impacted by the Project.

In parallel with the federal Impact Assessment Process, the company is working with the provincial government to define the Environmental Assessment (EA) required for the Crawford Project. It is likely that a number of specific Class EA's will be required for the relocation of a segment of the highway, the relocation of the 500kv powerline, as well as the use of crown lands. The Company will also initiate the work required to file the closure plan for the Crawford Project.

In regards with advanced exploration for the Crawford Project, the company is actively pursuing the permitting process required to perform a bulk sample in the winter of 2024. As part of this process, the company efficiently engaged with Indigenous Groups regarding the bulk sample's project's design, management, and closure.

Unlocking Timmins Nickel District Exploration Potential

With the successful completion of the $34.7 million Agnico Eagle Offering of flow through shares completed in January 2024, the Company is well-funded to explore its Timmins Nickel District which contains 23 targets, eleven of which have a larger target geophysical footprint then Crawford.

The Company has successfully identified 23 targets during the past four years and during 2024 is expecting to deliver multiple resources from this portfolio of properties as well as continuing to explore its regional district. The initial focus will be on the Company's central and eastern properties during the first half of the year and then during the summer months, exploration will expand to the southern properties including Van Hise, Sothman, Midlothian and Powell. Drilling is planned at Texmont to in-fill certain sections and better identify the higher-grade core of nickel mineralization.

At Crawford, the PGM Zone will be further delineated and an initial resource defined to be incorporated into the existing Main and East Zone mine plans. The laterally extensive PGM Zone contains both palladium and platinum.

Review of Operations for the Years Ended October 31, 2023 and 2022

The following is a summary of Canada Nickel's statement of loss:

	For the years ended October 31	
(Canadian dollars)	**2023**	2022
	$	$
Expenses		
Salaries	**1,395,816**	944,560
General and administrative costs	**709,620**	812,744
Professional fees	**984,859**	691,772
Consulting and advisory	**2,405,389**	1,154,903
Promotion and communication	**280,827**	482,177
Investor relations and marketing	**536,248**	274,300
Share-based compensation	**4,622,226**	4,612,352
Travel and other	**228,584**	316,057
Transaction costs and interest expense	**2,276,885**	990,954
	13,440,454	10,279,819
Flow-through share premium	**(2,045,511)**	(6,902,071)
Net loss before tax	**11,394,943**	3,377,748
Income tax expense	**2,829,934**	2,157,332
Net loss	**14,224,877**	5,535,080
Weighted average shares outstanding	**131,238,316**	103,720,987
Net loss per share	**$0.11**	$0.05

Salaries
Salaries have increased between years reflecting a small increase in headcount, but mostly due to executives receiving a larger amount of their compensation paid in cash (effective January 1, 2023), rather than restricted share units ("RSUs") due to limits at the start of year on RSUs available as part of the Company's compensation plan. Compensation paid with RSUs are reflected in share-based compensation expense. For 2023, compensation paid in cash rather than RSUs increased salaries by approximately $200,000. The remaining increase from prior year is due to headcount increases and market adjustments to base salaries.

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. The decrease in 2023 compared to 2022 reflects a reduction in filing fees paid to the TSX-V in relation to approvals required for the significant number of property acquisitions in 2022.

Professional fees
Professional fees include legal, accounting and audit related fees, and subscriptions. In 2023 professional fees have increased between years in line with the growth of the Company as well as additional subscription costs for market studies needed for the preparation of the Crawford feasibility study.

Consulting and advisory
Fees incurred are with respect to strategic consulting in the areas of media, business development, government relations and financing. Costs in 2023 increased from the previous year as the Company required more advisory in the areas of government relations and government assistance in relation to its financing objectives for Crawford. In addition, advisory in relation to Crawford's downstream process development and partnering process were accelerated in connection with the release of the feasibility study.

Promotion and communication
Promotion and communication include costs related to website design and maintenance, advertising campaigns, social media and communication with shareholders. Costs are lower than 2022 as more emphasis was placed on in-person marketing.

Investor relations and marketing
Investor relations and marketing costs are for attendance at investor conferences, meetings and tradeshows and have increased from 2022 reflecting the increase in in-person events and conferences attended in 2023.

Share-based compensation
Share-based compensation includes non-cash expenses related to both stock options and RSUs. Variations between periods is a result of timing of grant issuances and completion of vesting periods.

Travel and other
Travel increased in 2023 from greater attendance at in-person conferences as well Crawford financing efforts resulting in the increased costs in 2023 compared to 2022. Other includes foreign exchange gains from fluctuations on US dollar denominated cash and accounts payable balances. For 2023, the Company recorded $0.4 million in foreign exchange gains.

Transaction costs and interest expense
These costs are directly attributable to the receipt of proceeds from the short-term loan facilities (refer to *Cash provided from (used for) financing activities)*.

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

Income tax expense
These are deferred income taxes (non-cash) resulting from the timing differences between tax and accounting for the Company's resource pools and costs related to share issuances. For tax purposes the Company has less resource pools available to offset future income taxes because the tax benefits of the pools have been transferred to the owner of the shares. Share issuances are capitalized for accounting and amortized for tax purposes, resulting in a timing difference. In the first quarter of 2023 the Company filed its tax returns to renunciate its flow through expenditures incurred in 2022 resulting in a $4.6 million income tax expense. The remaining quarters of 2023 recognizes the reduction in the deferred tax liability mostly from operating losses incurred.

Spending in relation to exploration and advancement of Crawford and regional exploration 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 years ended October 31, 2023 and 2022 are as follows:

(Canadian dollars)	For the years ended October 31 **2023**	 2022
	$	$
Cash used in operating activities:		
Before working capital changes	**(6,307,978)**	(4,672,065)
Working capital changes	**(1,082,817)**	2,802,731
	(7,390,795)	(1,869,334)
Cash used in investing activities:		
Exploration and evaluation expenditures	**(37,248,538)**	(49,286,156)
Purchase of equipment	**(123,574)**	(226,004)
	(37,372,112)	(49,512,160)
Cash provided from (used for) financing activities:		
Proceeds from share issuance, net of transaction costs	**44,582,756**	48,177,253
Proceeds from loan, net of issuance costs	**15,768,017**	25,511,345
Repayment of loan plus related interest	**(14,513,872)**	(12,826,178)
Repayment of lease obligations	**(114,186)**	-
Proceeds from exercise of warrants, compensation options, stock options and RSUs	**464,192**	194,367
	46,186,907	61,056,787
Change in cash and cash equivalents	**1,424,000**	9,675,293
Opening cash and cash equivalents	**13,009,936**	3,334,643
Closing cash and cash equivalents	**14,433,936**	13,009,936

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 income tax expense. Transaction and interest costs related to the short-term loan facilities are included in financing activities when paid. The changes in working capital largely reflect the timing of harmonized sales tax (HST) refunds and the timing of expense payments. In 2022, the Company received several months of outstanding HST refunds relating to 2021, whereas in 2023 there have been no significant delays in receipt of refunds.

Cash used in investing activities

Exploration and evaluation expenditures
Exploration and evaluation expenditures include costs related to exploration at Crawford and its regional properties, feasibility study and permitting. Approximately $15 million was spent in relation to feasibility study work for the year ended October 31, 2023 and $24 million for the same period in 2022. Approximately $17 million was spent on regional and Crawford exploration for the year ended October 31, 2023 and $20 million for the same period in 2022.

Acquisition of properties

Fiscal year 2022:

On December 17, 2021, the Company acquired from Noble, the five properties it previously had options for (Crawford-Nesbitt-Aubin, Nesbitt North, Aubin-Mahaffy, Kingsmill-Aubin, and MacDiarmid) and the option it held for additional claims adjacent to the original MacDiarmid property (the MacDiarmid Option) (together the "Transaction") plus additional claims held by Noble. Under the terms of the Transaction, the option agreements 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 provides 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.

As a result of this transaction, the Company owns 100% of the following six properties – Crawford/Nesbitt/Aubin, Nesbitt North, Aubin/Mahaffy, Kingsmill/Aubin, MacDiarmid and Bradburn/Dargavel.

Through the remainder of fiscal year 2022, the Company entered into 26 separate agreements ("2022 Agreements") to directly acquire or earn-in to 17 additional target properties within a 100 kilometre radius of Crawford and to expand five other properties previously owned. The consolidation of these properties underscores the Company's belief in the district-scale potential of the Timmins region.

Under the 2022 Agreements, Canada Nickel 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).

In total for these acquisitions the Company may pay up to $2,237,000 in cash and issue up to 6,478,000 in shares. The table below also shows the payments made to October 31, 2023 and the additional aggregate payments required to maintain the acquisition or earn-in to the properties post signing.

	Cash	Shares
	$	#
Fiscal Year 2022	797,000	5,012,000
Fiscal Year 2023	440,000	1,001,000
	1,237,000	6,013,000
Remaining payments:		
Fiscal year 2024	300,000	220,000
Fiscal year 2025	300,000	105,000
Fiscal years 2026	400,000	140,000
	1,000,000	465,000

In addition, under the 2022 Agreements there are commitments to fund exploration expenditures of at least $2.4 million in fiscal years 2022 and 2023 (all of which has been spent as of October 31, 2023) and $3.2 million in fiscal years 2025 and 2026 on certain properties to earn-in.

The above table includes two significant option agreements:

The Midlothian Property was acquired under an Option Agreement with Canadian Gold Miner Corp. (70% interest) and Laurion Mineral Exploration Inc. (30% interest), collectively the vendors. Under the terms of the agreement, Canada Nickel can earn a 100% interest in the property through cash and share payments and a commitment to $500,000 of exploration expenditures within the first twelve months of the agreement (by February 2023 and has been spent). On or before the fourth anniversary (February 2026), Canada Nickel will complete an exploration program having a cumulative value of $2.5 million (including the first year expenditures of $0.5 million). Cash and share payments paid in 2022 (on acquisition) were $50,000 and 100,000 respectively and in 2023 the Company made a $100,000 cash payment and issued 35,000 common shares. In subsequent years payments are $200,000 and 70,000 common shares (February 2024), $300,000 and 105,000 common shares (November 2023) and $400,000 and 140,000 common shares (November 2025). The vendors will retain an NSR of 4% for gold and 2% for nickel with a commercial production payment of $4.0 million. Canada Nickel will retain a 1% NSR buy-back right for aggregate payments of $2.5 million. The Option Agreement includes clauses for acceleration of the exploration program and payment in lieu of exploration expenditures.

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 "Noble Option Agreement") and to acquire 198 mineral rights only patented properties in Kingsmill and Mabee Townships. The Noble Option Agreement required an initial payment to Noble of $100,000 and 250,000 Common Shares, a payment in July 2022 of $100,000 and a payment in July 2023 of $100,000 (all payments included in the table above and paid in 2022 and 2023), a further payment to Noble 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 in early 2024, and a further $100,000 in July 2024. These payments along with incurring at least $500,000 of exploration expenditures on the properties by approximately December 31, 2022 (completed) would provide Canada Nickel the right to acquire a 60% interest in the Claims. 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 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).

<u>Fiscal Year 2023:</u>

In October 2022, the Company entered into a binding agreement to acquire a 100% interest (subject to certain third party rights described below) in 14 mining leases (Texmont property) in exchange for a $250,000 cash payment (paid in October 2022) and in November 2022, as part of the transaction close, issuing a non-interest bearing promissory note of $3.75 million which was due and paid on March 14, 2023. The transaction closed November 14, 2022 whereby the seller was also granted a 2% net smelter returns royalty, which can be bought down to 1% for $2.5 million at the Company's option. The property has a legacy ownership interest of 15% and net profits interest of 10%. The Company is determining whether these interests are still valid.

The Texmont property was formerly an operating mine and mill briefly in years 1971-1972. Because of the previous operation, there are asset retirement obligations for various mine facilities and tailings which were only partly rehabilitated by the previous owner. The acquisition of Texmont was considered an asset acquisition for accounting purposes. The proceeds of $4 million and costs to acquire of $120,000 were allocated to the net assets of Texmont as follows:

	$
Exploration and evaluation assets	5,650,000
Asset retirement obligation (note 7)	(1,530,000)
Proceeds for acquisition	4,120,000

In September 2023, the Company acquired additional mining claims expanding the ownership around the Texmont ultramafic trend in exchange for a total of 504,500 common shares and cash payments totaling $295,550. The Company has also agreed, under 10 of the 11 agreements entered, to grant a 2.0% net smelter returns royalty to the applicable vendors on such claims, with the Company having the exclusive option to repurchase half of each royalty for $1,000,000 per royalty.

In addition, also in 2023, the Company entered an agreement with a group of vendors under which the Company acquired a 100% interest in 170 single cell mining claims and 23 boundary cell mining claims located in the Timmins area in return for the issuance by the Company of up to a total of 100,000 common shares, and the payment to the vendors of a total of $90,000. In 2023, the Company paid $29,858 and issued 20,314 common shares of this obligation. The vendors will retain a 2.00% NSR with a 1.00% buy-back provision to the Company for $1.0 million.

The Company, in 2023, made payments on other option agreements totalling $510,000 and issuing 5,000 shares. Excluding the 2022 Agreements, the Company has additional obligations under other option agreements, as follows:

	Cash	Shares
	$	#
Fiscal year 2024	271,563	84,688
Fiscal year 2025	210,000	5,000
Fiscal years 2026	460,000	5,000
	941,563	94,688

Cash provided from (used for) financing activities

Short-term loan facilities:

On January 5, 2022, the Company closed a secured loan facility with Auramet International LLC ("Auramet LLC") 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 $384,662 was expensed in transaction costs and interest expense, and repaid on April 5, 2022.

The Company paid an arrangement fee equal to 2 percent of the loan amount and issued 325,000 common share purchase warrants ("Auramet LLC warrants"). Each of the Auramet LLC warrants entitles Auramet LLC to acquire one common share of the Company at a price of $3.94 per share until January 5, 2023. The Auramet LLC 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 amortized over the three-month maturity in transaction costs and interest expense. The Auramet LLC warrants expired unexercised.

On October 18, 2022, the Company closed a secured loan facility with Auramet International, Inc. ("Auramet Inc. October 2022") for US$10 million. At October 31, 2022 the loan payable including interest and net of deferred arrangement fees was $13,291,981. The loan is secured and matured on January 18, 2023, and at the Company's option it extended the loan for a further 45 day period which matured and was repaid on March 3, 2023. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears until January 18, 2023 and upon extension of the facility, interest accrued at a rate of 15% per annum monthly in arrears. Interest of $621,113 was expensed in the first 6 months of 2023 and included in transaction costs and interest expense in the consolidated statements of loss and comprehensive loss.

The Company paid an arrangement fee equal to 2 percent of the loan amount ($309,240) and issued 325,000 common share purchase warrants ("Auramet Inc.October 2022 warrants"). Each of the Auramet Inc. October 2022 warrants entitles Auramet Inc. to acquire one common share of the Company at a price of $1.52 per share until October 18, 2023. The Auramet Inc. October 2022 warrants issued were assigned an aggregate fair value of $100,000 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 60%, risk-free rate of return 4.0% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were amortized over the three-month maturity in transaction costs and interest expense in the consolidated statements of loss and comprehensive loss. The Auramet Inc. October 2022 warrants expired unexercised.

Upon extension of the facility on January 18, 2023, the Company paid an additional arrangement fee equal to US$154,651 ($207,836) and issued 200,000 common share purchase warrants ("Auramet Inc. October 2022 extension warrants"). Each of the Auramet Inc. October 2022 extension warrants entitles Auramet Inc. to acquire one common share of the Company at a price of $1.94 per share until January 18, 2024. The Auramet Inc. October 2022 extension warrants issued were assigned an aggregate fair value of $70,000 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 65%, risk-free rate of return 3.7% and expected one year life. The fair value of the arrangement fee was amortized over the 45-day maturity in transaction costs and interest expense in the consolidated statements of loss and comprehensive loss. The Auramet Inc. October 2022 extension warrants expired unexercised.

On September 18, 2023, the Company closed a secured loan facility with Auramet Inc. for US$12 million ("Auramet Inc. September 2023"). At October 31, 2023 the loan payable including interest and net of deferred arrangement fees was $16,673,070. The loan is secured and matured on December 18, 2023, and at the Company's option it extended the loan twice for a further 2 month period which matures and is to be repaid on February 18, 2024. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears until December 18, 2023. Interest of $238,093 was expensed in fiscal 2023 included in transaction costs and interest expense in the consolidated statements of loss and comprehensive loss.

The Company paid an arrangement fee equal to 2.3 percent of the loan amount ($371,995) and issued 550,000 common share purchase warrants ("Auramet Inc. September 2023 warrants"). Each of the Auramet Inc. September 2023 warrants entitles Auramet Inc. to acquire one common share of the Company at a price of $1.24 per share until September 18, 2024. The Auramet Inc. September 2023 warrants issued were assigned an aggregate fair value of $169,180 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 61.11%, risk-free rate of return 4.74% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs are being amortized over the three-month maturity in transaction costs and interest expense in the consolidated statements of loss and comprehensive loss. On January 23, 2024 the Auramet Inc. September 2023 warrants were exercised with proceeds of $682,000 received by the Company.

Upon extension of the facility, the Company paid an additional arrangement fee equal to US$185,519 and issued 350,000 common share purchase warrants ("Auramet Inc. September 2023 extension warrants"). Each of the Auramet Inc. September 2023 extension warrants entitles Auramet Inc. to acquire one common share of the Company at a price of $1.19 per share until September 18, 2024. In addition, interest will accrue on the short-term debt outstanding, which includes interest accumulated and the additional arrangement fee, at a rate of 15% per annum monthly in arrears.

A summary of the transaction costs and interest expense related to each short-term loan facility for the year ended October 31, 2023 are as follows:

	Auramet Inc October 2022	Auramet Inc. September 2023	**Total 2023**
	$	$	$
Arrangement fee	207,836	405,692	**613,528**
Warrant cost	70,000	169,180	**239,180**
Deferral of arrangement fee and warrant cost	350,722	(298,584)	**52,138**
Interest expense	621,113	238,093	**859,206**
Foreign exchange	42,220	470,613	**512,833**
Transaction costs and interest expense	1,291,891	984,994	**2,276,885**

A summary of the transaction costs and interest expense related to the short-term loan facilities for the year ended October 31, 2022 are as follows:

	Auramet LLC	Auramet Inc. October 2022	**Total 2022**
	$	$	$
Arrangement fee	286,315	309,240	595,555
Warrant cost	283,140	100,000	383,140
Deferral of arrangement fee and warrant cost	-	(350,722)	(350,722)
Interest expense	384,662	59,453	444,115
Foreign exchange	(146,883)	65,749	(81,134)
Transaction costs and interest expense	807,234	183,720	990,954

Share Issuances:

The Company received gross proceeds of $46.3 million ($44.6 million after issuance costs) in March 2023 from two financing arrangements:

On February 8, 2023, the Company entered into a Subscription and Investor Rights agreement with Anglo American to make a $24.5 million investment in Canada Nickel at a price of $1.95 per Common Share, a 10% premium to the 30-day volume weighted average price. Upon completion of the private placement Anglo American will own 9.9% of the Company's issued and outstanding Common Shares on a non-diluted basis. The agreement contains customary investor rights, including Anglo American's pro rata right in any future issuance of Common Shares or any securities that are or may become convertible, exchangeable or exercisable into Common Shares to maintain its shareholding as long as they hold 7.5% or more of the issued and outstanding shares of the Company.

Also on February 8, 2023, the Company entered into an agreement with Scotiabank to act as lead underwriter and sole bookrunner on behalf of a syndicate of underwriters (collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase for resale (or arrange for purchase by substituted purchasers) the following equity securities of the Company on a bought deal basis for aggregate gross proceeds to the Company of $18.2 million (the "Public Offering"):

(c) 7,462,500 common shares of the Company (each, a "Common Share") at a price of $1.77 per Common Share; and

(d) 1,748,300 common shares of the Company to be issued as "flow-through shares" within the meaning of the Tax Act (each, a "FT Share", and together with the Common Shares, the "Offered Securities") at a price of $2.86 per FT Share.

In addition, the Company provided Anglo American with the right to concurrently subscribe for Common Shares in order to maintain a 9.9% interest (which interest Anglo American would acquire on the closing of the Subscription and Investor Rights agreement) on a non-brokered private placement basis for aggregate gross proceeds to the Company of $1.7 million (the "Concurrent Private Placement" and together with the Public Offering, the "Offering").

In connection with the Public Offering, the Company granted to the Underwriters an option (the "Over Allotment Option"), exercisable in whole or in part for a period of 30 days after and including the closing date of the Public Offering, to purchase any combination of additional Offered Securities for additional gross proceeds of up to 15% of the gross proceeds raised under the Public Offering to cover over allotments, if any, and for market stabilization purposes.

An amount equal to the gross proceeds from the issuance of the FT Shares will be used to incur eligible resource exploration expenses which will qualify as (i) "Canadian exploration expenses" (as defined in the Tax Act), and (ii) "flow-through critical mineral mining expenditures" (as defined in subsection 127(9) of the Tax Act) (collectively, the "Qualifying Expenditures"). Qualifying Expenditures in an aggregate amount equal to the gross proceeds raised from the issuance of the FT Shares will be renounced to the initial purchasers of the FT Shares with an effective date no later than December 31, 2023. The flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of $2,045,511 and has an obligation to incur $5,000,138 in eligible Canadian exploration expenditures ("CEE") by December 31, 2023.

The Underwriters received a cash commission of 6.0% of the gross proceeds of the Public Offering. No commission is payable to the Underwriters in respect of the Concurrent Private Placement.

On March 2, 2023 both financings closed. Gross proceeds of $26,196,151 were received from Anglo American which had subscribed for (i) 12,569,235 common shares in the capital of the Company ("Common Shares") at $1.95 per Common Share, and (ii) 952,623 Common Shares at $1.77 per Common Share (collectively, the "Anglo American Investment"). The Company also concurrently closed its Offering for aggregate gross proceeds of $18,208,763.

Subsequently, on March 7, 2023 the Underwriters partially exercised their Over Allotment Option and purchased an additional 950,000 common shares of the Company at a price of $1.77 per Common Share for aggregate gross proceeds of $1,681,500. The Underwriters received an aggregate cash commission of 6.0% of the gross proceeds raised from the sale of the Common Shares in connection with the Over Allotment Option.

Following the completion of the Over Allotment Option, Anglo American also purchased an additional 111,939 common shares of the Company at a price of $1.77 per Common Share for aggregate gross proceeds of $198,132. Upon completion of the Anglo American Investment, Anglo American holds 13,633,797 Common Shares of the Company, which represented 9.9% of the issued and outstanding Common Shares at that time.

Of the $44.6 million raised, the Company spent $14.5 million to repay the Auramet Inc. loan and the remaining funds of $30.1 million are expected to be used, and have been used, as follows:

Use of Proceeds *millions*	**Estimated Amount to Spend**	**Amount Spent to October 31**
	$	$
Complete feasibility study incorporating additional value-added initiative, including carbon sequestration	8.0	7.7
Planning, permitting and bulk sampling at Crawford	3.0	0.3
Incur eligible "Canadian exploration expenditures" at its regional properties, surrounding the Crawford Project, with a focus on properties with higher nickel grade potential	6.0	6.0
Continue various provincial and federal permitting processes and community activities	5.0	4.0
General corporate and working capital requirements	8.1	8.1
	30.1	26.1

On April 5, 2022, the Company closed a "bought deal" offering (the "Bought Deal Offering") and received aggregate gross proceeds of $51.6 million ($48.2 million after payment of issuance costs), which included the exercise of the Underwriters' over-allotment option. Under the Bought Deal 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.

The Bought Deal 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 Bought Deal Offering the Underwriters received an aggregate cash commission of $3,086,103.

The flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of $5,942,672 and has an obligation to incur $19,190,002 in eligible CEE by December 31, 2022, all of which has been incurred.

The net proceeds of $48.2 million were intended to be used, and were used, as follows:

Use of Proceeds ***millions***	**Estimated Amount to Spend**	**Amount Spent**
	$	$
Incur eligible "Canadian exploration expenses" related to the Company's projects in Ontario	19.2	19.2
Repayment of Auramet LLC loan on April 5, 2022	13.1	12.8
Other corporate purposes (including drilling and resource definition and other activities associated with the advancement of the Crawford Project) and working capital	15.9	16.2
	48.2	48.2

Other offerings (pre April 2022) - 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 October 31, 2023, the Company has $3.4 million (October 31, 2022 - $9.5 million) in payables owing with respect to exploration and evaluation assets and has lease obligations of $109,065 related to fiscal 2023 and $217,254 for fiscal years 2024 to 2027. Commitments on option properties are described in *Acquisition of properties* above.

Canada Nickel entered into agreements with the Matachewan and Mattagami First Nations, Taykwa Tagamou Nation and Apitipi Anicinapek 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 First Nations 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.

In the ordinary course of operating, the Company may from time to time be subject to various legal claims or possible legal claims. Management believes that there are no legal claims or possible legal claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

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 $4,391,387 at October 31, 2023, and has incurred losses and negative cashflows from operations and has an accumulated deficit of $29,215,332. 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.

The following table shows the Company's financial position progression since its inception:

	As at October 31			
(Canadian dollars)	2020	2021	2022	**2023**
	$	$	$	**$**
Total assets	33,149,518	55,250,855	144,314,915	**183,067,758**
Total equity	31,391,949	47,299,213	118,828,363	**156,040,561**

	For the years ending October 31			
	2020	2021	2022	**2023**
Net loss	3,077,272	6,378,103	5,535,080	**14,224,877**
Net loss per share	0.06	0.08	0.05	**0.11**

Note - Accounting principles have been applied consistently amongst the periods.

The Company has demonstrated a strong track record by growing exponentially over the last four years using funds raised in the market to successfully advance the Crawford Project and significantly expand its regional exploration base around Crawford.

In January 2024, the Company entered into two financing arrangements. The Company received $34.7 million from the first financing on January 2, 2024 and is expecting to receive US$18.5 million from the second financing in early February 2024 (see *January 2 2024 financing and investment from Agnico Eagle and January 12, 2024 financing and investment from Samsung SDI*). The funds will be used primarily for exploration at its regional properties surrounding Crawford and continued advancement of the Company's Crawford Nickel Project post feasibility study, repayment of a loan facility and for general working capital purposes. The Company will continue to source other funding and may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

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

Review of the Fourth Quarter

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

(Canadian dollars)	Q1 2022	Q2 2022	Q3 2022	**Q4 2022**	Q1 2023	Q2 2023	Q3 2023	**Q4 2023**
	$	$	$	**$**	$	$	$	**$**
Expenses								
Salaries	254,845	273,262	149,861	**266,592**	333,919	386,056	411,799	**264,042**
General and administrative costs	242,497	317,201	145,857	**107,189**	176,888	210,540	92,210	**229,982**
Professional fees	111,915	244,347	374,488	**(38,978)**	206,856	479,491	180,373	**118,139**
Consulting and advisory	230,301	455,223	281,208	**188,171**	254,282	356,194	447,486	**1,347,427**
Promotion and communication	128,658	98,557	125,399	**129,563**	106,670	62,656	62,556	**48,945**
Investor relations and marketing	76,980	63,280	32,787	**101,253**	104,609	120,487	154,921	**156,231**
Share-based compensation	1,001,748	1,054,401	1,290,422	**1,265,781**	1,258,017	1,347,586	1,091,728	**924,895**
Travel and other	4,901	48,726	199,828	**62,602**	99,373	102,249	64,536	**(37,574)**
Transaction costs and interest expense	439,654	367,580	-	**183,720**	679,583	612,308	-	**984,994**
	2,491,499	2,922,577	2,599,850	**2,265,893**	3,220,197	3,677,567	2,505,609	**4,037,081**
Flow-through share premium	(959,399)	-	(3,500,000)	**(2,442,672)**	-	(1,104,545)	(940,966)	**-**
Net loss (income) before tax	1,532,100	2,922,577	(900,150)	**(176,779)**	3,220,197	2,573,022	1,564,643	**4,037,081**
Income tax expense (recovery)	-	-	-	**2,157,332**	4,602,700	(632,970)	(344,260)	**(795,536)**
Net loss (income)	1,532,100	2,922,577	(900,150)	**1,980,553**	7,822,897	1,940,052	1,220,383	**3,241,545**
Weighted average shares outstanding	91,160,063	98,824,056	111,622,072	**113,063,729**	113,332,644	130,017,641	140,149,544	**141,413,632**
Net loss (income) per share	$0.02	$0.03	$(0.01)	**$0.02**	$0.07	$0.01	$0.01	**$0.02**

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.

Salaries - have been consistent over the past eight quarters with headcount increasing slightly during the first quarter of 2023. The second quarter of 2023 saw an increase in salaries mostly due to executives receiving a larger amount of their compensation paid in cash (effective January 1, 2023), rather than RSUs. The expenses in the fourth quarter of 2023 and the third quarter of 2022 are lower than previous quarters reflecting a re-allocation of certain salaries to exploration and evaluation assets.

General and administrative costs - Variations in costs between quarters tend to be based on timing of payments for annual filing and listing requirements. 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.

Professional fees - have risen in the second and third quarters of 2022 and second quarter of 2023 largely due to additional legal fees associated with the land acquisitions. The second quarter of 2023 included additional costs for subscriptions for market studies needed for the preparation of the Crawford feasibility study. Fourth quarter 2022 legal fees were modest incurring only general corporate related expenses, but also included a reallocation of some legal fees expensed in the third quarter to equity representing costs on the equity financing.

Consulting and advisory - *c*osts in the fourth quarter of 2023 increased substantially from the previous quarters as the Company incurred additional advisory in relation to Crawford's downstream process development and partnering process which were accelerated in connection with the release of the feasibility study. Costs increased in the second quarter of 2022 with the addition of additional advisory in the areas of corporate development and by the third quarter and fourth quarters of 2022 are more representative of normal business practice.

Share-based compensation - Share-based compensation tends to fluctuate depending on timing and vesting of grants.

*Travel and other – S*tarting in the third quarter of 2022 there is a rise in travel expenses with the opening of travel for conferences, investor meetings and other development opportunities. The fourth quarter of 2023 includes a $0.4 million foreign exchange gain from the translation of US dollar cash to Canadian dollars.

Transaction costs and interest expense – These costs are directly attributable to the receipt of proceeds from the short-term loan facilities (refer to *Cash provided by financing activities)*.

Flow-through share premium – the revenue recorded correlates with the proportionate amount of spending of the eligible expenditures in each of the quarters as required under the flow-through share agreements.

Income tax expense - refer to year over year description above.

Fourth Quarter Cash Flows

A summary of the Company's cash flow for the quarters ended October 31, 2022 and 2021 are as follows:

(Canadian dollars)	**For the quarters ended October 31** **2023**	2022
	$	$
Cash used in operating activities:		
Before working capital changes	**(2,148,568)**	(817,393)
Working capital changes	**(1,569,100)**	2,710,644
	(3,717,668)	1,893,251
Cash used in investing activities:		
Exploration and evaluation expenditures	**(5,057,674)**	(10,698,227)
Purchase of equipment	**(25,843)**	(114,208)
	(5,083,517)	(10,812,435)
Cash provided from (used for) financing activities:		
Proceeds from share issuance, net of transaction costs	**-**	(65,000)
Proceeds from loan, net of issuance costs	**15,768,017**	13,209,260
Proceeds from exercise of warrants and stock options	**5,000**	25,485
Other	**(98,583)**	-
	15,674,434	13,169,745
Change in cash and cash equivalents	**6,873,249**	4,250,561
Opening cash and cash equivalents	**7,560,687**	8,759,375
Closing cash and cash equivalents	**14,433,936**	13,009,936

In the fourth quarter of 2023 the Company had four months of HST receivable compared to two months outstanding at the end of the third quarter of 2023 and had reduced its' accounts payable by $0.4 million resulting in $1.6 million in negative working capital changes. Also in the fourth quarter of 2023, the Company received $15.8 million in proceeds, net of issue costs, in borrowings from Auramet Inc. (see short-term loan facility narrative above) and spent $3 million on the feasibility study and $2 million on exploration activities. In the fourth quarter of 2022, the Company received over $3 million in HST refunds, borrowed $13.2 million, net of issue costs from Auramet Inc. (see short-term loan facility narrative above) and spent $4 million on the feasibility study and $6 million on exploration activities.

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:

	For the years ended	
	2023	2022
	$	$
Management and directors' fees	**1,445,166**	1,023,735
Share-based compensation	**4,431,080**	3,647,210
Geological services	**361,470**	335,992

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. At October 31, 2022, an amount of $188,690 was payable to Balch Exploration Consulting Inc. related to geological services provided by Canada Nickel's Vice President, Exploration (nil at October 31, 2023).

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 $156,040,561 as at October 31, 2023.

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 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.

Income taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred taxes
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.

Financial Instruments

Fair values

At October 31, 2023, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities and short-term loans. 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

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.

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, 2023, 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 MD&A, February 1, 2024, the Company had 163,856,715 common shares issued and outstanding, 350,000 warrants outstanding, 7,718,234 stock options outstanding and 2,950,283 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 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 unaudited interim condensed 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. 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 BFS 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 Risk section in the Company's Annual Information for the fiscal year ended October 31, 2022, available on SEDAR+ at www.sedarplus.ca.

Non-IFRS Measures

The Company has included certain non-IFRS measures in this press release. The Company believes that these measures provide investors an improved ability to evaluate the underlying performance of the project. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. Net C1 cash costs are the sum of operating costs (including all expenses related to stripping), net of byproduct credits from cobalt, palladium, platinum, iron and chromium per pound of payable nickel. Net AISC (all in sustaining costs) are C1 cash costs plus royalties plus sustaining capital per pound of payable nickel. Sustaining and expansion capital are non-IFRS measures. Sustaining capital is defined as capital required to maintain operations at existing levels. Expansion capital is defined as capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations. Both measurements are used by management to assess the effectiveness of investment programs. NSR (Net Smelter Return) includes gross revenues less refining costs. EBITDA is earnings before interest, taxes and depreciation, which comprise NSR less royalties and operating costs and for the purpose of 11 the economic analysis assume all stripping costs following the initial construction period are expensed. Free cash flow represents operating cash flow less capital expenditures.

Statement Regarding Historical Resource Estimates

The Sothman historical resource estimate is unclassified and does not comply with CIM Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101. The historical resource was reported by D. R. Bell for Sothman Mines Limited on Oct. 1, 1969, as 189,753 tons of 1.24% nickel and 0.15% copper over an average width of 17.8 feet (undiluted) using a 1.00% nickel cut-off. The reliability of the historical resource is considered reasonable, but a qualified person has not done sufficient work to classify the historical resource estimate as a current mineral resource and the Company is not treating the historical resource estimate as a current resource. The Company plans on conducting an exploration program, including twinning of historical drill holes, to redefine the historical resource as a current mineral resource category.

The Texmont historical resource estimate is unclassified and does not comply with CIM Definition Standards on Mineral Resources and Mineral Reserves as required by NI-43-101. The historical resource was reported by Fletcher Nickel Inc. at page 22 ("Texmont Historic Reports – Leigh 1971 Report") of its amended and restated prospectus dated October 25, 2007. The Sothman historical resource estimate is unclassified and does not comply with CIM Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101. The historical resource was reported by D. R. Bell for Sothman Mines Limited on Oct. 1, 1969, as 189,753 tons of 1.24% nickel using a 1.00% nickel cut-off. The reliability of these historical resources is considered reasonable, but a qualified person has not done sufficient work to classify the historical resource estimate as a current mineral resource and the Company is not treating the historical resource estimate as a current resource. The Company plans on conducting an exploration program to redefine the historical resource as a current mineral resource category.