



Canada Nickel Company Inc.

Management's Discussion & Analysis

For the Year Ended October 31, 2022

(Expressed in Canadian Dollars, unless otherwise noted)

February 8, 2023

Canada Nickel Company Inc.
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Introduction

The following management's discussion and analysis (MD&A) of the financial condition and results of the operations of Canada Nickel Company Inc. (the "Company" or "Canada Nickel") constitutes management's review of the factors that affected the Company's financial and operating performance as at and for the year ended October 31, 2022. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended October 31, 2022, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's 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). This MD&A has been prepared as of February 8, 2023.

For the purposes of preparing this 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 MD&A has been prepared by 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.sedar.com, which also includes the Company's Annual Information Form for the year ended October 31, 2021.

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.

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

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

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

Scientific and Technical Information

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

Description of The Business

Canada Nickel was incorporated on October 11, 2019 under the laws of the Province of Ontario, Canada, and its head office is located at 130 King Street West, Suite 1900, Toronto, Ontario, M5X 1E3.

On February 27, 2020, the Company's common shares commenced trading on the TSX Venture Exchange (TSX-V) under the symbol "CNC" and its common shares also trade on the OTCQX Best Market under the symbol "CNIKF".

Canada Nickel is engaged in the exploration and discovery of nickel sulphide assets to deliver future supply for the high growth electric vehicle, green energy and stainless steel markets. In 2020, the Company acquired 100 per cent of the Crawford Nickel Sulphide Project (Crawford or the Crawford Project), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. The Company also owns or holds options to own 22 additional nickel targets located near the Crawford Project.

On July 21, 2020, Canada Nickel launched wholly-owned NetZero Metals Inc. (NetZero), with the aim to develop zero-carbon production of nickel, cobalt, and iron at the Crawford Project. The Company has applied for trademarks for the terms NetZero Nickel™, NetZero Cobalt™, and NetZero Iron™ in the United States, Canada, and other jurisdictions related to zero-carbon production of nickel, cobalt, and iron products.

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Key Developments During the Year Ended October 31, 2022 and up to February 8, 2023

In 2021, the Company completed its Preliminary Economic Assessment ("PEA") for the Crawford Project and undertook initiatives to add value to the project which would be incorporated into the Crawford feasibility study. During fiscal year 2022 while the Company advanced the feasibility study it accomplished and will incorporate the following value-added achievements - issued a revised resource estimate doubling the measured and indicated resources at Crawford, developed a potential new method to accelerate carbon capture and the resulting carbon credits, and optimized recoveries and PGM (Platinum Group Metals) content. Going forward, significant milestones for the Company include delivery of the Crawford feasibility study mid-2023, receipt of environmental permits mid-2025 and commencement of construction development late 2025. The Company has achieved important targets towards receipt of permitting and has appointed financial advisors to advance its overall financing package – all critical steps towards achieving the key project milestones. In addition, the Company concluded several acquisitions in the nickel district within the Timmins/Cochrane region, including the Texmont property with the potential for near-term production, and conducted numerous drilling campaigns on these properties. Drilling results received to date reinforce the success of the geophysical targeting approach the Company has chosen and increase the probability of success at its 22 properties within the 42 square kilometres of geophysical targets.

Updated Crawford Mineral Resource Estimate Doubles Measured and Indicated Resources

On August 23, 2022, the Company filed on SEDAR an independent technical report titled "Crawford Nickel Sulphide Project - NI 43-101 Technical Report, Preliminary Economic Assessment & Updated Mineral Resource Estimate" (the "Technical Report"). The Technical Report was prepared by Caracle Creek International Consulting Inc with support from Ausenco Engineering Canada Inc. and Wood Environment & Infrastructure Solutions Canada Limited to provide the updated mineral resource estimate and to re-iterate the results of the Crawford Nickel Sulphide Project PEA dated July 9, 2021 (with an effective date of May 21, 2021). A copy of the Technical Report is available under the Company's profile page at www.sedar.com.

The updated mineral resource estimate more than doubles Measured and Indicated resources to 1.4 billion tonnes at 0.24% nickel plus a further 670 million tonnes of Inferred resources at 0.23% nickel. The increase in the resource is largely due to the exploration success in the East Zone of Crawford. With additional potential from a number of holes still pending assays at the resource cut-off date, the Company expects the final feasibility study resource to support the upper end of the mine plan target of 1.3 to 1.8 billion tonnes.

Please refer to Canada Nickel press release dated July 6, 2022 for the complete Mineral Resource table plus additional details on the resource and changes from the previous estimate.

Crawford East Zone

The East Zone was originally defined as two separate zones due to the limited amount of drilling included in the May 2021 PEA. Since then, Canada Nickel has drilled 38 more holes. The East Zone is now defined as a single continuous ultramafic unit mineralized over its strike length of 2.8 kilometres. It averages 200 metres in thickness and has been drilled to a vertical depth to as much as 730 metres and remains open at depth. The East Zone Higher Grade Core was successfully intercepted in multiple holes designed to better define its extent. The April 4, 2022 and July 6, 2022 press releases provide additional details.

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Crawford Main and West Zone

Drilling within the Main and West Zone consisted of infill drilling to upgrade the resource and expand the resource northwest of the existing Main Zone Resource Estimate. A total of 39 holes were completed. Drilling westward from the Main Zone has extended the mineralization continuously from the existing resource for a distance of 850 metres to the northwest where it remains open along strike and at depth. The April 4, 2022 and July 6, 2022 press releases provide additional details.

PGM (Platinum Group Metals) zone

Crawford also contains an area of higher-grade mineralization outside the bulk tonnage Main Zone and East Zone resources. During the most recently completed drilling, the Company intersected several significant PGM intervals in the northwest area of the deposit. Hole CR22-234 yielded 30 metres of 1.82 g/t palladium + platinum. Hole CR22-236 yielded 15.0 metres of 1.88 g/t platinum + palladium PGEs have been found generally at the contacts of peridotite and pyroxenites, continuing with anomalous values within the pyroxenites, around Crawford Main zone and East zone, but not at these grade/thicknesses. The December 19, 2022 press release provides additional details.

Feasibility Study Well Advanced with Enhancements Being Incorporated

During the first half of fiscal 2022 the Company executed the highest activity and largest spend for the feasibility study as the main field geotechnical data gathering programs and infill drilling were largely completed during this timeframe. The soils program focused on understanding the overall thickness of clays, soil overburden and determining any potential water conductivity. The rock program focused on determining the geotechnical stability to support engineering of the pit slopes to be employed in the open pit design. The second half of the fiscal year focused on engineering activity incorporating the data gathered during the first half of the year.

Mineralogical studies and metallurgical test work continued through the fall of 2022 and was being incorporated into the feasibility study. Additional exploration drillholes in the East and Main Zones will be added to the resource definition once assays are received and any final drilling to upgrade any inferred resource remaining within the feasibility study mine plan.

The feasibility study, originally scheduled to be released in December 2022, will be postponed until mid-2023 to incorporate the positive results received from its latest test work supporting the incorporation of carbon capture and storage into the Crawford Project. The Company's In-Process Tailings ("IPT") Carbonation process is a novel method for accelerated carbon capture and storage that the Company believes has transformative potential. The latest test work confirms that existing process streams can be utilized for IPT Carbonation which the Company believes should allow it to be timely and cost effectively engineered and incorporated into the flowsheet. The next section describes in further detail the IPT Carbonation process.

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New Method for Accelerated CO₂ (Carbon Dioxide) Capture is Identified

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

On July 20, 2022 the Company announced the first set of laboratory test results for the IPT Carbonation. The lab scale test program demonstrated IPT Carbonation could allow Crawford tailings to absorb enough CO₂ to achieve Net Zero carbon emissions within 36 hours and generate up to 21 CO₂ credits per tonne of nickel produced within just six days, rather than the multiple months involved in existing passive tailings approaches. At the Crawford Project, this translates into an average of approximately 710,000 CO₂ credits per year and 18 million CO₂ credits over the PEA life-of-mine. Please refer to Canada Nickel press release dated July 20, 2022 for additional details.

Subsequent to the July 20, 2022 press release, laboratory testing continued with the goal of understanding key process levers that affect CO₂ capture. On November 8, 2022, Canada Nickel announced that the latest testing results showed the ability to triple the amount of carbon captured in 24 hours on the most reactive tailings stream compared to previous test work. This new set of results from the lab scale test program completed at Kingston Process Metallurgy ("KPM"), demonstrated that changes to two key levers increased the amount of carbon capture in just 24 hours relative to the previous tests by more than three times, and achieved more than 60% of the previously achieved carbon capture level that had taken six days. Understanding the impact of these variables on the carbon capture potential is believed to be key to operationalizing the process. Please refer to Canada Nickel press release dated November 8, 2022 for additional details.

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

While Canada Nickel's IPT Carbonation process has only been demonstrated on a lab scale and on a limited number of samples, the Company believes that, given its relative simplicity, this process could be scaled up with availability of concentrated (rather than atmospheric) sources of CO₂. This CO₂ could potentially be delivered by downstream processing of Crawford concentrates, a wide range of industrial processing activities, green hydrogen production, carbon capture facilities, or natural gas power generation. The process clearly demonstrates the potential to produce NetZero Nickel™ and NetZero Cobalt™ for the EV industry, NetZero Iron™ and chromium for the stainless steel industry and generate substantial carbon credits during the process. The Company believes that the need for a concentrated source of CO₂ for this process and the substantial CO₂ capture capacity potential of its ultramafic land position could form the basis for an entire zero carbon industrial cluster in the Timmins region.

On January 4, 2023, the Company announced that the latest results from further lab scale testing at KPM confirmed that a blend of tailings expected to be produced by Crawford and thickened to an expected operating tailings density could be successfully carbonated with the IPT Carbonation process. It is a significant result to demonstrate the process at higher solids densities as the pulp density and the tailings residence time will be a key driver of the process capital and operating costs. The testing also attempted to understand what ultimate carbon capture potential is possible and the test resulted in 37 tonnes of CO₂ captured per tonne of nickel – 34 tonnes of that amount was captured within 25 hours. The 37 tonne figure is believed to represent a potential maximum and there is no certainty that such amount could be achieved

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in commercial operation. These last results from KPM triggered the Company to incorporate the IPT Carbonation into its Crawford feasibility study flowsheet.

The Company will incorporate the IPT Carbonation into its Crawford feasibility study flowsheet and believes it could potentially allow a portion of the Company's project capital expenditures to become eligible for the carbon capture and storage refundable investment tax credits of 37.5% to 60% from 2022-30 and 18.75% to 30% from 2031- 40 announced in 2022 federal budget documents. The Company believes it can clearly demonstrate with the existing broad base of research in this area that the mineral sequestration utilized by the Company can be considered an effective carbon storage approach that would meet Environment and Climate Change Canada requirements. In addition, the Company is exploring its eligibility for tax credits as well as other government funding programs related to the Critical Minerals Strategy that have the potential to improve overall project value

Development of District Scale Potential

The Company has a strong belief in the district-scale potential of the Timmins region and has the goal to become a leader of the Next Generation of Nickel Supply – large, scalable, and low carbon nickel. The Company entered into 27 transactions through the year to acquire or earn into 16 additional nickel targets. The acquisition of these target properties represents a transformational milestone for Canada Nickel, on par with the initial discovery of the flagship Crawford. Each target has had some historical work, and in some cases, much more than Crawford did initially, confirming that these targets contain the same serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO₂.

The combined target surface footprint of the new properties is 42 square kilometres – 20 times larger than the Company's flagship Crawford Project. Each of the additional properties contains one or more ultramafic targets based on combinations of historical geophysical work and drilling over the past 65 years. Eleven of the target properties have a larger footprint than Crawford and eleven are confirmed to contain the same host mineralization as Crawford.

In summary, following the completion of the acquisitions, the Company has 16 new interests in properties around the Timmins/Cochrane region divided into the following three clusters:

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

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Timmins South

Sothman, Deloro, Bannockburn, Texmont, Midlothian, Powell

Sothman

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

As of the date of the MD&A, ten drillholes have been drilled. Five drillholes were completed on the eastern half of the target anomaly (SOT22-01 to SOT22-05). These holes succeeded in confirming the continuation of ultramafic lithologies, primarily peridotite with dunite, with moderate to strong serpentinization and variable amounts of mineralization throughout. Assays from all holes are pending. Additional details on these holes are included in the December 1, 2022 press release.

A further five holes were drilled on the western end of the target anomaly (SOT22-06 to SOT22-10), where the historical resource was located, to confirm the high-grade mineralization and the potential for larger, adjacent intervals of lower grade mineralization. These holes succeeded in confirming the presence of high-grade mineralization within wider intervals of 100 to 120 metres of mineralized ultramafics. Assays from all holes are pending. Drilling continues in the Sothman property with one hole planned for downhole geophysics to aid in the understanding and targeting the centre of the higher-grade core as the Company believes that these geological structures have the potential for additional nickel lenses, particularly given the last drilling work took place in the early 1970s. Additional details on these holes are included in the December 19, 2022 press release.

The Sothman property includes 50 mining leases that are in Sothman, Kemp and Mond Townships, 45 of which have associated Mining and Surface rights and five of which have Mining Rights only. The vendor also holds a contingent right to receive a bonus payment in the amount of \$10,000,000 (paid in cash or shares, at the Company's election) in the event the Company discloses a mineral resource pursuant to National Instrument 43-101 of 10,000 tonnes or more of nickel or nickel equivalent. The vendor will also retain offtake rights to purchase the ore, concentrate or other mineral products produced from the property at market pricing.

Deloro

The Deloro property is located 25 kilometres south of Crawford and 9 kilometres south-east of Timmins and contains an ultramafic target measuring 1.4 kilometres north-south by 450 metres east-west. As of September 28, 2022, the Company completed 11 drillholes at Deloro and succeeded at defining the continuity of the ultramafic lithologies and nickel mineralization throughout the target anomaly in all 11 holes.

Please refer to Canada Nickel press releases dated May 10, 2022, August 17, 2022 and September 28, 2022 for additional details on drilling results. Deloro is the second significant discovery (next to Reid) from Canada Nickel's newly acquired regional properties.

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

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The Deloro Project consists of mining claims and patents acquired from two vendors in separate purchase agreements. In the first purchase agreement a 100% ownership was acquired to 35 mining claims and 30 mining patents. The mining claims are subject to a 2.00% net smelter royalty (NSR) while the patents are subject to various NSRs, ranging from 2.00-5.50%. In the second purchase agreement, Canada Nickel acquired a 100% ownership in four contiguous mining patents. The vendor will retain a 3.00% NSR on any gold resource outlined.

Midlothian

Midlothian covers an area of 3,257 hectares and is located 70 kilometres south-southeast of Timmins. The ultramafic body is defined by a magnetic anomaly 2.7 kilometres long and up to 700 metres wide. Please refer to November 22, 2021 press release.

The Midlothian property was acquired under an option agreement by which Canada Nickel can earn a 100% interest in the property through cash and share payments and a commitment to \$500,000 of exploration expenditures within the first twelve months of the agreement. On or before the fourth anniversary (November 19, 2025), Canada Nickel will complete an exploration program having a cumulative value of \$2.5 million (including the first-year expenditures of \$0.5 million) and make cash and share payments annually totaling \$1,050,000 and issuance of 450,000 common shares. The vendors will retain an NSR of 4.00% for gold and 2.00% for nickel with a commercial production payment of \$4.0 million. Canada Nickel will retain a 1.00% NSR buy-back right for aggregate payments of \$2.5 million. To date Canada Nickel has completed airborne gravity, magnetic and electromagnetic surveys over the portion of the mining claims containing the most significant ultramafic units.

Powell

The Powell Property is located 74 kilometres southeast of Timmins and consists of several single cell mining claims totaling approximately 1,000 hectares. The mining claims cover an ultramafic intrusion having dimensions of 1.4 kilometres by 1.0 kilometre showing a highly anomalous total magnetic intensity ("TMI"). Two shallow holes drilled off the southeast edge of the anomaly were described as containing a pervasive mafic metavolcanic unit with high concentrations of magnetite and intervals of fracture-filling sulphide, which is more typical of serpentinized ultramafics. Please refer to November 22, 2021 press release.

Bannockburn

The Bannockburn Property is located 65 kilometres southeast of Timmins (near Matachewan, Ontario) and approximately 27 kilometres northeast of the Sothman Property, and 30 kilometres southeast of Texmont. It consists of 125 contiguous unpatented mining claims totaling 2,700 hectares. The property contains at least two ultramafic units with the larger one representing the "B" Zone, a large, lower-grade mineralized ultramafic measuring 1.3 kilometres along strike by up to 700 metres across strike (based on its magnetic response) that had yielded similar intervals to Canada Nickel's Crawford Deposit. The "B" Zone was drilled in 2021 by the previous owner to a depth of 340 metres. Previous drilling within the high-grade zones intersected up to 5% nickel in the "C" Zone, which averages 2.5 metres in true thickness, 0.85% nickel over 4.27 metres in the "D" Zone, which remains open and up to 4.54% nickel in the "F" Zone with widths ranging from 0.25 metres to 17.6 metres which also remains open. Historical mineral processing work confirmed presence of heazlewoodite, similar to Crawford, and the ability to generate a 35% nickel concentrate. See previous news release dated June 7, 2022.

In addition, drilling by the previous operator was consistent with the Company's geophysical approach and further confirmed the geophysical targeting model. Eight holes intersected 160.9 to 369.0 metres of mineralization and multiple holes (GBN21-01, GBN21-02, GBN21-03, GBN21-04, GBN21-06) intersected nickel grades in excess of 0.3%. Please refer to Canada Nickel press release dated September 28, 2022.

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Canada Nickel has recovered high-grade samples from the outcrop and identified several targets to follow up with a drilling campaign in 2023 to better define the geological and mineralogical continuation on strike and dip of these zones.

Canada Nickel acquired a 100% interest in Bannockburn, which is subject to an existing 2.0% net smelter return royalty with Outokumpu Oyj, in exchange for two million common shares of the Company.

Texmont

Subsequent to the fiscal year end, Canada Nickel acquired on November 14, 2022 a 100% interest in the past producing Texmont property situated between the Company's Deloro and Sothman properties south of Timmins, Ontario.

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

The Texmont Property is located 36 kilometres south of Timmins and contains an ultramafic body with a target geophysical footprint approximately 1.2 kilometres long by 150 metres wide. A historic resource estimate of 3.2 million tonnes grading 0.9% nickel was reported (Leigh, 1971)². A mine and mill operated on the site from July 1971 to December 1972 at a rated capacity of 500 tons per day. The total amount milled cannot be confirmed as the data and final stope plans are not available. The mine targeted narrow nickel mineralization in excess of 1.0%. Canada Nickel believes that this high-grade mineralization is contained within a larger bulk tonnage deposit that extends to surface.

Initial drilling results confirms the presence of high-grade mineralization in ultramafic rock, as well as currently undefined lower grade, wider intervals, that were disregarded during previous mining. To date, Canada Nickel has drilled four drill holes, all intersecting significant intervals of mineralization within the target ultramafic. From 2006-2008, Fletcher Nickel drilled 28,883 metres and filed a technical report published June 25th, 2009, which has not been incorporated into a resource estimate. Drilling continues at Texmont with several holes planned for winter 2023, with the goal of producing a current resource estimate using historic and new data, as the basis for an open pit mine plan to support a potential restart by 2025 or provide a source of higher-grade feed for the Crawford Project.

Drilling in the 2000's intersected well mineralized and serpentinized ultramafic rocks described as predominantly komatiites-peridotites. Further details on Texmont historic drilling can be found in the Company's news release dated December 19, 2022.

The Company entered into an agreement to acquire a 100% interest (subject to potential third party rights) in 14 mining leases in exchange for a \$250,000 cash payment and the issuance of a non interest-bearing promissory note of \$3.75 million due March 14, 2023. At closing, the seller will be granted a 2% net smelter returns royalty, which can be bought down to 1% for \$2.5 million at the Company's option. The third party rights include a legacy ownership interest of 15% of the property and net profits interest of 10%. The Company intends to determine whether these interests are still valid.

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

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Timmins East

Stimson, Mortimer, Moody, McCool, Mann (Northwest, Central and Southeast), Newmarket, Reaume

Stimson, Mortimer and Moody

The Stimson Property covers 1,491 hectares and encompasses a weakly magnetic ultramafic having a strike length of at least 2 kilometres and with a higher amplitude TMI of 400 metres long. The ultramafic is interpreted to be a distal extension of more strongly magnetic ultramafics found in Mortimer and Moody Townships, staked by Canada Nickel at the same time.

The Mortimer Property includes two ultramafic intrusions that cover a total distance of 10 kilometres, in an area staked by Canada Nickel totaling 2,732 hectares. The main intrusion has dimensions of 1.8 kilometres long, up to 400 metres wide and has never been intersected by drilling. The secondary intrusion, although longer in strike extent, does not show the same high intensity in the TMI but does have three locally high responses within the intrusion, none of which appears to have been drilled. The property is easily accessed by an all-weather logging road.

The Moody Property covers an area of 1,940 hectares and was staked by Canada Nickel. The claims are located 72 kilometres east of the Crawford Project and within 3 kilometres from an all-weather mining road. Mistango River Mines Limited drilled a total of 34 diamond drillholes in the search for ultramafics. While the drilling results were reported by Utah Mines Ltd. in 1964, the location of the drillholes and drill results have not been provided on the Mining Lands Administration System ("MLAS"). The ultramafic is interpreted to have dimensions of 4.2 kilometres long by up to 700 metres wide.

The Stimson, Mortimer and Moody properties were staked directly by Canada Nickel as single cell mining claims and are not subject to an NSR. The total cost for staking was \$10,750. There are 215 mining claims totaling 3,440 hectares. Each mining claim is 16 hectares. Claims are valid for two years and require an exploration expenditure of \$400/claim thereafter to be renewed annually.

More details can be found in the Company's news release dated November 22, 2021.

McCool

The McCool property was staked directly by Canada Nickel as 72 contiguous mining claims (1,152 hectares) with additional claims purchased from local prospectors for a total land package of 2,832 hectares consisting entirely of mining claims owned 100% by Canada Nickel. The property is located 92 kilometres east of Timmins. The main intrusion was identified by its anomalous TMI and is estimated to have dimensions of 4.6 kilometres long by up to 800 metres wide. Airborne magnetic and electromagnetic measurements were acquired over the property in 2022. The anomalous EM response is consistent with highly altered ultramafic rocks and the TMI suggests these rocks are highly serpentinized.

More details can be found in the Company's news release dated November 22, 2021.

Mann

Mann is located 25 kilometres east of Crawford and totals 7,800 hectares. The ultramafic is estimated to be a combined 21 kilometres in length with variable thickness and having at least three main dunitic cores like that at Crawford (Mann Central, Mann Northwest, and Mann Southeast). The Company has acquired the right to earn an 80% interest in the Mann Property from Noble Mineral Exploration Inc. ("Noble") by an initial payment of \$100,000 in cash and 250,000 shares and paying a further \$100,000 per year over the four-year option period (for a total cash payment of \$400,000) and issuing a further 150,000 common shares, and incurring total exploration expenditures of \$1.7 million, over the option period. Noble will retain a 2.00% NSR with a 1.00% buy-back to Canada Nickel for \$1.0 million plus 50% of the buy-back provisions that total \$4.5 million (\$2.25 million to Canada Nickel). In 2022 the company flew airborne

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gravity, magnetic and electromagnetic surveys over the majority of the mining claims. Targets are being generated for a drill program in 2023.

See press release dated November 22, 2021 for additional details on the three zones at Mann.

Newmarket

The Newmarket Property is located 34 kilometres east of the Crawford Project and consists of 93 contiguous mining claims totaling 1,488 hectares. The property is thought to contain the extension of an ultramafic sill located in Mann Township. The ultramafic at Newmarket measures approximately 8.4 kilometres along strike and up to 600 metres across strike (as estimated from its magnetic footprint). Exploration of the ultramafic within Newmarket dates to 1947 when International Nickel Co. drilled a series of six short holes to a maximum length of 488 feet (149 metres) and intersected serpentinized ultramafic rocks (no assays provided). In 1995, Falconbridge Ltd. conducted ground geophysics and drilling. Hole MAN35-01 drilled just off the edge of Newmarket property intersected serpentinized ultramafic across entire core length to end of hole. Three three-metre assays at 47, 71 and 105 metres yielded nickel intervals in excess of 0.31% nickel. Hole NEW22-01 intersected a coarse-grained peridotite with an assay value of 0.25% nickel over 3 metres reported by the Ontario Geological Survey.

Please refer also to Canada Nickel press release dated June 7, 2022 for additional details.

Reaume

The Reaume Property is located 20 kilometres north-east of Crawford and contains an ultramafic target that measures 3 kilometres east-west by 1.4 kilometres north-south. The geophysical footprint indicates a highly folded structure, unlike the single differentiated sills observed at Deloro, and other properties including Bannockburn, Sothman and McCool among others.

Drilling during the summer successfully confirmed the presence of ultramafic rocks, dominated by peridotite with nickel mineralization in 6 of 7 drillholes. The peridotite intersected was generally lower grade than the peridotites at Crawford. Minor pyroxenite and dunite were also intersected. The drilling to date has intersected mostly weakly mineralized peridotite. The more mineralized dunite is expected to occur on the eastern edge of the property to which access is limited to winter months. This will be more directly targeted as exploration at Reaume continues.

See further details in press releases dating November 22, 2021 and May 10, 2022.

The Reaume property was acquired through a combination of purchase and option Agreements. In one purchase agreement Canada Nickel acquired a 100% right to 65 contiguous mining claims with a 2.00% NSR to the vendor and a 1.00% buy-back provision. In a second option agreement Canada Nickel has the option to earn a 100% interest in 48 mining claims through work expenditures (2,100 metres of diamond drilling) over a 12-month period. In a third purchase agreement Canada Nickel acquired a 100% interest in a group of 201 in-fill claims (surrounding the ultramafic units) with the vendor retaining a 2.00% NSR with a buy-back of 1.00%. In a fourth purchase agreement Canada Nickel acquired a small group of claims which have a 2.00% NSR with a 1.00% buy-back.

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Timmins Central

Reid, MacDiarmid, Mahaffy, Nesbitt, Kingsmill, Bradburn and Dargavel

Reid

The Reid Property is located just 16 kilometres southwest of Crawford and 37 kilometres northwest of Timmins and contains an ultramafic body with a target geophysical footprint of 3.9 square kilometres compared to Crawford's target footprint of 1.6 square kilometres. Assay results from 16 holes continue to confirm nickel mineralization in serpentinized dunite and peridotite. Similar PGM Zone mineralization as Crawford was also observed in hole REI22-13 which was the only hole to test the contact of mineralization.

All 16 holes at Reid intersected multi-hundred metre intervals of mineralization with 6 holes in Central Core Area intersecting higher grades. Holes REI22-14 and REI22-16 confirm mineralization of over 500 metres width, which is approximately 50% wider than Crawford Main Zone and more than 100% wider than Crawford East Zone.

13 drill holes were drilled in the central core of the anomaly, with all of them intersecting consistent moderate to strongly serpentinized dunite, and visible nickel mineralization. Dunite is the lithology predominant in the central core, with only an occasional occurrence of later dykes that crosscut the anomaly in a northwest and southeast direction.

Three holes (REI22-12, REI22-13, REI22-15) were drilled in the north limb with all holes intersecting the targeted mineralized dunite. REI22-13 intersected the typical differentiation sequence, collaring in gabbro and followed by pyroxenite, peridotite and dunite. The hole finished in dunite. The north limb area extends northwest for 1.5 kilometres strike length and around 400 metres width, with a target footprint of 0.6 square kilometres. The south limb remains to be drilled.

Please refer to Canada Nickel press releases dated May 10, 2022, June 27, 2022, September 28, 2022, December 1, 2022 and January 18, 2023 for additional details.

The Reid Property was acquired through purchase agreements with several different vendors. The Company has committed to conduct a 2,500 metre drill program and fly an airborne survey over the property. The vendor retains a 2.00% NSR on the claims with certain buy-down provisions. In a second purchase agreement 14 single cell mining claims were acquired with a 2.00% NSR to the vendor and a 1.00% buy-back. In a third agreement Canada Nickel acquired a 100% interest in 18 mining claims with a 2.00% NSR to the vendor and a 1.00% NSR buy-back.

MacDiarmid, Mahaffy, Nesbitt, Kingsmill, Bradburn and Dargavel

On December 17, 2021, the Company acquired from Noble all the properties previously optioned by the Company (Crawford/Nesbitt/Aubin, Nesbitt North, Aubin/Mahaffy, Kingsmill/Aubin, MacDiarmid and Bradburn/Dargavel) plus additional claims held by Noble – all in proximity to the flagship Crawford property. Under the terms of the agreement, the existing option agreements with Noble were terminated and Canada Nickel acquired 100% of the optioned claims and other interests in return for 3.5 million of the Company's common shares.

Mahaffy, Dargavel, Kingsmill and MacDiarmid

On January 24, 2022, the Company announced assay results from the drilling at its Mahaffy, Dargavel, Kingsmill and MacDiarmid properties. All 20 holes from the regional drill program intersected thick sequences of peridotite and/or dunite with some holes collared in, or ending in, volcanics. The highest-grade intersection was 0.34% nickel over 28.5 metres in Dargavel hole DAR21-01 (0.30% cutoff) within a larger zone grading 0.30% nickel over 162.0 metres (0.25% cutoff) starting at 375 metres downhole. The

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thickest interval of mineralization was in Kingsmill drillhole KML21-01 which intersected 0.24% nickel over 334.5 metres starting at 16.5 metres downhole. The overburden encountered was highly variable with as little as 12.5 metres at Nesbitt and as much as 160 metres at Mahaffy.

See further details in press release dated January 24, 2022.

Nesbitt

The Nesbitt nickel property is located just 9 kilometres north-northwest of Crawford. The Property includes two ultramafic sills that strike east-west, the larger sill being 3.7 kilometres long. Nesbitt NES21-08 was collared over a strong magnetic high and drilled to the south to test for the presence of a mineralized, dunitic core within the centre of the ultramafic sill. The hole encountered 336.5 metres (core length) of 0.27% nickel including 31 metres of 0.33% nickel. Nesbitt NES21-09 was collared 250 metres west of NES21-08 to determine the consistency of mineralization farther to the west. The hole intersected 415.3 (core length) metres grading 0.26% nickel including a higher-grade zone of 25.5 metres (core length) grading 0.31% nickel. The hole intersected a thick interval of peridotite grading to dunite from 41.7 to 459.0 metres, ending in peridotite. Eight holes in total tested the western extent of the main ultramafic sill at Nesbitt with all holes intersecting mineralization. Grades were lower near the end of the mineralization to the west. There appears to be a break in the sill east of NES21-08 which has not yet been drill-tested. Farther east holes NES21-03 and NES21-11 intersected thick sections of lower-grade mineralization. NES21-06 was drilled in the northern sill and intersected lower-grade mineralization encountering 483.8 metres of 0.17% nickel within a peridotite sill containing minor dunite.

Please refer to Canada Nickel press releases dated May 10, 2022 for additional details.

Metallurgical Optimization

A key focus of the feasibility study activities is the continued improvement in flowsheet performance given its potential to add significant value to the project. After releasing the PEA, two phases of optimization work were completed: Phase 1 focused on increasing recoveries, while Phase 2 has focused on increasing concentrate quality at increased recovery. The flowsheet improvements were reported first in a news release dated October 5, 2021, which outlined improved nickel, iron and cobalt recoveries, and improved magnetite concentrate grades, relative to what was modelled in the Crawford PEA. The news release on February 15, 2022 reported on a second locked cycle test result which confirmed the recovery gains and improved concentrate quality that were reported on in the October 5 2021 news release. For more information, please refer to these two news releases.

Following flowsheet optimization work, Canada Nickel locked in a metallurgical flowsheet that was taken forwards for engineering design and costing. Using the revised flowsheet, Canada Nickel completed variability testing on samples that represent different lithologies, mineralogies and grades to understand the metallurgical response of the different samples at Crawford and to generate data for recovery model development. Variability testing, including locked cycle testing on a range of different samples is now complete and the data has been interpreted to develop recovery models for the Crawford Project. One of the key flowsheet changes that was made was to the magnetic recovery circuit. Changes made to the circuit are delivering improved nickel, iron and chromium recoveries, as well as improved concentrate quality within the magnetic recovery circuit which were verified with pilot scale testing.

Pilot Plant Overview

In October 2022, Canada Nickel completed the first phase of a 34-tonne pilot demonstration of the Crawford Metallurgical Flowsheet at SGS Canada Inc. in Lakefield, Ontario. The pilot plant was initiated to evaluate the performance of the flowsheet with continuous feed as well as to generate concentrate for downstream flowsheet development work and product marketing purposes. The initial phases of testing included the rougher level flotation stages and the magnetic recovery circuit, each of which exceeded expectations in

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terms of operability and production. The remaining phase of testing will involve the final cleaning stages of the intermediate flotation concentrate.

The results achieved from the magnetic recovery circuit delivered improved iron and chromium recoveries and improved concentrate grades relative to what was modelled in Crawford's PEA. While the Crawford Project is primarily a nickel development project, it can produce value-generating by-products including cobalt, palladium, and platinum contained in the nickel concentrates, and iron and chromium contained in the magnetite concentrate expected to be produced from Crawford. For the pilot exercise, five composites, ranging in size from 4 to 7 tonnes, were built from 53 samples of large diameter drill core from 19 holes to represent different lithologies and mineralization styles from across the deposit with a focus on the expected project payback period to be used in the feasibility study. The pilot plant delivered improved iron and chromium recoveries and at an improved concentrate grade relative to the PEA. Composites tested were from both the Main and East zones across both dunite and peridotite lithologies, with nickel head grades in the range of 0.20 – 0.33% and sulphur head grades of 0.07 – 0.49%. Four out of five of the composites tested achieved iron recoveries that were higher than what was modelled in the PEA, with an average improvement of 18% in recovery. All five of the composites achieved or exceeded the chromium recoveries that were assumed in the PEA, with an average recovery of 31% that represents a 15% improvement in recovery. Nickel recovery to the magnetic concentrate was in the range of 3 – 8% with an average of 5%. As expected, samples with a lower sulphur head grade, that contain the magnetic mineral awaruite (Ni_{2.5}Fe) showed higher recoveries of nickel to the magnetic concentrate. Please refer to the news release dated November 15, 2022 for more details.

Stainless / Ferroalloy Downstream Discussions

The Company is already in multiple discussions with leading North American and European stainless and ferroalloy producers on downstream processing partnerships for processing this material who are excited by the structural advantages of project location and, most importantly, the potential to capture carbon emissions using Crawford's IPT Carbonation process which would facilitate zero carbon production of downstream steel and ferroalloy products. The Company has engaged SMR – Steel & Metals Market Research GmbH, a global leader in providing market intelligence covering specific segments or entire markets for the global Speciality and Stainless Steel Industry, to assist the Company in these endeavours.

Progressing with Permitting and Meaningful Engagement with Indigenous Peoples

In conjunction with the initiation of the feasibility study and Environmental and Social Impact Assessment ("ESIA") for the Crawford Project, the Company plans to fully engage with local Indigenous Nations and stakeholders in a comprehensive consultation and engagement process aimed at identifying and addressing significant challenges associated with the development of Crawford, and maximizing potential social, environmental, and economic benefits for the project.

In combination with other stakeholder engagement activities, including frequent meetings, newsletters, and community presence, Canada Nickel has formed community committees for Contributions and Local Procurement, Environment, and Workforce Planning (in development). These committees, formed of a diverse range of representatives, advise Canada Nickel on key project decisions, including mitigation measures, corporate initiatives (such as the contributions program), and Impact Assessment components (including evaluation of potential impacts and review of community profiles).

In order to ensure full participation of the First Nations communities, Canada Nickel has signed Impact Assessment Process Agreements (IAP Agreements) with Taykwa Tagamou Nation, member of the Mushkegowuk Council, Matachewan First Nation, and Mattagami First Nation, both members of the Wabun Tribal Council. These groundbreaking IAP Agreements are intended to foster full participation of Indigenous

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communities in the federal Impact Assessment process, with a focus on community driven completion of Traditional Knowledge, Land Use and Socioeconomic studies. In addition to outlining effective communication channels and platforms for meaningful engagement, the IAP Agreements facilitate tangible capacity building within the communities that will extend beyond the timeline and activities relating to the Crawford Project and Canada Nickel.

The IAP Agreements outline the distribution of funds from Canada Nickel to the First Nation communities to cover expenses associated with:

- management and implementation of the IAP Agreements;
- commissioning of First Nation selected consultants to complete Traditional Knowledge, Land Use and Socio-Economic studies (and other studies as deemed relevant by both parties through completion of the Impact Assessment);
- facilitation of community engagement activities related to the Impact Assessment; and
- training and acquisition of expert services relating to the Impact Assessment Process.

These IAP Agreements also cover the creation of an Impact Assessment Consultation and Coordination Committee, which will collaborate to facilitate each parties' performance of their unique obligations and achievements related to the Impact Assessment.

The signing and implementation of the IA Agreements as well as the other agreements already in place to oversee exploration work further validates the meaningful and productive relationships developed between Canada Nickel and Taykwa Tagamou Nation and the communities affiliated to the Wabun Tribal Council, and serves as tangible evidence of Canada Nickel's intention around full integration of Indigenous communities into the development of the Crawford Project.

In May, 2022 the Company submitted the preliminary draft of the Initial Project Description ("IPD") to the Impact Assessment Agency of Canada ("the Agency") following the related signing of the IAP Agreements, all relating to the federal Impact Assessment Process. This was an important first step in the federal permitting process for Crawford, as the Impact Assessment process is a planning and decision-making tool used by regulators, Indigenous communities, the general public, stakeholders, and proponents to emphasize the positive benefits and resolve or mitigate the potential impacts of a proposed major project.

The submission of the preliminary draft of the IPD to the Agency initiated a precursory review period of the document. This review period, coinciding with Canada Nickel's independent Indigenous and public consultation program for the IPD, enabled Canada Nickel to integrate feedback from both the Agency's review and Canada Nickel's engagement activities into the final draft of the IPD.

On August 8, 2022, the Agency accepted the IPD, initiating the federal Impact Assessment permitting process for Crawford. The Agency determined the IPD conforms to the regulations and posted it to the Agency's public website.

Canada Nickel initiated an extensive round of engagement on the IPD, hosting more than 20 meetings with Indigenous communities, project stakeholders, and the general public to present key content from the IPD and enable follow up questions and answers. The intention of these meetings was to gather crucial feedback from as many interested individuals as possible – all of which was carefully logged and integrated into the final IPD submission. The Agency's filing of the IPD to its website triggered a 30-day comment period for the document that closed on September 8, 2022.

The results of the Agency's own consultation period, involving regulators, Indigenous communities, and the public, were compiled into the Summary of Issues, provided to Canada Nickel on September 20, 2022. In response, Canada Nickel submitted the Detailed Project Description and the Response to the Summary of

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Issues on December 12, 2022. These documents contained updated project information and efforts to address or incorporate crucial feedback received by both the Agency and Canada Nickel. The Agency accepted the document on December 22, 2022.

On January 5, 2023, following additional consultation and consideration, the Agency determined that an Impact Assessment would be required for the Crawford Nickel Project – a decision that was expected and already considered in Crawford's permitting timeline. While the Agency works on the Tailored Impact Statement Guidelines and a number of accompanying plans, Canada Nickel will begin work on the project's Impact Statement. The Company began the necessary work to support the Impact Statement in 2021, and believes that the work done so far will allow to optimize the timeline for the Impact Statement phase completion.

Corporate Financing

On January 5, 2022, the Company secured a US\$10 million bridge facility from Auramet International LLC, one of the world's largest precious metals merchants with \$22 billion in annual revenues. The facility ensured that the Company was well funded through the first fiscal quarter of 2022 while the Company continued its discussions with strategic and institutional investors. The interest rate on the facility was 1% per month and had an arrangement fee equal to 2% of the loan amount. In connection with the loan, the Company issued 325,000 1-year share purchase warrants at a strike price of \$3.94 per share. The loan was repaid on April 5, 2022.

On April 5, 2022, the Company closed a "bought deal" offering (the "Offering") and received aggregate gross proceeds of C\$51,554,157 (\$48,177,253 after payment of issuance costs), which included the exercise of the Underwriters' over-allotment option. Under the Offering, the Company sold the following:

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

A flow-through share is a common share of the Company to be issued as a "flow-through share" within the meaning of the *Income Tax Act* (Canada).

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

On April 5, 2022 the Company used a portion of the net proceeds of the Offering and repaid its US\$10 million short term loan facility with Auramet International LLC plus related interest of US\$0.3 million. The remaining net proceeds were earmarked for continued development of the Crawford Project through additional studies, infrastructure design and exploration, including to undertake in-fill drilling to upgrade the current resource and proceed towards a feasibility study. In addition, the Company planned to use the net proceeds of the Offering on initial exploration work on mineral claims in the same region as Crawford ("District Exploration"). See *Cash provided by financing activities – Use of proceeds from the Financings*.

On February 25, 2022 Canada Nickel entered into a Transmission Service (Wheeling) and Project Development Agreement (the "Crawford TSA") with Transmission Infrastructure Partnerships 1 Limited

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("TIP1") pursuant to which TIP1 has agreed to develop, construct and operate a 230kV transmission line and related facilities to connect the Crawford Project to the Hydro One Porcupine Transmission System (the "Crawford Transmission Network") and enable Canada Nickel to receive electricity supply for the Crawford Project.

The initial term of the Crawford TSA will commence on the date of completion of the applicable conditions precedent, discussed below, and end on the twenty-fifth anniversary of the date the Phase 2 System (as defined below) reaches its commercial operation date. The Crawford TSA also includes a renewal term of five additional years, subject to the parties election to renew. The effectiveness of the Crawford TSA is subject to a number of conditions precedent including receipt of all applicable regulatory approvals, commencement of applicable environmental assessments, securing the applicable real property surface rights, and a number of ancillary agreements relating to the development, financing, and operation of the Crawford Transmission Network.

The customer charges to be paid by Canada Nickel to TIP1 under the term of the Crawford TSA shall be determined by an independent engineer, consistent with comparable market charges, and are intended to allow TIP1 to recover the full cost of designing, developing, constructing, owning and operating the Crawford Transmission Line over the term and to provide a reasonable rate of return on TIP1's invested capital.

On October 18, 2022, the Company secured a US\$10 million loan facility with Auramet International Inc. The facility allows the Company to be able to execute post feasibility study work on permitting and detailed engineering for Crawford that is advantageous to complete during the winter months and allows the Company to remain well-funded as it continues to aggressively advance the project. The loan is secured and with an initial maturity of January 18, 2023, subject to the Company's right to extend the loan for a further three-month period at its option. The loan carried an interest rate of 1.00% per month, and the Company paid a 2% arrangement fee. In addition, Auramet International Inc. received 325,000 1-year warrants with a strike price of \$1.52 per share. The warrants and the underlying shares will be subject to a four month hold period under applicable Canadian securities laws.

On January 18, 2023, the Company extended the repayment of the facility to March 3, 2023 by issuing 200,000 one year common share purchase warrants with a strike price of \$1.94 per share and an extension fee of US\$150,000. The loan will carry an annual interest rate of 16% commencing January 19, 2023. The warrants and the underlying common shares are subject to a four month hold period under Canadian securities laws.

On December 15, 2022, the Company announced it had engaged Deutsche Bank Securities Inc ("Deutsche Bank") and Scotiabank as financial advisors for the equity component of the project financing for the Crawford Project. The Company has been engaged in discussions with a number of strategic and industry participants over the past 18 months. With the upcoming completion of the feasibility study, the Company is turning its focus towards project financing and permitting activities to ensure that the Company has its financing package in place well in advance of the receipt of project permits which are targeted to be received by mid-2025. Deutsche Bank and Scotiabank will assist the company with the evaluation of strategic and financial alternatives for the equity portion of the project financing. In addition, the Company is engaged in discussions with multiple groups and expects to appoint an advisor for the debt portion of the project financing in early 2023.

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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 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.

The completion of the private placement and related agreements is subject to customary closing conditions including the approval of the TSX Venture Exchange and is targeted to close on or about February 28, 2023.

2023 Outlook

Feasibility Study

Significant components of the Crawford feasibility study have been matured. A number of targeted sections continue to be supported early in 2023 to take advantage of the engineering completed to date. The development of the capital expenditure and operating expenditures files also afforded a number of focus initiatives. These initiatives will be completed in support of the feasibility study. Due to the post-pandemic procurement turbulence, a significant number of vendor and supplier packages were revisited to take advantage of updated costing trends. Compilation of the overall engineering and delivery of the feasibility study will be completed mid-2023. Integration of the new IPT equipment is also being developed and integrated into the flowsheet and layout, as well as associated capital and operating costs.

Exploration

Exploration efforts will focus outside of Crawford on the newly acquired properties to highlight the exploration potential of each of the properties and highlight the district-scale potential of the consolidated land package. Drilling will continue at Reid which has shown promise for a large nickel resource. Higher grade intersections at Reid will be followed up in 2023. Additional airborne surveys will be conducted on selected properties to develop targets for a follow-up drill program across the regional properties.

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Metallurgy and carbon sequestration

The Company has completed variability testing for the Crawford feasibility study including both open circuit and locked cycle tests. The data has been analyzed and recovery models developed. The pilot plant demonstration of the Crawford flowsheet is nearing completion, with the final stages of the flotation circuit near completion. Note that because the pilot plant only produced an intermediate flotation concentrate, additional laboratory scale testing was required to complete the final cleaning stages. Once this work is completed and the results interpreted, the findings will be reported in a news release.

Other key metallurgical priorities for 2023 include the testing of material sampled from the regional properties to understand the potential to transfer the Crawford process to these other projects, as well as the evaluation of potential to recover precious metals from the PGE Reef Zone at Crawford.

The Company is continuing to develop the IPT Carbonation process, which will be incorporated into the feasibility study mid-2023. In the first half of 2023, Canada Nickel will finalize the process design criteria for the IPT Carbonation process which will be taken forwards for engineering design and costing. Additional variability testing will be completed to understand the carbon capture potential of different samples across the deposit. CO₂ capture rates from the variability testing will be used to develop CO₂ capture models for the Crawford Project.

Environmental, Social Impact Assessment and Sustainability

Due to the nature and size of the Crawford Project, the Company needs to proceed with both the federal and provincial Impact Assessment Processes. Now that the Agency has determined that an Impact Assessment is required for the Crawford Project, the Company will be actively working on completing a comprehensive impact statement using the data collected as part of the ongoing baseline data acquisition initiated in March 2021. The impact statement will be submitted by the end of 2023. In addition to the ongoing baseline studies, an archeological and country food surveys are planned for the spring and summer using the information provided by the Traditional Knowledge and Land Use studies performed by the partnering First Nations. The Company will also begin working on fish and fish habitat compensation strategies.

In parallel with the federal Impact Assessment Process, the company is working actively with the provincial government to define the Environmental Assessment (EA) required for the Crawford Project. It is likely that a number of specific Class EA's will be required for the relocation of a segment of the highway, the relocation of the 500kv powerline, the use of crown lands as well as for the construction of the new 230kv powerline required to feed the project. The Company will also initiate the work required to file the closure plan for the Crawford Project.

The Company intends to publish its first ESG report based on globally recognized standards by mid 2023. It will also pursue its extensive and innovative mobilization and engagement process, underlining the importance given to integrating First Nations and stakeholders input into the development of its projects, fostering true partnership with the local communities.

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Review of Operations for the Years Ended October 31, 2022

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

<i>(Canadian dollars)</i>	For the years ended October 31	
	2022	2021
	\$	\$
Expenses		
Salaries and management fees	944,560	861,374
General and administrative costs	812,744	496,148
Professional fees	691,772	623,943
Consulting and advisory	1,154,903	1,062,376
Promotion and communication	482,177	638,982
Investor relations and marketing	274,300	226,416
Share-based compensation	4,612,352	3,815,198
Travel and other	316,057	122,614
Transaction costs and interest expense	990,954	-
	10,279,819	7,847,051
Flow-through share premium	(6,902,071)	(1,468,948)
Net loss before tax	3,377,748	6,378,103
Income tax expense	2,157,332	-
Net loss	5,535,080	6,378,103
Weighted average shares outstanding	103,720,987	83,927,453
Net loss per share	\$0.05	\$0.08

Salaries and management fees

Salaries and management fees have increased moderately between years reflecting a small increase in headcount as well as increases to salaries to better match market rates.

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 2022 compared to 2021 reflects additional filing fees of approximately \$150,000 paid to the TSX-V in relation to approvals required for the property acquisitions and for the filing of the prospectus in relation to the financing, both in 2022. In addition, the cost of insurance required for directors and officers also increased about \$50,000. A portion of the directors' fees for 2022 are expensed in general and administrative costs, but the majority of directors' fees for both 2021 and 2022 are paid through the grant of restricted share units and expensed as share-based compensation.

Professional fees

Professional fees include legal, accounting and audit related fees, which have remained consistent between years. Legal fees in relation to financings are included as a cost of equity recorded in the Consolidated Statements of Financial Position.

Consulting and advisory

Fees incurred are with respect to strategic consulting in the areas of media, business development and financing. Costs have increased slightly in 2022 resulting from the focus on financing initiatives with the advancement of the Crawford Project.

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Promotion and communication

Promotion and communication include costs related to website design and maintenance, advertising in trade magazines and communication with shareholders. Costs are lower in 2022 compared to 2021 as there was more emphasis placed towards in-person conferences, which costs are reflected in Investor relations and marketing.

Investor relations and marketing

Investor relations and marketing costs are for attendance at investor conferences, meetings and tradeshow and have increased from 2021 reflecting the increase in in-person events and conferences available to attend in 2022.

Share-based compensation

Share-based compensation includes non-cash expenses related to both stock options and restricted share units. The increase year over year is due to the increased number of stock options and restricted share units granted to employees and consultants in 2022.

Travel and other

Travel expenses have more than doubled in 2022 compared to 2021 with the opening of travel for conferences, investor meeting and other development opportunities.

Transaction costs and interest expense

These costs are directly attributable to the receipt of proceeds from the Auramet short-term loan facilities (refer to *Cash provided by financing activities*). The first facility received on January 5, 2022 and repaid April 5, 2022 incurred transactions costs of \$807,234. Included in these fees was a two percent arrangement fee, legal and other fees, and the cost of the warrant which amounted to \$569,455. Interest for the outstanding period was \$384,662 and a foreign exchange gain was realized on the US dollar loan facility of \$146,883. The second facility was received on October 18, 2022 and \$183,720 of transaction costs were expensed. Included in these fees was a two percent arrangement fee, legal and other fees, and the cost of the warrant which amounted to \$409,240, of which \$350,722 was deferred and will be expensed in the first quarter of 2023. Interest for the outstanding period was \$59,453 and foreign exchange losses were recognized on the US dollar loan facility of \$65,749.

Flow-through share premium

This amount represents the extinguishment of the flow-through share premium liability from the various financings. As the Company incurs eligible expenditures as required under the flow-through share agreements, the proportionate amount of liability is recognized as income. As at October 31, 2022 the flow-through share premium liability is nil.

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 the timing difference.

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

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Liquidity and Financial Condition

Cash flows

A summary of the Company's cash flow for the years ended October 31, 2022 and 2021 are as follows:

(Canadian dollars)	For the years ended October 31	
	2022	2021
	\$	\$
Cash used in operating activities:		
Before working capital changes	(4,672,065)	(3,821,853)
Working capital changes	2,802,731	(2,479,864)
	(1,869,334)	(6,301,717)
Cash used in investing activities:		
Exploration and evaluation expenditures	(49,286,156)	(19,422,411)
Purchase of equipment	(226,004)	(412,758)
	(49,512,160)	(19,835,169)
Cash provided from financing activities:		
Proceeds from share issuance, net of transaction costs	48,177,253	11,301,994
Proceeds from loan, net of issuance costs	25,511,345	-
Repayment of loan plus related interest	(12,826,178)	-
Proceeds from exercise of warrants, compensation options, stock options and RSUs	194,367	7,002,270
	61,056,787	18,304,264
Change in cash and cash equivalents	9,675,293	(7,832,622)
Opening cash and cash equivalents	3,334,643	11,167,265
Closing cash and cash equivalents	13,009,936	3,334,643

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 warrant amortization. Transaction and interest costs related to the short-term loan facilities are included in financing activities. Working capital changes reflect an increase in cash flow compared to a decrease in cash flow in the previous year largely due to timing of harmonized sales tax (HST) refunds. In the first half of 2022, the Company received \$3.5 million in HST refunds related to fiscal year 2021 and as of the end of 2022 has \$1.5 million outstanding representing September and October 2022 HST paid. Refunds were received in December of 2022. Other changes in working capital are due to timing of payments.

Cash used in investing activities

Exploration and evaluation expenditures

Exploration and evaluation expenditures increased considerably in 2022 compared to 2021 largely due to the expenditures incurred for the feasibility study. Approximately \$24 million was spent in relation to feasibility study work and \$20 million on regional and Crawford exploration. In 2021, the expenditures largely related to exploration at the Crawford Project and costs associated with compilation of the PEA. Feasibility study work commenced late in fiscal 2021 spending about \$2 million in the latter part of that year.

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Acquisition of properties

Fiscal year 2021:

On March 4, 2021, the Company entered into an agreement with Noble to consolidate ownership of the additional claims adjacent to the original MacDiarmid property option acquired in May 2020 (MacDiarmid Claims) through a new option agreement (MacDiarmid Option).

In exchange for the MacDiarmid Option, the Company (i) issued 200,000 common shares of Canada Nickel to Noble (valued at \$674,000), (ii) forgave the \$160,224 loan owed by Noble to Canada Nickel, and (iii) provided a net smelter return of up to 1.75% to Noble.

In the second quarter of 2021, the Company entered into an option agreement to acquire certain patented mineral and surface rights located near Crawford and acquired additional concessions for consideration of \$195,000 in cash and 58,000 common shares (valued at \$192,020). Annual payments to maintain the option include \$60,000 cash and 5,000 common shares on each anniversary date (commencing March 2022) until 2025. In the event the Company elects to acquire the property a final payment of \$460,000 in cash and 5,000 common shares is required.

Fiscal year 2022:

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

Through the remainder of fiscal year 2022, the Company entered into 26 separate agreements to directly acquire or earn-in to 16 additional target properties within a 100 kilometre radius of Crawford and to expand five other properties previously owned. The consolidation of these properties underscores the Company's belief in the district-scale potential of the Timmins region.

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

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On signing, the Company was obligated to pay an aggregate of \$697,000 in cash and issue an aggregate 5,012,000 common shares of the Company, all of which have been paid or issued as of October 31, 2022. The table below also shows the additional aggregate payments required to maintain the acquisition or earn-in to the properties post signing.

	Cash	Shares
	\$	#
On signing (paid and issued)	697,000	5,012,000
Fiscal year 2022 (paid)	100,000	-
Fiscal year 2023	415,000	976,000
Fiscal year 2024	325,000	245,000
Fiscal years 2025 and 2026	700,000	245,000
	2,237,000	6,478,000

In addition, there are commitments to fund exploration expenditures of at least \$2.3 million in fiscal 2023 and \$3.7 million in fiscal 2025/2026 on certain properties to earn-in. Fiscal year 2023 includes a loan payment for \$200,000 and an obligation to issue 350,000 common shares of Canada Nickel for one of the purchased properties which was paid in January 2023.

The above table includes two significant option agreements:

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

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

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right to purchase up to 25% of the 2% royalty held by third parties on other parts of the claims that are subject to the Option Agreement (with Canada Nickel having the right to purchase another 25% of those royalties).

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

Cash provided by financing activities

Share issuance

On April 5, 2022, the Company closed a "bought deal" offering (the "Offering") and received aggregate gross proceeds of C\$51,554,157 (\$48,177,253 after payment of issuance costs), which included the exercise of the Underwriters' over-allotment option. Under the Offering, the Company sold the following:

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

A flow-through share is a common share of the Company to be issued as a "flow-through share" within the meaning of the *Income Tax Act* (Canada).

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

On July 27, 2021 the Company completed a broker private placement financing for aggregate gross proceeds of \$12,222,100 through the issuance of 2,981,000 flow-through common shares at a price of \$4.10 per flow-through common share. Costs of issue amounted to \$880,106.

The gross proceeds from the financing were used by the Company to incur eligible "Canadian exploration expenses" that qualify as "flow-through mining expenditures" as both terms are defined in the Income Tax Act (Canada) (the "Qualifying Expenditures"), related to the Company's projects in Ontario. The Qualifying Expenditures were renounced in favour of the subscribers of the flow-through common shares with an effective date of December 31, 2021 in the aggregate amount of the gross proceeds raised from the issuance of the flow-through common shares.

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Use of proceeds from the financings

The Offering - Net proceeds of \$48.2 million from the April 5, 2022 financing were spent to first repay the Auramet International LLC ("Auramet LLC") short-term loan facility including related interest of \$12.8 million. Of the remaining proceeds of \$35.4 million, the Company spent \$9.3 million on general corporate and working capital purposes and planned to spend \$26.1 million on accomplishing the following objectives:

Use of Proceeds	Expected Costs \$	\$ Spent to October 31	Description and Expected Time Frame to Complete
Feasibility Study	4,200,000	4,200,000	Mine and project design and compilation of the feasibility study
Net Zero / Metallurgy	900,000	900,000	Analysis of carbon sequestration potential on larger scale tailings samples completed in December 2022
Environmental, Permitting and Community Engagement	1,500,000	900,000	Environmental and Social Impact Assessment process (including all related studies) expected to complete by February 2023
	300,000	300,000	Ongoing community engagement process (including First Nations and other community costs)
Crawford Project Resource Definition	5,100,000	6,100,000	The Company completed in-fill drilling programs at Crawford and, in July 2022, the Company released a resource update. In addition, complete geotechnical work to optimize pit design and execute condemnation drilling of the footprints identified for various surface infrastructure, including waste impoundments to be incorporated into the feasibility study.
District Exploration: Geophysics and Pre-Drilling	2,500,000	1,000,000	Programs aimed at geo-physics surveys and pre-drilling to be completed at the following properties/townships: <i>South</i> (Bannockburn, Deloro, Midlothian, Powell and Sothman) - \$1,249,000 <i>East</i> (McCool, Moody, Mortimer and Stimson) - \$287,500 <i>Central</i> (Mann, Newmarket, Reaume and Reid) - \$963,500
District Exploration: Drilling	11,600,000	7,400,000	Drilling programs aiming to complete by February 2023 at the following properties/townships: <i>South</i> - \$5,012,000 <i>East</i> - \$1,990,000 <i>Central</i> - \$4,598,000

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

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Short-term loan facility

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

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

The Auramet LLC warrants issued were assigned an aggregate fair value of \$283,140 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 65%, risk-free rate of return 1.0% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were being amortized over the three-month maturity in Transaction costs and interest expense in the Consolidated statements of loss and comprehensive loss.

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 will mature March 3, 2023. Interest expense accrued on the unpaid principal amount at a rate of 12% per annum monthly in arrears. Interest of \$59,453 was expensed in Transaction costs and interest expense in the Consolidated statements of loss and comprehensive loss. Upon extension of the facility, the interest will accrue at a rate of 16% per annum monthly in arrears.

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

Upon extension of the facility on January 18, 2023, the Company paid an additional arrangement fee equal to US\$150,000 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.

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Commitments and contingencies

At October 31, 2022, the Company has \$9.5 million (October 31, 2021 - \$6.2 million) in payables owing with respect to exploration and evaluation assets, a US\$10 million short-term loan facility and has lease obligations of \$83,620 related to fiscal 2023 and \$62,020 in fiscal years 2024 and 2025. Commitments on option properties are described in Acquisition of properties above.

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

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

In the ordinary course of operating, the Company may from time to time be subject to various claims or possible claims. Management believes that there are no claims or possible 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 deficit balance of \$9,202,730 at October 31, 2022, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$14,990,455. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

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

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

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

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

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

On February 8, 2023, the Company entered into a Subscription and Investor Rights agreement with Anglo American to make a \$24 million investment in Canada Nickel representing 9.9% of the Company's issued and outstanding Common Shares on a non-diluted basis. The funds received will allow the Company to continue with the Crawford feasibility study work and permitting. 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 Fourth Quarter

Fourth quarter statement of loss (income) and 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:

	Quarters ended 2021				Quarters ended 2022			
<i>(Canadian dollars)</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries and management fees	141,560	211,762	269,087	238,965	254,845	273,262	149,861	266,592
General and administrative costs	223,859	22,550	156,171	93,568	242,497	317,201	145,857	107,189
Professional fees	107,650	143,480	146,710	226,103	111,915	244,347	374,488	(38,978)
Consulting and advisory	304,964	310,628	201,699	245,085	230,301	455,223	281,208	188,171
Promotion and communication	134,992	94,090	216,018	193,882	128,658	98,557	125,399	129,563
Investor relations and marketing	65,323	96,511	45,119	19,463	76,980	63,280	32,787	101,253
Share-based compensation	686,286	1,155,705	1,425,822	547,385	1,001,748	1,054,401	1,290,422	1,265,781
Travel and other	5,410	11	80	117,113	4,901	48,726	199,828	62,602
Transaction costs and interest expense	-	-	-	-	439,654	367,580	-	183,720
	1,670,044	2,034,737	2,460,706	1,681,564	2,491,499	2,922,577	2,599,850	2,265,893
Flow-through share premium	(282,027)	-	-	(1,186,921)	(959,399)	-	(3,500,000)	(2,442,672)
Net loss (income) before tax	1,388,017	2,034,737	2,460,706	494,643	1,532,100	2,922,577	(900,150)	(176,779)
Income tax expense	-	-	-	-	-	-	-	2,157,332
Net loss (income)	1,388,017	2,034,737	2,460,706	494,643	1,532,100	2,922,577	(900,150)	1,980,553
Weighted average shares outstanding	80,097,896	82,120,009	85,136,310	88,296,658	91,160,063	98,824,056	111,622,072	113,063,729
Net loss (income) per share	\$0.02	\$0.02	\$0.03	\$0.01	\$0.02	\$0.03	\$(0.01)	\$0.02

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

Salaries and management fees - have been consistent over the previous six quarters with headcount increasing slightly during the second quarter of 2021. The expenses in the third quarter of 2022 are lower than the third quarter of 2021 and the previous quarters reflecting a cumulative re-allocation of salaries to exploration and evaluation assets.

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General and administrative costs - Variations in costs between quarters tend to be based on timing of payments for annual filing and listing requirements. Costs in the third and fourth quarters of 2022 represent typical operating expenses. Costs in the second quarter of 2022 are higher than the trend because of additional filing fees of approximately \$150,000 paid to the TSX-V in relation to approvals required for the property acquisitions made during the same period and for the filing of the prospectus in relation to the financing.

Professional fees - have risen in the second and third quarters of 2022 largely due to additional legal fees associated with the land acquisitions. Fourth quarter 2022 legal fees were modest incurring only general corporate related expenses, but also included a reallocation of some legal fees expensed in the third quarter to equity representing costs on the equity financing.

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

Promotion and communication - Costs are higher in the third quarter of 2021 compared to the other quarters because of additional communication expenses in relation to the release of the PEA. The fourth quarter of 2021 includes additional expenses related to newswire distribution.

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

Share-based compensation - Share-based compensation tends to fluctuate depending on timing of grants. The 2022 larger annual grant of stock options and RSUs was in March of 2022 resulting in the expense increasing for the third and fourth quarters of 2022. In the fourth quarter of 2021 the Company capitalized \$650,000 of share-based compensation to *Exploration and evaluation assets*, which was previously expensed in the first three quarters of the year.

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

Transaction costs and interest expense – refer to year over year description above.

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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Fourth Quarter Cash Flows

A summary of the Company's cash flow for the quarters ended October 31, 2022 and 2021 are as follows:

(Canadian dollars)	For the quarters ended October 31	
	2022	2021
	\$	\$
Cash used in operating activities:		
Before working capital changes	(817,393)	(924,179)
Working capital changes	2,710,644	(837,267)
	1,893,251	(1,761,446)
Cash used in investing activities:		
Exploration and evaluation expenditures	(10,698,227)	(6,393,962)
Purchase of equipment	(114,208)	(116,234)
	(10,812,435)	(6,510,196)
Cash provided from financing activities:		
Proceeds from share issuance, net of transaction costs	(65,000)	75,000
Proceeds from loan, net of issuance costs	13,209,260	-
Proceeds from exercise of warrants, compensation options, stock options and RSUs	25,485	54,113
	13,169,745	129,113
Change in cash and cash equivalents	4,250,561	(8,142,529)
Opening cash and cash equivalents	8,759,375	11,477,172
Closing cash and cash equivalents	13,009,936	3,334,643

In the fourth quarter of 2022, the Company received over \$3 million in HST refunds, borrowed \$13.2 million, net of issue costs from Auramet Inc. (see short-term loan facility narrative above) and spent \$4 million on the feasibility study and \$6 million on exploration activities. In the fourth quarter of 2021, the Company spent \$2 million on the feasibility study and \$4 million on exploration activities.

Transactions with Related Parties

Related parties and related party transactions impacting the consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

A summary of the related party transactions are as follows:

	For the years ended October 31	
	2022	2021
	\$	\$
Management and directors' fees	1,023,735	575,067
Share-based compensation	3,647,210	2,956,600
Geological services (included in exploration and evaluation assets)	335,992	-

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These transactions are in the normal course of operations and have been valued at the amount of consideration established and agreed to by the related parties. At October 31, 2022, an amount of \$188,960 was payable to Balch Exploration Consulting Inc. related to geological services provided by Canada Nickel's Vice President, Exploration and an amount of \$98,340 was receivable from the Chief Executive Officer of the Company largely related to advances for travel expenses. No amounts were payable to or receivable from related parties at October 31, 2021.

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 \$118,828,363 as at October 31, 2022.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the period they become known. Items for which actual results may differ significantly from these estimates are described in the following section.

Share-based compensation, warrants and compensation options

The Company makes certain estimates and assumptions when calculating the fair values of share-based compensation and warrants granted. The significant estimations and assumptions include expected volatility, expected life, expected dividend rate, forfeiture rate and risk-free rate of return.

Exploration and evaluation assets

Judgement is required to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of economic recoverability. In addition, management applies a number of estimates and assumptions in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies (if any), accessible facilities, existing permits and estimated future cash flows.

Functional and presentation currency

The functional and presentation currency for the Company and its subsidiaries applies estimates and assumptions to assess the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

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Going concern

Significant judgements used in the preparation of these consolidated financial statements include but are not limited to those relating to the assessment of the Company's ability to continue as a going concern. Judgement is required to determine the non-discretionary spending for the next 12 months and the potential cash in-flows for the same period.

Impairment of accounts receivable

Expected credit losses on receivables requires the use of estimates and assumptions, including amongst others, historical default rates, forecast economic conditions, assessment of customer and related party financial condition and discount rates. The estimates and assumptions are subject to risk and uncertainty; hence, the Company's assessment of expected credit loss and forecast of economic conditions may not be representative of the customer's actual default in the future, which may impact the recoverable amount of the assets.

Impairment of non-current assets

Non-current assets are tested for impairment if there is an indicator of impairment. The impairment analysis generally requires the use of estimates and assumptions, including amongst others, long-term commodity prices, discount rates, length of mine life, future production levels, future operating costs, future capital expenditures and tax estimates. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances the carrying value of the assets may be impaired with the impact recorded in the consolidated statements of loss and comprehensive loss.

Decommissioning liability

The Company's accounting policy for the recognition of accrued site closure costs requires significant estimates and assumptions such as the requirements of the relevant legal and regulatory framework, the magnitude of possible disturbance and the timing, extent and costs of required closure, rehabilitation activity and applicable discount rates. Changes to these estimates and assumptions may result in actual expenditures in the future differing from the amounts currently provided. The decommissioning liability is periodically reviewed and updated based on the available facts and circumstances. Management's assumption is that there are currently no decommissioning liabilities at its sites, nor subject to known additional environmental liabilities or mitigation measures.

Income taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

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Financial Instruments

Fair values

At October 31, 2022, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short-term loan facility. The short-term loan facility has been measured at amortized cost. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 – cash and cash equivalents

Level 2 – none

Level 3 - none

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, and accounts receivable. All of the Company's cash is held at a Canadian bank, or funds held in trust with legal counsel in which management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk. Harmonized sales tax receivable and accounts receivable consist of receivables created in the course of normal business.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash and from time to time with equity. As at October 31, 2022, the Company's financial liabilities consist of accounts payable and accrued liabilities and short-term loan facility, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

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Off-Balance-Sheet Arrangements

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

Share Capital

As at the date of this Interim MD&A, February 8, 2023, the Company had 113,851,764 common shares issued and outstanding, 525,000 warrants outstanding, 6,973,618 stock options outstanding and 3,708,324 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 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 consolidated financial statements; and (ii) the 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.

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 section entitled "Risk Factors" in the Company's Annual Information Form, available on SEDAR at www.sedar.com.

Statement Regarding Historical Resource Estimates

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

The Texmont historical resource estimate is unclassified and does not comply with CIM Definition Standards on Mineral Resources and Mineral Reserves as required by NI-43-101. The historical resource was reported by Fletcher Nickel Inc. at page 22 ("Texmont Historic Reports – Leigh 1971 Report") of its amended and restated prospectus dated October 25, 2007. 2 The Sothman historical resource estimate is unclassified and does not comply with CIM Definition Standards on Mineral Resources and Mineral Reserves as required by NI 43-101. The historical resource was reported by D. R. Bell for Sothman Mines Limited on Oct. 1, 1969, as 189,753 tons of 1.24% nickel using a 1.00% nickel cut-off. The reliability of these historical resources is considered reasonable, but a qualified person has not done sufficient work to classify the historical resource estimate as a current mineral resource and the Company is not treating the historical resource estimate as a current resource. The Company plans on conducting an exploration program to redefine the historical resource as a current mineral resource category.