

Report Date: August 25, 2022

The following discussion is management's assessment and analysis of the results and financial condition of operations of Fort St. James Nickel Corp. ("the Company") and should be read in conjunction with the accompanying audited financial statements for the year ended April 30, 2022 and related notes. These financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB").

All monetary amounts are in Canadian dollars unless otherwise specified. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **NATURE OF OPERATIONS AND OVERALL PERFORMANCE**

### **Description of the Business and Summary of Activities**

Fort St. James Nickel Corp. (the "Company") is incorporated under the Canada Business Corporations Act and its common shares are listed on the TSX Venture Exchange under the symbol FTJ.V. The Company is a junior mineral exploration company engaged in the acquisition, evaluation and exploration, if warranted, of mineral properties in North America.

The Company has incurred recurring losses since its inception and had an accumulated deficit of \$15,709,395 as at April 30, 2022 which has been funded primarily by the issuance of shares. The Company has no source of operating cash flows and expects to incur further losses in the exploration and development of its mineral properties. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future.

#### *Shares Issued*

In July 2021, the Company completed a non-brokered private placement of 1,502,221 units at a price of \$0.18 per unit for gross proceeds of \$270,400. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional share of the Company at a price of \$0.30 per warrant share for a period of 12 months after closing.

The Company also issued 400,000 flow-through units at a price of \$0.25 for gross proceeds of \$100,000. Each flow-through unit consists of one flow-through common share and one-half common share purchase warrant. Each whole flow-through warrant entitles the holder to purchase one additional share which is not a flow-through share at a price of \$0.30 for 12 months after closing. The Company paid a cash commission of \$7,200 and issued 40,000 broker warrants, fair valued at \$5,689, with the same terms as the private placement warrants.

During the year ended April 30, 2022, the Company issued 413,240 shares on exercise of share purchase warrants for gross proceeds of \$147,185.

### **Resource Properties**

Cumulative acquisition and exploration costs incurred and expensed by the Company to date on its mineral properties are summarized below.

|                         | Kilometer 26<br>\$ | Porcupine<br>\$ | Nepisiguit<br>\$ | Total<br>\$ |
|-------------------------|--------------------|-----------------|------------------|-------------|
| Balance, April 30, 2020 | 2,027,593          | 408,515         | -                | 2,436,108   |
| Acquisition Costs       | -                  | 73,750          | -                | 73,750      |
| Exploration Costs       | -                  | 500             | -                | 500         |
| Balance, April 30, 2021 | 2,027,593          | 482,765         | -                | 2,510,358   |
| Acquisition Costs       | -                  | -               | -                | -           |
| Exploration Costs       | 1,438              | 1,591           | 301,018          | 304,047     |
| Balance, April 30, 2022 | 2,029,031          | 484,356         | 301,018          | 2,814,405   |

Management has determined that due to uncertainty on future recoverability of its mineral exploration and evaluation assets, acquisition and exploration costs are expensed as incurred.

### ***Kilometer 26 – Central British Columbia***

The Company owns a 100% interest in the Kilometer 26 Project, a group of mineral claims located approximately 50 kilometres northwest of Fort St. James in central British Columbia. On September 28, 2009 the Company entered into a three year Option Agreement with Eastfield Resources Ltd. (“Eastfield”) to acquire a 60% interest in the claims. On September 9, 2011 the Company entered into an agreement with Eastfield to acquire a 100% interest in the Property and to terminate the Option Agreement in consideration for the issuance of 2,000,000 common shares. The fair value of the property was determined to be \$775,000. On December 1, 2011 the Company issued the 2,000,000 common shares.

During the year ended April 30, 2015, after consideration of the continued depressed market for junior resource company securities and the Company’s very low stock price, and their impact upon the Company’s ability to raise funding for further exploration costs, management determined that uncertainty on future recoverability of its mineral property asset indicated that the exploration and evaluation assets were impaired. Therefore, an impairment charge of \$1,879,403 was recognized in respect of the Company’s mineral property assets. Future expenditures will be regularly assessed for impairment based on conditions then existing.

The highlight of the 2018 rock sampling program is sample 116001. This sample was collected in an area that to the author’s knowledge has not been previously documented. The sample was collected from two large boulders subangular to angular possible subcrop of serpentinite, next to an outcrop of limestone. The showing was made possible by recent logging activity. Sample 116001 returned assays of 2030ppm Ni. Another high Nickel value came from sample 116022 of serpentinite boulders/subcrop near a 2011 drill pad.

Approximately \$1,000,000 has been spent on exploring the property to date. Eastfield completed an initial rock sampling program in 2009 while the Company completed more extensive programs consisting of grid establishment, rock and soil geochemical surveying and ground based induced polarization and magnetometer surveying in 2010 and 2011 and a six hole (813 metre) diamond drilling program in 2011.

The entire claim area occurs within a gentle to undulating landscape all of which occurs on government land. The predominant target of interest on the Kilometer 26 property is ophiolite hosted disseminated nickel. Motherlode style (ophiolite gold) mineralization constitutes a secondary objective.

### ***Porcupine Property-New Brunswick, Canada***

In August 2017, the Company signed an option agreement with Great Atlantic Resources Corp. (“GR”) to acquire GR’s Porcupine property located in the province of New Brunswick. In March 2022, the agreement was revised to amend payments dates for the second, third and fourth anniversary payments to October 31, 2022. Under the terms of the option agreement, the Company is required to make the following cash and share payments to earn a 100% interest in the property:

- Pay \$15,000 in cash (paid) and issue 500,000 common shares (issued) within five days of the TSX Venture approval of the transaction (the “Approval Date”);
- Pay \$20,000 in cash (paid) and issue \$75,000 in common shares on or before October 6, 2018. The Company issued 234,375 common shares with a fair value of \$43,359 on February 12, 2019.
- Pay \$20,000 in cash and issue \$75,000 in common shares on or before October 31, 2022. The Company issued 500,000 common shares with a fair value of \$50,000 on October 17, 2019;
- Pay \$20,000 in cash and issue \$75,000 in common shares on or before October 31, 2022. The Company issued 375,000 common shares with a fair value of \$93,750 on February 5, 2021.
- Pay \$75,000 in cash and issue \$200,000 in common shares on or before October 31, 2022.

The Company is also required to spend \$1,000,000 in exploration expenditures on the property over a four-year period with a minimum of \$150,000 each year.

***Nepisiguit, New Brunswick, Canada***

In May 2021, the Company announced it has entered into a letter of intent agreement with a private company to acquire 100% interest in the Nepisiguit Base Metal – Precious Metal Property located within the Bathurst Mining Camp of northern New Brunswick. The term of the agreement grants the Company the exclusive right for 30 days to receive the results of the core assay from the 2020 drill program and to conduct due diligence on certain areas of the Nepisiguit Property. A definitive agreement is expected to be negotiated upon review of the results and due diligence.

The term of the original letter of intent has been extended and will expire on December 30, 2022. As of this report date, a definitive agreement has not yet been signed, however, the Company has spent exploration expenditures on this project.

For the year ended April 30, 2022, the Company incurred acquisition and exploration expenditures totaling \$1,591 (2021 – \$74,250) with respect to its Porcupine Property and \$1,438 (2021 - \$Nil) on the Kilometer 26 Property and \$301,018 on the Nepisiguit Property.

**Loan Payable**

|                         | 2022           | 2021           |
|-------------------------|----------------|----------------|
|                         | \$             | \$             |
| Promissory Note Payable | -              | 33,000         |
| Loan Payable            | 111,819        | 215,000        |
|                         | <u>111,819</u> | <u>248,000</u> |

The loan payable of \$19,500, received in 2016, unsecured, non-interest bearing and with no terms of repayment was written off during the year ended April 30, 2021.

During the year ended April 30, 2020, the Company entered into two loan agreements, one for \$50,000 and the other for \$90,000. In May 2020, the Company received an additional \$75,000 in loan funding, all loans are unsecured, non-interest bearing and have no terms of repayment. During the year ended April 30, 2022, the Company paid \$103,181 towards loan payable

During the year ended April 30, 2021, the Company received \$33,000 (2020 - \$2,200) in promissory notes, all notes are unsecured, non-interest bearing and have no terms of repayment. During the year ended April 30, 2022, the loan was paid in full.

**SELECTED ANNUAL INFORMATION**

The following table provides a brief summary of the Company’s financial operations for each of the last three completed fiscal years prepared using International Financial Reporting Standards. For more detailed information refer to the Company’s audited financial statements for the specific periods.

|   | Year ended<br>April 30,<br>2022 | Year ended<br>April 30,<br>2021 | Year ended<br>April 30,<br>2020 |
|---|---------------------------------|---------------------------------|---------------------------------|
|   | \$                              | \$                              | \$                              |
| Total revenue                               | NIL                             | NIL                             | NIL                             |
| Loss from operations                        | (750,050)                       | (179,919)                       | (246,340)                       |
| Income (Loss) for the year                  | (720,050)                       | (145,052)                       | (236,496)                       |
| Basic and diluted earnings (loss) per share | (0.03)                          | (0.01)                          | (0.01)                          |
| Total assets                                | 15,244                          | 3,444                           | 15,745                          |
| Total long-term liabilities                 | NIL                             | NIL                             | NIL                             |
| Cash dividends declared                     | NIL                             | NIL                             | NIL                             |

**RESULTS OF OPERATIONS**

During the year, and for the comparative year, the Company has pursued mining exploration, and acquisition of mining assets. For the year ended April 30, 2022, the Company had net losses of \$720,050 compared to \$145,052 in the previous year. The Company had increased spending in all categories, especially in advertising, exploration and admin expenses. The Company received an exploration grant of \$30,000 for the Nepisiguit Property and spent \$301,018 exploration as part of their due diligence on the property. The Company continues to explore both currently held properties as well as new opportunities as capital permits.

Expenditures incurred during the year-ended April 30, 2022 and 2021 include:

Expenses

|  | April 30,<br>2022<br>\$ | April 30,<br>2021<br>\$ |
|--|-------------------------|-------------------------|
| Advertising, Promotion and Investor Relations  | 162,456                 | 4,567                   |
| Consulting Fees                                | 28,000                  | -                       |
| Exploration and Evaluation Assets Expenditures | 304,047                 | 74,250                  |
| Insurance                                      | 7,402                   | 7,574                   |
| Management Fees                                | 8,000                   | -                       |
| Office and Administration                      | 163,163                 | 18,284                  |
| Professional Fees                              | 16,000                  | 17,000                  |
| Rent   | 42,000                  | 42,000                  |
| Transfer Agent and Filing Fees                 | 18,982                  | 16,244                  |
|  | <u>750,050</u>          | <u>179,919</u>          |
| Government Exploration Grant                   | (30,000)                | -                       |
| Write-off of Loans and Accounts Payable        | -                       | (34,867)                |
|  | <u>(720,050)</u>        | <u>(145,052)</u>        |

- Advertising, Promotion and Investor Relations – 2022: \$162,456 / 2021: \$4,567 was incurred for advertising and marketing of the Company. The increase in spending occurred for an online marketing program implemented as well as increased fees for IR and advertising services.
- Exploration and Evaluation Assets Expenditures – 2022: \$304,047 / 2021: \$74,250; was incurred on exploration expenditures on Kilometer 26, Porcupine and Nepisiguit properties.
- Consulting Fees – 2022: \$28,000 / 2021: \$Nil; was paid was for strategic planning, as well as corporate and administrative services including project evaluation.
- Management Fees – 2022: \$8,000 / 2021: \$Nil; was paid in consideration of management services provided for day-to-day administration for the Company overseeing regulatory filings and strategic planning, as well as corporate and administrative services including project evaluation.
- Office and Administration – 2022: \$163,163 / 2021: \$18,284; O&A costs in the current year are comprised of administration, accounting, telephone and office supplies. The increase in spending is due to an increase in fees required for these areas of service and ramping up of exploration activities during the year.
- Professional Fees – 2022: \$18,000 / 2021: \$17,000; in the current year are comprised of accrued audit fees and legal costs.
- Regulatory and transfer agent fees - 2022: \$18,982 / 2021: \$16,244; consisted of fees paid to regulatory bodies in Canada in connection with routine filings and filing fees for private placement.



# Fort St James Nickel Corp

MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended April 30, 2022

### Other items

- For the year ended April 30, 2022, the Company received a \$30,000 Government exploration grant for the Nepisiquit property.
- The Company wrote-off a loan and accounts payable that had been sitting on the Company records for a number of years. The loan payable of \$19,500, received in 2016, unsecured, non-interest bearing and with no terms of repayment was written off during the year ended April 30, 2021.

### SUMMARY OF QUARTERLY RESULTS

The following quarterly operating results have been prepared using IFRS:

|                                   | April 30,<br>2022<br>\$ | January 31,<br>2022<br>\$ | October 31,<br>2021<br>\$ | July 31,<br>2021<br>\$ |
|-----------------------------------|-------------------------|---------------------------|---------------------------|------------------------|
| Total Revenue                     | -                       | -                         | -                         | -                      |
| Net Income (Loss)                 | (176,234)               | (330,855)                 | (134,406)                 | (78,555)               |
| Total comprehensive income (loss) | (176,234)               | (330,855)                 | (134,406)                 | (78,555)               |
| Basic and diluted loss per share  | (0.01)                  | (0.02)                    | (0.00)                    | (0.00)                 |

  

|                                   | April 30,<br>2021<br>\$ | January 31,<br>2021<br>\$ | October 31,<br>2020<br>\$ | July 31,<br>2020<br>\$ |
|-----------------------------------|-------------------------|---------------------------|---------------------------|------------------------|
| Total Revenue                     | -                       | -                         | -                         | -                      |
| Net Income (Loss)                 | (68,459)                | (26,781)                  | (22,906)                  | (26,906)               |
| Total comprehensive income (loss) | (68,459)                | (26,781)                  | (22,906)                  | (26,906)               |
| Basic and diluted loss per share  | (0.01)                  | (0.00)                    | (0.00)                    | (0.00)                 |

### FOURTH QUARTER

No significant items or events occurred in the fourth quarter of 2022 that would affect the Company's financial position, cash flows or results of operations. During the fourth quarter, the Company reported a net loss of \$176,234 (2021 - \$68,459). The increase in the quarter, compared to 2021, is attributable to higher advertising and marketing, office and administration, and consulting expenses. In the prior year, the Company also wrote off a loan for \$19,500 plus \$643 and accounts payable for \$14,000 for the three-month period ended April 30, 2021 offsetting overall net losses for the period.

### LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2022 the Company had cash of \$743 and a working capital deficiency of \$671,041. All cash is deposited in interest-accruing accounts.

|                                   | 2022<br>\$ | 2021<br>\$ |
|-----------------------------------|------------|------------|
| Current Assets                    | 15,243     | 3,443      |
| Exploration and Evaluation Assets | 1          | 1          |
| Total Assets                      | 15,244     | 3,444      |
| Total Liabilities                 | 686,284    | 403,004    |
| Shareholders' Deficiency          | (671,040)  | (399,560)  |



## Fort St James Nickel Corp

MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended April 30, 2022

Working Capital Deficiency

(671,041) (399,561)

Cash used in Operating Activities  
Cash provided by Financing Activities  
Change in Cash

|                                       | 2022      | 2021      |
|---------------------------------------|-----------|-----------|
|                                       | \$        | \$        |
| Cash used in Operating Activities     | (313,129) | (109,050) |
| Cash provided by Financing Activities | 312,389   | 105,800   |
| Change in Cash                        | (740)     | (3,250)   |

During the year ended April 30, 2022:

- The Company issued shares for gross proceeds of \$370,400.
- The Company re-paid loans of \$136,181.

The Company proposes to meet any additional financing requirements through equity financing. Raising additional capital may be difficult or not possible. The Company is in the business of exploring its mineral property interests and does not generate any cash from operations. Without the ability to attract additional equity funding the Company:

- Does not have the working capital necessary to fund current operations for the 2022 fiscal year;
- Will not have sufficient funds to complete all planned exploration activities;
- Has additional liquidity risks associated with financial instruments where trading volumes have declined; and
- Has a working capital deficiency, which may result in the Company's inability to meet obligations as they come due.

Future cash requirements will depend primarily on the extent of future exploration programs. Subsequent phases will depend, both on cost and duration, and on results from previous phases, and it is therefore extremely difficult to predict future cash requirements. In order to meet its option payment costs and expenditure requirements on its current properties the Company will need to raise additional financing, loans or proceeds from sale or joint venture of properties.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its unproven mineral interests (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral interests and meet general and administrative expenses beyond one year in the future. There can be no assurance that the Company will be successful in raising their required financing.

The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fully explore its existing properties. Failure to obtain financing could result in delays or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in certain properties. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardized. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

### **TRANSACTIONS WITH RELATED PARTIES**

At the Report Date, key management consists of Barry Brown (CEO, President and a Director of the Company), Nicolette Keith (CFO); Quinn Field-Dyde and Scott Kent (independent, Directors of the Company).

There were no amounts paid or payable for CEO or CFO services for the years ended April 30, 2022 and 2021.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company had no off-balance sheet arrangements.

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## **PROPOSED TRANSACTIONS**

In May 2021, the Company announced it has entered into a letter of intent agreement with a private company to acquire 100% interest in the Nepisiguit Base Metal – Precious Metal Property located within the Bathurst Mining Camp of northern New Brunswick. The term of the agreement grants the Company the exclusive right for 30 days to receive the results of the core assay from the 2020 drill program and to conduct due diligence on certain areas of the Nepisiguit Property. The term of the original agreement has been extended and will expire on December 30, 2022. As at this report date, a definitive agreement has not yet been signed, however, the Company has spent exploration expenditures on this project.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company's discussion and analysis of its financial condition and results of operations, including the discussion on liquidity and capital resources, are based on its financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of financial statements requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management re-evaluates its estimates and judgments, particularly those related to the determination of the impairment of long-lived assets. Management bases its estimates and judgments on historical experience, contractual arrangements and commitments and on various other assumptions that it believes are reasonable in the circumstances. Changes in these estimates and judgments will impact the amounts recognized in the financial statements, and the impact may be material. Management believes significant estimates and assumptions include those related to the recoverability of mineral properties and deferred exploration expenditures, estimated useful lives of capital assets, stock-based compensation, determination as to whether costs are expensed or deferred and asset retirement obligations.

Critical accounting estimates used in the preparation of the financial statements include the assumption that the Company is a going concern, recoverable value of its mineral properties, asset retirement obligations, valuation of stock-based compensation and future income taxes. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

## **GOING CONCERN**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. The Company has not generated revenues from operations. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. The underlying value of the Company's mineral properties is dependent upon the existence and economic recovery of such reserves in the future and the ability of the Company to raise financing to complete the future exploration and development of the properties, including meeting option payment requirements as they fall due.

While the financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast doubt on the validity of that assumption. The Company has not generated revenue from operations. The Company has a net comprehensive loss of \$720,050 for the year ended April 30, 2022, a history of prior year losses and, as of that date the Company's accumulated deficit was \$15,709,395. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations.

Management has taken steps to reduce cash expenditures to a level that will enable operations to continue and minimum mineral property commitments to be met for a minimum of twelve months from the date of these financial statements. There can be no assurance that management's plans will be successful. The financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## **Exploration and Evaluation Expenditure**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in

determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit (loss) in the year the new information becomes available.

### **Title to Mineral Property Interests**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### **Provision for Site Restoration**

Provision for site restoration has been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market condition at the time the rehabilitation cost is actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher than currently provided for. The Company currently has no rehabilitation provisions.

### **Functional Currency**

Management has concluded the functional currency of the Company, being the currency of the primary economic environment in which the Company operates, is the Canadian dollar. In determining the functional currency management considered the currency that revenue will primarily be derived in and the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates.

### **Income Taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

### **Share-based Payment and Warrant Valuation Transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7 of the April 30, 2022 audited financial statements.

The Company measures the cost of equity-settled transactions with non-employees at the fair value of the goods or

services received unless that fair value cannot be estimated reasonably. Estimating fair value for share-based payment transactions with non-employees requires determining the most reasonable estimate of value. The best determination of value will be established by previous cash transactions for similar goods or services provided by the non-employee and as agreed to between the parties. In the absence of such agreement the Company will determine a reasonable estimate of fair value by reference to similar transactions in a similar marketplace. If the parties do not agree on a fair value or the Company cannot otherwise reasonably estimate the fair value the Company measures the goods or services by reference to the fair value of the equity instruments granted.

The Company measures the fair value of warrants determined to be financial instruments at the date they are issued. Estimating fair value for warrants transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value of warrants are disclosed in Note 7 of the April 30, 2022 financial statements.

## **DISCLOSURE AND INTERNAL CONTROL AND RISK FACTORS**

### **Internal Controls and Procedures**

In contrast to the certificate required under National Instrument 52-109 *Certificate of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), the Venture Issuer Basic Certificate 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 this certificate are not making any representation relating to the establishment and maintenance of:

- a. 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
- b. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting policies.

The Company's certifying officers are responsible for ensuring processes are in place to provide them with sufficient knowledge to support the representations they are making in their certification.

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 filing and other reports provided under securities legislation.

### **Risk Factors**

In conducting its business, the Company, like all development-stage mineral exploration companies, faces a variety of risks and uncertainties. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

*Exploration and Development* - Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them and employs experienced consultants to assist in its risk management and to make timely adequate decisions.

*Title Risks* - Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties.

*Fluctuating Metal Prices* - Factors beyond the control of the Company have a direct effect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the

Company's exploration projects and the Company's ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

*Environmental Regulations, Permits and Licenses* - Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

*Competition* - The mineral exploration industry is intensely competitive in all its phases, and the Company competes with some companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

*Future Financings* - The Company's continued operation will be dependent in part upon its ability to generate operating revenues and to procure additional financing. To date, the Company has done so through a combination of: (i) equity financing; (ii) cash payments received as property option payments from third parties; (iii) the sale of junior company shares received as property option payments; and, (iv) profits from the investment in and subsequent sale of junior company shares through its investment portfolio. The current state of global equity markets has had a direct effect on the ability of exploration companies, including the Company, to finance project acquisition and development through the equity markets. There can be no assurance that funds will be generated from the Company's current funding sources or that other forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

*Price Volatility of Publicly Traded Securities* - In recent months global securities markets have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

## **SUBSEQUENT EVENTS AND COVID-19 PANDEMIC**

As of the year ended April 30, 2022, the ongoing coronavirus pandemic, COVID-19, has not had a determinable impact on the Company's ability to access capital and conduct exploration and evaluation activities. However, the ongoing COVID-19 pandemic continues to develop and may impact the Company's ability to raise funding or explore its properties should travel restrictions related to COVID-19 be extended or expanded in scope.

## **CAUTION ON FORWARD-LOOKING INFORMATION**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to the Company that are based on the reasonable beliefs of its management as well as assumptions made by and information currently available to the Fort St. James Nickel Corp. ("Company"). If used in this document, the words "anticipate", "believe", "estimate", "expect", and similar expressions, used in relation to the Company or its management, are statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Important factors are identified in this MD&A. These statements are prepared as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements pertaining to the following:

1. The Company's business plans,
2. The impact of increasing competition,
3. Unpredictable changes to the market prices for minerals,
4. Anticipated results of exploration activities,
5. The Company's ability to obtain additional financing on satisfactory terms, and
6. The Company's future investments and allocation of capital resources.

With respect to the forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

1. Volatility in market prices for minerals,



2. Uncertainty associated with estimating resources,
3. Geological, technical, drilling and processing problems,
4. Incorrect assessments of the value of acquisitions,
5. Unanticipated results of exploration activities,
6. Unpredictable weather conditions, and
7. Unpredictable natural occurrences, such as landslides, volcanic activity, etc.

Any of which may cause our industry's actual results, levels of activity performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

**OUTSTANDING SHARES**

|                   | Number     | Exercise Price | Expiry Date      |
|-------------------|------------|----------------|------------------|
| Common Shares     | 22,748,262 | n/a            | n/a              |
| Stock Options     | 650,000    | 0.50           | April 5, 2023    |
| *Warrants         | 1,502,221  | 0.30           | July 7, 2022     |
| *Warrants         | 200,000    | 0.30           | July 7, 2022     |
| Warrants          | 3,500,000  | 0.12           | October 28, 2024 |
| *Agents' Warrants | 40,000     | 0.30           | July 7, 2022     |

\*Expired subsequent to the year ended April 30, 2022