



NICKEL NORTH EXPLORATION

**NICKEL NORTH EXPLORATION CORP.**

(the “Company” or “Nickel North”)

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

**NICKEL NORTH EXPLORATION CORP.**  
**Management Discussion and Analysis**  
**For the Nine Months Ended September 30, 2018**

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The following Management Discussion and Analysis (“MD&A”) has been prepared by management as of November 26, 2018, and should be read in conjunction with the unaudited financial statements of the Company together with the related notes thereto for the three and nine months ended September 30, 2018, and the audited financial statements of the Company together with the related notes thereto for the year ended December 31, 2017. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

**FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A and may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “represent”, “may”, “will”, “should”, “might” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. This MD&A contains information on mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of reported Inferred Resources in the estimation contained in the MD&A are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category. The MD&A also indicated that the Hawk Ridge Property contains an exploration target with a potential range of certain number of tonnes at certain average grade ranges. The exploration target is based on the estimated strike length, depth and width of the known mineralization which is supported by intermittent drill holes, geophysics and observations of mineralized surface exposures. The potential quantities and grades of this exploration target are conceptual in nature. There has been insufficient work done by a Qualified Person to define these estimates as mineral resources. The Company is not treating these estimates as mineral resources, and readers should not place undue reliance on these estimates. Even with additional work, there is no guarantee that these estimates will be classified as mineral resources. In addition, there is no guarantee that these estimates will prove to be economically recoverable.

The forward-looking statements are based on reasonable assumptions that have been made by the Company as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks associated with mineral exploration and development; metal and mineral prices; availability of capital; accuracy of the Company’s projections and estimates; realization of mineral resource estimates, interest and exchange rates; competition; stock price fluctuations; availability of drilling equipment and access; actual results of current exploration activities; government regulation; political or economic developments; environmental risks; insurance risks; capital expenditures; operating or technical difficulties in connection with development activities; personnel relations; the speculative nature of strategic metal exploration and development including the risks of diminishing quantities of grades of resources; contests over title to properties; and changes in project parameters as plans continue to be refined. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported inferred mineral resources as the estimation is uncertain in nature and there has been insufficient exploration to define these inferred mineral resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading inferred mineral resources to an indicated or measured mineral resource category.

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The forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to the price of copper, nickel, platinum, palladium or gold; the demand for these metals; the ability to carry on exploration and development activities; the timely receipt of any required approvals; the ability to obtain qualified personnel, equipment and services in a timely and cost-efficient manner; the ability to operate in a safe, efficient and effective manner; and the regulatory framework regarding environmental matters, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. The Company does not update or revise forward looking information even if new information becomes available unless legislation requires the Company do so. Accordingly, readers should not place undue reliance on forward-looking information contained herein, except in accordance with applicable securities laws.

**OVERVIEW**

The Company was incorporated under the laws of British Columbia, Canada on February 27, 2007 as Orient Ventures Capital Inc. and changed its name to Nickel North Exploration Corp. on July 30, 2012.

The Company is currently engaged in acquisition, exploration and evaluation of mineral property interests in Canada. The Company's common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol "NNX".

During the Fiscal Year of 2017

On June 28, 2017, the Company entered into an amendment agreement (the "2<sup>nd</sup> Amendment") with SinoTech (Hong Kong) Corporation Limited (the "Lender") to further extend the repayment term of the loan to the Company to June 30, 2018, while also increasing the principal amount of the loan to \$600,000. The principal amount comprised the initial amount of the loan, interest accrued on the loan, and the remaining amount that would be advanced to the Company. The principal bears interest at a fixed rate of 8% per annum. All other terms and conditions of initial loan agreement between the Company and the Lender dated November 2, 2016 remain in force and are unamended except to the extent amended by the parties. The proceeds of the amendment are expected to be used by the Company for the daily operation and paying the current liabilities.

On June 16, 2017, Ge (Anna) Mao and Walter Coles, Jr. retired from the board of the Company as they did not stand for re-election on the 2017 Annual General Meeting of the Company. Zhijun He and Nick Watters were elected as new directors of the Company at the Annual General Meeting to replace Ms. Mao and Mr. Coles.

During the Fiscal Year of 2018

On May 31, 2018, Company entered into a third amendment agreement (the "3<sup>rd</sup> Amendment") with the Lender to further extend the repayment term of the loan to the Company to December 31, 2018, while also increasing the principal amount of the loan to \$844,005.30 (the "Principal Amount"). The Principal Amount comprises the current principal amount of the loan advanced to the Company to date and accrued interest thereon, and the remaining amount that will be advanced to the Company. The Principal Amount will bear interest at a fixed rate of 10% per annum, which is an increase from the previous fixed rate of 8% per annum. All other terms and conditions of initial loan agreement between the Company and the Lender dated November 2, 2016 remain in force and are unamended except to the extent amended by the parties.

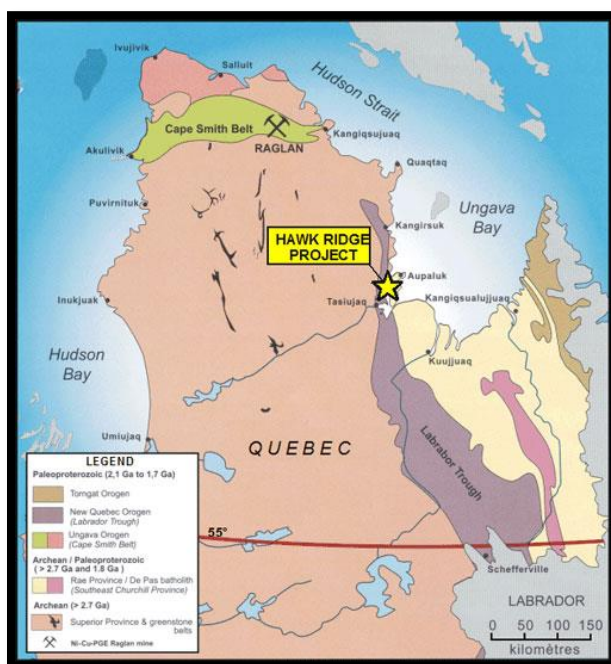
As an exploration company, the Company is focused on creating shareholder value through the acquisition, exploration and evaluation of mineral property interests. Currently, the Board of Directors, together with the management of the Company, are analyzing several projects and seeking potential acquisitions.

### Hawk Ridge Property

The Hawk Ridge Property (the “Property”) is strategically situated on tidewater in Ungava Bay, Northern Quebec and is located near the northern end of the Labrador Trough (New Quebec Orogen). The 624 contiguous mineral claims cover 26,868.94 hectares along a 48.7 km belt of mafic to ultramafic intrusive, volcanic and sedimentary rocks. The Property hosts numerous magmatic nickel-copper sulphide zones along its length. The geology is composed of Early to Middle Proterozoic folded volcanic-sedimentary sequences intruded by gabbro, pyroxenite and peridotite bodies, including sills and plugs. The property lies within the prolific Circum Superior Nickel-Copper Belt, which hosts the world-class Raglan and Thompson mining districts.

The Company owns 100% ownership of the Hawk Ridge Property. The Property is subject to a 3% net smelter returns royalty (“NSR”) and the Company has the option to purchase one-third of the NSR (1%) for \$1,000,000.

**Figure 1. Hawk Ridge Property locality map.**



The Property has an extensive exploration history dating back to 1961 (with a total of 27,155 meters of historical drilling in 345 holes (totalling approximately \$20 million in expenditure) by companies including Esso, SOGEM, Phelps Dodge, Troymin and Falconbridge. Prior to the Nickel North exploration program in 2012, the most recent on-ground exploration was during 1996 and 1997 when an airborne magnetic and frequency domain EM (Electromagnetic) survey was conducted, followed by 15,763 meters of drilling in 117 diamond drill holes. Of the 29 historical nickel, copper and platinum group mineral (PGE) occurrences identified on the Property, exploration during this period was concentrated on four zones including; Pio Lake, Gamma, Hopes Advance Main and Hopes Advance North.

The Pio Lake Target contains two main mineralized lenses that dip steeply to the east. An adit and four raises were extended into the mineralization in 1973-74 by Lone Star Mining and a 6,437 tonne high grade bulk sample was mined. Lone Star Mining (1974) also reported that high grade material still remains, including 7,260 tonnes grading 6.9% Cu and 0.3% Ni in the East Vein, and 9,662 tonnes grading 6.6% Cu and 3.2% Ni in the West Vein. The West Vein has been interpreted as being of magmatic origin and the East Vein may be remobilized. This historical resource estimate is for a small zone of mineralization on the Hawk Ridge Property but the calculation is not

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compliant with the NI-43-101 regulations. The qualified person of the Company has not done sufficient work to date, to classify these historical estimates as current mineral reserves and or resources. The Company is not treating these historical estimates as current and the historical estimates should not be relied upon.

At Hopes Advance Main, historical resource estimates (non 43-101 compliant) are 48.4 million tonnes grading 0.51% Cu and 0.18% Ni over a strike length of 800 meters (based on the airborne EM response) and an average width of approximately 30 meters. The Company is not treating these historical estimates as current and the historical estimates should not be relied upon.

At Hopes Advance North, historical drilling intersected massive and disseminated sulphides over a strike length of at least 250 meters within a highly folded intrusive and sedimentary sequence including porphyritic gabbro, schist and peridotite. Drilling intersected massive sulphides grading 6.81% Cu and 1.92% Ni over 3.0 meters and 1.24% Cu and 0.84% Ni over 3.95 meters in HR 96-35. Drill hole HR 97-112, located 250 meters south, returned 2.45% Cu and 3.39% Ni over 3.5 meters.

Historical drilling at Gamma intersected grades of 4.34% Cu and 1.57% Ni over 3.78 meters in magmatic sulphides at the contact between porphyritic gabbro and graphitic schist (HR 96-54). Drilling at Gamma-Schindler, 450m south, intersected sulphide within gabbro, with results of 10.85 metres averaging 3.28% Cu and 1.31% Ni (62-07). Disseminated sulphides in the gabbro reported average grades of 0.52% Cu and 0.19% Ni over 16.2 meters from HR96-53.

The Property runs along a north-south corridor of 713 mineral claims surrounded by restricted lands to the east, west and south. Category I lands administered by the Aupaluk Inuit Village are adjacent to the northern third of the Property. Lands surrounding the southern two thirds of the Property are currently withdrawn in order to study the potential of a provincial park (Baie-aux-feuilles). Also immediately to the southwest at the southern end of the property Category I lands are administered by the Tasiujaq Inuit Village.

### **Nickel North Exploration Program**

Since the Company acquired the Hawk Ridge Property in 2012, the exploration program has led to the discovery of additional Ni-Cu-PGE mineral occurrences, a 43-101 compliant mineral resource, and to a better understanding of the property geology, especially with respect to the mafic-ultramafic Montagnais Group sills and their associated Ni-Cu-PGE mineralization.

### **2012-2013 Exploration Programs**

In 2012, a property-wide VTEM Plus airborne survey identified over 500 near-surface high-conductivity anomalies, many coincident with magnetic anomalies. Mapping and drilling at Hopes Advance North and Main, Gamma and the Gabbro Zone (near Pio Lake) expanded the known Ni-Cu-PGE sulphide mineralization in each area and proved the critical association with the mafic-ultramafic sills. Significantly, HR-2012-03 drilled at Gamma-Schindler intersected 1.86 metres grading 2.84% Ni, 4.67% Cu and 1.31 grams PGE's per tonne (see release dated December 4, 2012) at the contact between pyroxenite and porphyritic gabbro, indicating magmatic sulphide potential.

In 2013, a multifaceted exploration program covering 11 targets throughout the property led to the discovery of a kilometre-scale zone of magmatic Ni-Cu-PGE sulphide mineralization at Falco 7, and significantly expanded the Ni-Cu-PGE sulphide mineralization in four of the other targeted areas. An initial NI 43-101 in-pit inferred mineral resource estimate (company press release dated March 12th, 2014) for the Hopes Advance, Gamma and Falco 7

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Total In-Pit Inferred Mineral Resources at a \$25/tonne net smelter return cut-off are estimated at 19,636,000 tonnes at average grades of 0.577% Cu, 0.215% Ni, 0.011% Co, 0.051 g/t Pt, 0.207 g/t Pd and 0.105 g/t Au (which equates to a 1.029% Cu Equivalent grade basis). The mineral resource estimates were completed by P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario, to current NI 43-101 reporting standards for mineral resource disclosure.

**Total In-Pit Inferred Resources at Various NSR Cut-Offs (1-8)**

<b>Cut-Off</b>	<b>Tonnes</b>	<b>Cu Eq</b>	<b>Cu</b>	<b>Ni</b>	<b>Co</b>	<b>Pt</b>	<b>Pd</b>	<b>Au</b>	<b>Bulk Density</b>
<b>NSR \$/t</b>	<b>(000)</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>g/t</b>	<b>g/t</b>	<b>g/t</b>	<b>t/m3</b>
\$50	9,816	1.283	0.695	0.262	0.012	0.057	0.231	0.107	3.29
\$40	16,299	1.108	0.617	0.228	0.012	0.053	0.216	0.106	3.26
\$30	19,147	1.042	0.583	0.218	0.012	0.052	0.209	0.105	3.25
\$25	19,636	1.029	0.577	0.215	0.011	0.051	0.207	0.105	3.24
\$20	19,758	1.025	0.575	0.215	0.011	0.051	0.207	0.105	3.24
\$15	19,777	1.024	0.575	0.215	0.011	0.051	0.206	0.105	3.24

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated by conventional 3D block modelling based on wireframing at a \$25/tonne NSR cut-off and inverse distance squared grade interpolation.
3. Metal prices for the estimate are: US\$3.67/lb Cu, US\$8.51/lb Ni, US\$1,596/oz Pt, US\$702/oz Pd, US\$1,554/oz Au and US\$15.00/lb Co based on a three-year trailing average as of November 30, 2013.
4. A variable bulk density of 3.01 tonnes/m3 or higher based on density weighting has been applied for volume to tonnes conversion.
5. Open pit Mineral Resources are estimated from surface to pit floor depths of 90 m to 160 m.
6. Mineral Resources are classified Inferred based on drill hole spacing, geologic continuity and quality of data.
7. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There is no certainty that all or any part of the Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.
8. P&E recommends reporting open pit resources at the \$25/tonne NSR cut-off.

The results of the 2013 program provided insight into the understanding of the mineralization on the Hawk Ridge property and confirmed several major features of the property and mineralization are directly comparable to the Ni-Cu-PGE mining districts of Raglan and Thompson within the Circum-Superior Ni-Cu Mafic-Ultramafic Igneous Province.

### **2014 Exploration Program**

The 2014 exploration program on the Hawk Ridge Property built on previous successes by conducting a property-wide pXRF (Niton®) geochemical survey, focused geophysical Mag - VLF surveys and surface and drill-hole TDEM surveys, organic soil geochemical surveys, geological mapping and diamond drilling at Hopes Advance Main and North, Pingo-Seahorse, Gamma-, Bay-Fold area, Pio deposit area and the Lucille Sill.

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The highlights of the 2014 exploration program were:

- The drill intersection of a 7.01 m thick massive Ni-Cu-PGE sulphide body in the Gamma-Schindler Zone, coincident with the mineralized mafic-ultramafic contact within the sill. This mineralized zone has a strike length of at least 850 m, and appears to contain other massive sulphide stratiform bodies. The 7.01 m intersection grades 2.11 % Ni, 2.73 % Cu, 0.62 g/t Pt+Pd. The massive sulphide body has modeled dimensions (based on BHEM) in the range of 70 m x 50 m x 5 m.
- The identification of numerous pXRF (Niton®) Ni-Cu anomalies throughout the property, many of which have not been previously explored. Further exploration of the 2014 pXRF anomalies will likely lead to the discovery of new zones of Ni-Cu-PGE sulphide mineralization. Ten of these pXRF anomalous Ni-Cu zones were identified adjacent to the Cu-Ni Pio deposit, all of which warrant further investigation. The pXRF survey extended the Pio deposit horizon at least 725 m further north.
- The discovery of a new style of magmatic Ni-Cu-PGE sulphide mineralization associated with ultramafic-dominated sills, exemplified by the newly-discovered mineralized Lucille sill.

***Exploration Field Work***

The exploration program was executed in two phases, with the initial fieldwork focused on ground-truthing targets generated through desk-top studies. Multi-element geochemical pXRF analyses of bedrock mineralization, geological mapping and sampling of targeted prospects were employed to qualify potential target zones for follow-up work, including ground geophysical surveys and diamond drilling.

**Phase I Results:**

Work completed in the first phase of the 2014 exploration program consisted of systematic Niton® portable XRF (pXRF) prospecting, sampling and mapping to assess and define Ni-Cu-PGE prospects within the Hawk Ridge property. Approximately 4000 pXRF analyses were conducted on a number of VTEM conductors, gossan showings and layered intrusions, including previously unexplored portions of the property.

The highest grade nickel analyses from the pXRF survey were returned from mineralization associated with magmatic settings, confirming the exploration model that high-grade Ni-Cu-PGE deposit(s) with a metallogenic setting similar to Raglan and “Raglan South” are likely present on the property and should be the focus of further exploration.

This style of mineralization at Hawk Ridge has been identified as both disseminated and massive, varieties. These mineralized horizons display good lateral and down dip continuity and have significance as components of a magmatic system that potentially includes substantial accumulations and thicknesses of similar high-grade material.

Exploration identified a new Ni-Cu-PGE trend of importance. The Brad Zone, is a Ni-Cu-PGE rich zone with magmatic affinity, is spatially associated with the high-grade Pio Lake Ni-Cu-PGE deposit and is 2 km to the SSE of and directly along strike of the PGE-rich Fold and Bay showings. The trend is 500m east of the Pio deposit and is defined by a 1.6 km long zone of ultramafic rocks containing disseminated magmatic sulphides and anomalously high tenors of PGE (including 2.34g/t Pt+Pd+Au at the Brad Showing). The mineralized zone is characterized by areas of malachite staining containing extreme Ni and Cu concentrations as analyzed by pXRF. The northern portion of the Brad Zone is associated with VTEM conductors with high conductivities characteristic of nickel sulphide conductors. Ground pulse electromagnetic surveys (PEM) over this zone and the Pio deposit were completed in preparation for drilling.

The Lucille Sill is a previously unexplored 2.3 kilometre long, 400 metre thick north-trending peridotite-gabbro intrusive complex in the southwestern portion of the property. It is different than all other peridotite bodies on the property in its lithological, geochemical and geophysical character. Outcrops have a pronounced iron-stained fractured appearance, and anomalous disseminated magmatic sulphides. Regional reconnaissance style pXRF

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analyses on the Lucille Sill returned Ni and Cu concentrations several orders of magnitude greater than that found elsewhere (other than at known Ni-Cu-PGE deposits). Follow-up grid based pXRF analyses at 20 x 25m spacing's returned a pronounced Ni anomaly on the southernmost peridotite-gabbro body.

A detailed ground magnetic and VLF survey (50 m line spacing) was conducted at Lucille, defining coincident geophysical anomalies associated with areas of anomalous nickel. Ground-based Pulse EM surveys were completed over the complex.

**Phase II Exploration**

The objective of the second phase of exploration was to drill test priority, high-grade Ni-Cu-PGE targets previously identified or discovered during the first phase of the 2014 exploration program, including the Brad Zone, the Lucille Sill, and Gamma. The Phase II work program included 1,041 metres of diamond drilling in 7 drill holes, additional ground geophysical and geochemical surveys and geological mapping of target areas.

Based on successful completion of the geophysical surveys and further target prioritization, the drilling program was initiated to test the Pio Lake deposit to west of Brad Zone, the Lucille Sill, and the Gamma high-grade massive Ni-Cu-PGE sulphide body and its possible down-dip extension.

On November 10<sup>th</sup>, 2014, the Company announced the results from the 2014 diamond drilling program, including a significant magmatic sulphide intersection at Gamma. The intercept was 7.01 metres grading 2.11% Ni, 2.73% Cu and 0.62 grams PGE's per tonne from 60.5 metres drill depth, including 3.35 metres at 4.24% Ni, 4.70% Cu and 0.95 grams PGEs per tonne (HR2014-50).

This drill intercept was a 40 metre step out to the north from HR-2012-03 which intersected 1.86 metres grading 2.84% Ni, 4.67% Cu and 1.31 grams PGE's per tonne (see release dated December 4, 2012). The results from HR-2014-50 indicate both the Ni concentration and widths of the massive sulphide intersection have increased northwards along strike.

**Table 1: 2014 Gamma Zone Drill Core Assay Results**

HOLE #		From (m)	To (m)	Width <sup>(1,2)</sup> (m)	Ni <sup>(3)</sup> (%)	Cu <sup>(3)</sup> (%)	Pd <sup>(3)</sup> (g/t)	Pt <sup>(3)</sup> (g/t)	Au <sup>(3)</sup> (g/t)	Prospect	Comments
HR-2014-50		57.84	64.85	7.01	2.11	2.73	0.500	0.120	0.012	Gamma	Massive Magmatic Ni-Cu-PGE Sulphides
	<i>Incl.</i>	60.50	63.85	3.35	4.24	4.70	0.759	0.193	0.009	Gamma	Massive Magmatic Ni-Cu-PGE Sulphides
HR-2014-49		100.50	109.00	8.50	0.13	0.51	0.104	0.043	0.026	Gamma	Interstitial Magmatic Sulphides
	<i>Incl.</i>	100.50	104.00	3.50	0.21	0.71	0.135	0.046	0.031	Gamma	Interstitial Magmatic Sulphides

<sup>1</sup> Reported intersections are believed to represent true thicknesses.

<sup>2</sup> Calculated intervals use a 0.25% Cu per tonne cut-off value.

<sup>3</sup> No top cut has been used on assay values.

**2015 Exploration Program**

The Company was engaged in a strategic review of the Hawk Ridge Property in order to evaluate the results of the successful 2014 program and to provide direction for ongoing work at Hawk Ridge. This had involved a thorough review of all company exploration datasets, including standardizing all historic exploration coding and establishment of new exploration data management protocols and databases in order to provide a unified searchable database that had been used to systematically rank all targets on the property.



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Detailed drill sections and long sections, together with 3D modeling, have been used to target down plunge extensions to the Gamma Massive Sulphide Occurrence drilled in 2014, which remains open at depth, and this approach will be utilized to target down plunge shoots of nickel-rich massive sulphide at Hopes Advance North, where mineralization remains open along strike and down plunge. Follow-up drilling will be planned to test extensions to the nickel-rich magmatic sulphide intercept drilled in 1997, of 6.5m @ 1.9% Ni, 2.3% Cu including 3.5m @ 3.4% Ni and 2.45% Cu in massive pentlandite rich sulphide (97-112). Advanced modeling will also be used to revisit the high-value ore at Pio.

Apart from studying and classifying the potential of individual occurrences, the 2015 review has focused on the regional setting of the mineralization to provide a framework for exploration for giant Ni-rich massive sulphide deposits associated with discordant plug-like ultramafic intrusions in areas of geological and structural complexity. Previous work (Mungall, 2002) had identified three areas where field mapping and drilling identified ultramafic feeders or conduits, including the Hopes Advance area, Schindler and the Fold and Bay area (of which the new Brad Zone discoveries are the southern extension). Two additional ultramafic bodies that crosscut the stratigraphy are plug-like and warrant further attention, include Horseshoe East and an ultramafic body west of the Lucille Sill.

Due to the unfavorable financial markets in the resource sector, the short field program planned for July 2015 was cancelled and focus was reprioritized to advanced exploration targeting and the development of a detailed exploration model as a frame work to advance the project towards discovery of a giant volume, high-grade Ni-Cu-PGE deposit.

In Q4, 2015, the Company completed a strategic review of the Hawk Ridge Property in order to evaluate the results of the successful 2014 program. This review was engaged with the objective to provide direction for ongoing work at Hawk Ridge and systematically rank all of the exploration targets on the property.

This strategic review concluded the following with respect to future exploration targeting:

- The large regional gravity anomaly located at Hopes Advance is interpreted to represent a fractionated, layered intrusion; potential source rocks for the Ni-Cu-PGE mineralization identified at Hawk Ridge
- Large volumes of low grade Cu-rich mineralization may represent distal phases related to prospective targets for high-grade Ni-Cu-PGE mineralization.
- Previously identified zones of Cu-rich sulphides are likely to represent residual Cu-rich liquids, after crystallization of an Fe-Ni-rich massive sulphides
- If confirmed, large volumes of Ni-rich massive sulphides which crystallized before the Cu-rich liquids should be associated with the mineralizing system, as evidenced at Hopes Advance North, where drill hole 97 - 112 intersected 3.5m @ 3.4% Ni and 2.45% Cu in massive pentlandite rich sulphide
- The preferred model, as stated by numerous authors working on Hawk Ridge, is Ni-Cu-PGE rich massive sulphide deposits within intrusive conduits.
- Four areas of known ultramafic intrusions with strong field evidence for complex feeder structures, are, in order of importance: Hopes Advance, Fold and Bay, Horseshoe, and Mag #2, with numerous large sill-like bodies also providing evidence for flow through (Schindler).

Nickel North believes the Hawk Ridge property represents a valuable asset for the Company. However, further exploration will await improved financial markets.

### **Qualified Person**

The technical contents in this document have been reviewed and approved by Andrew Lee Smith, P. Geo., a qualified person as defined by National Instrument (NI) 43-101.

Tracy J. Armstrong P. Geo. and Antoine R. Yassa P. Geo. of P&E Mining Consultants were the primary qualified persons as defined by National Instrument (NI) 43-101 for the 43-101 Technical Report and Resource Estimate on the Hawk Ridge Property, Northern Quebec.

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**DISCUSSION OF OPERATIONS**

The Company is an exploration stage company and has no operating revenue. Expenditures related to mineral acquisition, exploration and evaluation are capitalized.

During the nine months ended September 30, 2018, the Company had incurred \$9,295 (September 30, 2017 - \$34,240) in acquisition and other property costs, \$17,296 (September 30, 2017 - \$30,246) in exploration expenditures.

The Company has claimed and received \$1,217,231 of Quebec mining exploration tax credit for the eligible exploration expenditures incurred since its inception up to December 31, 2016. As at November 26, 2018 the Company has received all of the eligible Quebec mining exploration tax credits claimed from Revenue Quebec and from Ministry of Energy and Natural Resources Quebec submitted by December 31, 2017.

	December 31, 2016	Additions	December 31, 2017	Additions	September 30, 2018
Hawk Ridge Property, Quebec					
Acquisition costs					
Option payments	\$ 2,817,657	\$ -	\$ 2,817,657	\$ -	\$ 2,817,657
Other property costs	173,045	41,339	214,384	9,295	223,679
	2,990,702	41,339	3,032,041	-	3,041,336
Exploration costs					
Accommodation/camp	654,291	-	654,291	-	654,291
Assays	587,618	9,528	597,146	7,146	604,292
Drilling	1,909,144	10,000	1,919,144	-	1,919,144
Field supplies	823,250	-	823,250	-	823,250
Geological consulting	2,482,056	5,600	2,487,656	10,150	2,497,806
Miscellaneous	321,553	7,500	329,053	-	329,053
Transportation	1,738,942	1,082	1,740,024	-	1,740,024
Travel	365,263	-	365,263	-	365,263
	8,882,117	33,710	8,915,827	17,296	8,933,123
Exploration prepayment	-	-	-	-	-
Mining exploration tax credits	(1,217,231)	-	(1,217,231)	-	(1,217,231)
Balance, end of the period	10,655,588	75,049	10,730,637	26,591	10,757,228
Nairn Property, Ontario					
Acquisition costs					
	242,182	-	242,182	-	242,182
Exploration costs					
Geological consulting	650	-	650	-	650
Miscellaneous	5,460	-	5,460	-	5,460
	248,292	-	248,292	-	248,292
Impairment	-	(248,291)	(248,291)	-	(248,291)
Balance, end of the period	248,292	(248,291)	1	-	1
Total balance, end of the period	\$ 10,903,880	\$ (173,242)	\$ 10,730,638	\$ 26,591	\$ 10,757,229

The details of the mineral expenditures are included in the note 7 to the unaudited financial statements.

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Three months period ended September 30, 2018

The Company had incurred a net loss of \$93,562 during the three months ended September 30, 2018 compared to a net loss of \$98,791 during the three months ended September 30, 2017.

The general operating expenses for the three months ended September 30, 2017 were \$94,187 (September 30, 2017 - \$99,351). Some of the significant general operating expense items are summarized as follows:

- Office administration and miscellaneous of \$4,613 (September 30, 2017 - \$5,301) include fees to insurance and office expenses etc.
- Consulting fees of \$32,313 (September 30, 2017 - \$32,519) relates mainly to fees of \$39,000 (September 30, 2017 - \$19,500) to the Chief Executive Officer of the Company, \$5,313 (September 30, 2017 - \$5,313) to directors, and \$7,500 (September 30, 2017 - \$7,500) to an affiliated company for consulting services on investor relations and corporate communications.
- Wages and benefits of \$27,500 (September 30, 2017 - \$27,886) relate to the compensations to the employees of the company.

Nine months period ended September 30, 2018

The Company had incurred a net loss of \$287,726 during the nine months ended September 30, 2018 compared to a net loss of \$259,578 during the nine months ended September 30, 2017.

The general operating expenses for the nine months ended September 30, 2018 were \$288,304 (September 30, 2017 - \$260,756). Some of the significant general operating expense items are summarized as follows:

- Office administration and miscellaneous of \$18,960 (September 30, 2017 - \$25,228) include fees to office administrative personnel, rent and office expenses etc. The decrease of the office administration expenses was due to the exemption of the office rent since April 2017.
- Consulting fees of \$96,939 (September 30, 2017 - \$77,056) relates mainly to fees of \$58,500 (September 30, 2017 - \$39,000) to the Chief Executive Officer of the Company, \$15,939 (September 30, 2017 - \$15,556) to directors, and \$22,500 (September 30, 2017 - \$22,500) to an affiliated company for consulting services on investor relations and corporate communications.
- Wages and benefits of \$86,296 (September 30, 2017 - \$78,236) relate to the compensations to the employees of the company.

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**SUMMARY OF QUARTERLY RESULTS**

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ending on September 30, 2018.

	For the Three Months Ending							
	Fiscal Ended December 31, 2018			Fiscal Ended December 31, 2017				Fiscal Ended December 31, 2016
	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
			(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(93,562)	(107,845)	(86,319)	(188,275)	(98,791)	(101,092)	(59,695)	33,067
Net income (loss)	(93,562)	(107,845)	(86,319)	(188,275)	(98,791)	(101,092)	(59,695)	33,067
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00

**LIQUIDITY AND CAPITAL RESOURCES**

During the nine months period ended September 30, 2018, the cash balance decreased by \$32,327. The Company used \$198,637 in operating activities, used \$33,690 in investing activities and received 200,000 from financing activities.

As at September 30, 2018, the Company had a cash balance of \$84,167 compared to a cash balance of \$116,494 as at December 31, 2017. The Company had a working capital deficiency of \$800,662 as at September 30, 2018 compared to a working capital deficiency of \$486,990 as of December 31, 2017.

Management estimates that the general operating costs, excluding share-based payments expense, for the next 12 months will be approximately \$400,000. At present, management considers that the Company does not have sufficient capital resources to meet its anticipated operating and capital requirements for the next 12 months. The Company intends to investigate possible financing in order to accomplish the planned expansion of the exploration and evaluation of its mineral properties. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Going Concern

At present, the Company's operations do not generate cash flow. At September 30, 2018, the Company had a working capital deficiency of \$800,662 and an accumulated deficit of \$2,171,410. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the near future, which raise significant doubts about the Company's ability to continue as a going concern. The directors, after reviewing the current cash position and having considered the Company's ability to raise funds in the short term, believe that the going concern basis is appropriate in preparing its

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financial statements. The Company's financial statements do not include adjustments that would be required if going concern was not deemed an appropriate basis for preparation of the financial statements. These adjustments could be material.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**RELATED PARTY TRANSACTIONS AND BALANCES**

The Company entered into the following related party transactions for the nine months period ended September 30, 2018 and 2017:

- a) Incurred consulting fees of \$58,500 (September 30, 2017 - \$39,000) from a company controlled by the Chief Executive Officer ("CEO") of the Company.
- b) Incurred corporate consulting fees of \$22,500 (September 30, 2017 - \$22,500) from an affiliated company.
- c) Incurred office and administration fees of \$nil (September 30, 2017 - \$6,000) from a company with directors in common.
- d) On November 2, 2016, the Company entered into a loan agreement with an affiliated company (the "Lender"). The principal of the loan was \$300,000 and the loan took effect on November 15, 2016. The loan is unsecured, bears interest at 8% per annum and matured on December 31, 2016. On December 30, 2016, the Company entered into an amendment agreement with the Lender to extend the repayment term of the loan from December 31, 2016 to June 30, 2017. Pursuant to the amendment, the \$2,959 of accrued interest on the \$300,000 loan, will be included in the aggregate principal sum and bear interest at a rate of 8% per annum. All other terms and conditions of loan agreement dated November 2, 2016 entered into between the Company and the Lender remain in force. On June 28, 2017, the Company and the Lender agreed to further extend the repayment term of the loan to the Company to June 30, 2018, while also increasing the principal amount of the loan to \$600,000. On May 31, 2018, the Company and the Lender agreed to further extend the repayment term of the loan to the Company to December 31, 2018, while also increasing the principal amount of the loan to \$844,005 (the "Principal Amount"). The Principal Amount comprises the current principal amount of the loan advanced to the Company to date and accrued interest thereon, and the remaining amount that will be advanced to the Company. The Principal Amount will bear interest at a fixed rate of 10% per annum, which is an increase from the previous fixed rate of 8% per annum. All other terms and conditions of initial loan agreement between the Company and the Lender dated November 2, 2016 remain in force and are unamended except to the extent amended by the parties. During the nine month ended September 30, 2018, the Company incurred interest expense of \$47,751 on the loan. As of September 30, 2018, the loan payable balance including accrued interest is \$871,899.
- e) Incurred director fees of \$15,939 (September 30, 2017 - \$15,556) from the directors of the Company.
- f) Included in account and other payables is \$49,281 (September 30, 2017 - \$13,029) due to directors, officers and companies controlled by directors and officers for services rendered and unpaid director fees. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

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Key management includes directors (executive and non-executive) and senior officers of the Company, including the CEO and Chief Financial Officer. The compensation paid or payable to key management personnel for the nine months ended September 30, 2018 and 2017 are as follows:

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Wage and consulting fees	\$ 160,734	\$ 132,793

**SUMMARY OF OUTSTANDING SHARE DATA**

The Company's issued and outstanding share capital as at the date of this report is as follows:

- (1) Authorized: Unlimited number of common shares without par value and unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series
- (2) As at November 26, 2018, the Company has 76,518,747 common issued and outstanding.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

- i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
- ii) The determination of the fair value of stock options or warrants using stock option pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.
- iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- iv) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.
- v) The recognition of provisions for restoration, rehabilitation and environmental obligations.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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**FINANCIAL INSTRUMENTS**

**Fair values**

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts and other payables, and loan payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value due to their short terms of maturity.

The following table summarizes the carrying values of the Company's financial instruments:

		September 30, 2018	December 31, 2017
FVTPL	(i)	\$ 112,917	\$ 145,244
Other financial liabilities	(ii)	\$ 900,354	\$ 639,109

- (i) Cash and cash equivalents, restricted cash  
(ii) Accounts and other payables and loan payable

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

		Level 1	Level 2	Level 3	Total September 30, 2018
Cash and cash equivalents	\$	84,167	-	-	\$ 84,167
Restricted cash	\$	28,750	-	-	\$ 28,750

**Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

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*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at September 30, 2018, the Company had a working capital deficiency of \$800,662 (December 31, 2017 – working capital deficiency of \$486,990). All of the Company’s financial liabilities are classified as current.

At present, the Company’s operations do not generate cash flow. The Company’s primary source of funding has been the issuance of equity securities through private placements, issuance of debt, and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Significant contractual obligations in years subsequent to September 30, 2018 are as follows:

	Carrying value	Contractual cash flows	< 1 year	1 – 3 years
Accounts and other payables	\$ 28,455	\$ 28,455	\$ 28,455	\$ -
Loan payable	\$ 871,899	\$ 871,899	\$ 871,899	\$ -

*Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions. The interest rate risks on cash and cash equivalents are not considered significant due to their short-term nature.

**CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

**Recent accounting pronouncements**

**New accounting standards effective January 1, 2018**

**IFRS 9 *Financial Instruments*** - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

**IFRS 15 *Revenue from Contracts with Customers*** – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue,



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IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The Company has assessed that there is no impact on its financial statements.

**New accounting standards issued but not yet effective**

**New accounting standards effective January 1, 2019**

**IFRS 16 Leases** - In June 2016, the IASB issued IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

The new and amended standards have not been early adopted in these financial statements and are not expected to have a material effect on the Company's future results and financial position.

**DISCLOSURE CONTROLS**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

**ADDITIONAL INFORMATION**

Additional information concerning the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company web site at [www.nickelnorthexploration.com](http://www.nickelnorthexploration.com).

**APPROVAL**

The Board of Directors of Nickel North Exploration Corp. has approved the contents of this management discussion and analysis on November 26, 2018. A copy of this MD&A together with the Company's unaudited financial statements for the three and nine months ended September 30, 2018 will be provided to anyone who requests it.