



Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Three and Nine Months Ended July 31, 2023

(Expressed in Canadian Dollars, unless otherwise noted)

September 25, 2023

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 and nine months ended July 31, 2023 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, 2022 (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, 2022 and 2021, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 2023 and 2022, 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 or through the Company's SEDAR profile available at www.sedarplus.ca, which also includes the Company's Annual Information Form for the year ended October 31, 2022. This Interim MD&A has been prepared as of September 25, 2023.

Caution Regarding Forward-Looking Statements

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

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

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

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

Scientific and Technical Information

Steve Balch, (P.Geo.), Vice President Exploration and Arthur G. Stokreef, P.Eng (ON), Manager of Process Engineering & Geometallurgy, both with the Company and both Qualified Persons as defined by NI 43-101, have reviewed and approved the scientific and technical content contained in this Interim MD&A.

Description of The Business

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

Canada Nickel is engaged in the exploration and discovery of nickel sulphide assets to deliver future supply for the high growth electric vehicle, green energy and stainless steel markets. In 2020, the Company acquired 100 per cent of the Crawford Nickel Sulphide Project (Crawford or the Crawford Project), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. The Company also owns or holds options to own 25 additional nickel targets located near the Crawford Project.

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

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Key Developments - Three Months Ended July 31, 2023 and up to September 25, 2023

The Company's predominant focus in the third quarter of 2023 was the advancement of the Feasibility Study, including the integration of the In-Process Tailings ("IPT") Carbonation process. All engineering to be included in the Feasibility Study has been completed, including engineering related to the IPT Carbonation process. The Feasibility Study is due to be released at the end of September. The overall project construction timeline remains intact with environmental permitting expected mid-2025 and commencement of construction immediately afterwards.

In anticipation of advancing the project towards a construction decision, the Company has appointed several key management positions. Desmond Tranquilla joins the Company as Vice-President Projects. He has been supporting the Crawford Project on a part-time consulting basis through the feasibility study process since September 2021 and possesses hands-on knowledge of the Company's projects. Christian Brousseau, who joined Canada Nickel in 2020, assumes a new role as Vice-President Innovation and Technical Services and will continue to lead the Company's work on IPT Carbonation. Chris Chang joins the Company as Vice-President, Corporate Development, after supporting the Company's Corporate Development activities on a part-time basis since 2022.

Discussions with potential partners for the Crawford Project are ongoing and expected to be completed by the start of 2024. In order to remain well-funded and to continue to advance permitting and detailed engineering activities, Auramet International, Inc. has provided the Company with a US\$12 million bridge facility.

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

Positive Carbon Storage Testing Results to be Incorporated into Integrated Feasibility Study

The Crawford Project is hosted in ultramafic rock, which naturally absorbs and sequesters CO₂. Canada Nickel has developed a simple active process that utilizes tailings as generated in the milling process and injects a concentrated source of CO₂ for a brief period of time. This novel process for accelerated mineral carbonation is called In Process Tailings Carbonation or IPT Carbonation, which fixes CO₂ geologically while the tailings are still in the processing circuit, rather than after they have been finally deposited.

Canada Nickel conducted a series of variability tests to establish the IPT Carbonation Process engineering design criteria and to develop predictive CO₂ storage models. The results exceeded the Company's initial expectations. Testing was done on samples based on its brucite content as well as its location within the deposit with a bias towards material that is expected to be processed in the initial project phases. The results received to date have confirmed the ability to store more than one million tonnes of CO₂ per year when the project is fully ramped up utilizing a process plant design of only 6.5 hours of residence time versus an initial design target of 12-24 hours.

IPT Carbonation, which is an active process, has benefits over passive mineral carbon capture as the method for quantifying and verifying CO₂ capture is expected to be much simpler. Using a standard carbon balance in the mineral processing facility, the CO₂ captured from IPT Carbonation is expected to be quantified before tailings are discharged into the permanent tailings storage facility such that carbon offsets can be quantified in real time as part of a standard metallurgical accounting system. Canada Nickel expects industry standards to be developed for quantifying CO₂ capture through passive methods as well.

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IPT Carbonation is an accelerated method of mineral carbon storage that utilizes a concentrated (rather than atmospheric) source of CO₂. This CO₂ could potentially be delivered by downstream processing of Crawford concentrates, a wide range of industrial processing activities, green hydrogen production, carbon capture facilities, or natural gas power generation. The Company believes that the need for a concentrated source of CO₂ for this process and the substantial CO₂ capture capacity potential of its ultramafic land position could form the basis for an entire zero carbon industrial cluster in the Timmins region.

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

Pilot scale tests to confirm the engineering design for IPT Carbonation were conducted during the summer and are being incorporated into the Feasibility Study. In addition, the Company is exploring its eligibility for tax credits as well as other government funding programs related to the Critical Minerals Strategy that have the potential to improve overall project value.

Development of District Scale Potential

In 2022, the Company acquired 16 new interests in properties and in 2023 acquired one additional property around 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 – large, scalable, and low carbon nickel. Each target has had some historical work confirming that these targets contain the same serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO₂. The properties include:

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

In the third quarter of 2023, the drilling and evaluation program was focused at the Mann Northwest property and Bannockburn property.

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Texmont

The Texmont property provides near-term smaller scale production potential and is highly complementary to the Company's large-scale Crawford and regional nickel sulphide projects. The Company plans to leverage the understanding of the geology at Texmont and additional high-grade areas at Sothman and Bannockburn and applying these learnings to its large regional property package.

The Texmont Property is located 36 kilometres south of Timmins and contains an ultramafic body with a target geophysical footprint approximately 1.2 kilometres long by 150 metres wide. A historic resource estimate of 3.2 million tonnes grading 0.9% nickel was reported (Leigh, 1971)¹. A mine and mill operated on the site from July 1971 to December 1972 at a rated capacity of 500 tons per day. The total amount milled cannot be confirmed as the data and final stope plans are not available. The mine targeted narrow nickel mineralization in excess of 1.0%. Canada Nickel confirmed that this high-grade mineralization is contained within a larger bulk tonnage deposit that extends to surface.

As of March 6, 2023, Canada Nickel drilled a total of 39 holes and 9,726 metres, completing its initial phase to support the development of a mineral resource at Texmont. Of the 39 drill holes, 34 targeted the known mineralization and five targeted a possible north extension. See the Company's news release dated March 6, 2023 for further details. Historic drilling confirms the mineralization pinches out to the south but remains open to the north and at depth. This drilling is expected to be incorporated, along with historic drilling by Fletcher Nickel (which drilled 28,883 metres from 2006-2008) into an initial resource estimate to be released later in 2023. Further details on Texmont historic drilling can be found in the Company's news release dated December 19, 2022.

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

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

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

The Company plans to deliver an initial resource and Preliminary Economic Analysis ("PEA") on Texmont by the end of 2023 as its near-term production potential is highly complementary to the large-scale Crawford and regional nickel sulphide project potential.

With the successful results to date at Texmont, the Company capitalized on the opportunity to acquire regional mining claims, consolidating 20 kilometres of property with the potential to find more Texmont-style deposits. The Company acquired a total of 498 mining claims within the Texmont ultramafic trend through a series of 11 Purchase and Sale Agreements. The Company will issue a total of 504,500 common shares and cash payments totaling \$295,550 in the latter part of the fiscal year. The Company has also agreed,

¹ See Statement Regarding Historical Resource Estimates on the last page of this interim MD&A.

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under ten of the agreements, to grant a 2.0% net smelter returns royalty to the applicable vendors on such claims, with the Company having the exclusive option to repurchase half of each royalty for \$1,000,000 per royalty.

In addition, the Company entered into an option agreement with a group of optionors under which the Company had acquired an option to acquire a 100% interest in 28 single cell mining claims also located in the Texmont ultramafic trend. The agreement provides the issuance by the Company of up to a total of 82,236 common shares and the payment to the optionors of a total of \$20,000 to exercise the option. In the event the option is exercised, the optionors will retain a 2.0% net smelter returns royalty with the Company having the exclusive option to repurchase half of the royalty for \$1,000,000.

Each of the foregoing issuances of common shares are subject to the prior approval of the TSX Venture Exchange, and the shares will be subject to a four-month hold period under Canadian securities laws from the date of the respective issuance.

Sothman

The Sothman property is approximately 1,100 hectares, located 70 kilometres south of Timmins and contains an ultramafic target that measures 2.2 kilometres east-west by 200 metres north-south. Drilling by previous owners in the 1950's and 1970's produced several significant intersections. An unclassified historical resource estimate reported 189,753 tons grading 1.24% nickel (the Sothman West Zone) and is centred 500 metres west of the main sill (the 2.2 km dunite sill is largely untested)². The Sothman West Zone occurs at the north ultramafic contact within a footwall embayment approximately 300 metres wide and open at depth. The limited drilling in 1971 proved the high-grade zone remains open at depth. See previous news release dated November 22, 2021.

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

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

² See Statement Regarding Historical Resource Estimates on the last page of this interim MD&A.

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Midlothian

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

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

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

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

Mann Northwest

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

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

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Progressing with Permitting and Meaningful Engagement with Indigenous Peoples

On January 5, 2023, following rounds of consultation and consideration, the Impact Assessment Agency of Canada (the "Agency") determined that an Impact Assessment would be required for the Crawford Project – a decision that was expected and already considered in Crawford's permitting timeline. On March 31, 2023 the Agency officially published the Notice of Commencement of the Impact Assessment for the Crawford Nickel Project. The Company is targeting receipt of key federal and provincial permits by mid-2025.

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

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

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

Corporate

Financings

The Company closed a US\$12 million secured loan facility with Auramet International, Inc. on September 18, 2023. The loan is due December 18, 2023 and carries an interest rate of 1.00% per month payable in arrears. The Company paid an arrangement fee equal to 2.3% of the loan amount and issued 550,000 one-year warrants with a strike price of \$1.24 per common share. The loan is subject to certain positive and negative covenants that are customary for a transaction of this nature. The warrants and the underlying shares will be subject to a four month hold period under applicable Canadian securities laws.

The Company will have the option to extend the loan for a further three-month period to March 18, 2024. From the date of extension, the interest rate would increase to 15% per annum monthly payable in arrears on the unpaid balance, an additional arrangement fee equal to 2 percent of the outstanding loan amount would be payable and the Company would issue an additional 550,000 common share purchase warrants.

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2023 Outlook

Feasibility Study

The feasibility study is largely complete and is expected to be released shortly. Pilot scale and additional variability testing of the IPT Carbonation Process was successfully completed in summer 2023 using tailings produced from the metallurgical pilot plant in 2022. The IPT Carbonation process was incorporated into the feasibility study design basis including layout, mechanical equipment listing and associated capital and operating costs.

Exploration

Exploration efforts will focus outside of Crawford on the newly acquired properties to highlight the exploration potential of each of the properties and highlight the district-scale potential of the consolidated land package. Drilling will continue at targets that have shown promise for a large nickel resource and will focus on potential multi-deposit discoveries and district scale potential. Additional airborne surveys will be conducted on selected properties to develop targets for a follow-up drill program across the regional properties.

Canada Nickel has made significant progress on the baseline and technical studies required to support the permitting of an advanced exploration project, planned in early 2024 for delivery of a sample of ore in an amount of at least 100 tonnes by Canada Nickel to Anglo American as part of the Material Transfer and Technology Testing Agreement to support their engineering studies. Consultation with Indigenous groups and permit application will be completed during the last part of 2023 in order to obtain all required permits by early 2024.

Metallurgy and carbon sequestration

At Texmont, Canada Nickel is working to finalize the metallurgical flowsheet by conducting locked cycle and metallurgical variability tests. Recovery equations will be developed and used to support mine planning and flowsheet design efforts to be incorporated into a PEA expected by year-end 2023.

Environmental, Social Impact Assessment and Sustainability

Due to the nature and size of the Crawford Project, the Company needs to proceed as expected with both the federal and provincial Impact Assessment Processes. As part of the Impact Assessment process, the Company will be actively working on completing a comprehensive impact statement using the data collected as part of the ongoing baseline data acquisition initiated in March 2021. The impact statement will be submitted in the first half of 2024. In addition to the ongoing baseline studies, a country food survey is planned for the summer and fall of 2023 using the information provided by the Traditional Knowledge and Land Use studies performed by the partnering Indigenous groups. The Company will also begin working on fish and fish habitat compensation strategies.

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

In regards with advanced exploration for the Crawford Project, the company is actively pursuing the permitting process required to perform a bulk sample in the winter of 2024. The company is presently engaging with Indigenous groups in order to integrate their input and potential concerns regarding the project's design, management, and closure.

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Review of Operations for the Three and Nine Months Ended July 31, 2023

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

	For the three months ended July 31		For the nine months ended July 31	
<i>(Canadian dollars)</i>	2023	2022	2023	2022
	\$	\$	\$	\$
Expenses				
Salaries	411,799	149,861	1,131,774	677,968
General and administrative costs	92,210	145,857	479,638	705,555
Professional fees	180,373	374,488	866,720	730,750
Consulting and advisory	447,486	281,208	1,057,962	966,732
Promotion and communication	62,556	125,399	231,882	352,614
Investor relations and marketing	154,921	32,787	380,017	173,047
Share-based compensation	1,091,728	1,290,422	3,697,331	3,346,571
Travel and other			266,158	
	64,536	199,828		253,455
Transaction costs and interest expense	-	-	1,291,891	807,234
	2,505,609	2,599,850	9,403,373	8,013,926
Flow-through share premium	(940,966)	(3,500,000)	(2,045,511)	(4,459,399)
Net loss (income) before tax	1,564,643	(900,150)	7,357,862	3,554,527
Income tax expense (recovery)	(344,260)	-	3,625,470	-
Net loss (income)	1,220,383	(900,150)	10,983,332	3,554,527
Weighted average shares outstanding	140,149,544	111,622,072	127,809,273	100,572,518
Loss (income) per share	\$0.01	\$(0.01)	\$0.09	\$0.05

Salaries

In the third quarter of 2023, salaries have increased between years reflecting a small increase in headcount, but mostly due to executives receiving a larger amount of their compensation paid in cash (effective January 1, 2023), rather than restricted share units ("RSUs") due to limits at the start of year on RSUs available as part of the Company's compensation plan. Compensation paid with RSUs are reflected in share-based compensation expense. In addition, in the third quarter of 2022 there was a cumulative re-allocation of salaries to exploration and evaluation assets of approximately \$200,000. For the year to July 2023, compensation paid in cash rather than RSUs increased salaries by approximately \$120,000. The remaining increase from prior year is due to headcount increases and market adjustments to base salaries.

General and administrative costs

General and administrative costs include general office expenses plus costs in relation to corporate governance requirements, filing and listing fees, and insurance. The decrease in 2023 compared to 2022 reflects a reduction in filing fees paid to the TSX-V in relation to approvals required for the property acquisitions in 2022.

Professional fees

Professional fees include legal, accounting and audit related fees, which have decreased in the third quarter of 2023 compared to the same period in 2022 largely due to timing of expenses being incurred. On a year-to-date basis professional fees have increased between periods largely due to additional costs for subscriptions for nickel and market related research.

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Consulting and advisory

Fees incurred are with respect to strategic consulting in the areas of media, business development and financing. Costs are consistent on a year-to-date basis and higher in the current quarter reflecting on-going advisory with respect to various financing initiatives.

Promotion and communication

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

Investor relations and marketing

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

Share-based compensation

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

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

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

Income tax expense

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

Spending in relation to exploration and advancement of Crawford and regional exploration are included as *Exploration and evaluation assets* capitalized on the consolidated statements of financial position.

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Liquidity and Financial Condition

Cash flows

A summary of the Company's cash flow for the three and nine months ended July 31, 2023 and 2022 are as follows:

(Canadian dollars)	For the three months ended July 31		For the nine months ended July 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash used in operating activities:				
Before working capital changes	(1,282,600)	(1,303,980)	(4,159,409)	(3,854,673)
Working capital changes	66,162	(1,164,367)	486,283	92,088
	(1,216,438)	(2,468,347)	(3,673,126)	(3,762,585)
Cash used in investing activities:				
Exploration and evaluation expenditures	(6,400,581)	(12,557,327)	(32,190,865)	(38,587,929)
Purchase of equipment	(31,377)	(18,799)	(97,731)	(111,796)
	(6,431,958)	(12,576,126)	(32,288,596)	(38,699,725)
Cash provided from (used for) financing activities:				
Proceeds from share issuance, net of transaction costs	-	-	44,567,152	48,242,253
Proceeds from loan, net of issuance costs	-	-	-	12,302,085
Repayment of loan plus related interest	-	-	(14,513,872)	(12,826,178)
Proceeds from exercise of warrants and stock options	436,459	43,504	459,193	168,882
	436,459	43,504	30,512,473	47,887,042
Change in cash and cash equivalents	(7,211,937)	(15,000,970)	(5,449,249)	5,424,732
Opening cash and cash equivalents	14,772,624	23,760,345	13,009,936	3,334,643
Closing cash and cash equivalents	7,560,687	8,759,375	7,560,687	8,759,375

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. The changes in working capital largely reflect the timing of harmonized sales tax (HST) refunds. At the end of July, 2023 the Company is owed \$0.7 million in HST refunds.

Cash used in investing activities

Exploration and evaluation expenditures

Exploration and evaluation expenditures include costs related to exploration at Crawford and its regional properties, feasibility study and permitting. Approximately \$12 million was spent in relation to feasibility study work for the nine months ended July 31, 2023 and \$21 million for the same period in 2022 (\$2 million for the third quarter 2023 and \$6 million for third quarter 2022). Approximately \$14 million was spent on regional and Crawford exploration for the nine months ended July 31, 2023 and \$14 million for the same period in 2022 (\$3 million for the third quarter 2023 and \$6 million for the third quarter 2022).

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Acquisition of properties

Fiscal year 2022:

On December 17, 2021, the Company acquired from Noble, the five properties it previously had options for (Crawford-Nesbitt-Aubin, Nesbitt North, Aubin-Mahaffy, Kingsmill-Aubin, and MacDiarmid) and the option it held for additional claims adjacent to the original MacDiarmid property (the MacDiarmid Option) (together the "Transaction") plus additional claims held by Noble. Under the terms of the Transaction, the option agreements with Noble were terminated and Canada Nickel acquired 100% of the optioned claims and other interests in return for 3.5 million of the Company's common shares. The Transaction also provides Canada Nickel with the right to re-purchase 1% (half) of the 2% royalty held by Noble in respect of certain properties for a re-purchase price of \$1.5 million per property if re-purchased during the one-year period after closing, increasing to \$2.5 million per property if re-purchased during the second year after closing. As a result of this transaction, the Company owns 100% of the following six properties – Crawford/Nesbitt/Aubin, Nesbitt North, Aubin/Mahaffy, Kingsmill/Aubin, MacDiarmid and Bradburn/Dargavel.

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

Under the 2022 Agreements, Canada Nickel agreed to issue the shares and pay the cash listed in the table below and in most agreements has agreed that each of the sellers will retain a net smelter royalty ("NSR") that ranges between 1% and 2%, with Canada Nickel having the right to re-purchase 50% of the royalty for \$500,000 (with respect to a 1% NSR) or \$1 million (with respect to a 2% NSR).

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

	Cash	Shares
	\$	#
Paid and issued 2022	797,000	5,012,000
Paid and issued Q1 and Q2 2023	215,000	365,000
Paid and issued Q3 2023	225,000	636,000
	1,237,000	6,013,000
<i>Remaining payments:</i>		
Fiscal year 2024	300,000	220,000
Fiscal years 2025 and 2026	700,000	245,000
	1,000,000	465,000

In addition, under the 2022 Agreements there are commitments to fund exploration expenditures of at least \$2.4 million in fiscal years 2022 and 2023 (all of which has been spent as of April 30, 2023) and \$3.7 million in fiscal years 2025 and 2026 on certain properties to earn-in.

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The above table includes two significant option agreements:

The Midlothian Property was acquired under an Option Agreement with Canadian Gold Miner Corp. (70% interest) and Laurion Mineral Exploration Inc. (30% interest), collectively the vendors. Under the terms of the agreement, Canada Nickel can earn a 100% interest in the property through cash and share payments and a commitment to \$500,000 of exploration expenditures within the first twelve months of the agreement (by February 2023 and has been spent). On or before the fourth anniversary (February 2026), Canada Nickel will complete an exploration program having a cumulative value of \$2.5 million (including the first-year expenditures of \$0.5 million). Cash and share payments paid in 2022 (on acquisition) were \$50,000 and 100,000 respectively. In subsequent years payments are \$100,000 and 35,000 common shares (paid in May 2023), \$200,000 and 70,000 common shares (February 2024), \$300,000 and 105,000 common shares (November 2023) and \$400,000 and 140,000 common shares (November 2025) for total cash payments of \$1,050,000 and share issuances of 450,000. The vendors will retain an NSR of 4% for gold and 2% for nickel with a commercial production payment of \$4.0 million. Canada Nickel will retain a 1% NSR buy-back right for aggregate payments of \$2.5 million. The Option Agreement includes clauses for acceleration of the exploration program and payment in lieu of exploration expenditures.

An agreement with Noble to earn-in and acquire up to an 80% interest in approximately 625 single cell mining claims (the "Claims") in Mann, Hanna, Duff and Reaume Townships (the "Noble Option Agreement") and to acquire 198 mineral rights only patented properties in Kingsmill and Mabee Townships. The Noble Option Agreement required an initial payment to Noble of \$100,000 and 250,000 Common Shares, a payment in July 2022 of \$100,000 and a payment in July 2023 of \$100,000 (all payments included in the table above and paid in 2022 and 2023), a further payment to Noble of \$350,000, or at Noble's option the issuance to Noble of 150,000 common shares of Canada Nickel in lieu of that cash payment in early 2024, and a further \$100,000 in July 2024. These payments along with incurring at least \$500,000 of exploration expenditures on the properties by approximately December 31, 2022 (completed) would provide Canada Nickel the right to acquire a 60% interest in the Claims. After earning that 60% interest, Canada Nickel would have the option to increase its interest in the claims to 80% by incurring additional exploration expenditures of at least \$1,200,000 on the properties by approximately July 15, 2025. In addition, Noble will retain a 2% net smelter return royalty on the 304 staked claims that are subject to the Option Agreement (subject to Canada Nickel having the right to purchase 50% of that royalty for a payment of \$1,000,000). Noble will also retain the right to purchase up to 25% of the 2% royalty held by third parties on other parts of the claims that are subject to the Option Agreement (with Canada Nickel having the right to purchase another 25% of those royalties).

Fiscal Year 2023:

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

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

	\$
Exploration and evaluation assets	5,250,000
Asset retirement obligation	(1,130,000)
Proceeds for acquisition	4,120,000

In addition, in March 2023, the Company entered into a property option agreement with a group of vendors under which the Company acquired an option to earn a 100% interest in 170 single cell mining claims and 23 boundary cell mining claims located in the Timmins area. The agreement provides for certain annual expenditure commitments by the Company, the issuance by the Company of up to a total of 100,000 common shares, and the payment to the vendors of a total of \$90,000 over the option term to exercise the option. In March, the Company paid \$29,858 and issued 20,314 common shares. The vendors will retain a 2.00% NSR with a 1.00% buy-back provision to the Company for \$1.0 million.

The Company, in the second quarter of 2023, made payments on other option agreements totalling \$360,000 and issuing 5,000 shares and in the third quarter of 2023 paid \$150,000. Excluding the 2022 Agreements, the Company has additional obligations under other option agreements (including the March 2023 option agreement described above), as follows:

	Cash	Shares
	\$	#
Fiscal year 2024	235,000	40,000
Fiscal years 2025 and 2026	700,000	50,000
	935,000	90,000

In addition, under these other option agreements there are commitments to fund exploration expenditures of at least \$100,000 in fiscal year 2023 and \$750,000 in fiscal years 2024 and 2025 on certain of the properties to earn-in.

The Company acquired an additional 498 mining claims within the Texmont ultramafic trend through a series of 11 Purchase and Sale Agreements. The Company will issue a total of 504,500 common shares and cash payments totaling \$295,550 in the latter part of the fiscal year. The Company has also agreed, under ten of the agreements, to grant a 2.0% net smelter returns royalty to the applicable vendors on such claims, with the Company having the exclusive option to repurchase half of each royalty for \$1,000,000 per royalty.

The Company also entered into an option agreement with a group of optionors under which the Company had acquired an option to acquire a 100% interest in 28 single cell mining claims also located in the Texmont ultramafic trend. The agreement provides the issuance by the Company of up to a total of 82,236 common shares and the payment to the optionors of a total of \$20,000 to exercise the option. In the event the option is exercised, the optionors will retain a 2.0% net smelter returns royalty with the Company having the exclusive option to repurchase half of the royalty for \$1,000,000.

Each of the foregoing issuances of common shares are subject to the prior approval of the TSX Venture Exchange, and the shares will be subject to a four-month hold period under Canadian securities laws from the date of the respective issuance.

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Cash provided from (used for) financing activities

Short-term loan facilities:

On January 5, 2022, the Company closed a secured loan facility with Auramet International LLC ("Auramet LLC") for US\$10 million. The loan was repaid on its maturity of April 5, 2022. Interest expense of \$384,662 accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears and was repaid on April 5, 2022.

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

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

The Company paid an arrangement fee equal to 2 percent of the loan amount (\$309,240) and issued 325,000 common share purchase warrants ("Auramet Inc. 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.

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 entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.94 per share until January 18, 2024.

A summary of the transaction costs and interest expense related to the short-term loan facilities for the nine months ended July 31, 2023 and 2022 are as follows:

	Nine months ended July 31 2022	Nine months ended July 31 2023
	\$	\$
Arrangement fee	286,315	558,971
Warrant cost	283,140	70,000
Interest expense	384,662	621,113
Foreign exchange	(146,883)	41,807
Transaction costs and interest expense	807,234	1,291,891

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Share Issuances:

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

On February 8, 2023, the Company entered into a Subscription and Investor Rights agreement with Anglo American Marketing Limited ("Anglo American") to make a \$24.4 million investment in Canada Nickel at a price of \$1.95 per Common Share, a 10% premium to the 30-day volume weighted average price. Upon completion of the private placement Anglo American will own 9.9% of the Company's issued and outstanding Common Shares on a non-diluted basis. The agreement contains customary investor rights, including Anglo American's pro rata right in any future issuance of Common Shares or any securities that are or may become convertible, exchangeable or exercisable into Common Shares to maintain its shareholding as long as they hold 7.5% or more of the issued and outstanding shares of the Company.

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

- (a) 7,462,500 common shares of the Company (each, a "Common Share") at a price of \$1.77 per Common Share; and
- (b) 1,748,300 common shares of the Company to be issued as "flow-through shares" within the meaning of the Income Tax Act (Canada) (the "Tax Act") (each, a "FT Share", and together with the Common Shares, the "Offered Securities") at a price of \$2.86 per FT Share.

In addition, the Company provided Anglo American with the right to concurrently subscribe for Common Shares in order to maintain a 9.9% interest (which interest Anglo American would acquire on the closing of the Subscription and Investor Rights agreement) on a non-brokered private placement basis for aggregate gross proceeds to the Company of \$1.8 million (the "Concurrent Private Placement" and together with the Public Offering, the "Offering").

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

An amount equal to the gross proceeds from the issuance of the FT Shares will be used to incur eligible resource exploration expenses which will qualify as (i) "Canadian exploration expenses" (as defined in the Tax Act), and (ii) "flow-through critical mineral mining expenditures" (as defined in subsection 127(9) of the Tax Act) (collectively, the "Qualifying Expenditures"). Qualifying

Expenditures in an aggregate amount equal to the gross proceeds raised from the issuance of the FT Shares will be renounced to the initial purchasers of the FT Shares with an effective date no later than December 31, 2023. The flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of \$2,045,511 and has an obligation to incur \$5,000,138 in eligible Canadian exploration expenditures ("CEE") by December 31, 2023.

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

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

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

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

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

Use of Proceeds millions	Estimated Amount to Spend	Amount Spent to July 31
	\$	\$
Complete feasibility study incorporating additional value-added initiative, including carbon sequestration	8.0	4.3
Planning, permitting and bulk sampling at Crawford	3.0	0.2
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	2.5
General corporate and working capital requirements	8.1	7.0
	30.1	20.0

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

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

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

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

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

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

Other offerings (pre April 2022) - Since the Company was incorporated it has received all its funding through a series of private and brokered equity placements. From November 2019 to July 2021, the Company received \$24.9 million in net proceeds from the sale of flow-through shares and \$10.6 million from the sale of common shares of Canada Nickel. The proceeds have been used to advance the Crawford Project, including Canadian exploration expenses, such as drilling and resource definition, completion of the preliminary economic analysis, the start of the feasibility study and for general corporate purposes.

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Commitments and contingencies

At July 31, 2023, the Company has \$2.6 million (October 31, 2022 - \$9.5 million) in payables owing with respect to exploration and evaluation assets, has a \$1.1 million obligation with respect to asset retirement costs, and has lease obligations of \$107,606 related to fiscal 2023 and \$239,196 for fiscal years 2024 to 2027. Commitments on option properties are described in *Acquisition of properties* above.

Canada Nickel entered into agreements with the Matachewan and Mattagami First Nations, Taykwa Tagamou Nation and Apitipi Anicinapek Nation in relation to exploration and development operations at Crawford. The agreements establish a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the First Nations located in the Crawford Project area. The agreement also provides the communities with an opportunity to participate in the benefits of the Crawford Project through business opportunities, employment and training, financial compensation and consultation on environmental matters. Financial compensation includes a commitment to pay a specified percentage of the annual expenses related to the Company's exploration program and a three-year commitment of approximately \$1.6 million for specific impact assessment programs.

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

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

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Financial Condition

The application of the going concern concept assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital balance of \$4,196,729 at July 31, 2023, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$25,973,787. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

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

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

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

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

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

On September 18, 2023, the Company closed a short-term loan facility with Auramet Inc., receiving proceeds of US\$12 million. These funds will allow the Company to continue to advance its permitting and detailed engineering activities while it continues to source other sources of funding. The Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

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

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Review of the Last Eight Quarters

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>	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries	238,965	254,845	273,262	149,861	266,592	333,919	386,056	411,799
General and administrative costs	93,568	242,497	317,201	145,857	107,189	176,888	210,540	92,210
Professional fees	226,103	111,915	244,347	374,488	(38,978)	206,856	479,491	180,373
Consulting and advisory	245,085	230,301	455,223	281,208	188,171	254,282	356,194	447,486
Promotion and communication	193,882	128,658	98,557	125,399	129,563	106,670	62,656	62,556
Investor relations and marketing	19,463	76,980	63,280	32,787	101,253	104,609	120,487	154,921
Share-based compensation	547,385	1,001,748	1,054,401	1,290,422	1,265,781	1,258,017	1,347,586	1,091,728
Travel and other	117,113	4,901	48,726	199,828	62,602	99,373	102,249	64,536
Transaction costs and interest expense	-	439,654	367,580	-	183,720	679,583	612,308	-
	1,681,564	2,491,499	2,922,577	2,599,850	2,265,893	3,220,197	3,677,567	2,505,609
Flow-through share premium	(1,186,921)	(959,399)	-	(3,500,000)	(2,442,672)	-	(1,104,545)	(940,966)
Net loss (income) before tax	494,643	1,532,100	2,922,577	(900,150)	(176,779)	3,220,197	2,573,022	1,564,643
Income tax expense (recovery)	-	-	-	-	2,157,332	4,602,700	(632,970)	(344,260)
Net loss (income)	494,643	1,532,100	2,922,577	(900,150)	1,980,553	7,822,897	1,940,052	1,220,383
Weighted average shares outstanding	88,296,658	91,160,063	98,824,056	111,622,072	113,063,729	113,332,644	130,017,641	140,149,544
Net loss (income) per share	\$0.01	\$0.02	\$0.03	\$(0.01)	\$0.02	\$0.07	\$0.01	\$0.01

The Company started operating activity in October 2019. Financial information is presented for the last eight quarters to demonstrate the trends. Accounting principles have been applied consistently amongst the periods.

Salaries - have been consistent over the past eight quarters with headcount increasing slightly during the first quarter of 2023. The second quarter of 2023 saw an increase in salaries mostly due to executives receiving a larger amount of their compensation paid in cash (effective January 1, 2023), rather than RSUs. The expenses in the third quarter of 2022 are lower than previous quarters reflecting a cumulative re-allocation of 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 third and fourth quarters of 2022 represent typical operating expenses. Costs in the second quarter of 2022 are higher than the trend because of additional filing fees of approximately \$150,000 paid to the TSX-V in relation to approvals required for the property acquisitions made during the same period.

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. 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 - Cost increased in the second quarter of 2022 with the addition of additional advisory in the areas of corporate development and by the third quarter and fourth quarters of 2022 are more representative of normal business practice.

Promotion and communication - The fourth quarter of 2021 includes additional expenses related to newswire distribution.

Investor relations and marketing – is stable between periods with a small boost in conference attendance in the fourth quarter of 2022 resulting in increased costs for that quarter.

Share-based compensation - Share-based compensation tends to fluctuate depending on timing and vesting of grants. The 2022 larger annual grant of stock options and RSUs was in March of 2022 resulting in the expense increasing for the third and fourth quarters of 2022.

Travel and other - The third and fourth quarters of 2022 see a rise in travel expenses with the opening of travel for conferences, investor meeting and other development opportunities.

Transaction costs and interest expense – These costs are directly attributable to the receipt of proceeds from the 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 quarter over quarter 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. Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

A summary of the related party transactions are as follows:

	For the three months ended July 31		For the nine months ended July 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
Management and directors' fees	497,905	280,445	1,083,534	768,268
Share-based compensation	950,213	1,056,372	3,305,840	2,594,673
Geological services	172,498	-	296,136	-

These transactions are in the normal course of operations and have been valued in these condensed interim consolidated financial statements at the amount of consideration established and agreed to by the related parties. At October 31, 2022 \$188,960 was payable to Balch Exploration Consulting Inc. related to geological services provided by Canada Nickel's Vice President, Exploration (nil at July 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 \$157,236,473 as at July 31, 2023.

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Financial Instruments

Fair values

At July 31, 2023, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, 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 July 31, 2023, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

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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 Interim MD&A, September 25, 2023, the Company had 141,797,144 common shares issued and outstanding, 1,075,000 warrants outstanding, 7,035,901 stock options outstanding and 4,373,159 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.

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

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as well as global economic and base mineral price volatility.

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

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the Risk section in the Company's Annual Information for the fiscal year ended October 31, 2022, available on SEDAR at www.sedar.com.

Statement Regarding Historical Resource Estimates

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

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