



NICKEL NORTH EXPLORATION CORP.

(formerly Orient Venture Capital Inc.) (the “Company”)

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended June 30, 2012

The following Management Discussion and Analysis (“MD&A”) has been prepared by management as of August 28, 2012, should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the three month period ended June 30, 2012, and the audited financial statements of the Company together with the related notes thereto for the year ended March 31, 2012. 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. The words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets”, “may”, “will” and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also 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. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

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. On September 5, 2007, the Company completed an Initial Public Offering (“IPO”) and its common shares were listed for trading on the TSX Venture Exchange (TSX-V) as a Capital Pool Corporation (“CPC”) as defined in the TSX-V Policy 2.4 *Capital Pool Companies* (“Policy 2.4”).

On January 31, 2012, the Company entered into a letter of intent with Virginia Energy Resources Inc. (“VAE”) to acquire certain mineral claims, referred to as the Hawk Ridge property, in Ungava Bay, Quebec. The acquisition is intended to constitute the Company’s Qualifying Transaction as defined under TSX-V Policy 2.4.

On March 29, 2012, the Company entered into a definitive option agreement with VAE and its wholly-owned subsidiary (collectively the “Optionors”) whereby Optionors granted the Company an option to acquire a 100%

interest in the Hawk Ridge property by making staged payments totalling \$2,000,000 in cash and \$1,000,000 in common shares of the Company to VAE by December 31, 2013 as follows:

- Pay \$500,000 in cash and \$250,000 in shares at a price of \$0.20 per share within five business day of TSX-V final approval of the Company's Qualifying Transaction (subsequently paid and issued);
- Pay \$500,000 in cash and \$250,000 in shares by December 31, 2012; and
- Pay \$1,000,000 in cash and \$500,000 in shares by December 31, 2013.

In addition, the Company may be required to issue such number of non-flow-through units (as defined below) equal to the expenses of a geophysical survey up to \$600,000 at a price of \$0.20 per non-flow-through unit. The cash payment of \$1,000,000 due by December 31, 2013 will then be reduced by 20% of the geophysical survey costs paid by the Company (subsequently issued 2,303,032 non-flow-through units with a fair value of \$460,406).

The property is subject to a 3% net smelter returns royalty ("NSR").

On August 8, 2012, the Company obtained the TSX-V approval of the option agreement with VAE as its Qualifying Transaction and as such, the Company graduated from being a CPC to a Tier 2 mining issuer on the TSX-V. Effective August 9, 2012 the Company's common shares commenced trading on the TSX-V under the symbol "NNX". The Company is currently engaged in the acquisition, exploration, and development of mineral property interests in Canada.

On August 2, 2012, the Company completed a brokered financing of 2,504,600 flow-through units at a price of \$0.22 per flow-through unit and a non-brokered financing of 14,560,000 non-flow-through units at a price of \$0.20 per non-flow-through unit for gross proceeds of \$3,463,012. Each flow-through unit is comprised of one flow-through common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional non-flow-through common share at a price of \$0.35 until August 2, 2013 and at a price of \$0.60 until August 2, 2014. The non-flow-through units have the same terms as the flow-through units except that the shares forming the units were non-flow-through shares. The Company paid a cash commission of \$33,398 and a corporate finance fee of \$25,000 and issued 151,810 agent's warrants in connection with the brokered financing. Each agent's warrant is exercisable until August 2, 2014 to acquire one common share at a price of \$0.22.

Hawk Ridge Property

The Hawk Ridge property is well situated on tidewater at Ungava Bay, Quebec. Santoy Resources Ltd., VAE's predecessor, acquired the property through a merger with Troymin Resources Ltd. ("Troymin Resources") in 2003. The property is located near the northern end of the Labrador Trough (New Quebec Orogen), an Early to Middle Proterozoic folded volcanic-sedimentary sequence intruded by gabbro, pyroxenite and peridotite sills. The target on the property is massive and disseminated, magmatic Cu-Ni sulphide deposits similar to the Raglan Mine in the Cape Smith (Ungava) fold belt to the north, and the Thompson nickel belt of Manitoba. On the adjoining Hopes Advance iron property, Oceanic Iron Ore Corp has defined a very large iron resource, and has begun a pre-feasibility study for a mine, metallurgical facility and deep water port adjacent to the Hawk Ridge property.

A substantial amount of drilling has been completed on the Hawk Ridge property since the early 1960s. Both high-grade massive sulphide and lower grade disseminated mineralization has been discovered in trenches and drill holes. Minor past high-grade production is reported to have taken place from the Pio Lake deposit in the early 1970s. Twelve mineral occurrences and numerous other zones of mineralization have been identified on the property including the Hopes Advance North, Main, and Middle zones, Mac I and II, Pingo, Gamma, Pio East and West zones, and the Gabbro zone.

The property has over \$2,700,000 in excess assessment credits and is expected to remain in good standing for many years. Work in this part of Quebec qualifies for a refundable tax credit of up to 51% of exploration costs.

In June 2012 VAE completed a 2,400 line-kilometres airborne VTEM survey over the entire 50 km length and breadth of the Hawk Ridge property. Exploration supplies including jet fuel and drill equipment were delivered by barge in mid-July. On August 9, 2012 the Company commenced its exploration program on the property including

mapping, sampling, splitting and sampling historic diamond drill core, interpreting the VTEM airborne survey for extensions of known targets and new target zones and 1,000 meters of diamond drilling. Historical owners, Troymin Resources drilled 117 holes during their 1996 to 1997 drill campaign at the property. The Company's exploration team will be re-logging and re-sampling the historic drill core previously unsampled or core that was split but was not analyzed for Platinum Group Metals ("PGM"). Historic geological reports completed in 2001 and 2003 by independent consulting geologists identified potential for PGMs at Hawk Ridge. Analysis of the historic core together with the previously collected data will provide for a better understanding for the unexploited potential for PGMs at the property. The 2012 diamond drilling is designed to test extensions of the known mineralized zones and new mineralized zones identified by the VTEM airborne survey. Planning has begun for the 2013 program including fuel barging to Aupaluk for a spring start up next year.

Qualified Person

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

DISCUSSION OF OPERATIONS

During the first quarter of fiscal 2013, the Company was a CPC and had no active business operations. The Company reported a net loss of \$116,028 during the three months ended June 30, 2012 compared to a net loss of \$5,255 incurred in the three months ended June 30, 2011. The loss in 2012 period relates primarily to general operating expenses associated with its qualifying transaction and filing statement. Some of the significant general operating expense items are summarized as follows:

- Legal expenses of \$23,824 (2011 - \$nil) relate mainly to drafting filing statement and attending to regulatory review for the qualifying transaction.
- Transfer agent and filing fees of \$19,204 (2011 - \$2,245) include mainly TSX-V filing fees related to the qualifying transaction.
- Travel and promotion of \$38,686 (2011 - \$nil) relate mainly to trips made by the Company's management and consultants to the Hawk Ridge property for project investigation and for promotion activities related to the concurrent financings.

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 June 30, 2012.

	For the Three Months Ending							
	Fiscal 2013	Fiscal 2012				Fiscal 2011		
	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sept. 30, 2011	Jun. 30, 2011	Mar. 31, 2011	Dec. 31, 2010	Sept 30, 2010
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(116,028)	76,954	(7,726)	(18,297)	(5,255)	(20,846)	(13,772)	(30,977)
Net income (loss)	(116,028)	76,954	(7,726)	(18,297)	(5,255)	(20,846)	(13,772)	(30,977)
Income (loss) from continuing operations per share - basic and diluted	(0.01)	0.02	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

Net income (loss) per share - basic and diluted	(0.01)	0.02	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
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LIQUIDITY AND CAPITAL RESOURCES

During the first quarter ended June 30, 2012, the cash balance decreased by \$131,555. The Company spent \$443,976 in operating activities and received \$320,000 of loan proceeds and \$19,500 of share issuance proceeds.

As at June 30, 2012, the Company had a cash balance of \$117,857 compared to a cash balance of \$249,412 as at March 31, 2012. The Company had a working capital deficiency of \$189,718 as at March 31, 2012 compared to the working capital deficiency of \$66,111 as at March 31, 2012.

Subsequent to June 30, 2012, the Company raised gross proceeds of \$3,463,012 in concurrent financings upon closing of its Qualifying Transaction. Management estimates that the general operating costs, excluding stock-based compensation expense, for the next 12 months will be approximately \$450,000. The Company also has commitments of \$1,000,000 under the Hawk Ridge option agreement. At present, management believes that the Company has sufficient capital resources to meet its anticipated operating and capital requirements for the next 12 months. 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 and its financial success is dependent on management's ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position. The Company's financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Included in trade and other payables was \$27,829 (March 31, 2012 - \$11,508) owing to two companies controlled by the CFO of the Company for office administration services rendered to the Company and for travel expenses paid on behalf of the Company and is unsecured, non-interest bearing, and has no specific terms of repayment.

The Company also had \$90,000 of loans from a company controlled the CFO of the Company and the President of the Company. The loans are unsecured, bear interest at 8% per annum and payable on or before the earlier of (1) October 1, 2012 or (2) when the Company completes an equity financing. As at June 30, 2012, the Company has accrued \$18,239 (March 31, 2012 - \$18,239) of interest on the loans. Subsequent to June 30, 2012, the Company issued 541,200 common shares as full repayment of the loans.

Key management includes directors (executive and non-executive) of the Company. There are no short-term employee benefits and share-based payments paid or payable to key management personnel during the three month periods ended June 30, 2012 and 2011.

The Company entered into the following related party transactions during the three month period ended June 30, 2012:

- a) Incurred administration fees of \$5,800 (2011 - \$1,200) to a company controlled by the CFO of the Company for administration services provided.
- b) Accrued interest expense of \$nil (2011 - \$1,820) on loans from the former President of the Company and a company controlled by the CFO of the Company.

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 August 28, 2012, the Company has 31,350,405 common shares, 420,000 options and 9,835,126 warrants issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in accordance with IFRSs 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 include:

- (i) The determination of the fair value of stock options or warrants using stock 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.
- (ii) 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.
- (iii) 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.

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.

FINANCIAL INSTRUMENTS

The Company classified cash as loans and receivables, and trade and other payables, loans payable and loans from related parties as other financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Fair value

CICA Handbook Section 3862 "Financial Instruments – disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to the relatively short period to maturity of these financial instruments.

The Company's financial instruments are measured at amortized cost on the statement of financial position.

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. The credit risk with respect to its cash is minimal as they are held with a high-credit quality financial institution. Management does not expect these counterparties to fail to meet their obligations.

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 June 30, 2012, the Company had a working capital deficiency of \$189,718. All of the Company's financial liabilities are classified as current. Subsequent to June 30, 2012, the Company raised gross proceeds of \$3,463,012 in concurrent financings upon closing of its Qualifying Transaction.

The sources of funds provided to the Company in the past two years are through issuance of capital stock and related party advances. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash are not considered significant due to their short-term nature. Loans payable and loans from related parties bear a fix interest rate at 8% per annum and thus are not subject to interest rate risk.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Future accounting changes

- i) Amendments to IFRS 7 *Financial Instruments: Disclosures* have been issued to require additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments are applicable for annual periods beginning on or after July 1, 2011, with early adoption permitted.
- ii) Amendments to IAS 12 *Income Taxes* have been issued to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2012, with early adoption permitted.

- iii) New standard IFRS 13 *Fair Value Measurement* (IFRS 13) has been issued to provide a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.
- iv) Amendments to IAS 32 *Financial Instruments: Presentation* have been issued to clarify requirements for offsetting of financial assets and financial liabilities. The amendments are applicable for annual periods beginning on or after January 1, 2014, with early adoption permitted.
- v) New standard IFRS 9 *Financial Instruments* (IFRS 9) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted.

The Company has not early adopted these revised standards and is currently assessing the impact of these standards on the Company's financial statements.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to June 30, 2012, the Company

- i) Completed its Qualifying Transaction through the closing of an option agreement with Virginia Energy Resources Inc. ("VAE") and its wholly-owned subsidiary (collectively the "Optionors") whereby Optionors granted the Company an option to acquire a 100% interest in the Hawk Ridge property by making staged payments totaling \$2,000,000 in cash and \$1,000,000 in common shares of the Company to VAE by December 31, 2013. In addition, the Company may be required to issue such number of non-flow-through units (as defined below) equal to the expenses of a geophysical survey up to \$600,000 at a price of \$0.20 per non-flow-through unit. The cash payment will then be reduced by 20% of the geophysical survey costs paid by the Company. The property is subject to a 3% net smelter returns royalty ("NSR"). The Company issued 100,000 common shares as a finder's fee in connection with the Qualifying Transaction.
- ii) Completed a brokered financing of 2,504,600 flow-through units at a price of \$0.22 per flow-through unit and a non-brokered financing of 14,560,000 non-flow-through units at a price of \$0.20 per non-flow-through unit for gross proceeds of \$3,463,012. Each flow-through unit is comprised of one flow-through common share and one-half of a share purchase warrant; each whole warrant entitles the holder to acquire one additional non-flow-through common share at a price of \$0.35 until August 2, 2013 and at a price of \$0.60 until August 2, 2014. The non-flow-through units have the same terms as the flow-through units except that the shares forming the units were non-flow-through shares. The Company paid a cash commission of \$33,398 and a corporate finance fee of \$25,000 and issued 151,810 agent's warrants in connection with the brokered financing. Each agent's warrant is exercisable until August 2, 2014 to acquire one common share at a price of \$0.22.
- iii) Paid \$500,000 and issued 1,250,000 common shares with a fair value of \$250,000 to VAE pursuant to the Hawk Ridge option agreement. In addition, the Company issued 2,303,032 non-flow-through units with a fair value of \$460,406 to VAE for the expenses of a geophysical survey pursuant to the Hawk Ridge option agreement.
- iv) Issued 1,072,983 common shares at \$0.20 per share to settle \$88,923 of accounts payable, \$17,434 of loans payable and \$108,239 of loans from related parties.

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 and on the Company web site at www.nickelnorthexploration.com.

APPROVAL

The Board of Directors of Nickel North Exploration Corp. has approved the contents of this management discussion and analysis on August 10, 2012. A copy of this MD&A together with the Company's audited financial statements for the year ended March 31, 2012 and the unaudited interim financial report for the three month period ended June 30, 2012 will be provided to anyone who requests it.