



Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Three and Nine Months Ended July 31, 2024

(Expressed in Canadian Dollars, unless otherwise noted)

September 27, 2024

Canada Nickel Company Inc.
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Introduction

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

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

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

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

This Interim MD&A has been prepared with reference to the MD&A disclosure requirements established under National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) of the Canadian Securities Administrators. Additional information regarding Canada Nickel is available on its website at www.canadanickel.com 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, 2023. This Interim MD&A has been prepared as of September 27, 2024.

Caution Regarding Forward-Looking Statements

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

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Forward looking information includes, but is not limited to, the potential of Crawford ; potential size of carbon storage facilities and ability to be a net negative or net zero carbon footprint, timing and results of economic studies, including the bankable feasibility study; mineral resource estimates and mineral reserve estimates; ability to realize on projected economic estimates, including EBITDA, NPV, IRR, all-in sustaining costs, free cash flow and C1 cash costs; scale, capital costs, operating costs and life of mine projections; potential to commercialize the IPT Carbonation process; timing of receipt of permits and commencement of construction and initial production; eligibility for Canadian federal refundable tax credits; the ability to sell marketable materials; strategic plans, including future exploration and development results; and corporate and technical objectives. Readers should not place undue reliance on forward-looking statements.

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

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

Scientific and Technical Information

Stephen Balch, (P.Geo.), Vice President Exploration of Canada Nickel, a Qualified Person as defined by NI 43-101, has reviewed and approved the scientific and technical content contained in this Interim MD&A. Arthur G. Stokreef, P.Eng (ON), Manager of Process Engineering & Geometallurgy and a "qualified person" as such term is defined by National Instrument 43-101, has reviewed and approved the technical information in this news release on behalf of Canada Nickel.

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 and alloy markets. In 2020, the Company acquired 100 per cent of the Crawford Nickel Sulphide Project (Crawford or the Crawford Project), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. The Company also owns or holds options to own 25 additional nickel targets located near the Crawford Project.

On July 21, 2020, the Company incorporated a wholly-owned subsidiary, NetZero Metals Inc. ("NetZero Metals") under the laws of the Province of Ontario. NetZero Metals is intended to develop a downstream nickel processing facility and a stainless steel and alloy facility in the Timmins region. On November 3, 2022, the Company incorporated a wholly-owned subsidiary, Central Timmins Nickel Company Inc.; also incorporated under the laws of the Province of Ontario. Central Timmins Nickel Company Inc. holds the

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interest in the Texmont property. On July 11, 2024, the Company incorporated NetZero Royalty Inc. a wholly owned subsidiary incorporated under the laws of the Province of Ontario.

Key Developments – Three Months Ended July 31, 2024 and up to September 27, 2024

Advancing Crawford to a Construction Decision

The Company continued to prepare for the construction of the Crawford Project, anticipated in 2025 pending federal permit approvals. The momentum in the third quarter of 2024 was significant with progression on the permitting, engineering and financing fronts.

Crawford's federal impact assessment process is well under way with the intention to complete and submit the Environment Impact Assessment by October 2024. This is a critical milestone and its achievement will help ensure the Company has permits in place for the 2025 construction decision. The Company is also pursuing the Provincial Class Environmental Assessments (Class EAs) process required for the Crawford Project. This process was initiated in early 2024.

A geotechnical soils field program was completed during the winter months of 2024 which allowed the Crawford project team to kick off the Front-End Engineering Design (FEED) study in April 2024 led by its long-term engineering partner Ausenco Engineering Canada ULC ("Ausenco") and supported by a number of engineering firms from the project's feasibility study who are carrying their engineering forward.

The FEED study, currently in execution and nearing completion, is the next phase of project development. At the end of FEED there will be an update of both capital expenditures and operating expenditures for the Crawford Project as well as a detailed listing of long lead items requiring the next stage of procurement to secure the currently defined construction completion date of late 2027. All engineering fronts will be readied for the full detailed phase once the FEED program is closed out. FEED activities are being supported by key-data collected during the 2024 winter geotechnical program, which included focused surface soils evaluation and physical pile installation and testing. This program was focused on continuing to de-risk the project and acquiring sufficient data to allow for detailed design in support of construction commencement once the formal construction decision has been made.

In tandem with the engineering progression, the Company continued to optimize the potential of Crawford through the addition of a PGM (platinum group metals) resource and additional metallurgical testwork focused around the East Zone.

The Company concluded a successful infill drilling campaign that targeted PGM zones along the Crawford Main and East Zone boundaries and within the existing mine plan outlined in the Crawford Nickel Project feasibility study. In 2024, a total of 31 holes were completed - 23 holes were drilled in the East Zone, and 8 new holes were drilled in the Main Zone to target the PGM zones. These zones are of interest as they reside within the boundaries of the proposed Crawford open pit and, as a resource had not been previously defined for the PGM zone, but rather were treated as waste in the feasibility study. The purpose of the 2024 drill program was to provide sufficient infill drilling to produce a resource estimate on the PGM zones. Canada Nickel successfully intersected mineralized peridotite/pyroxenite in 28 of the 31 holes drilled. PGM results will be included in development of a Crawford PGM zone resource estimate and incorporated into the Crawford nickel mine plan. Further details can be found in the Canada Nickel news release dated July 31, 2024.

A metallurgical variability program was initiated at the start of 2024 in order to increase confidence in the recovery and concentrate quality estimates and evaluate optimization opportunities for the East Zone. To the date of this Interim MD&A, 10 open circuit tests and one locked cycle test have been completed on

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samples from the East Zone which are indicating potential for improvements in the East Zone nickel recovery equations.

The locked cycle test was completed on a composite of samples taken from the feasibility study East Zone starter pit. The composite had a head grade of 0.29% nickel, 0.04% sulphur, 5.1% iron and contained heazlewoodite-awaruite style mineralization. The composite delivered a total nickel recovery of 47% which exceeded the modelled recovery target by 4 percentage points. The composite also confirmed the potential for high grade concentrate production as the nickel sulphide concentrate product graded 60% nickel. The magnetic recovery circuit also performed well as the iron recovery fell within 1 percentage point of the modelled recovery and the chromium recovery exceeded the modelled recovery by 3 percentage points and the concentrate grade target was achieved.

In addition to this locked cycle test result, 10 open circuit variability tests on samples from the East Zone were successfully completed. Of the initial 10 new samples that have been tested in 2024, eight of the samples exceeded the modelled total nickel recovery. The average difference between achieved and modelled recoveries for the 10 samples was 28% higher or 10 percentage points above modelled. Nickel and FeNiCr concentrate grades were in line with expectations and consistent with feasibility study models. Metallurgical testing on additional samples from the East Zone will continue through the remainder of 2024.

The Company has been engaged in discussions with a number of strategic and industry participants over the past two years. Deutsche Bank Securities Inc ("Deutsche Bank") and Scotiabank were retained in December 2022 as financial advisors for the equity component of the project financing for the Crawford Project. Both banks are jointly assisting the Company with the evaluation of strategic and financial alternatives for the equity portion of the project financing and Cutfield Freeman & Co are advising on the debt portion of the project financing.

An important milestone towards securing a financing package for Crawford was achieved when on August 30, 2024 Canada Nickel received a Letter of Interest ("LOI") from Export Development Canada ("EDC") stating its interest in providing long term debt financing of up to US\$500 million of project debt, as Mandated Lead Arranger, for development of the Crawford Project. EDC could consider a debt tenor of up to eighteen years, subject to certain conditions. EDC's participation in the Project financing is subject to the successful completion of its rigorous due diligence process.

Further, on September 11, 2024, the Company received a support letter from a leading financial institution stating its interest in providing long term debt financing of up to C\$500 million (approximately US\$370 million) of project debt, for development of the Crawford Project. Terms and conditions (including pricing) will be subject to further due diligence and discussions with lenders, lenders advisors and Canada Nickel and its financial advisors.

Combined, these letters of interest amount to approximately US\$870 million of senior debt – a substantial portion of the Company's intended senior debt target. Further combined with the refundable critical minerals and carbon capture and storage tax credits in excess of US\$600 million that the Company expects to qualify for the initial phase of Crawford's development, the Company is well positioned with our financial advisors Deutsche Bank, Scotiabank and Cutfield Freeman to secure the remaining project funding required to begin construction when permits are received, which is expected to be by mid 2025.

The Company is targeting the end of 2024 to complete the equity portion of the financing. In order to remain well funded and to continue to advance permitting, engineering, and financing activities, the Company entered into a six-month US\$15 million loan facility with Auramet International, Inc. on July 9, 2024. Refer to *Short-term loan facilities* found later in this interim MD&A.

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Downstream Nickel and Stainless-steel Processing Facility

In February 2024, Canada Nickel announced its intention, through its wholly owned subsidiary, NetZero Metals, to develop two processing facilities in the Timmins Nickel District: a nickel processing facility and stainless-steel and alloy production facility. These initiatives are expected to represent an important economic development for the Timmins Nickel District and provide significant additional capacity to fill an important link in the development of North American critical minerals supply chains and the province's electric vehicle strategy. The downstream processing facilities are being designed to treat the concentrates produced from the Crawford Nickel Project as well as third party feeds with the goal of producing low or potentially zero carbon nickel, stainless steel and alloy products. NetZero Metals plans to utilize the CO₂ sequestration capacity of the Crawford Project as well as biochar based reductants as key methods of decarbonization.

The key engineering contracts for design of the facilities have been awarded to SMS group, Metso and Ausenco. Engineering studies and financing efforts continued to progress through the quarter and the Company is aiming to complete feasibility studies for each of the proposed plants in early 2025.

To support the advancement of the downstream processing facilities, the Company has appointed an Advisory Board and a Vice-President Business Development for NetZero Metals. The Advisory Board will include Dr. Ulrich Albrecht Frueh, Boyd Davis, Christian Hempel, and Tony Warner. These industry experts bring a wealth of experience in the nickel, stainless and alloy steel sectors. Scott Lauschke joins the team as Vice-President Business Development. His extensive experience in the stainless and alloy steel market complements Canada Nickel's nickel industry experience.

Unlocking Timmins Nickel District Exploration Potential

The Company has properties surrounding the Crawford Nickel Project, which are segmented into three regional areas, defined as:

- **Timmins South** – Sothman, Deloro, Texmont, Midlothian, Powell, Van Hise, Bannockburn
- **Timmins East** – Stimson, Mortimer, Moody, McCool, Galna, Mann (North, West, Central and South), Newmarket, Reaume
- **Timmins Central** – Reid, Calder, MacDiarmid, Mahaffy, Nesbitt, Kingsmill and Dargavel.

All of the Company's properties are in the Timmins/Cochrane region supporting its strong belief in the district-scale potential of the Timmins region and supporting its goal to become a leader of the next generation of nickel supply through large, scalable, and low carbon nickel projects. Each target has had some historical work suggesting that these targets contain similar serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO₂.

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

The proceeds from the flow-through financing will help the Company to continue to unlock the potential of the Timmins Nickel District through further exploration at its regional properties. With funds in hand, the Company prepared a comprehensive exploration program for calendar year 2024.

By the end of July, the Company completed 150 holes or a total of 64,616 metres including 32 holes in Crawford defining the Crawford PGM zone, 35 holes at Reid, 26 holes at Texmont, 40 holes at Mann, and 11 holes at Deloro which formed the basis of an initial resource there.

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"ExploreCo" consolidation of nickel properties

On July 5, 2024 Canada Nickel signed a binding letter of Intent (the "LOI") with Noble Mineral Exploration Inc. ("Noble") whereby Canada Nickel and Noble will contribute certain mining properties, including the existing Mann joint venture, into a new private company ("ExploreCo") to consolidate their respective interests in the portfolio of nickel projects northeast of Timmins, Ontario.

As part of the transaction, Canada Nickel will consolidate ownership of the mining rights and access to the surface rights for certain key patents in Aubin, Crawford, Carnegie, Dargavel, Kidd, Lennox, Lucas, Nesbitt, Prosser, and Wark townships currently held by Noble, which facilitates and simplifies future development of Crawford and other nearby regional properties held by Canada Nickel. ExploreCo will control 1,989 mining claims totaling approximately 42,000 hectares and will include nickel properties in Mann, Newmarket, and Reaume Townships as well as Calder, Galna, McCool, Moody, Mortimer, Stimson, and other properties currently held by Canada Nickel. The first \$5 million of funding for ExploreCo will be provided from existing funds by Canada Nickel, after which costs will be funded by pro rata ownership, which will initially be 80% Canada Nickel and 20% Noble. Canada Nickel and Noble will continue to maintain their existing royalty rights on the ExploreCo claims, as will previous claim owners who had vended claims to Noble.

Mann

The Mann Property is located 22 kilometres east of Crawford, 20 kilometres south of Cochrane, and 45 kilometres northeast of Timmins, covering Mann Township. The property hosts a series of ultramafic rocks that are thought to be folded and faulted along a near-continuous 21-kilometre strike length. The ultramafics continue to the southeast into Newmarket Township. The Company is currently conducting a drill program that has identified targets in four areas within Mann Township, Mann North, Mann West (together formerly Mann Northwest), Central and South. The Company has completed the earn-in of an 80% interest in the Mann property, with the remaining 20% owned by Noble.

Mann Central:

The outline of the ultramafic body is estimated by magnetics to be 4.5 kilometres long and between 0.5 to 1.0 kilometres wide (or 3.1 square kilometres). Drilling at this target started in June 2024 and consisted of an initial exploratory phase that included 24 drillholes totaling 9,311 metres. This phase of drilling targeted the ultramafic body where it has a shallow dip to the north and is primarily composed of peridotite and minor dunite, with some pyroxenite dykes. Serpentinization of the host rock is moderate to high, containing fine-grained nickel mineralization, with serpentinization appearing more consistent near the center of the target where an area 1.9 kilometres by 600 metres (1.1 square kilometres) has now been delineated by drilling. Results from the first 9 holes are included in the Canada Nickel news release dated September 10, 2024. Assays are pending for the remaining 15 holes.

Mann North:

The target is approximately 1.5 kilometres long by 600 metres wide (0.9 square kilometres). Drilling at Mann North began in June 2024 and consisted of a preliminary exploratory phase of 16 drillholes totaling 6,315 metres. The majority of these holes intersected long sections of peridotite, minor dunite, and lesser talcose ultramafics, with strong serpentinization and good disseminated mineralization along most of the target strike length. Results are included in the Canada Nickel news release dated September 10, 2024. Assays are pending for the 14 remaining holes.

Mann West:

Mann West is approximately 3.5 kilometres long by up to 1.1 kilometres wide (covering 3.4 square kilometres). The drill program has focused on the southern half of the target and is currently exploring a strike length of 1.7 kilometres and a width of at least 600 metres. Drilling thus far has intersected long sections of well-serpentinized peridotite and minor dunite with disseminated and visible nickel

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mineralization consisting primarily of pentlandite and heazlewoodite. The Company has drilled 16 holes and is halfway through this phase of exploration that is required for an initial resource estimate expected by the first quarter of 2025. Results are included in the Canada Nickel news release dated September 10, 2024. Assays for all the holes at Mann West are currently pending. While still at a relatively early stage, Mann West is emerging as another excellent large scale, shallower overburden target.

Mann South:

This target is approximately 5.9 kilometres long by up to 1.2 kilometres wide, having an arcuate and irregular shape, with an overall area of 4.1 square kilometres. The drill program at Mann South started in August 2024 and first assay results are not expected until October 2024. Three holes have been completed, and successfully intersected varying degrees of serpentinized peridotite and minor pyroxenite. The Company will continue testing the strike length of Mann South into the fall of 2024.

Reaume

The Reaume property is located 20 kilometres northeast of Crawford, 15 kilometres southwest of Cochrane, and 55 kilometres northeast of Timmins. Prior drill campaigns in 2022 had seasonal access constraints, however, in June 2024, the Company resumed exploration and intersected a strongly mineralized portion of the ultramafic body consisting of moderate to strongly serpentinized peridotite containing spotty, coarse-grained awaruite mineralization. Refer to results in the Canada Nickel news release dated September 10, 2024. Assay results are pending on all 5 holes.

Reid

The Reid Property is located just 16 kilometres southwest of Crawford and contains a geophysical target of 3.9 square kilometres nearly 2.4 times larger than Crawford. Reid's strategic importance is continuing to grow given its size, grade and shallower overburden compared to Crawford.

Canada Nickel has completed 24,875 metres from 38 holes drilled during its 2024 drill program at Reid. The drill campaign has delineated a mineralized ultramafic body over a strike length of 2.2 kilometres and width up to 1.0 kilometres and up to a depth of 650 metres within the central core of the target geophysical footprint, and the core remains open to the north and at depth. The Reid project has a total of 31,706 metres from 54 holes drilled to date, and the Company will use data from this central core to produce an initial resource expected by the end of 2024.

Refer to further results in the Canada Nickel news releases dated August 8, 2024 and September 10, 2024.

Deloro

Deloro is just 8 kilometres south of Timmins, with shallow overburden and a large 1.2 kilometre long and up to 0.7 kilometre wide footprint.

On September 4, 2024 the Company filed an independent technical report (the "Report") on SEDAR+, prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") supporting the initial mineral resource estimate for its 100% owned Deloro Nickel Sulphide Project ("Deloro") near Timmins, Ontario. The Mineral Resource Estimate, effective as of July 17, 2024, was prepared following the CIM Definition Standards for Mineral Resources and Reserves (November 29, 2019). Deloro is the first of 7 additional resources the Company expects to publish between now and mid-2025. Deloro has an advantageous location near both Timmins and the mining and processing infrastructure at the Dome Mill, and benefits from a relatively low overburden of an average of just six metres. Deloro is accessible year-round by road, is located 7 kilometres southwest of the Dome Mine-Mill Complex and less than 2 kilometres from existing powerlines. The full technical report dated September 3, 2024, with an effective date of July 17, 2024 is entitled "National Instrument 43-101 Mineral Resource Estimate and Technical Report on the Deloro Nickel-Cobalt Sulphide Project." The Report was prepared

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for Canada Nickel by Caracle Creek International Consulting Inc. and can be found under the Company's issuer profile at www.sedarplus.com.

For the initial Mineral Resource Estimate, a total of 8,242 metres of core drilling in 22 drill holes was utilized to calculate the Mineral Resources in two categories. Inferred Resources totalled 357 million tonnes grading 0.25% nickel, for a total of 885,000 tonnes of contained nickel, and Indicated Resources totalled 81 million tonnes grading 0.25% nickel, for a total of 202,000 tonnes of contained nickel. A cut-off grade of 0.10% nickel was used. Drilling for the initial resource at Deloro was performed in 2022 and 2024. The 2024 campaign successfully completed the goal of infilling previous sections in order to define an initial resource estimate, gain understanding on the geology of the deposit as well as systematically collecting samples for mineralogical analysis that would help define the potential of nickel recovery. Drilling will resume in the fall of 2024 and is expected to expand the resource. Refer to the Canada Nickel news release dated July 18, 2024 for further information.

Texmont

The 2024 drill program successfully tested the strike extension of the North Zone, as well as the continuation of high-grade nickel mineralization at depth within the Main Zone. Twenty five holes totaling 8,971 metres were completed in 2024. In total, 18,722 metres have been drilled at Texmont which will be used to produce a preliminary resource estimate expected by the end of 2024. The Main Zone was originally defined and brought into production briefly in the 1970s but was shut down due to high oil prices. Additional work by Fletcher Nickel from 2006-2008 (see Canada Nickel press release dated March 6, 2023) expanded mineralization at the Main Zone and identified mineralization farther north. This area was first targeted by Canada Nickel in 2023 with a series of 5 holes into what is now called the North Zone. The purpose of the recent North Zone drilling has been to expand the zone southward toward the Main Zone and to determine if these two zones are connected by high grade nickel mineralization. Refer to results in the Canada Nickel news release dated September 10, 2024.

2024 Outlook

Advancing Crawford Toward Construction Decision Expected in Mid 2025

Advancing Detailed Engineering

The FEED study was initiated in April 2024 with completion expected early October 2024. Completion of the FEED study will increase engineering certainty to support ordering long-lead equipment. Detailed design and engineering will continue post FEED to prepare for a construction decision in 2025.

The Company is completing a 130 tonne mineral processing pilot plant program at SGS Lakefield. The program will see the full process flowsheet piloted and is being completed to generate samples of concentrate for NetZero Metals and provide additional data to support the engineering of the project. This pilot plant is more than four times the size of the prior plant that was used in 2022, and is focused on using East Zone material to generate substantial quantities of nickel and NiCr magnetite concentrate to be utilized by the NetZero Metals downstream business. The plant began commissioning in August and is expected to operate until the end of September 2024.

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

The Company is in the process of completing a comprehensive impact statement using the data collected as part of the ongoing baseline data acquisition initiated in March 2021. The impact statement is expected to be submitted in October 2024. Once the Agency is satisfied that the Impact Statement contains all of the information and studies outlined in the Guidelines, a notice informing the public that the Impact Statement contains all the required information and studies will be posted on the Agency's registry, which will complete

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the second phase of the federal permitting process and initiate a review period of a maximum duration of 390 days in which the federal government is required to provide a final answer on the main project permit.

As part of Crawford's permitting efforts, the Company is proactively pursuing its extensive engagement program with Indigenous Nations, stakeholders and the general public in order to increase the level of understanding of the proposed project impacts and benefits, properly address their concerns, and define innovative collaboration pathways. An intensive and ongoing company led engagement program, coupled with consultation of the First Nations through a technical working group managed by the Impact Assessment Agency of Canada, are supporting the development of the impact statement. The Company is also steadily advancing the negotiation of long term agreements with the Indigenous Nations impacted by the Project.

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

Unlocking Timmins Nickel District Exploration Potential

With the successful completion of the \$34.7 million flow-through financing completed in December 2023, the Company is well-funded to explore its Timmins Nickel District which contains 23 targets, 11 of which have a larger geophysical footprint than Crawford.

The Company has successfully identified 23 targets during the past four years and is expecting to deliver multiple resources from this portfolio of properties in 2024 as well as continuing to explore its regional properties. The Deloro resource was delivered and the Company remains on track to publish a total of seven additional resources by mid 2025 - initial resources for the Crawford PGM Zone and Texmont are expected by the end of 2024. The Company then plans to publish 5 additional resources before the end of the first quarter of 2025.

At Deloro, mineralogical studies and metallurgical testwork will continue through the end of the 2024, as well as infill drilling to further expand the resource.

The Company is currently operating seven drill rigs and in the latter part of 2024 will shift focus from the central and eastern properties to the southern properties (Powell, Midlothian, and Bannockburn), as the Company moves into the final phases of the drill campaign for 2024.

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Review of Operations For the Three and Nine Months Ended July 31, 2024

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

<i>(Canadian dollars)</i>	For the three months ended July 31		For the nine months ended July 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Expenses				
Salaries	479,536	411,799	1,593,870	1,131,774
Consulting and advisory	689,973	447,486	1,726,243	1,057,962
Professional fees	311,132	180,373	971,282	866,720
General and administrative costs	226,549	87,831	1,063,398	722,390
Promotion and communication	150,009	62,556	303,224	231,882
Investor relations and marketing	185,600	154,921	444,216	380,017
Incentive compensation	1,026,375	1,091,728	3,989,383	3,697,331
Travel and other	348,917	139,427	939,735	388,111
Foreign exchange gain and interest income	(162,276)	(70,512)	(981,364)	(364,705)
Transaction costs and interest expense	1,079,150	-	2,129,682	1,291,891
	4,334,965	2,505,609	12,179,669	9,403,373
Flow-through share premium	(3,013,555)	(940,966)	(5,135,846)	(2,045,511)
Net loss before tax	1,321,410	1,564,643	7,043,823	7,357,862
Income tax expense (recovery)	(844,798)	(344,260)	(1,604,688)	3,625,470
Net loss	476,612	1,220,383	5,439,135	10,983,332
Weighted average shares outstanding	181,209,453	140,149,544	167,326,278	127,809,273
Loss per share	\$0.00	\$0.01	\$0.03	\$0.09

Salaries

Salaries have increased between periods reflecting an increase in headcount and market adjustments to base salaries.

Consulting and advisory

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

Professional fees

Professional fees include legal, accounting and audit related fees, and subscriptions. Fees are higher between periods resulting from additional legal and other professional related fees to support the ongoing advancement of the Crawford Project as well as the expansion of complimentary businesses.

General and administrative costs

General and administrative costs include general office expenses plus costs in relation to corporate governance requirements, filing and listing fees, and insurance. The increase in 2024 compared to 2023 is due to information technology enhancements and director fees paid in the form of cash rather than RSUs (reflected in share-based (incentive) compensation in 2023).

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Promotion and communication

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

Investor relations and marketing

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

Incentive compensation

Incentive compensation includes cash-based incentive compensation and non-cash expenses related to stock options and RSUs. The Company paid \$0.9 million, approved by the Board in March 2024, representing first time cash bonuses to employees and consultants for past performance. This amount was expensed in the first quarter of 2024. Share-based compensation was \$2.8 million for the nine months ending July 31, 2024 compared to \$3.7 million in the same period of 2023. For the three months ending July 31, 2024, share-based compensation was \$1.2 million compared to \$2.0 million in the same period of 2023. Variations between periods is a result of timing of grant issuances and completion of vesting periods. In addition, RSU grants in 2024 are vesting and being expensed over a 3 year period, rather than the former one year vesting and expense period.

Travel and other

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

Foreign exchange gain and interest income

The foreign exchange gain is primarily due to the revaluation of US dollar cash balances to the Canadian dollar reporting currency. In addition, excess cash is invested in guaranteed investment certificates accumulating interest at approximately 5%.

Transaction costs and interest expense

These costs are directly attributable to the receipt of proceeds from the short-term loan facilities (refer to *Cash provided from (used for) financing activities*) and also includes \$600,000 for the three and nine months ended July 31, 2024 reflecting the penalty interest charge incurred on the unspent funds received from the flow-through share offering in December 2023.

Flow-through share premium

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

Income tax expense

These are deferred income taxes (non-cash) resulting from the timing differences between tax and accounting for the Company's resource pools and costs related to share issuances. For tax purposes the Company has less resource pools available to offset future income taxes because the tax benefits of the pools have been transferred to the owner of the shares. Share issuances are capitalized for accounting and amortized for tax purposes, resulting in a timing difference. In the first quarter of 2024 the Company filed its tax returns to renunciate its flow through expenditures incurred in 2023 and recorded a moderate income tax recovery as the operating losses more than offset the renunciation. In the first quarter of 2023 the Company filed its tax returns to renunciate its flow through expenditures incurred in 2022 resulting in a \$4.6 million income tax expense. In the second and third quarters of 2024 and 2023 income tax recovery is directly related to operating losses for that period.

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

Liquidity and Financial Condition

Cash flows

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

<i>(Canadian dollars)</i>	For the three months ended July 31		For the nine months ended July 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash used in operating activities:				
Before working capital changes	(3,006,949)	(1,282,600)	(7,893,971)	(4,159,409)
Working capital changes	(2,249,145)	66,162	(1,798,682)	486,283
	(5,256,094)	(1,216,438)	(9,692,653)	(3,673,126)
Cash used in investing activities:				
Exploration and evaluation expenditures	(24,027,237)	(6,400,581)	(41,174,865)	(32,190,865)
Purchase of equipment	(23,252)	(31,377)	(132,428)	(97,731)
	(24,050,489)	(6,431,958)	(41,307,293)	(32,288,596)
Cash provided from (used for) financing activities:				
Proceeds from share issuance, net of transaction costs	(701,222)	-	58,735,385	44,567,152
Repayment of loan plus related interest	-	-	(17,335,860)	-
Proceeds from short-term facility, net of transaction costs	19,901,859	-	19,901,859	-
Repayment of lease obligations	(21,565)	-	(63,598)	(14,513,872)
Proceeds from exercise of warrants and stock options	-	436,459	756,167	459,193
	19,179,072	436,459	61,993,953	30,512,473
Change in cash and cash equivalents	(10,127,511)	(7,211,937)	10,994,007	(5,449,249)
Opening cash and cash equivalents	35,555,454	14,772,624	14,433,936	13,009,936
Closing cash and cash equivalents	25,427,943	7,560,687	25,427,943	7,560,687

Cash used in operating activities

Cash used in operating activities before working capital changes mainly includes cash used for expenses of the business as shown in the consolidated statements of loss, except for non-cash related items such as share-based compensation, flow-through share premium and income tax expense. Transaction and interest costs related to the short-term loan facilities are included in financing activities when paid. The changes in working capital largely reflect the timing of harmonized sales tax (HST) refunds and the timing of expense payments. The Company has \$4.4 million in HST refunds owing at the end of July 2024 representing three months of claims.

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Cash used in investing activities

Exploration and evaluation expenditures

Exploration and evaluation expenditures include costs related to exploration at Crawford and its regional properties, Crawford project advancement (feasibility study, FEED engineering) and permitting. Approximately \$20 million was spent in relation to advanced engineering work and permitting for the nine months ending July 31 2024 (\$10 million for the third quarter 2024) and \$12 million spent on feasibility study work for the same period in 2023 (\$2 million for the second quarter of 2023). Approximately \$16 million was spent on regional exploration for the nine months ended July 31, 2024 (\$9 million for the third quarter of 2024) and \$14 million for the same period in 2023 (\$3 million for the second quarter of 2023).

Acquisition of properties

The regional properties were acquired through fiscal years 2022 to 2024. Most agreements include provisions that allow for each of the sellers to retain a net smelter royalty ("NSR") that ranges between 1% and 2%, with Canada Nickel having the right to re-purchase 50% of the royalty for \$500,000 (with respect to a 1% NSR) or \$1 million (with respect to a 2% NSR).

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

	Cash	Shares
	\$	#
Fiscal year 2025	360,000	110,000
Fiscal year 2026	860,000	145,000
	1,220,000	255,000

In addition, there are commitments to fund exploration expenditures of at least \$2 million in fiscal years 2024 to 2026 at the Midlothian property to earn-in.

Cash provided from (used for) financing activities

December Flow-Through Offering

On December 29, 2023 the Company completed a brokered private placement consisting of 19,600,000 units of the Company (the "Flow-Through Units") at a price of \$1.77 per Flow-Through Unit, with each unit consisting of one flow-through common share of the Company and 0.35 of one flow-through common share purchase Warrant (the "Warrant"), as more particularly described below, for aggregate gross proceeds of \$34,692,000 (the "December Flow-Through Offering"). Following closing of the December Flow-Through Offering, Agnico Eagle acquired the units from the initial purchasers and as a result Agnico Eagle, on that date, held approximately 12% of the Company's outstanding common shares.

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

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or a portion of the Warrants in such 30 day period, or failing such exercise, any unexercised Warrants would expire).

The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of \$12,348,000 and has an obligation to incur \$34,692,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2024. The Warrant Shares issued were assigned an aggregate fair value of \$1,192,903 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 59%, risk-free rate of return 3.9% and expected one-and-a-half-year life.

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

Samsung SDI Equity Investment

On February 6, 2024, the Company completed a Subscription Agreement with Samsung SDI to invest US\$18.5 million in Canada Nickel at a price of \$1.57 per Common Share. On closing, Samsung SDI holds 15.6 million shares of the common shares of Canada Nickel, representing approximately 8.7% of the Company's issued and outstanding shares on a non-diluted basis. Canada Nickel has also provided to Samsung SDI a grant to the right to purchase a 10% equity interest in the Crawford Project for US\$100.5 million, exercisable upon a final construction decision.

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

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

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

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

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2023 Financings

The Company received gross proceeds of \$46.3 million 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.

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

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

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

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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 had an obligation to incur \$5,000,138 in eligible Canadian exploration expenditures ("CEE") by December 31, 2023.

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

Short-term loan facilities:

On July 9, 2024 the Company closed a secured loan facility with Auramet International Inc. ("Auramet Inc.") for US\$15 million ("Auramet Inc. July 2024"). The loan is secured and matures on January 9, 2025. Interest expense will accrue on the unpaid principal amount at a rate of 12% per annum monthly in arrears. The loan is subject to such terms and conditions including certain specified positive and negative covenants that are customary for a transaction of this nature.

The Company paid an arrangement fee equal to 2.5% of the loan amount (\$511,178) and issued 750,000 common share purchase warrants ("Auramet Inc. July 2024 warrants"). Each of the Auramet Inc. July 2024 warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.42 per share until July 9, 2025. The warrants and the underlying shares will be subject to a four month hold period under applicable Canadian securities laws. The Auramet Inc. July 2024 warrants issued were assigned an aggregate fair value of \$166,500 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 62%, risk-free rate of return 3.95% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs are being amortized over the six-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss.

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

The Company paid an arrangement fee equal to 2.3 percent of the loan amount (\$371,995) and issued 550,000 common share purchase warrants ("Auramet Inc. September 2023 warrants"). Each of the Auramet Inc. September 2023 warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.24 per share until September 18, 2024. The Auramet Inc. September 2023 warrants issued were assigned an aggregate fair value of \$169,180 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 61%, risk-free rate of return 4.74% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were amortized over the three-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss. On January 23, 2024 the

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Auramet Inc. September 2023 warrants were exercised with proceeds of \$682,000 received by the Company.

On December 18, 2023, at the Company's option it extended the Auramet Inc. September 2023 US\$12 million short-term debt facility for a further 30 day period and matured January 18, 2024. Upon extension of the facility, the Company paid an additional arrangement fee equal to \$248,457 and issued 350,000 common share purchase warrants ("Auramet Inc. September 2023 extension warrants"). Each of the Auramet Inc. September 2023 extension warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.19 per share until September 18, 2024. The Auramet Inc. September 2023 extension warrants issued were assigned an aggregate fair value of \$65,765 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 45%, risk-free rate of return 4% and expected nine month life. The fair value of the warrants as well as the arrangement fee were amortized over the one-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss. In addition, interest accrued on the short-term debt outstanding, which includes interest accumulated and the additional arrangement fee, at a rate of 15% per annum monthly in arrears.

On January 15, 2024 Auramet Inc. extended the maturity a further 30 days with no additional fees except the interest. The loan payable including interest and the additional arrangement fee was paid on February 6, 2024 in full in the amount of \$17,335,860.

On October 18, 2022, the Company closed a secured loan facility with Auramet International, Inc. ("Auramet Inc.") for US\$10 million. The loan is secured and matured on January 18, 2023, and at the Company's option it extended the loan for a further 45 day period and matured and was repaid on March 3, 2023. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears until January 18, 2023 and upon extension of the facility, interest accrued at a rate of 15% per annum monthly in arrears. The Auramet Inc. September 2023 extension warrants expired unexercised.

The Company paid an arrangement fee equal to 2 percent of the loan amount and issued 325,000 common share purchase warrants ("Auramet Inc. warrants"). Each of the Auramet Inc. warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.52 per share until October 18, 2023. The Auramet Inc. warrants issued were assigned an aggregate fair value of \$100,000 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 60%, risk-free rate of return 4.0% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were amortized over the three-month maturity in transaction costs and interest expense in the consolidated statements of loss and comprehensive loss, of which \$350,722 of the total cost of \$409,240 was expensed in the first quarter of 2023. The Auramet Inc. October 2022 warrants expired unexercised.

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

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

	For the three months ended July 31		For the nine months ended July 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Arrangement fee	-	-	248,457	558,971
Warrant cost	19,908	-	85,673	70,000
Amortization of arrangement fee	66,035	-	364,619	-
Interest expense	151,880	-	769,616	621,113
Foreign exchange	241,327	-	61,317	41,807
Transaction costs and interest expense	479,150	-	1,529,682	1,291,891

Share Issuances:

In February 2024, the Company received proceeds of \$24.2 million related to Samsung SDI's investment in Canada Nickel. The funds were fully spent by July 31, 2024 to partially repay the Auramet Inc. September 2023 loan facility and for the advancement of engineering and permitting.

In February 2023, the Company raised \$44.6 million, of which the Company spent \$14.5 million to repay the Auramet Inc. loan and the remaining funds of \$30.1 million were used as follows:

Use of Proceeds millions	Estimated Amount to Spend	Amount Spent
	\$	\$
Complete feasibility study incorporating additional value-added initiative, including carbon sequestration	8.0	10.7
Planning, permitting and bulk sampling at Crawford	3.0	0.3
Incur eligible "Canadian exploration expenditures" at its regional properties, surrounding the Crawford Project, with a focus on properties with higher nickel grade potential	6.0	6.0
Continue various provincial and federal permitting processes and community activities	5.0	5.0
General corporate and working capital requirements	8.1	8.1
	30.1	30.1

The bulk sample at Crawford was initially expected to be completed during the winter of 2024, but the combination of a deferred requirement from Anglo American and mild weather conditions resulted in its postponement and the funds utilized to continue to advance Crawford through further metallurgical and detailed engineering work.

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In February, 2022, the Company received net proceeds of \$48.2 million, which 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.

Commitments and contingencies

At July 31, 2024, the Company has \$16.8 million (October 31, 2023 - \$3.7 million) in payables owing with respect to exploration and evaluation assets and has lease obligations of \$77,593 related to 2024 and \$161,707 for fiscal years 2025 to 2027. Commitments on option properties are described in *Acquisition of properties* above.

Canada Nickel entered into agreements with the Matachewan and Mattagami First Nations, Taykwa Tagamou Nation and Apitipi Anicinapek Nation in relation to exploration and development operations at Crawford. The agreements establish a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the First Nations located in the Crawford Project area. The agreement also provides the communities with an opportunity to participate in the benefits of the Crawford Project through business opportunities, employment and training, financial compensation and consultation on environmental matters. Financial compensation includes a commitment to pay a specified percentage of the annual expenses related to the Company's exploration program and a three-year commitment 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 deficit of \$17,458,198 at July 31, 2024, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$34,654,467. 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	2023
	\$	\$	\$	\$
Total assets	33,149,518	55,250,855	144,314,915	183,067,758
Total equity	31,391,949	47,299,213	118,828,363	156,040,561

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

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

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

On December 29, 2023, the Company received \$34.7 million from a flow-through share offering. These funds will be used for exploration purposes only predominantly at the Company's regional properties. At July 31, 2024 approximately \$23 million of the Company's cash and cash equivalents are restricted to spend on exploration related expenditures. On July 9, 2024, the Company received a US\$15 million six-month loan facility to bridge the gap while the Company pursues other sources of funding for the continued advancement of Crawford permitting, engineering and financing activities. The Company will continue to source other funding and may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

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

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Review of 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 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries	266,592	333,919	386,056	411,799	264,042	590,022	524,312	479,536
Consulting and advisory	188,171	254,282	356,194	447,486	1,347,427	541,881	494,389	689,973
Professional fees	(38,978)	206,856	479,491	180,373	118,139	380,483	279,667	311,132
General and administrative costs	107,189	176,888	457,671	87,831	217,895	398,899	437,950	226,549
Promotion and communication	129,563	106,670	62,656	62,556	48,945	78,955	74,260	150,009
Investor relations and marketing	101,253	104,609	120,487	154,921	156,231	113,486	145,130	185,600
Incentive compensation	1,265,781	1,258,017	1,347,586	1,091,728	924,895	1,904,818	1,058,190	1,026,375
Travel and other	62,602	99,373	149,311	139,427	423,062	264,858	325,960	348,917
Foreign exchange gain and interest income	-	-	(294,193)	(70,512)	(448,549)	(85,250)	(733,838)	(162,276)
Transaction costs and interest expense	183,720	679,583	612,308	-	984,994	953,703	96,829	1,079,150
	2,265,893	3,220,197	3,677,567	2,505,609	4,037,081	5,141,855	2,702,849	4,334,965
Flow-through share premium	(2,442,672)	-	(1,104,545)	(940,966)	-	(257,024)	(1,865,267)	(3,013,555)
Net loss (income) before tax	(176,779)	3,220,197	2,573,022	1,564,643	4,037,081	4,884,831	837,582	1,321,410
Income tax expense (recovery)	2,157,332	4,602,700	(632,970)	(344,260)	(795,536)	(167,033)	(592,857)	(844,798)
Net loss	1,980,553	7,822,897	1,940,052	1,220,383	3,241,545	4,717,798	244,725	476,612
Weighted average shares outstanding	113,063,729	113,332,644	130,017,641	140,149,544	141,413,632	148,711,210	172,163,324	181,209,453
Net loss per share	\$0.02	\$0.07	\$0.01	\$0.01	\$0.02	\$0.03	\$0.00	\$0.00

Financial information is presented for the last eight quarters to demonstrate the trends. Accounting principles have been applied consistently amongst the periods. Certain comparative amounts have been reclassified to conform with the current quarter presentation.

Salaries - have been trending higher as the Company prepares for the construction of Crawford. The expenses in the fourth quarter of 2023 and the third quarter of 2022 are lower than previous quarters reflecting a re-allocation of certain salaries to exploration and evaluation assets.

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

Professional fees - have risen in the second quarter of 2023 largely due to additional legal fees associated with the land acquisitions and additional costs for subscriptions for market studies needed for the preparation of the Crawford feasibility study. The first quarter of 2024 included additional one-time research related fees to support Crawford's downstream process. 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.

General and administrative costs - Variations in costs between quarters tend to be based on timing of payments for annual filing and listing requirements. Costs in the fourth quarter of 2024 include additional filing fees in relation to equity issuances.

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

Travel and other – Starting in the third quarter of 2022 there is a rise in travel expenses with the opening of travel for conferences, investor meetings and other development opportunities.

Foreign exchange gain and interest income - The foreign exchange gain is primarily due to the revaluation of US dollar cash balances to the Canadian dollar reporting currency. In addition, excess cash is invested in guaranteed investment certificates accumulating interest at approximately 5%.

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*) and in the third quarter of 2024 include \$600,000 in penalty charges incurred on the unspent funds received from the December 2023 flow-through share offering.

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

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

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Transactions with Related Parties

Related parties and related party transactions impacting the consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel include the Board of Directors and senior officers of the Company.

A summary of the related party transactions are as follows:

	For the three months ended July 31		For the nine months ended July 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries, consulting and directors' fees	588,342	497,905	1,760,280	1,083,534
Incentive compensation	948,600	1,950,213	3,513,054	3,305,840
Geological services	-	172,498	-	296,136

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties. The three months ended July 31, 2024 includes cash-based incentive compensation paid to senior officers of the Company related to 2023 performance. No amounts were receivable to or payable from related parties at July 31, 2024 and October 31, 2023.

Management of Capital

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditure obligations for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and adjusts it in light of changes in economic and industry conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its Shareholders' Equity as capital which was \$201,478,222 as at July 31, 2024.

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Financial Instruments

Fair values

At July 31, 2024, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities. 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, 2024, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

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Off-Balance-Sheet Arrangements

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

Share Capital

As at the date of this MD&A, September 27, 2024, the Company had 181,209,453 common shares issued and outstanding, 7,610,000 warrants outstanding, 11,553,234 stock options outstanding and 4,624,477 restricted share units outstanding. Each warrant, stock option and restricted share unit is exercisable or exchangeable for common shares of the Company on a one for one basis.

Internal Controls Over Financial Reporting

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

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

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Risk Factors

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

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

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