



## Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Three Months Ended January 31, 2024

(Expressed in Canadian Dollars, unless otherwise noted)

March 21, 2024

**Canada Nickel Company Inc.  
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**Introduction**

The following interim management's discussion and analysis (Interim MD&A) of Canada Nickel Company Inc. (the "Company" or "Canada Nickel") for the three months ended January 31, 2024 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion and analysis, being the management's discussion and analysis for the year ended October 31, 2023 (Annual MD&A). This Interim MD&A does not reflect any non-material events since the date of the Annual MD&A.

For the purposes of preparing this Interim MD&A, management, in conjunction with the board of directors of the Company (the Board), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended October 31, 2023 and 2022, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended January 31, 2024 and 2023, together with the notes thereto.

Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

This Interim MD&A has been prepared with reference to the MD&A disclosure requirements established under National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) of the Canadian Securities Administrators. Additional information regarding Canada Nickel is available on its website at [www.canadanickel.com](http://www.canadanickel.com) or through the Company's SEDAR+ profile available at [www.sedarplus.ca](http://www.sedarplus.ca), which also includes the Company's Annual Information Form for the year ended October 31, 2022. This Interim MD&A has been prepared as of March 21, 2024.

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

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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 Interim MD&A.

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

### **Scientific and Technical Information**

Steve Balch, (P.Geol.), Vice President Exploration 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 Interim MD&A.

### **Description of The Business**

Canada Nickel was incorporated on October 11, 2019 under the laws of the Province of Ontario, Canada, and its head office is located at 130 King Street West, Suite 1900, Toronto, Ontario, M5X 1E3. On February 27, 2020, the Company's common shares commenced trading on the TSX Venture Exchange (TSX-V) under the symbol "CNC" and its common shares also trade on the OTCQX Best Market under the symbol "CNIKF".

Canada Nickel is engaged in the exploration and discovery of nickel sulphide assets to deliver future supply for the high growth electric vehicle, green energy and stainless steel markets. In 2020, the Company acquired 100 per cent of the Crawford Nickel Sulphide Project (Crawford or the Crawford Project), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. The Company also owns 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. ("NetZero Metals") under the laws of the Province of Ontario. NetZero Metals is intended to develop a downstream nickel processing facility and a stainless steel facility in the Timmins region. On November 3, 2022, the Company incorporated a wholly-owned subsidiary, Central Timmins Nickel Company Inc.; also incorporated under the laws of the Province of Ontario. Central Timmins Nickel Company Inc. holds the interest in the Texmont property.

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**Key Developments – Three Months Ended January 31, 2024 and up to March 21, 2024**

**Advancing Crawford to a Construction Decision**

In November 2023, the Company filed the bankable feasibility study (“BFS”) for Crawford. The Technical Report supporting the positive BFS can be found on the company’s website and summary results of the BFS can be found in its news release dated October 12, 2023. Crawford, located in the Timmins nickel district, is the world’s second largest nickel reserve<sup>1</sup>. Once in production, it is also expected to become one of Canada’s largest carbon storage facilities.

Following completion of the BFS, the project team swiftly shifted to commence with the geotechnical soils field program. The field program has been on-going through the winter months of 2024. The results will be used to support the Front-End Engineering Design (FEED) study, expected to commence in April 2024.

The completion of the BFS also triggered the start of project financing 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.

Crawford’s federal impact assessment process is well under way. The company is still expecting to receive the main authorization by mid-2025 and is planning to file the impact statement in summer 2024. 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 working with the provincial government to define the Environmental Assessment (EA) required for the Crawford Project. These are expected to be managed under a one-window process that will be initiated in the winter of 2024.

The Company has been engaged in discussions with a number of strategic and industry participants over the past 2 years. 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. Both banks are jointly assisting the Company with the evaluation of strategic and financial alternatives for the equity portion of the project financing and Cutfield Freeman & Co are advising on the debt portion of the project financing.

On February 6, 2024, the Company completed a Subscription Agreement with Samsung SDI to invest US\$18.5 million in Canada Nickel at a price of \$1.57 per Common Share. On closing, Samsung SDI holds 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. Canada Nickel has also provided to Samsung SDI a grant to the right to purchase a 10% equity interest in the Crawford Project for US\$100.5 million, exercisable upon a final construction decision.

The funds are being used to advance engineering, permitting, for general working capital purposes and to repay a portion of the Auramet International Inc. short-term facility.

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

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<sup>1</sup> Source: Wood Mackenzie, Nickel Cost Service Q3 2023 data

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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.

**Downstream Nickel and Stainless-steel Processing Facility**

In February 2024, Canada Nickel announced its intention, through its wholly owned subsidiary, Net Zero Metals, to develop two processing facilities in the Timmins Nickel District: a nickel processing facility and stainless-steel and alloy production facility. These initiatives are expected to represent an important economic development for the Timmins Nickel District and provide significant additional capacity to fill an important link in the development of North American critical minerals supply chains and the province's electric vehicle strategy. Each production facility is expected to utilize Canada Nickel's carbon storage capacity at its Crawford Nickel project to deliver low or potentially zero carbon nickel and stainless steel and alloy production. The Company is currently at the site-selection stage, considering several sites in the region. The Company is also in the process of choosing engineering firms to complete the design of both facilities and expects to announce the selected firms in the near term. Feasibility studies are underway and expected to be completed by year-end.

NetZero Metals will be led by Mike Cox, who has over 35 years of nickel processing experience and has held senior leadership positions with Inco Ltd. and Vale SA overseeing a global portfolio of nickel refineries. Mike has assembled a global experienced team and funding for each project is expected to come from various government programs (Federal/provincial/DOD) and potential partners.

**Unlocking Timmins Nickel District Exploration Potential**

The Company has properties surrounding the Crawford project, which are segmented into three regional areas and include:

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

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<sub>2</sub>.

On December 29, 2023 the Company completed a flow-through financing, receiving proceeds of \$34.7 million (see Cash Provided From Financing Activities for more details).

The proceeds from the flow-through financing will help the Company to continue to unlock the potential of the Timmins Nickel District through further exploration at its regional properties. With funds in hand, the Company prepared a comprehensive exploration program for calendar year 2024. Drilling started in mid-January with one drill rig focused at the Newmarket target, followed by three more drill rigs in mid February exploring at Deloro, Reid and the Crawford PGM reef.

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The current goal is to produce maiden resource estimations on several of these properties, starting with Deloro and Texmont by mid 2024, and progressing to Reid, Midlothian, Mann Central and Bannockburn by mid-2025.

Results from the 2023 Drill Program

*Bannockburn*

The Bannockburn Property is located 100 kilometres south of Timmins and consists of 151 contiguous unpatented mining claims totaling 3,250 hectares. Bannockburn is situated near the Company's Sothman, Midlothian, Van Hise, and Powell properties (Timmins South) forming a southern cluster of highly prospective targets near established infrastructure in Matachewan, Ontario which is located approximately 20 kilometres east of the Crawford property.

The 2023 drill program consisted of six holes that formed an infilling of previous work on the "B" Zone. All six drillholes intersected sections of moderate to strongly serpentinized dunite/peridotite. First five holes drilled by Canada Nickel into the "B" Zone intersected multi-hundred metre intervals of 0.27-0.29% nickel and contained higher grade intervals of 0.3% nickel or better. The Bannockburn "B" Zone has now been tested for its total 1.1-kilometre strike length with multiple intervals in excess of 0.3% nickel from both previous and current drilling. Further details on drill results can be found in the Company's news release dated February 20, 2024.

In fall 2024 Canada Nickel will complete a drill program in preparation for an initial resource later in 2025.

*Mann Central and Mann Northwest*

The Mann Property is located 22 kilometres east of Crawford, 20 kilometres south of Cochrane, and 45 kilometres northeast of Timmins, covering Mann Township. The property contains three large ultramafic bodies, each of which has a target geophysical footprint larger than Crawford at 1.6 square kilometres. Mann Northwest has a target footprint of 6.0 square kilometres; Mann Central is 3.1 square kilometres and Mann Southeast is 4.1 square kilometres. Mann Northwest is on same trend to mineralized ultramafics in Reaume Township while Mann Southeast connects to a long ultramafic sill in Newmarket Township, both properties being owned by Canada Nickel. The total trend from Reaume to Newmarket exceeds 25 kilometres as various units.

Canada Nickel can earn an 80% interest in the Mann Property by completing certain cash and share payments and exploration expenditures to Noble Mineral Exploration Inc. (see press release dated November 22, 2021).

All fifteen initial drill holes completed in 2023 at the Mann Central and Mann Northwest targets successfully intersected large intervals of target mineralization. This area will be a focus of the Company's exploration program in 2024.

The drill program at Mann Northwest consisted of nine drillholes, with all holes intersecting mineralized sections of predominantly well serpentinized peridotite and dunite (see press release August 22, 2023, for results of the first five holes). Eight of the nine drillholes delineated mineralization along a 2,700 metre strike length within a folded structure having a width of at least 500 metres. The target remains open in all directions. Platinum group metals (PGMs) were also intersected in addition to the nickel mineralization.

Six drillholes at Mann Central delineated mineralization along a 2,500 metre strike length and over a width of at least 600 metres. The target remains open in all directions. All six drillholes intersected strongly

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serpentinized peridotite-dunite, with visible nickel mineralization. PGMs were also intersected in Mann Central.

Further details on drill results can be found in the Company's news release dated February 22, 2024. In summer 2024 Canada Nickel will complete a drill program in preparation for an initial resource in early 2025.

Reid

The Reid Property is located just 16 kilometres southwest of Crawford and contains a geophysical target of 3.9 square kilometres nearly 2.4 times larger than Crawford. The Company currently has an ongoing drilling program, with all six initial drillholes intersecting long intervals of dunite and five holes ending in mineralization. Results from the first hole delivered the best drill results to date from Reid

Further details on drill results can be found in the Company's news release dated March 18, 2024. The Company aims to complete an initial resource at Reid by the end of 2024.

Newmarket

The Newmarket Property is located 35 kilometres east of Crawford, 28 kilometres south of Cochrane, and 50 kilometres northeast of Timmins, covering the southwest corner of Newmarket Township. The property contains one large, elongated ultramafic body, that connects to the northwest to the Mann Southeast property. Newmarket has a target geophysical footprint of 2.2 square kilometres, larger than Crawford at 1.6 square kilometres and connects to Mann Southeast property

The initial two holes intersected mineralized and well serpentinized peridotite and dunite and ended in mineralization. This initial drilling occurred on the edge of the eastern end of the 7-kilometre long Newmarket target, which is contiguous with the Mann Southeast target and is part of an overall geophysical target more than three times larger than Crawford.

Further details on drill results can be found in the Company's news release dated March 18, 2024. More drilling is planned for the summer 2024 campaign which will also target Mann Southeast.

**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 is proceeding, 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 summer 2024 which will complete the 2<sup>nd</sup> 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

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pathways. An intensive company led engagement program, coupled with consultation of the First Nations through a technical working group managed by the Impact Assessment Agency of Canada, are planned 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.

**Unlocking Timmins Nickel District Exploration Potential**

With the successful completion of the \$34.7 million flow-through financing 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 than 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 and Midlothian. 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.

The planned drill program for 2024 is as follows:

<b>Property</b>	<b>Planned Drill Start Date in 2024</b> <i>(calendar quarters)</i>	<b>Planned Date for Resource Estimate</b> <i>(calendar quarters)</i>	<b>Geophysical Footprint (square kilometres)</b>
Deloro	Q1	Q3 2024	0.4
Reid	Q1	Q4 2024	3.9
Texmont	Q1	Q2 2024	0.1
Mann Central	Q2	Q1 2025	3.1
Mann North-west	Q3	Q1 2025	6.0
Bannockburn	Q3	Q2 2025	0.4
Midlothian	Q3	Q2 2025	1.7
Newmarket	Q1		2.2
Mann South-east	Q3		4.1
Moody	Q3		1.8
Stimson	Q4		0.7
Mortimer	Q4		0.6
Van Hise	Q4		2.3



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**Review of Operations for the Three Months Ended January 31, 2024 and 2023**

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

<i>(Canadian dollars)</i>	<b>For the three months ended January 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Salaries	<b>590,022</b>	333,919
General and administrative costs	<b>424,371</b>	176,888
Professional fees	<b>380,483</b>	206,856
Consulting and advisory	<b>541,881</b>	254,282
Promotion and communication	<b>78,955</b>	106,670
Investor relations and marketing	<b>113,486</b>	104,609
Incentive compensation	<b>1,904,818</b>	1,258,017
Travel and other	<b>154,136</b>	99,373
Transaction costs and interest expense	<b>953,703</b>	679,583
	<b>5,141,855</b>	3,220,197
Flow-through share premium	<b>(257,024)</b>	-
Net loss before tax	<b>4,884,831</b>	3,220,197
Income tax expense (recovery)	<b>(167,033)</b>	4,602,700
<b>Net loss</b>	<b>4,717,798</b>	7,822,897
Weighted average shares outstanding	<b>148,711,210</b>	113,332,644
<b>Net loss per share</b>	<b>\$0.03</b>	\$0.07

*Salaries*

Salaries have increased between periods reflecting an increase in headcount and market adjustments to base salaries. The Company expects to slightly increase headcount through the year as it prepares for construction at Crawford and development of the downstream processing facilities.

*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 increase in 2024 compared to 2023 is due to timing of payment for annual fees for stock exchange listings, information technology enhancements and director fees paid in the form of cash rather than RSUs (reflected in share-based compensation in first quarter of 2023).

*Professional fees*

Professional fees include legal, accounting and audit related fees, and subscriptions. In 2024 professional fees have increased between years due to additional research related fees to support Crawford's downstream process and other fees in line with the growth of the Company.

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Consulting and advisory

Fees incurred are with respect to strategic consulting in the areas of media, business development, government relations and financing. Costs in 2024 increased from the previous year as the Company required more advisory in the areas of government relations, government assistance and project debt financing in order to advance its financing strategy for Crawford construction

Promotion and communication

Promotion and communication include costs related to website design and maintenance, advertising campaigns, social media and communication with shareholders, and were consistent between periods.

Investor relations and marketing

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

Incentive compensation

Incentive compensation includes cash-based incentive compensation and non-cash expenses related to stock options and RSUs. The Company accrued \$0.9 million for bonuses at January 31, 2024 that were approved by the Board and paid in March 2024, representing first time cash bonuses to employees and consultants for past performance. Share-based compensation was \$1.0 million in the first quarter of 2024 compared to \$1.3 million in the same period of 2023. Variations between periods is a result of timing of grant issuances and completion of vesting periods.

Travel and other

Greater attendance at in-person conferences as well as increased Crawford financing efforts resulted in increased travel costs in 2024 compared to 2023.

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 2024 the Company filed its tax returns to renunciate its flow through expenditures incurred in 2023 and recorded a moderate income tax recovery as the operating losses more than offset the renunciation. 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.

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.

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**Liquidity and Financial Condition**

**Cash flows**

A summary of the Company's cash flow for the three months ended January 31, 2024 and 2023 are as follows:

<i>(Canadian dollars)</i>	<b>For the three months ended January 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash used in operating activities:		
Before working capital changes	<b>(3,463,334)</b>	(1,159,135)
Working capital changes	<b>2,189,138</b>	424,656
	<b>(1,274,196)</b>	(734,479)
Cash used in investing activities:		
Exploration and evaluation expenditures	<b>(5,590,815)</b>	(10,994,305)
Purchase of equipment	<b>(18,827)</b>	(36,352)
	<b>(5,609,642)</b>	(11,030,657)
Cash provided from (used in) financing activities:		
Proceeds from share issuance, net of transaction costs	<b>34,480,186</b>	
Proceeds from exercise of warrants and stock options	<b>687,417</b>	6,900
Repayment of lease obligations	<b>(25,373)</b>	-
	<b>35,142,230</b>	6,900
Change in cash and cash equivalents	<b>28,258,392</b>	(11,758,236)
Opening cash and cash equivalents	<b>14,433,936</b>	13,009,936
<b>Closing cash and cash equivalents</b>	<b>42,692,328</b>	1,251,700

***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. The first quarter of 2024 includes \$0.9 million owing on corporate bonuses, as described in the review of operations.

***Cash used in investing activities***

***Exploration and evaluation expenditures***

Exploration and evaluation expenditures include costs related to exploration at Crawford and its regional properties, Crawford project advancement (feasibility study and engineering) and permitting. Approximately \$4 million was spent in relation to advanced engineering work and permitting in the first quarter of 2024 and \$5 million spent on feasibility study work for the same period in 2023. Approximately \$1 million was spent on regional exploration for the three months ended January 31, 2024 and \$5 million for the same period in 2023.

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Acquisition of properties

The regional properties were acquired through fiscal years 2022 and 2023. Most agreements include provisions that allow for each of the sellers to 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).

The table below shows the additional aggregate payments required to maintain the acquisition or earn-in to the properties post signing.

	Cash	Shares
	\$	#
Fiscal year 2024	510,000	225,000
Fiscal year 2025	510,000	110,000
Fiscal year 2026	860,000	145,000
	1,880,000	480,000

In addition, there are commitments to fund exploration expenditures of at least \$3.2 million in fiscal years 2024 to 2026 at the Midlothian and Mann properties to earn-in.

**Cash provided from (used for) financing activities**

December Flow-Through Offering

On December 29, 2023 the Company completed 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 \$34,692,000 (the "December Flow-Through Offering"). Following closing of the December Flow-Through Offering, Agnico Eagle acquired the units from the initial purchasers and as a result Agnico Eagle, on that date, held approximately 12% of the Company's outstanding common shares.

Pursuant to the December Flow-Through 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 Income Tax Act (Canada) (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 December Flow-Through Offering, subject to acceleration in certain circumstances. Beginning three months from the closing date of the December Flow-Through 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 December Flow-Through Offering will be subject to a hold period expiring four months and one day from the closing date of the December Flow-Through Offering.

The flow-through 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 \$12,348,000 and has an obligation to incur \$34,692,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2024. The Warrant Shares issued were assigned an aggregate fair value of \$1,192,903

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using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 59%, risk-free rate of return 3.9% and expected one-and-a-half-year life. The share capital value of \$32,315,523 includes the gross proceeds net of the warrant fair value and costs related to the issuance.

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.

Short-term loan facilities:

On September 18, 2023, the Company closed a secured loan facility with Auramet International Inc. ("Auramet Inc.") for US\$12 million ("Auramet Inc. September 2023"). The loan is secured and matured on December 18, 2023. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears until December 18, 2023.

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%, 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 were amortized over the three-month maturity in transaction costs and interest expense in the condensed interim 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.

On December 18, 2023, at the Company's option it extended the Auramet Inc. September 2023 US\$12 million short-term debt facility for a further 30 day period and matured January 18, 2024. Upon extension of the facility, the Company paid an additional arrangement fee equal to \$248,457 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. The Auramet Inc. September 2023 extension warrants issued were assigned an aggregate fair value of \$65,765 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 45%, risk-free rate of return 4% and expected nine month life. The fair value of the warrants as well as the arrangement fee were amortized over the one-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss. In addition, interest accrued 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.

On January 15, 2024 Auramet Inc. extended the maturity a further 30 days with no additional fees except the interest. At January 31, 2023 the loan payable including interest and the additional arrangement fee was \$17,171,770. On February 6, 2024 the loan was repaid in full.

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On October 18, 2022, the Company closed a secured loan facility with Auramet International, Inc. ("Auramet Inc.") for US\$10 million. 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 and 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.

The Company paid an arrangement fee equal to 2 percent of the loan amount and issued 325,000 common share purchase warrants ("Auramet Inc. warrants"). Each of the Auramet Inc. 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. 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, of which \$350,722 of the total cost of \$409,240 was expensed in the first quarter of 2023. 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. extension warrants"). Each of the Auramet Inc. extension warrants entitled 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. 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.

A summary of the transaction costs and interest expense related to each short-term loan facility for the three months ended January 31, 2024 and 2023 are as follows:

	<b>2024</b>	2023
	\$	\$
Arrangement fee	<b>248,457</b>	207,836
Warrant cost	<b>65,765</b>	70,000
Deferral of arrangement fee	-	(145,485)
Amortization of arrangement fee	<b>298,584</b>	350,722
Interest expense	<b>574,426</b>	435,943
Foreign exchange	<b>(233,529)</b>	(239,433)
Transaction costs and interest expense	<b>953,703</b>	679,583

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Share Issuances:

In February 2023, the Company raised \$44.6 million, of which 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:

<b>Use of Proceeds millions</b>	<b>Estimated Amount to Spend</b>	<b>Amount Spent</b>
	\$	\$
Complete feasibility study incorporating additional value-added initiative, including carbon sequestration	8.0	8.0
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	5.0
General corporate and working capital requirements	8.1	8.1
	30.1	26.1

The bulk sample at Crawford was expected to be completed during the winter 2024 but mild weather conditions and delay in requirement for the material resulted in its postponement for a year.

In February, 2022, the Company received net proceeds of \$48.2 million, which were intended to be used, and were used, as follows:

<b>Use of Proceeds millions</b>	<b>Estimated Amount to Spend</b>	<b>Amount Spent</b>
	\$	\$
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.

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**Commitments and contingencies**

At January 31, 2024, the Company has \$5.5 million (October 31, 2023 - \$3.7 million) in payables owing with respect to exploration and evaluation assets and has lease obligations of \$91,300 related to 2024 and \$190,760 for fiscal years 2025 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 \$6,339,791 at January 31, 2024, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$33,933,129. 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.



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

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

  

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

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 received US\$18.5 million from the second financing in early February 2024. 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**.

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**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:

<i>(Canadian dollars)</i>	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries	273,262	149,861	266,592	<b>333,919</b>	386,056	411,799	264,042	<b>590,022</b>
General and administrative costs	317,201	145,857	107,189	<b>176,888</b>	210,540	92,210	229,982	<b>424,371</b>
Professional fees	244,347	374,488	(38,978)	<b>206,856</b>	479,491	180,373	118,139	<b>380,483</b>
Consulting and advisory	455,223	281,208	188,171	<b>254,282</b>	356,194	447,486	1,347,427	<b>541,881</b>
Promotion and communication	98,557	125,399	129,563	<b>106,670</b>	62,656	62,556	48,945	<b>78,955</b>
Investor relations and marketing	63,280	32,787	101,253	<b>104,609</b>	120,487	154,921	156,231	<b>113,486</b>
Incentive compensation	1,054,401	1,290,422	1,265,781	<b>1,258,017</b>	1,347,586	1,091,728	924,895	<b>1,904,818</b>
Travel and other	48,726	199,828	62,602	<b>99,373</b>	102,249	64,536	(37,574)	<b>154,136</b>
Transaction costs and interest expense	367,580	-	183,720	<b>679,583</b>	612,308	-	984,994	<b>953,703</b>
	2,922,577	2,599,850	2,265,893	<b>3,220,197</b>	3,677,567	2,505,609	4,037,081	<b>5,141,855</b>
Flow-through share premium	-	(3,500,000)	(2,442,672)	-	(1,104,545)	(940,966)	-	<b>(257,024)</b>
Net loss (income) before tax	2,922,577	(900,150)	(176,779)	<b>3,220,197</b>	2,573,022	1,564,643	4,037,081	<b>4,884,831</b>
Income tax expense (recovery)	-	-	2,157,332	<b>4,602,700</b>	(632,970)	(344,260)	(795,536)	<b>(167,033)</b>
<b>Net loss (income)</b>	<b>2,922,577</b>	<b>(900,150)</b>	<b>1,980,553</b>	<b>7,822,897</b>	<b>1,940,052</b>	<b>1,220,383</b>	<b>3,241,545</b>	<b>4,717,798</b>
Weighted average shares outstanding	98,824,056	111,622,072	113,063,729	<b>113,332,644</b>	130,017,641	140,149,544	141,413,632	<b>148,711,210</b>
<b>Net loss (income) per share</b>	<b>\$0.03</b>	<b>\$(0.01)</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.02</b>	<b>\$0.03</b>

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 trending higher as the Company prepares for the construction of Crawford. 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.

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*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 fourth quarter of 2024 include additional filing fees in relation to equity issuances. 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 first quarter of 2024 included additional one-time research related fees to support Crawford's downstream process. 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* - costs in the fourth quarter of 2023 increased substantially from the previous quarters as the Company incurred additional advisory in relation to completion of the feasibility study, Crawford's downstream process development and partnering process which were accelerated in connection with the release of the feasibility study. Costs in the first quarter of 2024 include additional advisory in the areas of government relations, government assistance and project debt financing in order to advance its financing strategy for Crawford construction. Costs increased in the second quarter of 2022 with the addition of additional advisory in the areas of corporate development.

*Incentive compensation* – Incentive compensation includes cash-based incentive compensation and non-cash share-based compensation. In the first quarter of 2024, the Company accrued \$0.9 million for bonuses that were approved by the Board and paid in March 2024, representing first time cash bonuses to employees and consultants for past performance. Share-based compensation tends to fluctuate depending on timing and vesting of grants.

*Travel and other* – Starting 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.

*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.

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**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. Key management personnel include the Board of Directors and senior officers of the Company.

A summary of the related party transactions are as follows:

	<b>For the three months ended January 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Salaries and directors' fees	<b>608,013</b>	235,461
Incentive compensation	<b>1,822,917</b>	1,067,099

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. The three months ended January 31, 2024 includes cash-based incentive compensation paid to senior officers of the Company related to 2023 performance. No amounts were receivable to or payable from related parties at January 31, 2024 and 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 \$174,612,907 as at January 31, 2024.

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## **Financial Instruments**

### **Fair values**

At January 31, 2024, 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 January 31, 2024, 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.

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### **Off-Balance-Sheet Arrangements**

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

### **Share Capital**

As at the date of this MD&A, March 21, 2024, the Company had 180,156,453 common shares issued and outstanding, 7,210,000 warrants outstanding, 11,273,234 stock options outstanding and 4,589,477 restricted share units outstanding. Each warrant, stock option and restricted share unit is exercisable or exchangeable for common shares of the Company on a one for one basis.

### **Internal Controls Over Financial Reporting**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements; and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of: i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited interim condensed consolidated financial statements for external purposes in accordance with 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.

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**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](http://www.sedarplus.ca).