# NICKEL NORTH EXPLORATION CORP.

(formerly Orient Venture Capital Inc.) (the "Company" or "Nickel North")

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Six Months Ended June 30, 2013

The following Management Discussion and Analysis ("MD&A") has been prepared by management as of August 28, 2013, and should be read in conjunction with the unaudited financial statement of the Company together with the related notes for the three and six months ended June 30, 2013, and the audited financial statements of the Company together with the related notes thereto for the year ended December 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. The Company completed an Initial Public Offering ("IPO") on September 5, 2007 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 Anthem Resources Inc. ("Anthem") (formerly 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 (the "Hawk Ridge Option Agreement") with Anthem and its wholly-owned subsidiary (collectively the "Optionor") whereby the Optionor 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 Anthem 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;
- 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 majority of 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%) at any time for $1,000,000 and has a first right of refusal on the second 1%.

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 purchase one additional common share at a price of $0.35 in the first year and $0.60 in the second year. 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.

On August 2, 2012 the company also made its first option payment of $500,000 in cash and issued 1,250,000 common shares of the Company to Anthem. In addition, the company issued a total of 2,302,032 non-flow-through units to Anthem for the total expenses of a geophysical survey conducted by Anthem in the amount of $460,406. Each non-flow-through unit consists of one common share of the company, issued on a non-flow-through basis, and one-half of one transferable common share purchase warrant, with one whole warrant entitling the holder to purchase an additional common share of the company for a period of two years following the closing date at an exercise price of $0.35 per share in the first year and $0.60 per share in the second year.

On August 8, 2012, the Company obtained the TSX-V approval of the option agreement with Anthem 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 November 5, 2012 the Company entered into a *Cooperation Framework Agreement* with Goldrock Resources Co., Ltd. ("Goldrock"), a subsidiary of Sinotech Minerals Exploration Co., Ltd. of Beijing, China ("Sinotech Minerals"). The agreement was signed at the China International Mining Conference 2012 in Tianjin and witnessed by the Premier of the Ministry of Land and Resources of China. The agreement sets in place a formal, growth-oriented framework to harness synergies and leverage the combined resources and core competencies of the two parties. Terms of the *Cooperation Framework Agreement* are not limited to, but include:

- Nickel North to table a detailed "Acquisition Strategy" for approval by both parties within 180 days of this Agreement;
- Goldrock to provide technical expertise, financial resources and its international and industry connections to source and fund projects of exceptional merit;
- Nickel North to become a specialized entity that evaluates, acquires and exploits Ni, Cu, PGE opportunities globally;
- Initial focus on advanced-stage exploration at "Hawk Ridge Ni-Cu-PGE Project"
- Goldrock or its nominee(s) to have first option to provide funding for Hawk Ridge, as well as other project acquisitions.

On December 10, 2012, the Company changed its fiscal year end from March 31 to December 31 for operating purposes. The transition year of the Company is the nine months ended December 31, 2012.

On December 31, 2012 the Company made its second option payment to Anthem in the amount of $500,000 cash and issuance of 1,250,000 common shares.

On February 15, 2013, the Company entered into an interim bridge loan agreement with Sino Minerals Corp., a subsidiary of Goldrock Resources Co. Ltd. for the amount of $300,000. Goldrock Resources Co. Ltd. is a related party of the Company with two directors in common. The loan is unsecured, bears interest at 8% per annum, matures on June 30, 2013 and is payable on or before maturity without penalty.

On February 15, 2013, the parties of the option agreement amended the original option agreement (the "Second Amendment") and later amended again on April 17, 2013 (the "Third Amendment"). Under the Third Amendment, in lieu of paying $1,000,000 in cash on or before December 31, 2013, the Company agreed to issue to the optionors the number of units (the "Conversion Units") equal to $1,000,000 less such amount equal to 20% of the cost incurred by the optionors for the geophysical survey, which is estimated to be $907,919, divided by $0.25 per Conversion Unit. Each Conversion Unit will consist of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share for a period of two years, at an exercise price of $0.35 per share in the first year and $0.60 per share in the second year. In addition, the Company agreed to issue the remaining common shares equal to $500,000 divided by the greater of $0.20 or a 10% discount to the 20 day moving average trading price of the Company for the 20 day period immediately preceding the date of issuance. The Company agreed to change the timing of the issuance of the Conversion Units and the remaining common shares from December 31, 2013 to within 10 business days of the receipt of approval from the TSX Venture Exchange for the Third Amendment.

On March 28, 2013, the Company closed a $2,000,000 private placement subscription agreement with Sinotech (Hong Kong) Corporation Limited, an affiliate company of Goldrock Resources Corporation Limited. The placement is for 8,000,000 units at $0.25 per unit. Each unit consists of one common share and one half warrant. Each whole warrant is exercisable for a period of 2 years and entitles the holder to purchase one common share at a price of $0.35 in the first year and $0.60 in the second year.

On April 16, 2013, the Company granted 200,000 stock options to Axon Communication with an exercise price of $0.20 per share and an expiry date of 90 days after the date of grant. The 200,000 options vested immediately on the date of grant.

On May 1, 2013, subject to a 3% NSR on a portion of the property, the Company had acquired 100% ownership of the Hawk Ridge Ni-Cu-PGE Project in Northern Quebec from Anthem. 3,631,675 common shares and 1,815,838 warrants were issued to Anthem upon conversion of the cash payment; the Company also issued 2,500,000 common shares pursuant to the Third Amendment. These securities are subject to a hold period expiring on September 2, 2013.

On May 30, 2013, the Company completed a non-brokered financing of 16,666,667 flow-through shares at a price of $0.30 per flow-through share for gross proceeds of $5,000,000.10. The Company incurred share issuance costs of $176,291 and issued 250,000 agent's warrants in connection with the financing. Each agent's warrant is exercisable until May 30, 2015 to acquire one common share at a price of $0.35. The agent's warrants were valued at $9,615. Pursuant to the terms of the flow-through agreements, the Company is required to comply with the contractual obligations and the renouncement requirements of the Canadian Income Tax Act.

On August 23, 2013, the Company acquired all of Sino Minerals Corp.'s 100% interest in 14 mining claims covering a total area of approximately 2,860.4 hectares located in the Province of Ontario and known as the Nairn Property (the "Nairn Property"), subject to a 2% net smelter returns royalty over six of the claims and third party freehold patent surface rights over eight of the claims. In consideration for the Nairn Property, the Company issued to Sino Minerals Corp. 2,000,000 common shares at a deemed price of $0.25 per share for a deemed purchase price of $500,000.

**Hawk Ridge Property**

The Hawk Ridge property is well situated on tidewater in Ungava Bay, Northern Quebec and is located near the northern end of the Labrador Trough (New Quebec Orogen). The mineral claims cover 18,700 hectares along a 50 km belt of mafic to ultramafic intrusive, volcanic and sedimentary rocks. The property hosts numerous magmatic nickel-copper sulphide zones a long its length. The geology is composed of Early to Middle Proterozoic folded volcanic-sedimentary sequences intruded by gabbro, pyroxenite and peridotite sills. The property lies within the prolific Circum Superior Nickel Copper Belt, which also hosts the world-class (producing) Raglan and Thompson mining districts. The property has an extensive exploration history dating back to 1961 (with a total of 24,000 meters of historical drilling in 361 holes, approximately $20 million in expenditures) by several operators including Esso, SOGEM, Phelps Dodge, Troymin and Falconbridge. Prior to the 2012 exploration program, the most recent exploration activity was during 1996 and 1997 when an airborne magnetic and frequency domain EM (Electromagnetic) survey was carried out over the property, followed by 15,763 meters of drilling in 117 holes. Of the 29 historical nickel, copper and platinum group mineral occurrences identified on the property, exploration was concentrated on the following four zones; Pio Lake, Gamma, Hopes Advance Main and the Hopes Advance North.

The Pio Lake Zone contains two mineralized lenses that dip steeply to the east. An adit and four raises were extended into the mineralization during 1973-74 by Lone Star Mining and a 6,437 tonnes high grade bulk sample was reported to have been taken during that time. Lone Star Mining (1974) also reported that 7,260 tonnes grading an average of 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 still remains. The West lens has been interpreted as being of magmatic origin and the East lens may be of remobilized origin. This historical resource estimate is for a small zone of mineralization on the Hawk Ridge property but the calculation is not compliant with the NI-43-101 regulations. A Nickel North Exploration qualified person has not done sufficient work to date, to classify these historical estimates as current mineral reserves and or resources. Nickel North Exploration is not treating these historical estimates as current and the historical estimates should not be relied upon.

A historical resource estimate (non 43-101 compliant) of 48.4 million tonnes on the Hopes Advance Main Zone reported average grades of 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. Nickel North Exploration is not treating these historical estimates as current and the historical estimates should not be relied upon.

Historical drilling results from the Hopes Advance North Zone show massive and disseminated sulphides associated in a highly folded intrusive, sedimentary environment. The zone comprises of porphyritic gabbro, schist and peridotite over a strike length of at least 250 meters. Drill intersected massive sulphides reported grades of 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 0.39% Ni over 3.5 meters.

Historical drilling results from the Gamma Zone contain grades of 4.56% Cu and 1.44% Ni over 3.5 meters in magmatic sulphides at the contact between porphyritic gabbro and graphitic schist. Disseminated sulphides in the gabbro reported average grades of 0.52% Cu and 0.19% Ni over 16.2 meters from several drill holes.

The Hawk Ridge property runs along a grandfathered north-south corridor of 429 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.

**2012 Exploration Activity**

The 2012 exploration program for the Hawk Ridge property comprised of two phases. The first phase, in May, consisted of a property-wide airborne VTEM-Plus (Versatile Time Domain Electromagnetic) geophysical survey. The geophysical survey successfully identified over 500 near-surface high-conductivity anomalies, some coincident with positive magnetic anomalies, and both of which can be indicative of magmatic sulphide mineralization.

The second phase of the 2012 exploration program in August and September, focused on the historically identified, four main mineralized zones. The four zones include Hopes Advance North, Hopes Advance Main, Gamma, and the Gabbro Zones (Pio Lake Area). Exploration in the Hopes Advance North and Gamma Zones consisted of geologic mapping and prospecting, while a 1,055 meter drill program consisting of seven holes was completed in the Gamma, Gabbro and Hopes Advance Main zones. In addition resampling of 956 meters from nine historical drill holes (archived on the property from the 1996 and 1997 programs) was completed and submitted for geochemical analyses. These nine drill holes are located in the Hopes Advance Main, Hopes Advance North and Gamma zones. The rationale for re-sampling the nine drill holes was to verify analytical results thereby validating historical records. The Company believes it will be able to incorporate much of the historical drill data (representing several million dollars) into a new 43-101 compliant resource calculation for Hawk Ridge.

The 2012 drilling program was successful in that sulphide mineralization consisting of nickel, copper and platinum group elements (Ni-Cu-PGE) were intersected in each of the seven drill holes. The magmatic sulphide mineralization in each of the three localities (Hopes Advance Main, Gamma and Gabbro zones) is associated with mafic-ultramafic sills. Results from the drilling showed disseminated to semi-massive Ni-Cu-PGE sulphide mineralization is associated with the contact between the gabbroic phase and the ultramafic phase of the composite sills, and the paraschist footwall located along the base of these sills.

**2012 Drill Program Highlights:**

- New high-grade Ni-Cu-PGE + Au intercept at Gamma reveals sulphide enrichment process (conduit) similar to that observed at Voisey's Bay.
- Historical widths and Ni-Cu grades were confirmed with this year's drilling at Hopes Advance Main and Gamma zones. In addition the PGE's not previously tested for, were systematically analyzed.
- Continuous core-length sampling demonstrates potential for by-product credits for Co-Pd-Pt-Au.
- Low percentage of sulphide in analyzed core samples indicates a high metals tenor within the sulphides.

Core logging and geochemical analyses has revealed a new understanding of the geological controls governing the distribution of sulphide-hosted mineralization on the property. The 2012 drill program identified that two magmatic geological environments exist on the property resulting in the concentration of high grade Ni-Cu-Co-PGE and Au mineralization. The first forms as "classical basal contact-type" with immiscible semi-massive to massive sulphides at the base of the intrusion. The second environment ("new") has sulphide concentrations in the middle of the intrusions and at the interface between the mafic and ultramafic lithologies where the disseminated sulphides "telescope" into semi-massive to massive concentrations.

The program achieved its objectives of establishing and expanding the potential of the large tonnage intermediate-grade target (disseminated to net-textured magmatic Ni, Cu sulphides) at the Gamma zone. The 2012 mapping determined the Gamma zone to be greater than 800 meters in length with a minimum thickness of 10 meters. A two-meter thick zone of semi-massive to massive magmatic Ni, Cu sulphides (high-grade target) was intersected in a new area on the southern end of the Gamma zone (DH 2012-03 returned 4.67% Cu and 2.84% Ni and 1.3 g/t PGE + Au).

One drill hole was completed in the Gabbro zone, confirming the presence of semi-massive to massive sulphide and disseminated sulphides.

One infill drill hole was completed on the Hopes Advance Main zone, and confirmed that the disseminated to net-textured magmatic Ni, Cu mineralization has an apparent thickness of 54.12 meters returning values of 0.54% Cu and 0.19% Ni.

**2012 Drill Assay Results**

| DDH | Interval | From | To | Width m | Cu % | Ni % | Co % | PGE + Au | Sulphide |
|---|---|---|---|---|---|---|---|---|---|
| **Gamma Zone** | | | | | | | | | |
| HR-2012-01 | Interval | 72.4 | 108 | 35.6 | 0.52 | 0.22 | 0.01 | 0.39 | 2.6 |
| HR-2012-01 | Incl. | 98 | 108 | 10 | 0.66 | 0.3 | 0.01 | 0.43 | 4.1 |
| HR-2012-01 | Interval | 150.06 | 152.84 | 2.78 | 2.19 | 1.15 | 0.05 | 1.02 | 19.9 |
| | | | | | | | | | |
| HR-2012-02 | Interval | 129.5 | 163 | 33.5 | 0.45 | 0.18 | 0.01 | 0.33 | 2 |
| HR-2012-02 | Incl. | 142.76 | 157.3 | 14.54 | 0.59 | 0.24 | 0.01 | 0.4 | 3.3 |
| HR-2012-02 | Interval | 204 | 208.03 | 4.03 | 1.41 | 0.52 | 0.02 | 0.43 | 12.9 |
| HR-2012-02 | Incl. | 205.6 | 208.3 | 2.43 | 1.7 | 0.63 | 0.02 | 0.54 | 15.1 |
| | | | | | | | | | |
| HR-2012-03 | Interval | 57.14 | 59 | 1.86 | 4.67 | 2.84 | 0.09 | 1.31 | 22.8 |
| HR-2012-03 | Incl. | 58.3 | 59 | 0.7 | 5.47 | 2.59 | 0.08 | 2.11 | 19.2 |
| HR-2012-03 | Interval | 62 | 63.5 | 1.5 | 1.02 | 0.02 | 0 | 0.21 | 2.7 |
| | | | | | | | | | |
| HR-2012-04 | Interval | 52.2 | 69 | 16.8 | 0.54 | 0.14 | 0.01 | 0.23 | 2.4 |
| HR-2012-04 | Incl. | 54.1 | 63 | 8.9 | 0.77 | 0.2 | 0.01 | 0.31 | 3.8 |
| HR-2012-04 | Incl. | 57 | 58 | 1 | 2.29 | 0.2 | 0.01 | 0.65 | 6.9 |
| | | | | | | | | | |
| HR-2012-05 | Interval | 36.5 | 58.64 | 22.14 | 0.56 | 0.2 | 0.01 | 0.27 | 3.1 |
| HR-2012-05 | Incl. | 36.5 | 54 | 17.5 | 0.6 | 0.24 | 0.01 | 0.28 | 3.6 |
| HR-2012-05 | Incl. | 49 | 50 | 1 | 1.81 | 0.35 | 0.02 | 0.42 | 8 |
| **Gabbro Zone** | | | | | | | | | |
| HR-2012-06 | Interval | 46 | 53 | 7 | 0.34 | 0.15 | 0.01 | 0.11 | 3.5 |
| HR-2012-06 | Interval | 57.09 | 74.9 | 17.81 | 0.81 | 0.32 | 0.02 | 0.59 | 4.4 |
| HR-2012-06 | Incl. | 61 | 62 | 1 | 1.09 | 0.39 | 0.02 | 0.6 | 5.6 |
| HR-2012-06 | Incl. | 71 | 72 | 1 | 1.25 | 0.48 | 0.02 | 0.52 | 6.1 |
| **Hopes Advance Main** | | | | | | | | | |
| HR-2012-07 | Interval | 63 | 117.12 | 54.12 | 0.54 | 0.19 | 0.01 | 0.26 | 3.1 |
| HR-2012-07 | Incl. | 89 | 112.5 | 23.5 | 0.76 | 0.22 | 0.01 | 0.33 | 3.5 |
| HR-2012-07 | Interval | 122.44 | 126 | 3.56 | 0.27 | 0.02 | 0.01 | 0.02 | 15.8 |

The new geochemical protocol for the property includes sampling the entire length of the diamond drill-hole (half cut NQ core) for Ni, Cu and Pt, Pd (fire assay) and a 39-element ICP-MS package following a 4 acid digestion.

The resampling of the nine historical drill holes established quantitative analysis of the historical geochemistry and analyzed for previously untested PGE's. This program established a complaint QA/QC for the historical analysis and was designed to define and expand on the non-compliant historical Ni-Cu resources on the property.
The resampling program of the 1996-97 historical drill-cores clearly demonstrated that results were similar to the 2012 results when the same sampling density and intervals were compared. These comparative results returned average differences ranging from 0.28% to 2.83% for Ni (higher than the historical results) and 5.11% to 5.9% for Cu (lower than the historical results). These percentage differences for Ni and Cu between the 1996-97 assays and their re-assayed 2012 counterparts fall well within acceptable limits and validate results of previous exploration programs.

Our understanding of the mineralization on the Hawk Ridge property leads us to conclude that several major features of the property and mineralization are directly comparable to the Ni-Cu, and PGE mining districts of Raglan and Thompson within the Circum-Superior Ni-Cu mafic, ultramafic igneous province.

In summary the 2012 exploration program identified two major types of magmatic Ni-Cu-PGE mineralization:

- A target of intermediate-grade large tonnage, having open pit potential, is present at the Hopes Advance zone and Gamma zone.

- The second target type is of high-grade Raglan-style mineralization as seen at Hopes Advance area, the Gamma zone and the Pio Lake area.

**2013 Exploration Program**

The Company commenced a $5 Million exploration program on the Hawk Ridge Project in June 2013. The program includes approximately 7,000 meters of diamond drilling planned in two phases. The first phase, consisting of approximately 4,000 meters of drilling, will focus on exploration for high-grade Raglan-style mineralization. The second phase will expand on the Company's preliminary resource estimates (completed in spring 2013) done on the two intermediate-grade, large tonnage targets of Hopes Advance Main and Gamma zone. One of the main objectives for this year's exploration program is working towards a NI 43-101 resource calculation.

The company succeeded completing all the phases of the proposed program and is currently finishing the field requirements for the 43-101 resource report and the new metallurgical study that has been commissioned for the Hopes Advance Main Zone, Gamma Zone and a new zone called Falco7. Key supplies for 2014 including fuel, drill supplies and camp supplies will be shipped this fall. This is the ongoing strategy of the company's long term plan for the property and will create a cost effective early start on exploration in 2014.

**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

The Company is an exploration stage company and has no operating revenue. Expenditures related to mineral exploration are capitalized. During the six months ended June 30, 2013, the Company had incurred $1,015,012 (June 30, 2012 - $nil) in acquisition and other property costs, $1,031,681 (June 30, 2012 - $nil) in exploration expenditures and $18,191 (June 30, 2012 - $nil) in exploration prepayment. The Company is eligible to claim $624,294 Quebec mining exploration tax credit for the exploration expenditures incurred for the period from April 1, 2012 to March 31, 2013. The details of the mineral expenditures are included in the note 7 to the unaudited financial statements.

Three month period ended June 30, 2013

The Company had incurred a net loss of $238,135 during the three months ended June 30, 2013 compared to a net loss of $116,028 incurred during the three months ended June 30 2012. The increase in net loss is due to the increase in corporate, mineral property exploration, and financing activities after the completion of its Qualifying Transaction on August 2, 2012. The net loss for the three months ended March 31, 2013 is inclusive of general operating expenses of $240,630 (June 30, 2012 - $116,028) and interest and other income of $2,495 (June 30, 2012 - $nil).

The general operating expenses for the three months ended June 30, 2013 were $240,630 (June 30, 2012 -116,028). Some of the significant general operating expense items are summarized as follows:

- Office administration and miscellaneous of $20,845 (June 30, 2012 - $14,723) include fees to office administrative personnel, rent and office expenses etc.
- Consulting fees of $82,140 (June 30, 2012 - $2,780) relates mainly to fees of $7,564 to the Chief Executive Officer of the Company, $946 (June 30, 2012 - $nil) to the former Chief Financial Officer of the Company, and $61,000 (June 30, 2012 - $nil) to directors.
- Legal expenses of $27,466 (June 30, 2012 - $23,824) relate mainly to corporate matters.
- Travel and promotion of $12,508 (June 30, 2012 - $38,686) relate mainly to trips made by the Company's management and consultants for promotion and financing activities.
- Wages and benefits of $35,164 (June 30, 2012 - $nil) relate to the compensations to employees of the Company.
- Marketing expenses of $7,071 (June 30, 2012 - $nil) relate to service fees and expenses for various marketing activities.
- Accounting and audit expenses of $34,000 (June 30, 2012 - $13,500) related to the fees paid for professional accounting and audit services

Six month period ended June 30, 2013

The Company had incurred a net loss of $492,932 during the six month period ended June 30, 2013 compared to a net loss of $39,074 incurred during the six month period ended June 30 2012. The increase in net loss is due to the increase in corporate, mineral property exploration, and financing activities after the completion of its Qualifying Transaction on August 2, 2012. The net loss for the six months ended June 30, 2013 is inclusive of general operating expenses of $546,689 (June 30, 2012 - $159,042) and interest and other income of $53,757 (June 30, 2012 - $119,968).

The general operating expenses for the six months ended June 30, 2013 were $546,689 (June 30, 2012 -159,042). Some of the significant general operating expense items are summarized as follows:

- Office administration and miscellaneous of $42,077 (June 30, 2012 - $25,155) include fees to office administrative personnel, rent and office expenses etc.
- Consulting fees of $221,719 (June 30, 2012 - $2,780) relates mainly to fees of $56,064 to the Chief Executive Officer of the Company, $14,930 (June 30, 2012 - $nil) to the former Chief Financial Officer of the Company, $68,500 (June 30, 2012 - $nil) to directors, and $34,875 (June 30, 2012 - $nil) to a company with an officer in common with the Company for service provided in connection with financing, marketing and investor relations.

- Legal expenses of $51,025 (June 30, 2012 - $26,824) relate mainly to corporate matters.
- Travel and promotion of $54,559 (June 30, 2012 - $43,114) relate mainly to trips made by the Company's management, directors and consultants for promotion and financing activities.
- Wages and benefits of $65,446 (June 30, 2012 - $nil) relate to the compensations to employees of the Company.
- Marketing expenses of $40,245 (June 30, 2012 - $nil) relate to service fees and expenses for various marketing activities.
- Accounting and audit expenses of $35,000 (June 30, 2012 - $23,500) related to the fees paid for professional accounting and audit services.

Other income for the six months ended June 30, 2013 was mainly attributed to the fulfillment of the obligation to recognize the sale of tax deductions for the flow-through share which were issued in 2012 and with the amount of $50,092. Other income for the six months ended June 30, 2012 was mainly from the write-off of other payables of $40,567. For the six months ended June 30, 2012, the Company also entered into settlement agreements with various creditors to reduce part of the overdue accounts payable by $79,216.

## 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, 2013.

| | For the Three Months Ending | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Fiscal Ended December 31, 2013 | | Fiscal Ended December 31, 2012 | | | Fiscal Ended March 31, 2012 | | |
| | Jun. 30, 2013 | Mar. 31 2013 | Dec. 31, 2012 | Sept. 30, 2012 | Jun. 30, 2012 | Mar. 31, 2012 | Dec. 31, 2011 | Sept. 30, 2011 |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | | | | |
| Total revenues | - | - | - | - | - | - | - | - |
| Income (loss) from continuing operations | (238,135) | (254,797) | (313,306) | (299,199) | (116,028) | 76,954 | (7,726) | (18,297) |
| Net income (loss) | (238,135) | (254,797) | (313,306) | (299,199) | (116,028) | 76,954 | (7,726) | (18,297) |
| | | | | | | | | |
| Income (loss) from continuing operations per share - basic and diluted | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) | 0.02 | (0.00) | (0.00) |
| Net income (loss) per share - basic and diluted | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) | 0.02 | (0.00) | (0.00) |

## LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2013, the cash balance increased by $5,382,034. The Company spent $989,015 in operating activities and $452,660 on the Hawk Ridge property. The Company received $6,823,709 of net proceeds from issuance of common shares.

As at June 30, 2013, the Company had a cash balance of $5,479,629 compared to a cash balance of $97,595 as at December 31, 2012. The Company had a working capital of $3,600,799 as at June 30, 2013 compared to the working capital of $220,710 as at December 31, 2012.

Management estimates that the general operating costs, excluding share-based payments expense, for the next 12 months will be approximately $1,050,000. 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. For the six months ended June 30, 2013, the Company had incurred a net loss of $492,932 and at June 30, 2013, an accumulated deficit of $1,948,565. 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 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

The Company entered into the following related party transactions for the six months ended June 30, 2013:

a) Incurred geological and corporate consulting fees of $80,500 (June 30, 2012 - $nil) from a company owned by the CEO of the Company. As at June 30, 2013, included in accounts and other payables is $16,500 due to the company owned by the CEO.

b) Incurred consulting fees of $14,930 (June 30, 2012 - $nil) from a company controlled by the former CFO of the Company for corporate consulting services provided.

c) Incurred consulting fees of $15,000 (June 30, 2012 - $nil) from a company controlled by a director of the Company for corporate consulting services provided.

d) Incurred consulting fees of $34,875 (June 30, 2012 - $nil) from a company controlled by the former CFO of the Company for services provided in connection with the financing, marketing and investor relations.

e) Incurred corporate consulting fees of $6,200 (June 30, 2012 - $nil) from a company owned by a director of the Company.

f) Incurred geological and corporate consulting fees of $67,000 (June 30, 2012 - $nil) from a company with two directors in common. Included in accounts and other payables is $67,000 due to the company with two directors in common.

g) Incurred interest expense of $4,866 (June 30, 2012 - $5,833) on a loan from a company controlled by directors of the Company. The principal of the loan was $300,000 pursuant to a loan agreement entered on February 8, 2013. The loan was unsecured, accrued interest at 8% per annum and was fully repaid in May 2013.

h) As at June 30, 2013, included in account and other payables is $137,000 (December 31, 2012 - $102,560) owing to companies controlled by related parties for services rendered. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

i) As at June 30, 2013, included in accounts and other payables is $53,500 (December 31, 2012 - $16,458) due to directors for unpaid 2013 directors fees. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three month periods ended June 30, 2013 and 2012 is as follows:

| | Six Months Ended June 30, 2013 | Six Months Ended June 30,2012 |
|---|---|---|
| Short-term benefits | $ 224,005 | $ - |

**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, 2013, the Company has 65,718,747 common shares, 2,433,250 options and 15,900,964 warrants 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 obligation.

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

### Fair values

The Company's financial instruments include cash and cash equivalents, account and other receivables, accounts and other payables, loans payable and loan from related parties. 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:

| | | June 30, 2013 | December 31, 2012 |
|---|---|---|---|
| FVTPL | (i) | $ 5,508,379 | $ 126,345 |
| Loans and receivables | (ii) | - | 519 |
| Other financial liabilities | (iii) | $ 411,911 | $ 132,624 |

(i) Cash and cash equivalents, restricted cash
(ii) Other receivables
(iii) Accounts and other payables

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 June 30, 2013 |
|---|---|---|---|---|
| Cash and cash equivalents | $ 5,479,629 | $ - | $ - | $ 5,479,629 |
| 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.

*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, 2013, the Company had a working capital of $3,600,799. 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 and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Significant commitments in years subsequent to June 30, 2013 are as follows:

| | | < 1 year | | 1 – 3 years | | Total |
|---|---|---|---|---|---|---|
| Accounts and other payables | $ | 411,911 | $ | - | $ | 411,911 |

*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

**The Company has adopted the following accounting standards which became effective on January 1, 2013**

**IFRS 10 *Consolidated Financial Statements*** - IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements.* The new standard did not have a significant impact on the Company's financial statements.

**IFRS 11 *Joint Arrangements*** - IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. The new standard did not have a significant impact on the Company's financial statements.

**IFRS 12 *Disclosure of Interests in Other Entities*** - IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The new standard did not have a significant impact on the Company's financial statements.

**IFRS 13** ***Fair Value Measurement*** - IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The new standard did not have a significant impact on the Company's financial statements.

**Amendments to other standards** - In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13, IFRIC 20 and the amendments to other standards, is effective for the Company beginning on January 1, 2013. The amendments did not have a significant impact on the Company's financial statements.

**IFRIC 20** ***Stripping Costs in the Production Phase of a Surface Mine*** - IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset. The new standard did not have a significant impact on the Company's financial statements.

**New accounting standards issued but not yet effective** - Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2015, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

**New accounting standards effective January 1, 2015**

**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 is effective for annual periods beginning on or after January 2015 with early adoption permitted by amendments to IAS 32, January 1, 2014. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

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.

## 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 28, 2013. A copy of this MD&A together with the Company's unaudited financial statements for the year ended March 31, 2013 will be provided to anyone who requests it**.**