Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Three Months Ended January 31, 2025

(Expressed in Canadian Dollars, unless otherwise noted)

April 1, 2025

Introduction

The following interim management's discussion and analysis (Interim MD&A) of Canada Nickel Company Inc. (the "Company" or "Canada Nickel") for the three months ended January 31, 2025 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, 2024 (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, 2024 and 2023, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended January 31, 2025 and 2024, 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 April 1, 2025.

Caution Regarding Forward-Looking Statements

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

Forward looking information includes, but is not limited to, the receipt and timing of all regulatory approvals, the construction of processing facilities, the ability of the Company to deliver nickel required to feed the high growth electric vehicle and stainless-steel markets, and the development of processes to allow the production of net zero carbon nickel, cobalt, and iron products. There are no assurances that Crawford will be placed into production. Factors that could affect the outcome include, among others: inability to repay the loan or comply with the covenants set out in the loan agreement; 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 applicable laws; 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.

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.

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 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. On January 24, 2025, East Timmins Nickel Ltd. was incorporated under the laws of the Province of Ontario. On February 21, 2025, Canada Nickel closed an agreement with Noble Mineral Resources Inc. ("Noble") whereby Canada Nickel and Noble will contribute certain mining properties, including the existing Mann joint venture, into a new company – East Timmins Nickel Ltd. to consolidate their respective interests in the portfolio of nickel projects northeast of Timmins. On closing of the agreement, Canada Nickel holds an 80% ownership interest in East Timmins Nickel Ltd with Noble holding the remaining 20%.

Key Developments – Three Months ended January 31, 2025 and up to April 1, 2025

Advancing Crawford to a Construction Decision

Updated Engineering and Project Metrics

In November 2023, the Company filed the bankable feasibility study ("BFS") for Crawford. The Technical Report supporting the positive BFS can be found on the company's website and summary results of the BFS can be found in its news release dated October 12, 2023.

Through 2024 the Company completed the next phase of project development - the Front-End Engineering Design (FEED) study; a major milestone to advance Crawford towards a construction decision.

Engineering activities focused on the initial capital cost utilizing data collected from a winter geotechnical program, a test piling program and updated quotes. The mine plan was also re-sequenced to accelerate delivery of higher value ore from the East Zone and reduce pre-stripping by 30%.

The following table compares key metrics from the FEED design with the key metrics from the Crawford BFS.

Metric	Units	FEED	BFS	Change
Net Present Value (at 8%)	US$ millions	2,810	2,475	**335**
Internal Rate of Return	%	17.6	17.1	**0.5**
Initial Capital Cost	US$ millions	2,047	1,943	**104**
Total Capital Cost	US$ millions	5,724	5,157	**567**
Net Smelter Return	US$/tonne	28.86	28.08	**0.78**
Operating Cost	US$/tonne	10.60	10.88	**(0.28)**

Note - To maintain comparability, all key economic assumptions are unchanged since the BFS, such as the exclusion of the Carbon Capture, Utilization and Storage Investment Tax Credits ("CCUS credits") for which the Company believes it would qualify. Inclusion of CCUS credits would increase $NPV_{8\%}$ to $2.9 billion and IRR to 18.9%. BFS capital estimates were based on 2022 values.

The primary focus of FEED was to update the initial capital cost estimate. The associated engineering has progressed to approximately 30% and is sufficient for preparation of long-lead orders. Since the completion of the BFS, there has been significant inflationary pressure on capital items. However, the increase in overall capital cost has been held to 5% through optimization of the mining schedule and simplification to designs. Further details can be found in the news release dated March 3, 2025.

The other key change from the BFS was to flip the timing sequence for mining East Zone and Main Zone. The FEED incorporates mining and processing from the East Zone commencing at the start of mine production, bringing East Zone production forward on average, 12 years compared to the BFS. Ore from the Main Zone has correspondingly been deferred. With the reduced depth of overburden overlying the East Zone, the resequencing allows the pre-strip tonnage to be reduced by 30%.

Since there will be significantly more material being mined from the East Zone during the payback period, additional metallurgical testing was performed in 2024. The East Zone metallurgical test results were interpreted and recovery equations were updated. The resultant update to modelled recoveries for East Zone ore has led to an estimated net smelter return of US$31.18 per tonne for that zone; a 7.4% increase in the average value of East Zone ore relative to the BFS. Recovery forecasts for Main Zone ore remain unchanged relative to the BFS.

<u>Permitting, Indigenous Nations and Stakeholders' Engagement</u>

The Company achieved a significant milestone with the submission of the Impact Statement for the Crawford Project with the Impact Assessment Agency of Canada on November 22, 2024. The Impact Statement was prepared by Stantec, a global leader in sustainable design and engineering. On December 10, 2024, the Impact Assessment Agency of Canada (IAAC) determined that the Impact Statement for the Crawford Project meets the necessary accessibility and formatting requirements and contains sufficient information to proceed into its next phase through a technical review and public comment period. The IAAC's decision marks a key milestone in the development of the Crawford Project, paving the way for further technical assessments and engagement. The 60-day public comment period on the summary of the Impact Statement began December 9, 2024 and closed on February 7, 2025. Once the IAAC 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 the second phase of the federal permitting process and initiate a review period of a maximum duration of 390 days.

Canada Nickel engaged early and often with Indigenous Nations, local communities, and stakeholders to ensure the Project reflects shared priorities and values.

Highlights of Engagement Efforts:

- Funding the potentially impacted Indigenous Nations to ensure authentic and meaningful participation, such as funding the Nations own Traditional Land Use and Socioeconomic studies to guide project planning.
- Hosting technical working group sessions, community open houses, and site visits with Indigenous leadership, local leaders, and regional stakeholders.
- Working jointly with the potentially impacted Indigenous Nation's to include chapters specifically tailored to address each of the Nation's comments and concerns in the Impact Statement.
- Organizing Environmental and Socioeconomic Committees inclusive of local multi-disciplinary subject matter experts to inform project planning as well as the Impact Assessment Process.

The Company will continue 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 comments and concerns, and define innovative collaboration pathways. This company led engagement program, coupled with consultation of the First Nations through a technical working group managed by the IAAC, supported the development of the Impact Statement and will continue to provide the Company with valuable feedback as it moves towards detailed engineering, construction and operations.

On March 3, 2025 the Company signed an agreement with Mattagami, Matachewan, and Flying Post First Nations, members of the Wabun Tribal Council, regarding the Crawford Project. This agreement represents a significant step forward in advancing the Crawford Project while fostering collaboration with First Nations. The agreement sets the framework for early business and employment opportunities, while the parties continue to work towards a comprehensive Impact Benefits Agreement (IBA). The agreement includes commitments for open-book negotiations on key contracting opportunities, including the construction of a 25.2 kilometre railway line, the relocation of Highway 655, and the construction of a temporary overpass on Highway 655. These initiatives aim to foster economic development while addressing the priorities of the three First Nations. Scheduled between 2025 and 2029, these projects will prioritize First Nations businesses and promote own-source revenue, foster partnerships, and support regional growth.

Financing

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.

With the completion of FEED, the Company alongside its' financial advisors plans to complete the funding package for Crawford by year-end 2025 to be positioned to make a construction decision once permits are received. The Company plans to utilize capital from this funding package for order placement of long-lead items and engineering activities. The Company is also pursuing a number of non-equity financing initiatives – including government funding – to provide the funding to complete the remaining permitting and engineering activities in 2025.

On July 9, 2024, the Company entered a six-month US$15 million loan facility with Auramet International, Inc. and on January 9, 2025 the Company extended the repayment date of the US$15 million loan facility from January 9, 2025 to March 14, 2025 (refer to Short-term loan facilities later in this interim MD&A). On March 14, 2025 the Company again extended the loan facility to April 25, 2025 in order to advance alternative financing structures.

On December 16, 2024, Taykwa Tagamou Nation ("TTN") and Canada Nickel announced an investment reflecting a shared commitment to advancing the Crawford Project while fostering economic empowerment and long-term collaboration. TTN will invest $20 million at closing of its own capital in a Convertible Note (the "Note"") that will be convertible into 16.67 million Canada Nickel common shares at a price of $1.20 per share, representing an 8.4% interest in the Company (based on the Company's current issued and outstanding share capital on December 16, 2024). The Note was signed on December 13, 2024. The Note will have a five-year term from closing and carry a 4.75% coupon per annum paid quarterly prior to conversion. TTN provided a $1 million deposit on signing. TTN will also have a right to one seat on the Company's Board of Directors for so long as it holds the Note or, after conversion, at least 5% of the Company's shares.

On February 18, 2025, the Company announced the transaction had not closed and would require additional time to complete. Completion of the transaction is subject to certain conditions including the approval of the TSX Venture Exchange and the receipt of all other required third party consents.

On March 17, 2025 the Company signed a binding Letter of Intent (the "LOI") with Edmiston Drive Capital Corp. ("EDCC") whereby a new royalty company ("RoyaltyCo") will be created to hold net smelter return ("NSR") royalties on all of Canada Nickel regional exploration properties in the Timmins Nickel District with the exception of Crawford and other targets (Kingsmill and Dargavel) located on the original Project 81 patents.

Canada Nickel will grant 1% NSR royalty interests in the subject properties to RoyaltyCo, which will then (subject to the satisfaction of closing conditions) amalgamate with a wholly owned subsidiary of EDCC in exchange for $8 million in cash and 8.9 million common shares of EDCC. One such closing condition is the completion by EDCC of a financing whereby $9 million will be raised through the issuance of a combination of common and preferred shares. The proceeds of such financing will be used for the closing payment to Canada Nickel and for general corporate purposes. After giving effect to the financing, Canada Nickel expects that its equity interest in EDCC will be approximately 62%.

The terms of the LOI are binding subject to the satisfaction of certain closing conditions. The board of directors of EDCC, following completion of the transaction, shall consist of one director appointed by the current directors of EDCC, two directors appointed by Canada Nickel, and two independent directors. The transaction is expected to close by April 30, 2025 and, among other approvals, is subject to any required approvals of the TSX Venture Exchange.

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

Canada Nickel's properties are all located within 100 kilometres of Timmins and represent what the Company believes is an emerging nickel district where Canada Nickel will become a leader in the next generation of nickel supply through large, scalable, and low-carbon footprint projects. Each target has had some historical work suggesting that these targets contain similar serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO_2.

In 2024, using proceeds from a $34.7 million flow-through share financing (see Cash Provided From Financing Activities for more details) the Company continued to unlock the potential of the Timmins Nickel District through further exploration at its regional properties. To the end of December 2024, the Company drilled over 118,000 metres on 14 properties.

The 2024 exploration program focused on demonstrating the potential of the Company's portfolio in the Timmins Nickel District through the initial drilling of several promising ultramafic targets to the delineation of mineral resources on targets previously drilled by the Company. Canada Nickel completed 59 drill holes at Reid since acquiring the Project for a total of 34,615 metres, drilled 40 holes at Crawford to better define the Crawford PGM Zones, 26 holes at Texmont, 95 holes at Mann, 16 holes at Bannockburn, 32 at Deloro, 5 at Reaume, 2 at Newmarket, 12 at Midlothian and 8 at Nesbitt.

On December 30, 2024, Canada Nickel completed a non-brokered private placement of an aggregate of 3,480,000 common shares of the Company for aggregate proceeds of $4,002,000 (see Cash Provided From Financing Activities for more details). This financing allows the Company to continue to build on the success from the 2024 exploration program through the first half of 2025 and continue to demonstrate the potential of the Timmins Nickel District, including upgrading the initial mineral resources published for both Reid and Deloro and building on 2024's high grade discovery at Bannockburn.

Formation of East Timmins Nickel Ltd and consolidation of nickel properties

On February 21, 2025 Canada Nickel closed an agreement with Noble Mineral Exploration Inc. ("Noble") whereby Canada Nickel and Noble contributed certain mining properties, including the existing Mann joint venture, into a new company – East Timmins Nickel Ltd. ("East Timmins") to consolidate their respective interests in the portfolio of nickel projects northeast of Timmins, Ontario.

As part of the transaction, Canada Nickel consolidated 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. East Timmins will control 1,842 mining claims totaling approximately 40,000 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. 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 East Timmins claims, as will previous claim owners who had vended claims to Noble.

Further, on January 6, 2025, a definitive agreement was signed with the primary surface rights holder ("Surface Rights Holder") in Crawford and surrounding townships to secure access to 32,000 acres of surface rights required to build Crawford. Securing access to 32,000 acres of surface rights was a critical step for the Company to complete permitting and move toward a construction decision on Crawford in 2025. As part of the surface rights agreement, the Company will transfer 47,750 acres of mining rights in Kingsmill and Mabee townships—where no known exploration targets exist—to the Surface Rights Holder. This transfer aims to create future certainty over a substantial area of land, facilitating the effective development of sustainable forestry and wildlife habitat preservation.

The definitive agreement with the Surface Rights Holder (the "Surface Rights Transaction") provides Canada Nickel with an option to acquire 32,000 acres of surface rights in Crawford and surrounding townships. As part of the transaction, Canada Nickel has agreed to issue 5.5 million shares and will transfer mining rights (not required for any exploration target) of approximately 47,750 acres in Kingsmill and Mabee townships. The Surface Rights Transaction is subject to approval of the TSX Venture Exchange. Additional consideration will be paid to exercise the option on a construction decision. The Company has the right to exercise the option by December 31, 2026 and can extend the option annually up to a further five years for an additional payment for each extension. The Surface Rights Holder has asked that all other terms remain confidential. The additional consideration to acquire the surface rights is not material in the context of the overall Crawford project capital cost and the extension payment is also not material.

Regional Properties

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 completed a drill program that has identified targets in four areas within Mann Township, Mann North, Mann West (together formerly Mann Northwest), Mann Central and Mann South. Canada Nickel currently owns 80% of the Mann Property after successfully completing an earlier earn-in agreement with Noble. This property is included in the Eastern Timmins Nickel Ltd. subsidiary with Noble.

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 completed focused on the southern half of the target with drilling completed over a strike length of 1.7 kilometres and a width of at least 600 metres. All drillholes intersected long sections of well-serpentinized peridotite and minor dunite with disseminated and visible nickel sulphide mineralization consisting primarily of pentlandite and heazlewoodite. The Company has drilled a total of 40 holes to date of this Interim MD&A at Mann West, with 31 holes drilled during the 2024 program. The Company is currently working on an initial resource estimate expected by April 2025. Assay results are included in the Canada Nickel news releases dated October 31, 2024, December 11, 2024 and March 12, 2025. A final two holes are awaiting assays.

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 Company's drill program at Mann South started in August 2024 consisting of 20 drillholes, all of which intersected serpentinized peridotite and minor pyroxenite. Assay results for 11 drillholes were provided in the Canada Nickel news release dated December 11, 2024 and assay results for three additional holes were presented in the news release dated March 12, 205. Six drillhole assay results still pending. Mineralogical analyses is also underway to help identify and prioritize the best areas, although almost half of the strike length of the target remains untested.

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. On December 23, 2024 the Company announced an initial mineral resource (the "Mineral Resource Estimate") for Reid. The area of the geophysical target covered by the Reid resource represents approximately 55% of the total target area. Reid is accessible year-round by an exploration road constructed by Canada Nickel during the fall of 2024.

For the initial Mineral Resource Estimate, a total of 26,508 metres of core drilling in 55 drill holes were utilized to calculate the Reid Resources in two categories (refer to detailed table in Canada Nickel news release dated December 23, 2024). Indicated resources totalled 0.59 billion tonnes grading 0.24% nickel, for a total of 1.4 million tonnes of contained nickel and inferred resources totalled 0.99 billion tonnes grading 0.23% nickel, for a total of 2.2 million tonnes of contained nickel. The approximate dimensions of the resource are 2.2 kilometres long, 900 metres wide, extending to 700 metres deep and remaining open in multiple directions. An additional 0.9 - 2.1 billion tonnes grading between 0.20% and 0.22% nickel remain as a potential exploration target pending further drilling. This exploration target is based on core drilling by the Company and a geophysical survey on the property (more details on the exploration target can be found in the Company's news release dated December 23, 2024).

Drilling at Reid was conducted in 2022 and 2024. The 2024 campaign successfully completed the goal of infilling previous sections to define an initial Mineral 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. The Reid Mineral Resource Estimate was prepared by Caracle Creek International Consulting Inc. in accordance with CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines (2019) and CIM Definition Standards for Mineral Resources & Mineral Reserves (2014). The full technical report dated February 5, 2025, with an effective date of December 5, 2024, is titled "National Instrument 43-101 Initial Mineral Resource Estimate for the Reid Nickel Deposit and Technical Report, Reid Nickel-Cobalt Sulphide Project." The Report can be found under the Company's issuer profile at www.sedarplus.ca.

Following the initial resource estimate, the Company continued with an infill drilling campaign in order to upgrade resources to Measured, Indicated, and Inferred categories. Assays from nine additional holes are presented in a news release dated March 12, 2025. Drilling will continue this winter at Reid where there are now 18 new completed holes with assays pending. These holes continued to intersect long mineralized intervals comprised mainly of dunite and minor peridotite. REI24-52 was drilled near the center of the core anomaly where it intersected targeted higher grade nickel mineralization, confirming the continuity on strike of at least one higher grade horizon that is oriented west-northwest to east-southeast. Mineralogical studies and metallurgical testwork will also continue through 2025 to further upgrade the mineral resource.

Midlothian

The Midlothian property is located 70 kilometres south-southeast of Timmins, 25 kilometres west of Matachewan and is directly accessible by road. Four drillholes were completed during the winter of 2023 and 12 additional drillholes were completed in the fall of 2024. All 16 holes intersected long intervals of dunite at shallow depths. The holes were drilled on a target measuring 2.7 kilometres long and 0.4 to 0.9 kilometres wide with a target footprint of 1.7 square kilometres (compared to Crawford resource of 1.6 square kilometres). Assay results can be found in news releases dated April 13, 2023, May 24, 2023, January 23, 2025 and March 12, 2025. The company intends to produce an initial resource estimate at Midlothian by mid-2025.

Bannockburn

The Bannockburn Property is located 100 kilometres south of Timmins and consists of 151 contiguous unpatented mining claims totaling 3,250 hectares. Bannockburn is situated near the Company's Sothman, Midlothian, Van Hise, and Powell properties (Timmins South) forming a southern cluster of highly prospective targets near established infrastructure in Matachewan, Ontario which is located approximately 75 kilometres southeast of Timmins.

The Company completed infill drilling with nine holes drilled in the fall of 2024 on the large tonnage, low grade nickel zone (the B-Zone) and has identified new prospective targets which will be tested for higher grade material. Historically, higher grade intervals have been drilled at Bannockburn, the C-Zone and the F-Zone. The historically named B-Zone is a bulk tonnage target composed primarily of strongly serpentinized and well mineralized ultramafics. With this drilling and the data collected in 2023, the Company intends to produce a resource estimate by mid- 2025 for the B-Zone.

Drilling at the F-Zone resulted in the intersection of massive sulphides in drillhole BAN24-18 yielding 4.0 metres of 3.95% nickel, 0.40% copper and 1.08 grams per tonne palladium and platinum within a thicker interval of 12.0 metres of 1.61% nickel. Previous drilling in the F-Zone conducted by Outokumpu Mining Oy and Mustang Minerals Corp. in the late 1990s and early 2000s yielded narrow intervals of net-textured and massive sulphide mineralization including 2.8 metres of 2.9% nickel approximately 50 metres east of the current interval. The Company contracted Crone Geophysics to perform a borehole electromagnetic (BHEM) surveys of a number of drillholes. Interpretation of the BHEM results is underway and drilling is planned for 2025.

A single hole was drilled into the smaller D-zone to the northwest, confirming continuation of the mineralized ultramafic body almost 1 kilometre northwest of the main B-zone. The D-zone will need further drilling to test its potential extension from and connection to the B-zone.

Please refer to Canada Nickel news releases from November 2, 2024, November 11, 2024, November 27, 2024, December 5, 2024 and January 23, 2025 for further details.

2025 Outlook

The Company is advancing on three key fronts: advancing Crawford towards a construction decision by year-end 2025, delivering a total of eight additional nickel resources by mid-2025 demonstrating the potential of the Company's Timmins Nickel District portfolio, and completing feasibility studies for the Company's downstream projects.

Review of Operations for the Three Months Ended January 31, 2025 and 2024

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

	For the three months ended January 31	
(Canadian dollars)	**2025**	2024
	$	$
Expenses		
Salaries	**671,983**	590,022
Consulting and advisory	**761,819**	541,881
Professional fees	**211,768**	380,483
General and administrative costs	**365,060**	398,899
Promotion and communication	**75,732**	78,955
Investor relations and marketing	**81,885**	113,486
Incentive compensation	**1,044,283**	1,904,818
Travel and other	**232,220**	264,858
Foreign exchange gain and interest income	**(25,334)**	(85,250)
Transaction costs and interest expense	**2,239,574**	953,703
	5,658,990	5,141,855
Flow-through share premium	**(1,194,626)**	(257,024)
Net loss before tax	**4,464,364**	4,884,831
Income tax expense (recovery)	**(925,227)**	(167,033)
Net loss	**3,539,137**	4,717,798
Weighted average shares outstanding	**182,741,364**	148,711,210
Loss per share	**$0.02**	$0.03

Salaries
Salaries have increased between periods, reflecting an increase in the second half of 2024 to support significantly increased financing, permitting, engineering and community activities.

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 2025 increased from the previous year as the Company required more advisory in the areas of government relations and advancement of the Company's downstream projects.

Professional fees
Professional fees include legal, accounting and audit-related fees, and subscriptions. Fees are lower between periods largely due to less market related subscriptions being purchased.

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 costs between periods are consistent.

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. Variations between periods are a result of incentive bonus paid in 2024.

Travel and other
Travel activities are mostly for financing purposes and investor relations and marketing. The spend was consistent for both periods.

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, however, foreign exchange changes related to US dollar cash received from short-term loan facilities have been classified in transaction costs and interest expense as an offset to foreign exchange gains on the US dollar short-term loan. 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 $85,801 for the three months ended January 31, 2025 reflecting the remaining 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. Included in deferred income taxes are expenses resulting from the renunciation of flow through expenditures and tax recoveries related to operating losses.

In the three months ended January 31, 2024 the Company filed its tax returns to renunciate its flow through expenditures incurred in 2023 and recorded a $1.3 million tax expense. Tax recoveries from operating losses were comparable over the periods. 2025 flow-through expenditures incurred in calendar year 2024 of $34.6 million were renounced in February 2025. The corresponding deferred tax expense and liability will be recognized in that same month.

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 months ended January 31, 2025 and 2024 are as follows:

	For the three months ended January 31	
(Canadian dollars)	**2025**	2024
	$	$
Cash used in operating activities:		
Before working capital changes	**(2,488,934)**	(3,463,334)
Working capital changes	**8,200,242**	2,189,138
	5,711,308	(1,274,196)
Cash used in investing activities:		
Exploration and evaluation expenditures	**(11,538,380)**	(5,590,815)
Purchase of equipment	**(30,600)**	(18,827)
	(11,568,980)	(5,609,642)
Cash provided from (used for) financing activities:		
Proceeds from share issuance, net of transaction costs	**3,981,990**	34,480,186
Repayment of lease obligations	**(27,003)**	(25,373)
Proceeds from exercise of warrants and stock options	**237,199**	687,417
	4,192,186	35,142,230
Change in cash and cash equivalents	**(1,665,486)**	28,258,392
Opening cash and cash equivalents	**4,655,260**	14,433,936
Closing cash and cash equivalents	**2,989,774**	42,692,328

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 had $8.0 million owing in HST refunds representing six months of HST claims that were delayed being refunded while the tax authorities completed their audit. The Company received the refunds in December 2024.

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 $6 million was spent in relation to advanced engineering work and permitting for the three months ended January 31, 2025 compared to $4 million spent for the same period in 2024. Approximately $5 million was spent on regional exploration for the three months ended January 31, 2025 and $1 million for the same period in 2024.

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 two properties.

	Cash	Shares
	$	#
Fiscal year 2025	360,000	5,000
Fiscal year 2026	860,000	145,000
	1,220,000	150,000

Cash provided from (used for) financing activities

On December 30, 2024, Canada Nickel completed a non-brokered private placement of an aggregate of 3,480,000 common shares of the Company that will qualify as "flow-through shares" (as defined in subsection 66(15) of the Income Tax Act (Canada)) (the "FT Shares"), at an issue price of $1.15 per FT Share, for aggregate proceeds of $4,002,000 (the "December 2024 Flow-Through Offering"). This financing will allow the Company to continue to build on the success from the 2024 exploration program through the first half of 2025 and continue to demonstrate the potential of the Timmins Nickel District, including upgrading the initial mineral resources published for both Reid and Deloro and building on 2024's high grade discovery at Bannockburn. The gross proceeds from the December 2024 Flow-Through Offering will be used by the Company to incur (or be deemed to incur) eligible resource exploration expenses that will qualify as (i) "Canadian Exploration expenses" (as defined in the Income Tax Act (Canada)), (ii) "flow-through critical mineral mining expenditures" (as defined in subsection 127(9) of the Income Tax Act (Canada)) (collectively, the "Qualifying Expenditures"), and (iii) "eligible Ontario critical mineral exploration expenditures" within the meaning of subsection 103(4.1) of the Taxation Act, 2007 (Ontario). Qualifying Expenditures in an aggregate amount not less than the gross proceeds raised from the issuance of the FT Shares will be incurred (or deemed to be incurred) by the Company on or before December 31, 2025, and will be renounced by the Company to the initial purchasers of the FT Shares with an effective date no later than December 31, 2024. All securities issued under the December 2024 Flow-Through Offering will be subject to a hold period expiring four months and one day from the closing date of the Offering in accordance with applicable Canadian securities laws.

The FT 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 $730,800 and has an obligation to incur $4,002,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2025. The share capital value of $3,981,990 includes the gross proceeds net of costs related to the issuance.

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 2023 Flow-Through Offering"). Following closing of the December 2023 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 2023 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 2023 Flow-Through Offering, subject to acceleration in certain circumstances. Beginning three months from the closing date of the December 2023 Flow-Through Offering, if the trading price of the common shares on the TSX Venture Exchange equals or exceeds $2.65 per common share for at least 20 consecutive trading days, Canada Nickel shall have the right to accelerate, by notice to the holders of Warrants, the expiry date of the Warrants to 30 calendar days after the date of such notice (such that the holder may either exercise all or a portion of the Warrants in such 30 day period, or failing such exercise, any unexercised Warrants would expire).

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 CEE by December 31, 2024. The Warrant Shares issued were assigned an aggregate fair value of $2,172,505 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 36 month 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.

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 matured on January 9, 2025. Interest expense accrued 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 entitled Auramet Inc. to acquire one common share of the Company at a price of $1.42 per share until July 9, 2025. 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 were amortized over the six-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss.

On January 9, 2025, the Company extended the repayment date of the Auramet Inc. July 2024 US$15 million loan facility from January 9, 2025, to March 14, 2025. An extension fee of US$438,465 will be paid by March 14, 2025 and 1,750,000 warrants with a strike price of $0.96 per share will be issued with a 9 month expiry. The Auramet Inc. July 2024 warrants were cancelled. The loan will carry an interest rate of 1.25% per month for the extension period. The interest payable on the original loan amount has also been deferred to March 14, 2025. The warrants and the underlying common shares are subject to a four month hold period under Canadian securities laws.

The Auramet Inc. January 2025 extension warrants issued were assigned an aggregate fair value of $260,225 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 52%, risk-free rate of return 2.9% and expected 9-month life. The fair value of the warrants less the $166,500 expensed from the Auramet Inc. July 2024 warrants, and the arrangement fee are being amortized over the 64-day maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss.

On March 14, 2025, the Company again extended the repayment date of the Auramet Inc. July 2024 loan to April 25, 2025. An extension fee of US$168,233 will be paid by April 25, 2025 along with the previous extension fee of US$438,465 and outstanding interest. The loan will continue to carry an interest rate of 1.25% per month until expiry.

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 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.

A summary of the transaction costs and interest expense related to each short-term loan facility for the three months ended January 31, 2025 and 2024 are as follows:

	2025	2024
	$	$
Arrangement fee	**434,853**	248,457
Warrant cost	**95,560**	65,765
Amortization of arrangement fee	**-**	298,584
Interest expense	**732,636**	574,426
Foreign exchange	**890,724**	(233,529)
Transaction costs and interest expense	**2,153,773**	953,703

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 and were used to partially repay the Auramet Inc. September 2023 loan facility and for the advancement of engineering and permitting.

Prior equity raises included:
- In February 2023, the Company raised $44.6 million, of which the Company spent $16 million to complete the BFS and continue permitting activities, $6 million for regional exploration, $14.5 million to repay a short-term loan facility and the remaining funds for general corporate purposes.
- In February 2022, the Company received net proceeds of $48.2 million, of which $19 million was for exploration, $13 million to repay a short-term facility and the remaining funds for general corporate purposes and resource definition and other activities associated with the advancement of the Crawford Project.
- 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 January 31, 2025, the Company has $26.5 million (October 31, 2024 - $28.7 million) in payables owing with respect to exploration and evaluation assets and has lease obligations of $161,920 related to 2025 and $131,236 for fiscal years 2026 to 2028. The Company incurred the full amount of expenditures of $34.7 million in flow-through eligible expenditures as at December 31, 2024. Commitments on option properties are described 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.

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

Financial Condition

The application of the going concern concept assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital balance deficit of $49,723,160 at January 31, 2025, and has incurred losses and negative cashflows from operations and has an accumulated deficit of $35,972,053. 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 Company has demonstrated a strong track record by growing exponentially over the last five years using funds raised in the market to successfully advance the Crawford Project and significantly expand its regional exploration base around Crawford.

The Company will continue to source other funding and may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

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

Review of 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.

(Canadian dollars)	Q2 2023	Q3 2023	Q4 2023	**Q1 2024**	Q2 2024	Q3 2024	Q4 2024	**Q1 2025**
	$	$	$	**$**	$	$	$	**$**
Expenses								
Salaries	386,056	411,799	264,042	**590,022**	524,312	479,536	638,774	**671,983**
Consulting and advisory	356,194	447,486	1,347,427	**541,881**	494,389	689,973	869,216	**761,819**
Professional fees	479,491	180,373	118,139	**380,483**	279,667	311,132	336,759	**211,768**
General and administrative costs	457,671	87,831	217,895	**398,899**	437,950	226,549	450,150	**365,060**
Promotion and communication	62,656	62,556	48,945	**78,955**	74,260	150,009	90,026	**75,732**
Investor relations and marketing	120,487	154,921	156,231	**113,486**	145,130	185,600	102,063	**81,885**
Incentive compensation	1,347,586	1,091,728	924,895	**1,904,818**	1,058,190	1,026,375	746,697	**1,044,283**
Travel and other	149,311	139,427	423,062	**264,858**	325,960	348,917	254,979	**232,220**
Foreign exchange gain and interest income	(294,193)	(70,512)	(33,709)	**(85,250)**	(733,838)	(162,276)	(110,587)	**(25,334)**
Transaction costs and interest expense	612,308	-	570,154	**953,703**	96,829	1,079,150	1,312,408	**2,239,574**
	3,677,567	2,505,609	4,037,081	**5,141,855**	2,702,849	4,334,965	3,874,185	**5,658,990**
Flow-through share premium	(1,104,545)	(940,966)	-	**(257,024)**	(1,865,267)	(3,013,555)	(6,251,126)	**(1,194,626)**
Net loss (income) before tax	2,573,022	1,564,643	4,037,081	**4,884,831**	837,582	1,321,410	(2,376,941)	**4,464,364**
Income tax expense (recovery)	(632,970)	(344,260)	(795,536)	**(167,033)**	(592,857)	(844,798)	(660,910)	**(925,227)**
Net loss (income)	1,940,052	1,220,383	3,241,545	**4,717,798**	244,725	476,612	(3,037,851)	**3,539,137**
Weighted average shares outstanding	130,017,641	140,149,544	141,413,632	**148,711,210**	172,163,324	181,209,453	181,214,844	**182,741,364**
Net loss (income) per share	$0.01	$0.01	$0.02	**$0.03**	$0.00	$0.00	$(0.02)	**$0.02**

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 significantly increased its activities in financing, permitting and engineering to prepare for the construction of Crawford. The expenses in the fourth quarter of 2023 are lower than previous quarters reflecting a re-allocation of certain salaries to exploration and evaluation assets.

*Consulting and advisory - c*osts in the fourth quarter of 2023 increased substantially from the previous quarters as the Company incurred additional advisory in relation to 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 throughout 2024 and 2025 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.

Professional fees – costs were higher in the second quarter of 2023 largely due to additional legal fees associated with 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.

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 fees in relation to the short-term loan facility.

Incentive compensation – Incentive compensation includes cash-based incentive compensation and non-cash share-based compensation. Share-based compensation tends to fluctuate depending on timing and vesting of grants.

Travel and other –Largely includes costs related to travel for conferences, investor meetings and other development opportunities. Spending is dependent on timing of the travel.

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 in 2024 was 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 and fourth quarter of 2024 include $0.6 million and $0.2 million, respectively, 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.

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 January 31	
	2025	2024
	$	$
Salaries, consulting and directors' fees	**614,365**	608,013
Incentive compensation	**915,876**	1,822,917

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. No amounts were receivable to or payable from related parties at January 31, 2025 and 2024.

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 $206,895,284 as at January 31, 2025.

Financial Instruments

Fair values

At January 31, 2025, 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 January 31, 2025, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

Off-Balance-Sheet Arrangements

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

Share Capital

As at the date of this MD&A, April 1, 2025, the Company had 192,534,792 common shares issued and outstanding, 8,610,000 warrants outstanding, 11,340,400 stock options outstanding and 4,881,477 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.

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.