



Canada Nickel Company Inc.

Management's Discussion & Analysis

**For the Year Ended October 31, 2024**

(Expressed in Canadian Dollars, unless otherwise noted)

February 28, 2025

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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, 2024. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended October 31, 2024, 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 28, 2025.

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](http://www.canadanickel.com) or through the Company's SEDAR+ profile available at [www.sedarplus.ca](http://www.sedarplus.ca), which also includes the Company's Annual Information Form for the year ended October 31, 2022.

**Caution Regarding Forward-Looking Statements**

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

Forward looking information includes, but is not limited to, the receipt and timing of all regulatory approvals, the construction of processing facilities, the ability of the Company to deliver nickel required to feed the high growth electric vehicle and stainless-steel markets, and the development of processes to allow the production of net zero carbon nickel, cobalt, and iron products. There are no assurances that Crawford will be placed into production. Factors that could affect the outcome include, among others: inability to repay the loan or comply with the covenants set out in the loan agreement; the actual results of development activities; project delays; inability to raise the funds necessary to complete development; general business, economic, competitive, political and social uncertainties; future prices of metals or project costs could differ substantially and make any commercialization uneconomic; availability of alternative nickel sources or

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substitutes; actual nickel recovery; conclusions of economic evaluations; changes in applicable laws; changes in project parameters as plans continue to be refined; accidents, labour disputes, the availability and productivity of skilled labour and other risks of the mining industry; political instability, terrorism, insurrection or war; delays in obtaining governmental approvals, necessary permitting or in the completion of development or construction activities; mineral resource estimates relating to Crawford could prove to be inaccurate for any reason whatsoever; additional but currently unforeseen work may be required to advance to the feasibility stage; and even if Crawford goes into production, there is no assurance that operations will be profitable.

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

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

### **Scientific and Technical Information**

Stephen Balch, (P.Geo.), Vice President Exploration of Canada Nickel, a Qualified Person as defined by NI 43-101, has reviewed and approved the scientific and technical content contained in this MD&A.

### **Description of The Business**

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

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

On July 21, 2020, the Company incorporated a wholly-owned subsidiary, NetZero Metals Inc. ("NetZero Metals") under the laws of the Province of Ontario. NetZero Metals is intended to develop a downstream nickel processing facility and a stainless steel and alloy facility in the Timmins region. On November 3, 2022, the Company incorporated a wholly-owned subsidiary, Central Timmins Nickel Company Inc.; also incorporated under the laws of the Province of Ontario. Central Timmins Nickel Company Inc. holds the interest in the Texmont property. On July 11, 2024, the Company incorporated NetZero Royalty Inc., a wholly owned subsidiary incorporated under the laws of the Province of Ontario.

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**Key Developments – Year Ended October 31, 2024 and up to February 28, 2025**

**Advancing Crawford to a Construction Decision**

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

Through fiscal 2024 the Company made significant advancements at Crawford with respect to engineering and project optimization, permitting, and financing activities.

Engineering & Optimization

The Front-End Engineering Design (FEED) study, the next phase of project development, commenced in April of 2024 and was largely completed during 2024. The results of the study were in line with expectations and will be released in early 2025 once the revised mine plan, which flips the timing sequence for mining East Zone and Main Zone versus the feasibility mine plan, is incorporated.

As part of the overall project optimization, the Company concluded a successful infill drilling campaign that targeted PGM zones along the Crawford Main and East Zone boundaries and within the existing mine plan outlined in the Crawford Nickel Project feasibility study. A total of 31 holes drilled in 2024 targeted the PGM Zones at Crawford - 23 holes were drilled in the East Zone, and 8 holes were drilled in the Main Zone. These zones are of interest as they reside within the boundaries of the proposed Crawford open pit and were initially treated as waste in the feasibility study. Further details can be found in the Canada Nickel news release dated July 31, 2024. A further 9 holes were drilled at the end of October, which will be incorporated into a mineral resource estimate expected to be completed early in 2025.

Through 2024, two metallurgical test programs were completed including a metallurgical variability test program and a comminution test program. The purpose of the programs was to increase the confidence of recovery, concentrate quality and throughput models for samples of ore from the East Zone of Crawford as the revised mine plan has significantly more material being mined during the project payback period from the East Zone versus the feasibility study.

The metallurgical variability test program encompassed 48 open circuit variability tests and one locked cycle test, with all tests done on samples from the East Zone of Crawford. The results of 10 open circuit tests and one locked cycle test were summarized in a news release dated July 29, 2024 which showed potential for improvements in nickel recovery models for the East Zone. Through the first part of 2025, the complete set of metallurgical variability results will be interpreted to evaluate the recovery and concentrate quality models.

The comminution test program was completed at SGS Lakefield on 48 samples of rock from the Crawford East Zone. The results are being interpreted and will be used to increase the confidence of throughput estimates for mill. No further comminution testing is planned at present.

In addition to the metallurgical variability and comminution testing that was completed, Canada Nickel also undertook a 130 tonne mineral processing pilot plant program at SGS Lakefield through the summer of 2024. The pilot program demonstrated the complete metallurgical flowsheet including the IPT carbonation process using a synthetic source of CO<sub>2</sub>. The company is pleased with how the pilot progressed and is waiting to receive the final report from SGS Lakefield in early 2025.

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This program was selected for funding of \$3.4 million from the Government of Canada. The funding will be provided through Natural Resources Canada's Energy Innovation Program – Carbon Capture, Utilization, and Storage (CCUS) Research, Development, and Demonstration (RD&D) call for proposal. The project aligns closely to the objectives of the call, which is to characterize and develop safe, permanent CO<sub>2</sub> storage, as well as supports Government of Canada's broader goals of reducing greenhouse gas emissions and fostering innovative clean energy technologies.

Permitting, Indigenous Nations and Stakeholders' Engagement

The Company achieved a significant milestone with the submission of the Impact Statement for the Crawford Project with the Impact Assessment Agency of Canada on November 22, 2024. The Impact Statement was prepared by Stantec, a global leader in sustainable design and engineering. This important step forward keeps the Project on schedule to secure permits and make a construction decision in 2025. On December 10, 2024, the Impact Assessment Agency of Canada (IAAC) determined that the Impact Statement for the Crawford Project meets the necessary accessibility and formatting requirements and contains sufficient information to proceed into its next phase through a technical review and public comment period. The IAAC's decision marks a key milestone in the development of the Crawford Project, paving the way for further technical assessments and engagement. The 60-day public comment period on the summary of the Impact Statement began December 9, 2024 and will close on February 7, 2025. Once the IAAC is satisfied that the Impact Statement contains all of the information and studies outlined in the Guidelines, a notice informing the public that the Impact Statement contains all the required information and studies will be posted on the Agency's registry, which will complete the second phase of the federal permitting process and initiate a review period of a maximum duration of 390 days.

The Impact Statement demonstrates how the Company has prioritized minimizing impacts while maximizing the benefits this Project can bring to the entire region. Canada Nickel engaged early and often with Indigenous Nations, local communities, and stakeholders to ensure the Project reflects shared priorities and values.

Highlights of Engagement Efforts:

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

The Company will continue its extensive engagement program with Indigenous Nations, stakeholders and the general public in order to increase the level of understanding of the proposed project impacts and benefits, properly address comments and concerns, and define innovative collaboration pathways. This company led engagement program, coupled with consultation of the First Nations through a technical working group managed by the IAAC, supported the development of the Impact Statement and will continue to provide the Company with valuable feedback as it moves towards detailed engineering, construction and operations. The Company is also steadily advancing the negotiation of long-term agreements with the Indigenous Nations impacted by the Project.

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Financing

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

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

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

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

Through the year, the Company funded its advancement of Crawford and its corporate costs with cash remaining on hand from previous year's financings plus an investment from Samsung SDI. On February 6, 2024, the Company completed a Subscription Agreement with Samsung SDI to invest US\$18.5 million in Canada Nickel at a price of \$1.57 per Common Share. On closing, Samsung SDI held 15.6 million shares of the common shares of Canada Nickel, which represented approximately 8.7% of the Company's issued and outstanding shares on a non-diluted basis. Canada Nickel also provided to Samsung SDI a grant to the right to purchase a 10% equity interest in the Crawford Project for US\$100.5 million, exercisable upon a final construction decision.

Samsung SDI's right to purchase a 10% equity interest in the Crawford project for US\$100.5 million is exercisable upon a final construction decision. By exercising this right, Samsung SDI will have the right to 10% of the nickel-cobalt production from the Crawford project over the life of mine and the right to an additional 20% of Crawford's nickel-cobalt production for 15 years extendable by mutual agreement. The offtake rights will be based on mutually agreed terms. Further details on this transaction can be found in the *Cash provided by (used for) financing* section of this MD&A.

Later, on July 9, 2024, in order to remain well funded while the Company advanced alternative financing structures and to continue to advance permitting, engineering, and financing activities, the Company entered into a six-month US\$15 million loan facility with Auramet International, Inc. The loan carried an interest rate of 1.00% per month, and was subject to a 2.5% arrangement fee. In addition, at closing, Auramet International, Inc. received 750,000 1 year warrants with a strike price of \$1.42 per share. The loan is subject to such terms and conditions including certain specified positive and negative covenants that are customary for a transaction of this nature.

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

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

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

**Downstream Nickel and Stainless-steel Processing Facility**

In February 2024, Canada Nickel announced its intention, through its wholly owned subsidiary, NetZero Metals, to develop two processing facilities in the Timmins Nickel District: a nickel processing facility and stainless-steel and alloy production facility. These initiatives are expected to represent an important economic development for the Timmins Nickel District and provide significant additional capacity to fill an important link in the development of North American critical minerals supply chains and the province's electric vehicle strategy. The downstream processing facilities are being designed to treat the concentrates produced from the Crawford Nickel Project as well as third party feeds with the goal of producing low or potentially zero carbon nickel, stainless steel and alloy products. NetZero Metals plans to utilize the CO<sub>2</sub> sequestration capacity of the Crawford Project as well as biochar based reductants as key methods of decarbonization.

A global experienced team was assembled for NetZero Metals and funding for each project is expected to largely come from various government programs (Federal/provincial/DOD) and potential partners.

Through 2024, NetZero Metals largely completed two scoping studies for the downstream nickel processing plant and the stainless steel and alloy plant in line with expectations. The engineering partners for the projects included Metso for the key parts of the nickel plant, SMS Group for the stainless steel and alloy plant and Ausenco Engineering Canada ULC as the study manager and compiler. The scoping studies are expected to be released in early 2025, and through 2025 feasibility studies for each of the projects are expected to be completed.

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**Governance**

The Company released its 2023 Environmental, Social, and Governance Report on November 4, 2024. The Report outlines the Company's ongoing commitment to sustainable and responsible mining practices, including advancements in its groundbreaking permanent carbon storage technologies.

On October 21, 2024, Mr. Julian Ovens was appointed to the Company's Board of Directors. Mr. Ovens has extensive senior management experience with both Rio Tinto and BHP, senior roles with the Canadian government, and successful government relations and public affairs advisory.

Earlier in 2024, Mr. Mike Cox retired as a director and transitioned to lead NetZero Metals. Mr. Cox has over 35 years of nickel processing experience and has held senior leadership positions with Inco Ltd. and Vale SA overseeing a global portfolio of nickel refineries.

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

**Unlocking Timmins Nickel District Exploration Potential**

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

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

Canada Nickel's properties are all located within 100 kilometres of Timmins and represent what the Company believes is an emerging nickel district where Canada Nickel will become a leader in the next generation of nickel supply through large, scalable, and low-carbon footprint projects. Each target has had some historical work suggesting that these targets contain similar serpentinized dunite and/or peridotite that hosts the Crawford mineralization and have the potential to permanently sequester CO<sub>2</sub>.

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

The proceeds from the flow-through financing helped the Company continue to unlock the potential of the Timmins Nickel District through further exploration at its regional properties. To the end of October 2024, the Company drilled over 100,000 metres on 14 properties, all located within 100 kilometres of Timmins, Ontario and by the end of December 2024 successfully drilled over 118,000 metres.

The 2024 exploration program focused on demonstrating the potential of the Company's portfolio in the Timmins Nickel District through the initial drilling of several promising ultramafic targets to the delineation of mineral resources on targets previously drilled by the Company. Canada Nickel completed 59 drill holes at Reid since acquiring the Project for a total of 34,615 metres, drilled 40 holes at Crawford to better define the Crawford PGM Zone, 26 holes at Texmont, 93 holes at Mann, 16 holes at Bannockburn, 32 at Deloro, 5 at Reaume, 12 at Midlothian and 8 at Nesbitt.



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

**Formation of East Timmins Nickel Ltd and consolidation of nickel properties**

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

As part of the transaction, Canada Nickel consolidated ownership of the mining rights and access to the surface rights for certain key patents in Aubin, Crawford, Carnegie, Dargavel, Kidd, Lennox, Lucas, Nesbitt, Prosser, and Wark townships currently held by Noble, which facilitates and simplifies future development of Crawford and other nearby regional properties held by Canada Nickel. East Timmins will control 1,839 mining claims totaling approximately 42,000 hectares and will include nickel properties in Mann, Newmarket, and Reaume Townships as well as Calder, Galna, McCool, Moody, Mortimer, Stimson, and other properties currently held by Canada Nickel. Costs will be funded by pro rata ownership, which will initially be 80% Canada Nickel and 20% Noble. Canada Nickel and Noble will continue to maintain their existing royalty rights on the East Timmins claims, as will previous claim owners who had vended claims to Noble.

The closing of the transaction is subject to the final approval of the TSX Venture Exchange.

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

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

*Regional Properties*

*Mann*

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

*Mann Central:*

The outline of the ultramafic body at Mann Central is estimated by magnetics to be 4.5 kilometres long and between 0.5 to 1.0 kilometres wide (or 3.1 square kilometres). Drilling at this target was completed during the spring/summer of 2024 and totals 32 drillholes (27 of which were drilled in 2024) and 11,853 metres. Mineralization is more consistent near the center of the target over an area of 1.9 kilometres by 600 metres (1.1 square kilometres). Results from the first 9 holes are included in the Canada Nickel news release dated September 10, 2024, a further 13 drillhole results are included in the news release dated October 31, 2024 and four drillhole results are included in the news release dated December 11, 2024. All holes intersected varying degrees of mineralized peridotite with minor pyroxenite dykes. In addition, anomalous platinum group metals (PGM) consisting of platinum (Pt) and palladium (Pd) were identified in several holes, predominantly within pyroxenite units near the peridotite contacts on all properties.

*Mann North:*

The target is approximately 1.5 kilometres long by 600 metres wide (0.9 square kilometres). Drilling at Mann North was completed during the summer of 2024 and consisted of a preliminary exploratory phase of 16 drillholes totaling 6,315 metres. The majority of these holes intersected long sections of peridotite, with minor dunite with nickel grades in the peridotite consistent with Crawford. The peridotites, however, have anomalous values of platinum and palladium over significant intervals. Nine of 16 of the drillholes at Mann North assayed to date include gold intersections of 0.4 grams per tonne gold or higher. Assays are pending for three remaining holes. Results are included in the Canada Nickel news release dated September 10, 2024 and October 31, 2024.

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**Mann West:**

Mann West is approximately 3.5 kilometres long by up to 1.1 kilometres wide (covering 3.4 square kilometres). The drill program completed focused on the southern half of the target with drilling completed over a strike length of 1.7 kilometres and a width of at least 600 metres. All drillholes intersected long sections of well-serpentinized peridotite and minor dunite with disseminated and visible nickel sulphide mineralization consisting primarily of pentlandite and heazlewoodite. The Company has drilled a total of 39 holes to date at Mann West with 31 holes drilled during the 2024 program. With this drilling, the Company has completed the first phase of exploration that is required for an initial resource estimate, expected in the first part of 2025. Assays from nine holes are included in the Canada Nickel news release dated October 31, 2024 and an 16 additional holes are presented in the December 11, 2024 news release.

**Mann South:**

This target is approximately 5.9 kilometres long by up to 1.2 kilometres wide, having an arcuate and irregular shape, with an overall area of 4.1 square kilometres. The Company's drill program at Mann South started in August 2024 consisting of 20 drillholes, all of which intersected serpentinized peridotite and dunite. Assay results for 11 drillholes are provided in the Canada Nickel news release dated December 11, 2024 with nine drillhole assay results still pending. Mineralogical analyses is also underway to help identify and prioritize the best areas, although almost half of the strike length of the target remains untested.

**Reaume**

The Reaume property is located 20 kilometres northeast of Crawford, 15 kilometres southwest of Cochrane, and 55 kilometres northeast of Timmins. Prior drill campaigns in 2022 had seasonal access constraints, however, in June 2024, the Company resumed exploration and intersected a strongly mineralized portion of the ultramafic body consisting of moderate to strongly serpentinized peridotite containing spotty, coarse-grained awaruite mineralization. Refer to results in the Canada Nickel news release dated September 10, 2024 and October 31, 2024. Assay results are pending on two remaining holes.

**Reid**

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

Canada Nickel completed 26,061 metres from 41 holes drilled during its 2024 drill program at Reid. The drill campaigns of 2023 and 2024 have delineated a mineralized ultramafic body with a strike length of 2.2 kilometres and width up to 1.0 kilometres and up to a depth of 650 metres within the central core of the target geophysical footprint, with a total of 32,893 metres in 57 drillholes. The anomaly remains open to the north, south and at depth. All holes drilled intersected long mineralized intervals comprised of mainly dunite and minor peridotite. Refer to further results in the Canada Nickel news releases dated August 8, 2024, September 10, 2024 and October 31, 2024.

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

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

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Company and a geophysical survey on the property (more details on the exploration target can be found in the Company's news release dated December 23, 2024).

Drilling at Reid was conducted in 2022 and 2024. The 2024 campaign successfully completed the goal of infilling previous sections to define an initial Mineral Resource Estimate, gain understanding on the geology of the deposit as well as systematically collecting samples for mineralogical analysis that would help define the potential of nickel recovery. The Reid Mineral Resource Estimate was prepared by Caracle Creek International Consulting Inc. in accordance with CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines (2019) and CIM Definition Standards for Mineral Resources & Mineral Reserves (2014). The full technical report dated February 5, 2025, with an effective date of December 5, 2024, is titled "National Instrument 43-101 Initial Mineral Resource Estimate for the Reid Nickel Deposit and Technical Report, Reid Nickel-Cobalt Sulphide Project." The Report was prepared for Canada Nickel by Caracle Creek International Consulting Inc. and can be found under the Company's issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca). Mineralogical studies and metallurgical testwork will continue through 2025, as well as infill drilling to further upgrade the mineral resource.

**Newmarket**

The Newmarket Property is located 35 kilometres east of Crawford, 28 kilometres south of Cochrane, and 50 kilometres northeast of Timmins, covering the southwest corner of Newmarket Township. The property contains one large, elongated ultramafic body, that connects to the northwest of the Mann Southeast property. Newmarket has a target geophysical footprint of 2.2 square kilometres, larger than Crawford at 1.6 square kilometres.

The initial two holes intersected mineralized and well serpentinized peridotite and dunite and ended in mineralization. This initial drilling occurred on the edge of the eastern end of the 7-kilometre long Newmarket target, which is contiguous with the Mann Southeast target and is part of an overall geophysical target more than three times larger than Crawford.

Further details on drill results can be found in the Company's news release dated March 18, 2024.

**Deloro**

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

On September 4, 2024 the Company filed an independent technical report (the "Report") on SEDAR+, prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") supporting the initial mineral resource estimate. The Mineral Resource Estimate, effective as of July 17, 2024, was prepared following the CIM Definition Standards for Mineral Resources and Reserves (November 29, 2019). Deloro has an advantageous location near both Timmins and the mining and processing infrastructure at the Dome Mill, and benefits from a relatively low overburden of an average of just six metres. Deloro is accessible year-round by road, is located 7 kilometres southwest of the Dome Mine-Mill Complex and less than 2 kilometres from existing powerlines. The full technical report dated September 3, 2024, with an effective date of July 17, 2024 is entitled "National Instrument 43-101 Mineral Resource Estimate and Technical Report on the Deloro Nickel-Cobalt Sulphide Project." The Report was prepared for Canada Nickel by Caracle Creek International Consulting Inc. and can be found under the Company's issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca).

For the initial Mineral Resource Estimate, a total of 8,242 metres of core drilling in 22 drill holes was utilized to calculate the Mineral Resources in two categories. Inferred resources totalled 357 million tonnes grading 0.25% nickel, for a total of 885,000 tonnes of contained nickel, and indicated resources totalled 81 million tonnes grading 0.25% nickel, for a total of 202,000 tonnes of contained nickel. A cut-off grade of 0.10% nickel was used. Drilling for the initial resource at Deloro was performed in 2022 and 2024. The 2024 campaign successfully completed the goal of infilling previous sections in order to define an initial resource

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estimate, gain understanding on the geology of the deposit as well as systematically collecting samples for mineralogical analysis that would help define the potential of nickel recovery. Refer to the Canada Nickel news release dated July 18, 2024 for further information.

In the fall of 2024, Canada Nickel drilled 19 new holes to expand the existing resource including the known boundary of the mineralized zone. Assays were received from 11 drillholes with assays pending on the remaining eight drillholes. The drillholes successfully intersected strongly mineralized sections of ultramafic rocks. The infill campaign continues to show the potential of Deloro - refer to Canada Nickel news release dated January 23, 2025. An updated resource for Deloro is planned by mid-2025.

Midlothian

The Midlothian property is located 70 kilometres south-southeast of Timmins, 25 kilometres west of Matachewan and is directly accessible by road. Four drillholes were completed during the winter of 2023 and 12 additional drillholes were completed in the fall of 2024. All 12 holes intersected mineralized dunite at shallow depths. These holes were drilled on a target measuring 2.7 kilometres long and 0.4 to 0.9 kilometres wide with a target footprint of 1.7 square kilometres. Assays were received on 10 holes and there are still pending assays on two drillholes. With the combined 2023 and 2024 drilling, the company intends to produce an initial resource estimate at Midlothian by mid-2025. Refer to results in the Canada Nickel news releases dated July 11, 2023 and January 23, 2025.

Texmont

The 2024 drill program successfully tested the strike extension of the North Zone, as well as the continuation of high-grade nickel mineralization at depth within the Main Zone. Twenty five holes totaling 8,971 metres were completed in 2024. In total, 18,722 metres have been drilled at Texmont which will be used to produce a preliminary resource estimate expected at the start of 2025. The Main Zone was originally defined and brought into production briefly in the 1970s but was shut down due to high oil prices. Additional work by Fletcher Nickel from 2006-2008 (see Canada Nickel press release dated March 6, 2023) expanded mineralization at the Main Zone and identified mineralization farther north. This area was first targeted by Canada Nickel in 2023 with a series of 5 holes into what is now called the North Zone. The purpose of the recent North Zone drilling has been to expand the zone southward toward the Main Zone and to determine if these two zones are connected by high grade nickel mineralization. Refer to results in the Canada Nickel news release dated September 10, 2024.

Bannockburn

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

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

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

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(BHEM) surveys of BAN24-18 and follow-up holes BAN24-20 and BAN24-21. BAN-20 intersected 1.32% nickel over 4.4 metres and BAN24-21 failed to intersect mineralization. Interpretation of the BHEM results is underway and drilling is planned for 2025 including testing a prominent off-hole response in BAN-21.

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

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

Nesbitt

Nesbitt is located just 7 kilometres north-northwest of the Crawford Project. Nesbitt contains two ultramafic sills that strike east-west, the larger sill having a geophysical expression of 1.0 kilometre along strike. Preliminary drill results were announced in 2021 and 2022 (refer to Canada Nickel news release dated May 10, 2022). Given the close proximity to Crawford and minimal overburden, Nesbitt could present an opportunity to provide aggregate material to the mine site construction as well as additional nickel ore. In the fall of 2024, the Company drilled eight new holes to infill sections of the Nesbitt ultramafic with the goal of producing a resource estimate in 2025. The current drill program will infill the western ultramafic and is planned for the first part of 2025. Assay results from seven of the drillholes are included in the Canada Nickel news release dated January 23, 2025. All holes intersected serpentinitized and mineralized peridotite and lesser dunite, interrupted by minor late dykes.

**2025 Outlook**

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

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**Review of Operations For the Years Ended October 31, 2024 and 2023**

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

	<b>For the years ended October 31</b>	
<i>(Canadian dollars)</i>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Salaries	<b>2,232,644</b>	1,395,816
Consulting and advisory	<b>2,595,459</b>	2,405,389
Professional fees	<b>1,308,041</b>	984,859
General and administrative costs	<b>1,513,548</b>	940,285
Promotion and communication	<b>393,250</b>	280,827
Investor relations and marketing	<b>546,279</b>	536,248
Incentive compensation	<b>4,736,080</b>	4,622,226
Travel and other	<b>1,194,714</b>	811,173
Foreign exchange gain and interest income	<b>(1,091,951)</b>	(398,414)
Transaction costs and interest expense	<b>3,442,090</b>	1,862,045
	<b>16,870,154</b>	13,440,454
Flow-through share premium	<b>(11,386,972)</b>	(2,045,511)
Net loss before tax	<b>5,483,182</b>	11,394,943
Income tax expense (recovery)	<b>(2,265,598)</b>	2,829,934
<b>Net loss</b>	<b>3,217,584</b>	14,224,877
Weighted average shares outstanding	<b>170,817,393</b>	131,238,316
<b>Loss per share</b>	<b>\$0.02</b>	\$0.11

**Salaries**

Salaries have increased between periods reflecting an increase in headcount to support significantly increased financing, permitting, engineering and community activities.

**Consulting and advisory**

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

**Professional fees**

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

**General and administrative costs**

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

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Promotion and communication

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

Investor relations and marketing

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

Incentive compensation

Incentive compensation includes cash-based incentive compensation and non-cash expenses related to stock options and RSUs. Variations between periods is a result of timing of grant issuances and completion of vesting periods. In addition, RSU grants in 2024 are vesting and expensed over a 3 year period, rather than the former one year vesting and expense period.

Travel and other

An increase in staff in locations that required additional travel and significantly increased activity during front end engineering design activities. Greater attendance at in-person conferences as well as increased Crawford financing efforts resulted in increased travel costs in 2024 compared to 2023.

Foreign exchange gain and interest income

The foreign exchange gain is primarily due to the revaluation of US dollar cash balances to the Canadian dollar reporting currency, however, foreign exchange changes related to US dollar cash received from short-term loan facilities have been classified in transaction costs and interest expense as an offset to foreign exchange gains on the US dollar short-term loan. In addition, excess cash is invested in guaranteed investment certificates accumulating interest at approximately 5%. Interest income in 2024 was \$0.9 million compared to \$0.2 million in 2023.

Transaction costs and interest expense

These costs are directly attributable to the receipt of proceeds from the short-term loan facilities (refer to *Cash provided from (used for) financing activities*) and also includes \$0.8 million for the year ended October 31, 2024 reflecting the penalty interest charge incurred on the unspent funds received from the flow-through share offering in December 2023.

Flow-through share premium

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

Income tax expense

These are deferred income taxes (non-cash) resulting from the timing differences between tax and accounting for the Company's resource pools and costs related to share issuances. For tax purposes the Company has less resource pools available to offset future income taxes because the tax benefits of the pools have been transferred to the owner of the shares. Share issuances are capitalized for accounting and amortized for tax purposes, resulting in a timing difference. Included in deferred income taxes are expenses resulting from the renunciation of flow through expenditures and tax recoveries related to operating losses. In 2024 the Company filed its tax returns to renunciate its flow through expenditures incurred in 2023 and recorded a \$1.3 million tax expense, which compares to a \$5.2 million tax expense from the filing of its 2023 tax returns to renunciate its flow through expenditures incurred in 2022. Tax recoveries from operating losses were approximately \$3.6 million in 2024 and \$2.3 million in 2023.

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, 2024 and 2023 are as follows:

	<b>For the years ended October 31</b>	
<i>(Canadian dollars)</i>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash used in operating activities:		
Before working capital changes	<b>(10,400,282)</b>	(6,307,978)
Working capital changes	<b>(4,440,148)</b>	(1,082,817)
	<b>(14,840,430)</b>	(7,390,795)
Cash used in investing activities:		
Exploration and evaluation expenditures	<b>(56,671,463)</b>	(37,248,538)
Purchase of equipment	<b>(238,794)</b>	(123,574)
	<b>(56,910,257)</b>	(37,372,112)
Cash provided from (used for) financing activities:		
Proceeds from share issuance, net of transaction costs	<b>58,735,835</b>	44,582,756
Repayment of loan plus related interest	<b>(17,335,860)</b>	(14,513,872)
Proceeds from short-term facility, net of transaction costs	<b>19,901,859</b>	15,768,017
Repayment of lease obligations	<b>(85,540)</b>	(114,186)
Proceeds from exercise of warrants and stock options	<b>756,167</b>	464,192
	<b>61,972,011</b>	46,186,907
Change in cash and cash equivalents	<b>(9,778,676)</b>	1,424,000
Opening cash and cash equivalents	<b>14,433,936</b>	13,009,936
<b>Closing cash and cash equivalents</b>	<b>4,655,260</b>	14,433,936

***Cash used in operating activities***

Cash used in operating activities before working capital changes mainly includes cash used for expenses of the business as shown in the consolidated statements of loss, except for non-cash related items such as share-based compensation, flow-through share premium and income tax expense. Transaction and interest costs related to the short-term loan facilities are included in financing activities when paid. The changes in working capital largely reflect the timing of harmonized sales tax (HST) refunds and the timing of expense payments. As at October 31, 2024, the Company had \$8.0 million owing in HST refunds representing six months of HST claims that were delayed being refunded while the tax authorities completed their audit. The Company received the proceeds in December 2024.

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***Cash used in investing activities***

*Exploration and evaluation expenditures*

Exploration and evaluation expenditures include costs related to exploration at Crawford and its regional properties, Crawford project advancement (feasibility study, FEED engineering) and permitting. Approximately \$23 million was spent in relation to advanced engineering work and permitting for the year ended October 31, 2024 compared to \$15 million spent for the same period in 2023. Approximately \$33 million was spent on regional exploration for the year ended October 31, 2024 and \$17 million for the same period in 2023.

*Acquisition of properties*

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

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

	Cash	Shares
	\$	#
Fiscal year 2025	510,000	110,000
Fiscal year 2026	860,000	145,000
	1,370,000	255,000

***Cash provided from (used for) financing activities***

*December Flow-Through Offering*

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

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

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The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of \$12,348,000 and has an obligation to incur \$34,692,000 in eligible Canadian exploration expenditures ("CEE") by December 31, 2024. The Warrant Shares issued were assigned an aggregate fair value of \$2,172,505 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 59%, risk-free rate of return 3.9% and expected 36 month life.

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

Samsung SDI Equity Investment

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

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

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

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

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

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2023 Financings

The Company received gross proceeds of \$46.3 million in March 2023 from two financing arrangements:

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

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

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

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

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

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

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

An amount equal to the gross proceeds from the issuance of the FT Shares will be used to incur eligible resource exploration expenses which will qualify as (i) "Canadian exploration expenses" (as defined in the Tax Act), and (ii) "flow-through critical mineral mining expenditures" (as defined in subsection 127(9) of the Tax Act) (collectively, the "Qualifying Expenditures"). Qualifying Expenditures in an aggregate amount equal to the gross proceeds raised from the issuance of the FT Shares will be renounced to the initial purchasers of the FT Shares with an effective date no later than December 31, 2023. The flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers and as a result the Company recorded a share premium liability of \$2,045,511 and had an obligation to incur \$5,000,138 in eligible Canadian exploration expenditures ("CEE") by December 31, 2023.

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

Short-term loan facilities:

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

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

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

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

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The Company paid an arrangement fee equal to 2.3 percent of the loan amount (\$371,995) and issued 550,000 common share purchase warrants ("Auramet Inc. September 2023 warrants"). Each of the Auramet Inc. September 2023 warrants entitles Auramet Inc. to acquire one common share of the Company at a price of \$1.24 per share until September 18, 2024. The Auramet Inc. September 2023 warrants issued were assigned an aggregate fair value of \$169,180 using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, expected volatility 61%, risk-free rate of return 4.74% and expected one year life. The fair value of the warrants as well as the arrangement fee and other transaction costs were amortized over the three-month maturity in transaction costs and interest expense in the condensed interim consolidated statements of loss and comprehensive loss. On January 23, 2024 the Auramet Inc. September 2023 warrants were exercised with proceeds of \$682,000 received by the Company.

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

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

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

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

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

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

	Auramet Inc. September 2023	Auramet Inc. July 2024	Total 2024
	\$	\$	\$
Arrangement fee	248,457	550,749	<b>799,206</b>
Warrant cost	65,765	166,500	<b>232,265</b>
Amortization of arrangement fee	298,584	-	<b>298,584</b>
Deferral of arrangement fee and warrant cost	-	(275,094)	<b>(275,094)</b>
Interest expense	617,736	790,851	<b>1,408,587</b>
Foreign exchange	(180,010)	342,252	<b>162,242</b>
Transaction costs and interest expense	1,050,532	1,575,258	<b>2,625,790</b>

A summary of the transaction costs and interest expense related to each short-term loan facility for the year ended October 31, 2023 are as follows:

	Auramet Inc. October 2022	Auramet Inc. September 2023	Total 2023
	\$	\$	\$
Arrangement fee	558,971	405,692	<b>964,663</b>
Warrant cost	70,000	169,180	<b>239,180</b>
Deferral of arrangement fee and warrant cost	-	(298,584)	<b>(298,584)</b>
Interest expense	621,113	238,093	<b>859,206</b>
Foreign exchange	41,807	55,773	<b>97,580</b>
Transaction costs and interest expense	1,291,891	570,154	<b>1,862,045</b>

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Share Issuances:

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

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

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

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

In February, 2022, the Company received net proceeds of \$48.2 million, which were intended to be used, and were used, as follows:

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



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

**Commitments and Contingencies**

At October 31, 2024, the Company has \$28.7 million (October 31, 2023 - \$3.7 million) in payables owing with respect to exploration and evaluation assets and has lease obligations of \$70,705 related to 2024 and \$146,653 for fiscal years 2025 to 2027. The Company is committed to incur \$34.7 million in flow-through eligible expenditures prior to December 31, 2024, of which \$32.0 million was incurred by October 31, 2024. Commitments on option properties are described in *Acquisition of properties* above.

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

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

**Financial Condition**

The application of the going concern concept assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital balance deficit of \$41,702,752 at October 31, 2024, and has incurred losses and negative cashflows from operations and has an accumulated deficit of \$32,432,916. 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:

	<b>As at October 31</b>				
<i>(Canadian dollars)</i>	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$
Total assets	33,149,518	55,250,855	144,314,915	183,067,758	<b>264,554,321</b>
Total equity	31,391,949	47,299,213	118,828,363	156,040,561	<b>205,377,043</b>

  

	<b>For the years ending October 31</b>				
	2020	2021	2022	2023	2024
Net loss	3,077,272	6,378,103	5,535,080	14,224,877	<b>3,217,584</b>
Net loss per share	0.06	0.08	0.05	0.11	<b>0.02</b>

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

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

On December 29, 2023, the Company received \$34.7 million from a flow-through share offering. These funds will be used for exploration purposes only predominantly at the Company's regional properties. At October 31, 2024 approximately \$11 million of the Company's liquidity is restricted to spend on exploration related expenditures. The Company will continue to source other funding and may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

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

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**Review of Last Eight Quarters**

The following is a summary of Canada Nickel's statement of loss (income) on a quarterly basis for the last eight quarters.

<i>(Canadian dollars)</i>	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries	333,919	386,056	411,799	<b>264,042</b>	590,022	524,312	479,536	<b>638,774</b>
Consulting and advisory	254,282	356,194	447,486	<b>1,347,427</b>	541,881	494,389	689,973	<b>869,216</b>
Professional fees	206,856	479,491	180,373	<b>118,139</b>	380,483	279,667	311,132	<b>336,759</b>
General and administrative costs	176,888	457,671	87,831	<b>217,895</b>	398,899	437,950	226,549	<b>450,150</b>
Promotion and communication	106,670	62,656	62,556	<b>48,945</b>	78,955	74,260	150,009	<b>90,026</b>
Investor relations and marketing	104,609	120,487	154,921	<b>156,231</b>	113,486	145,130	185,600	<b>102,063</b>
Incentive compensation	1,258,017	1,347,586	1,091,728	<b>924,895</b>	1,904,818	1,058,190	1,026,375	<b>746,697</b>
Travel and other	99,373	149,311	139,427	<b>423,062</b>	264,858	325,960	348,917	<b>254,979</b>
Foreign exchange gain and interest income	-	(294,193)	(70,512)	<b>(33,709)</b>	(85,250)	(733,838)	(162,276)	<b>(110,587)</b>
Transaction costs and interest expense	679,583	612,308	-	<b>570,154</b>	953,703	96,829	1,079,150	<b>1,312,408</b>
	3,220,197	3,677,567	2,505,609	<b>4,037,081</b>	5,141,855	2,702,849	4,334,965	<b>3,874,185</b>
Flow-through share premium	-	(1,104,545)	(940,966)	-	(257,024)	(1,865,267)	(3,013,555)	<b>(6,251,126)</b>
Net loss (income) before tax	3,220,197	2,573,022	1,564,643	<b>4,037,081</b>	4,884,831	837,582	1,321,410	<b>(2,376,941)</b>
Income tax expense (recovery)	4,602,700	(632,970)	(344,260)	<b>(795,536)</b>	(167,033)	(592,857)	(844,798)	<b>(660,910)</b>
<b>Net loss (income)</b>	<b>7,822,897</b>	<b>1,940,052</b>	<b>1,220,383</b>	<b>3,241,545</b>	<b>4,717,798</b>	<b>244,725</b>	<b>476,612</b>	<b>(3,037,851)</b>
Weighted average shares outstanding	113,332,644	130,017,641	140,149,544	<b>141,413,632</b>	148,711,210	172,163,324	181,209,453	<b>181,214,844</b>
<b>Net loss (income) per share</b>	<b>\$0.07</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$(0.02)</b>

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

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

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

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

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

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

*Travel and other* – Largely includes costs related to travel for conferences, investor meetings and other development opportunities. Spending is dependent on timing of the travel and overall has increased in 2024 compared to 2023 due to increased financing efforts.

*Foreign exchange gain and interest income* - The foreign exchange gain is primarily due to the revaluation of US dollar cash balances to the Canadian dollar reporting currency. In addition, excess cash in 2024 was invested in guaranteed investment certificates accumulating interest at approximately 5%.

*Transaction costs and interest expense* – These costs are directly attributable to the receipt of proceeds from the short-term loan facilities (refer to *Cash provided by financing activities*) and in the third and fourth quarter of 2024 include \$0.6 million and \$0.2 million, respectively, in penalty charges incurred on the unspent funds received from the December 2023 flow-through share offering.

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

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

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**Fourth Quarter Cash Flows**

A summary of the Company's cash flow for the quarters ended October 31, 2024 and 2023 are as follows:

<i>(Canadian dollars)</i>	<b>For the quarters ended October 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Cash used in operating activities:		
Before working capital changes	<b>(2,506,311)</b>	(2,148,569)
Working capital changes	<b>(2,641,466)</b>	(1,569,100)
	<b>(5,147,777)</b>	(3,717,669)
Cash used in investing activities:		
Exploration and evaluation expenditures	<b>(15,496,598)</b>	(5,057,673)
Purchase of equipment	<b>(106,366)</b>	(25,843)
	<b>(15,602,964)</b>	(5,083,516)
Cash provided from (used for) financing activities:		
Proceeds from short-term facility, net of transaction costs	-	15,768,017
Other	<b>(21,942)</b>	(93,583)
	<b>(21,942)</b>	15,674,434
Change in cash and cash equivalents	<b>(20,772,683)</b>	6,873,249
Opening cash and cash equivalents	<b>25,427,943</b>	7,560,687
<b>Closing cash and cash equivalents</b>	<b>4,655,260</b>	14,433,936

Working capital changes in the fourth quarter of 2024 largely are due to an increased HST receivable (\$3.6 million increase in the fourth quarter of 2024 compared to \$0.8 million increase in the fourth quarter of 2023). In the fourth quarter of 2024 the Company spent \$2 million on advanced engineering and permitting related work and \$13 million on exploration. In the fourth quarter of 2023, the Company received \$15.8 million in proceeds, net of issue costs, in borrowings from Auramet Inc. (see short-term loan facility narrative above) and spent \$3 million on the feasibility study and \$2 million on exploration activities.

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**Transactions with Related Parties**

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

A summary of the related party transactions are as follows:

	<b>For the years ended October 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Salaries, consulting and directors' fees	<b>2,437,861</b>	1,445,166
Incentive compensation	<b>4,498,954</b>	4,431,080
Geological services	<b>-</b>	361,470

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties. No amounts were receivable to or payable from related parties at October 31, 2024 and October 31, 2023.

**Management of Capital**

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its Shareholders' Equity as capital which was \$205,377,043 as at October 31, 2024.

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**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.

*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 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.

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**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.

**Financial Instruments**

**Fair values**

At October 31, 2024, the Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

**Fair value hierarchy**

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

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

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

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

Level 1 – cash and cash equivalents

Level 2 – none

Level 3 - none

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

- Credit risk
- Liquidity risk



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

**Off-Balance-Sheet Arrangements**

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

**Share Capital**

As at the date of this MD&A, February 28, 2025, the Company had 186,397,776 common shares issued and outstanding, 8,610,000 warrants outstanding, 10,752,400 stock options outstanding and 4,328,477 restricted share units outstanding. Each warrant, stock option and restricted share unit is exercisable or exchangeable for common shares of the Company on a one for one basis.

**Internal Controls Over Financial Reporting**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the 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).

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

**Risk Factors**

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

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

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