# NICKEL 28 CAPITAL CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE THREE MONTHS ENDED APRIL 30, 2023

## (EXPRESSED IN UNITED STATES DOLLARS)

## Introduction

The following Management's Discussion and Analysis (this "**Interim MD&A**") of Nickel 28 Capital Corp. (the "**Company**" or "**Nickel 28**") for the three months ended April 30, 2023, has been prepared to provide material updates to the business operations, liquidity, and capital resources of the Company since its last annual management discussion and analysis, being the Management's Discussion and Analysis (the "**Annual MD&A**") for the year ended January 31, 2023. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. This Interim MD&A should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the year ended January 31, 2023 and the thirteen months ended January 31, 2022, together with the notes thereto, and the unaudited condensed interim consolidated financial statements of the Company for the three months ended April 30, 2023, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Information contained herein is presented as of June 27, 2023, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Audit Committee (the "**Audit Committee**") of the Board of Directors (the "**Board**"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Nickel 28's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Audit Committee, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from the offices of the Company or on the System for Electronic Documents Analysis and Retrieval ("**SEDAR**") and is available for review under the Company's profile on the SEDAR website (**www.sedar.com**).

## Description of Business

Nickel 28 was incorporated pursuant to the *Business Corporations Act* (British Columbia) on June 25, 2019, as "Nickel 28 Capital Corp." and changed its name to "Conic Metals Corp." on October 21, 2019, and then back to "Nickel 28 Capital Corp." on March 10, 2021. The head office is located at 155 University Avenue, Suite1240, Toronto, Ontario, Canada. The registered office of the Company is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada.

Nickel 28 is a base metals company offering direct exposure to nickel and cobalt, both being critical elements of electric vehicles and energy storage systems. Nickel 28 currently holds an 8.56% joint-venture interest in the producing, long-life and world-class Ramu Nickel-Cobalt Operation ("**Ramu**" or the "**Ramu Nickel Mine**") located in Papua New Guinea ("**PNG**") which provides Nickel 28 with significant attributable nickel and cobalt production. In addition, Nickel 28 manages a portfolio of ten nickel and cobalt royalties in Canada, Australia and Papua New Guinea on seven exploration stage, one pre-feasibility stage, and two advanced / development stage projects. These royalties include a 1.75% net smelter return ("**NSR**") royalty on the fully-permitted Dumont nickel project in Quebec and a 2.0% NSR royalty on the Turnagain nickel project in British Columbia. Nickel 28 intends to invest in a battery metals-focused portfolio of streams, royalties and direct interests in mineral properties containing battery metals.

On November 15, 2019, the Company commenced trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "NKL".

## Quarterly Company Highlights

On February 7, 2023, the Company announced that it had appointed Mr. Lance C. Frericks to serve as an additional independent director to the Board.

On February 27, 2023, the Company announced operational results for the quarter ending December 31, 2022 and for the full year of 2022 for the Ramu Nickel Mine, including Q4 2022 nickel production of 8,480 tonnes and full year production of 34,302 tonnes of contained nickel in Mixed Hydroxide Precipitate ("**MHP**"), Q4 2022 cobalt production of 702 tonnes and full year production of 2,987 tonnes of contained cobalt in MHP, Q4 2022 nickel sales of 13,613 tonnes and full year sales of 37,250 tonnes of contained nickel, and Q4 2022 cobalt sales of 1,150 tonnes and full year sales of 3,289 tonnes of contained cobalt.

On April 11, 2023, the Company announced that the Board, on the recommendation of a special committee of the Board, had approved the adoption of a shareholder rights plan pursuant to a shareholder rights plan agreement entered into with TSX Trust Company, as Rights Agent, dated April 11, 2023, effective immediately.

On April 24, 2023, the Company received a previously announced cash distribution of approximately $9.7M from the operator of the Ramu Nickel Mine, Ramu NiCo Management (MCC) Limited ("**MCC Ramu**"), for its distributable share of the mine's operating surpluses for the second half of calendar 2022.

On May 9, 2023, the TSXV granted approval of the Company's application to implement a normal course issuer bid ("**NCIB**") to purchase, for cancellation, up to 7,224,516 of its common shares, representing approximately 7.9% of the common shares (calculated in accordance with the rules of the TSXV as of May 4, 2023) over a twelve-month period commencing on May 11, 2023. All purchases made pursuant to the NCIB would be made through the facilities of the TSXV or alternative Canadian trading systems, in open market transactions or by such other means as may be permitted under applicable securities laws. The price that the Company will pay for common shares in open market transactions will be equal to the market price at the time of purchase. The actual number of common shares which may be purchased, and the timing of such purchases, will be determined by Nickel 28 based on market conditions, share price, best use of available cash, and other factors. The Company may elect in the future to implement further NCIBs to purchase its common shares, any of which NCIBs would be on substantially the same terms and conditions. As of the date of this MD&A, the Company has not made any purchases of common shares under the NCIB.

## Overview and Plan of Operations

Nickel 28 is an innovative battery metals investment vehicle offering exposure to nickel and cobalt, materials integral to key technologies of the electric vehicle ("**EV**") and energy storage systems ("**ESS**") markets. The Company's strategy is to build a battery metals supply chain to meet current and future demand by financing or otherwise obtaining exposure to nickel-cobalt production in geopolitically secure mining jurisdictions through the acquisition of metals streams, royalties, and direct interests.

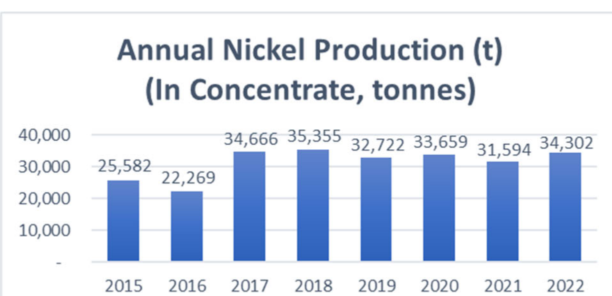
The Company applies a disciplined investing and operating approach to execute its business plan and enhance its exposure to nickel and cobalt through the acquisition of new or existing streams and royalties in producing mines, development projects and exploration properties located in conflict-free jurisdictions. Nickel 28's primary focus is on streaming opportunities that could provide shareholders near-term cash flow, and royalties on production and exploration-stage nickel and/or cobalt properties that could provide longer-term optionality on the price of nickel and cobalt. In the future, Nickel 28 may consider acquisitions of streams, royalties, or direct interests in other minerals properties. At the present time, the Company's intention is to fund working capital through existing cash on hand and cash flow generated from its joint venture interest in the Ramu Nickel Mine.

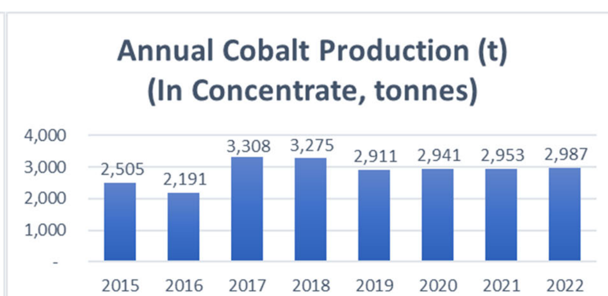
### Ramu Nickel Mine

*Operating Results*

Nickel 28 currently holds an 8.56% joint venture interest in the producing Ramu Nickel Mine, a long-life, low-cost nickel-cobalt operation located 75 km west of the provincial capital of Madang on the north coast of PNG. The Ramu Nickel Mine was financed, constructed, and commissioned in 2012, by majority-owner and operator Metallurgical Corporation of China Limited (the ultimate parent company of MCC Ramu), for US$2.1 billion which at the time was China's largest overseas mining investment.

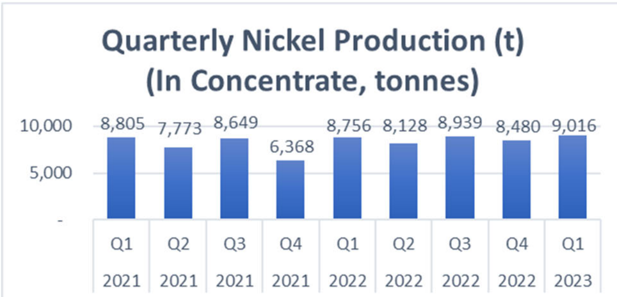
The Ramu Nickel Mine, which has operated at or exceeded design production capacity for the sixth consecutive year, produced 34,302 tonnes of nickel in mixed hydroxide precipitate (MHP) for the 12 months ended December 31, 2022. Annual cobalt production for the project for the same `12-month period was 2,987 tonnes. MCC Ramu estimates that nickel production at Ramu is expected to be between 32,000-33,000 tonnes in calendar year 2023.

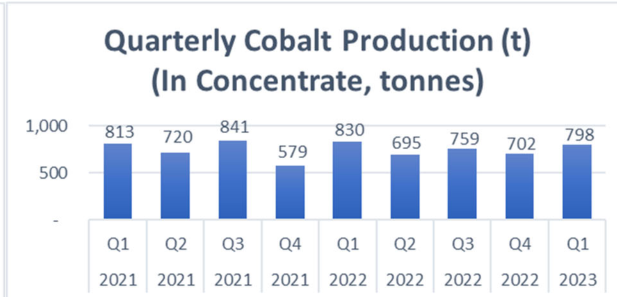


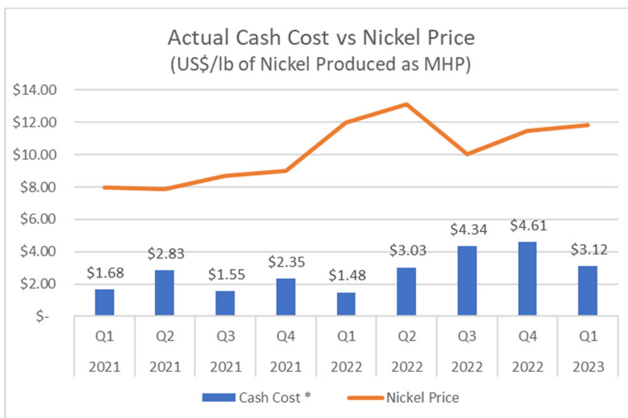

* Totals may not equal due to rounding.

For the first calendar quarter ended March 31, 2023, Ramu produced 9,016 tonnes of nickel and 798 tonnes of cobalt, which is consistent with prior quarters.




The Ramu Nickel Mine, which continues to remain one of the lowest cost integrated nickel mines in the world, recorded the following actual cash costs, net of byproduct credits, for the last nine quarters along with relative nickel pricing for the period.




* Cash costs are actual operating costs to produce one pound of contained nickel in MHP. Byproduct credits include cobalt and chromium.

Actual cash costs of $3.12 per pound of nickel produced in Q1 2023 were approximately 111% higher than Q1 in 2022 reflecting continued higher costs for key inputs primarily in sulphur and heavy fuel oil and lower by-product credits, primarily cobalt. Cash costs for the twelve months ending December 31, 2022, were $3.37 per pound of nickel produced, 64% higher than $2.06 per pound for the twelve months ending December 31, 2021, as a result of higher key input costs and lower by-product credits as noted above. According to Wood Mackenzie, Ramu remains one of the lowest-cost nickel producers consistently ranking in the bottom quartile of the global nickel cash cost curve.

In addition to Ramu's strong production performance and low cost of production, in February 2021, the Company announced that it had completed an independent analysis on greenhouse gas ("**GHG**") intensity for the Ramu nickel-cobalt operation, confirming the operation is one of the lower GHG emitters in the nickel industry. Ramu's average GHG continues to remain on the lower end of nickel laterite producers at less than 20 tCO2e/t Ni based on historical calculations.

*Joint Venture Debt*

The Company holds its current 8.56% joint venture interest in the Ramu Nickel Mine through its indirect wholly owned subsidiary, Ramu Nickel Limited ("**RNL**"). RNL is party to two principal agreements in respect of its interest in the Ramu Project: the Ramu Nickel Project Master Agreement dated March 30, 2005, as amended, among China Metallurgical Construction (Group) Corporation, RNL, Mineral Resources Ramu Limited (a landowner entity) ("**MRRL**") and Mineral Resources Madang Limited (a government entity) ("**MRML**", together with MRRL, "**MRDC**"); and the Ramu Nickel Joint Venture Agreement (the "**Joint Venture Agreement**") dated October 20, 2005, as amended, among MCC Ramu, RNL, MRRL and MRML, as joint venturers, and Ramu MCC, as manager. The joint venture is an unincorporated joint venture among MCC Ramu (current 85% individual share), RNL (current 8.56% individual share), MRRL (current 3.94% individual share) and MRML (current 2.5% individual share).

As part of the Joint Venture Agreement with MCC Ramu, MCC Ramu provided financing for construction and development of the Ramu Nickel Mine. This resulted in borrowing, on a non-recourse basis, to finance the original construction of the mine ("**Construction Debt**") and borrowing an additional amount, on a non-recourse basis, to finance the ramp up and early operating expenses of the mine ("**Operating Debt**"). As part of the Joint Venture Agreement, the Construction Debt and Operating Debt are to be repaid out of the Company's share of the Ramu Nickel Mine's operating surpluses (sales revenue less operating costs and ongoing capital expenditures).

Effective July 1, 2021, the Company fully repaid its attributable portion of the non-recourse Operating Debt (and related interest thereon) to MCC Ramu, which triggered a cashflow event for the Company. Following the repayment of the Operating Debt, the Company began to receive a cash distribution of 35% of its attributable share of the operating surpluses of the Ramu Nickel Mine joint venture, with the remaining 65% used to repay the remaining non-recourse Construction Debt (and related interest thereon). Furthermore, once the Company's remaining attributable portion of the non-recourse Construction Debt is repaid, the Company's participatory share in the Ramu Nickel Mine joint venture will automatically increase from 8.56% to 11.3% and the Company will begin receiving 100% of its share of revenues on a monthly basis, with the Company being responsible thereafter for paying 100% of its share of operating expenses and capital expenditures on a monthly basis. Additionally, when the Company has repaid the Construction Debt, the Company will have the option to purchase an additional 9.25% interest in the Ramu Nickel Mine at then market value, which if exercised would take the Company's interest to 20.55%.

The borrowings in respect of Construction Debt and Operating Debt represent the Company's 8.56% share of principal repayments (capped to a specified development threshold of $2.1 billion) and interest repayments made by MCC Ramu to third party lenders on behalf of the Company, plus accumulated interest charged by MCC Ramu. The Construction Debt has no prescribed repayment obligations; rather, the amount classified as current represents that portion of the loan estimated to become repayable within 12 months from the Company's share of operating surpluses. The remaining borrowings under the Construction Debt bear interest at a rate of 5.05% annually.

As of April 30, 2023, the non-recourse debt balances consisted of the following:

| | Current Portion* | Long-term Portion | Total |
|---|---|---|---|
| Non-recourse Construction Debt | $21,292,858 | $35,231,854 | $56,524,712 |

* The amount classified as current represents the portion of the loan estimated to become repayable within 12 months

The continuity schedule of the non-recourse debt balance between Operating Debt and Construction Debt is as follows:

| | Operating Debt | | | Construction Debt | | | Total Joint |
|---|---|---|---|---|---|---|---|
| Fiscal Period Ended | Interest ($) | Repayment ($) | Balance ($) | Interest ($) | Repayment ($) | Balance ($) | Venture Debt ($) |
| January 1, 2018 | | | **45,510,845** | | | **70,210,825** | **115,721,670** |
| December 31, 2018 | 2,251,688 | (3,940,855) | **43,821,678** | 3,628,876 | - | **73,839,701** | **117,661,379** |
| December 31, 2019 | 2,264,942 | - | **46,086,620** | 3,816,436 | - | **77,656,137** | **123,742,757** |
| December 31, 2020 | 1,354,688 | (22,057,591) | **25,383,717** | 4,013,573 | - | **81,669,710** | **107,053,427** |
| January 31, 2022 | 253,916 | (25,637,634) | - | 4,070,596 | (12,342,281) | **73,398,024** | **73,398,024** |
| January 31, 2023 | - | - | - | 3,711,406 | (21,292,379)* | **55,817,051** | **55,817,051** |
| April 30, 2023 | - | - | - | 707,661 | - | **56,524,712** | **56,524,712** |

* The non-recourse Construction Debt repayment of $21,292,379 made during the fiscal period ended January 31, 2023, represents the debt-repayment portion of the attributable operating surplus generated at Ramu for the 12-month period ended December 31, 2022. The Company's total attributable operating surplus for the 12-month period ended December 31, 2022, was $32,757,506, with the remaining $11,465,127 received as cash distributions by the Company.

## ***Royalty and Streaming Interests***

The Company holds a portfolio of ten nickel and cobalt royalties in Canada, Australia and Papua New Guinea on seven exploration stage, one pre-feasibility stage, and two advanced / development stage projects. At present, the Company does not hold any streaming interests. Streaming and royalty opportunities will continue to be the Company's primary focus that could potentially provide the Company with material near-term cash flow, exposure to long life and low-cost operating mines and direct leverage to the nickel and cobalt price with exploration and production upside. The Company believes its current portfolio of ten royalties provide shareholders with long-term optionality on the price of nickel and cobalt. Investors are cautioned that in respect of the Company's ten royalties there is no guarantee that (i) the applicable mineral properties will ever be placed into production or (ii) that material quantities of cobalt or nickel will be contained in product extracted from the property.

## Current Royalties

As at the date of this Interim MD&A, the Company's royalties consisted of the following:

| Royalty Name | Owner | Property Location | Stage | Primary Metal(s) | Royalty Type and % | Stream ROFR |
|---|---|---|---|---|---|---|
| Dumont [(1)] | Waterton Global Res. Mgmt | Quebec | Advanced/ Development | Ni-Co | 1.75% NSR | No |
| Turnagain [(2)] | 85% Giga Metals Corporation 15% Mitsubishi Corporation | British Columbia | Pre-Feasibility | Ni-Co | 2.0% NSR | Yes |
| Flemington [(3)] | Australian Mines Ltd. | Australia | Exploration | Ni-Co-Sc | 1.5% GRR | No |
| Nyngan [(4)] | Scandium International Mining Corp. | Australia | Advanced/ Development | Sc-Ni-Co | 1.7%GRR | No |
| North Canol [(5)] | Fireweed Metals | Yukon | Exploration | Ag-Pb-Zn-Co | 2% Co NSR | Yes |
| Sunset Mineral | Three Individuals | British Columbia | Exploration | Cu-Zn-Co | 2% Co NSR | Yes |
| Sewa Bay | Queensland Pacific Metals | Papua New Guinea | Exploration | Ni-Co | 5% FOB GRR | No |
| Professor & Waldman [(5)] | 70% Golden Deeps 30% New Found Gold Corp. | Ontario | Exploration | Co-Ag | 2% Co NSR | Yes |

(1) Dumont - Strategically located in the established Abitibi mining camp, Dumont is a shovel-ready open pit mine and contains one of the largest undeveloped nickel and cobalt reserves. An updated feasibility study released by Dumont's prior operator (RNC Minerals) in June 2019 envisions a 30-year life-of-mine initially producing 33,000 tonnes per annum ("tpa") of nickel and ramping up to 50,000 tpa of nickel by year 8 with life-of-mine C1 cash costs of $3.22/lb. Dumont is fully permitted and is in close proximity to roads, rail, airport and a low-cost power supply. The Dumont Nickel-Cobalt Royalty is a life-of-mine 1.75% NSR royalty.

(2) Turnagain - Located in British Columbia, Canada, Turnagain is a nickel-cobalt deposit which is 85% owned by Giga Metals Corporation and 15% owned by Mitsubishi Corporation of Japan and is among the world's largest undeveloped nickel-cobalt sulphide deposits. Turnagain's ore is ideally suited to be refined into cobalt and nickel required by battery manufacturers globally. Pre-feasibility and engineering studies are underway with a goal of having the project shovel-ready by 2026. The Turnagain Royalty is a 2.0% NSR royalty on all future contained metal production from the Turnagain Nickel-Cobalt Project. Under the terms of the royalty agreement, Giga Metals Corporation has a onetime repurchase option to repurchase 0.5% of the 2.0% royalty (resulting in a 1.5% remaining royalty) by paying the Company $20 million in cash on the fifth (5th) anniversary.

(3) Flemington - Located 370 km west of Sydney, New South Wales, Australia, Flemington is in a politically stable and mining-friendly jurisdiction. The large-scale nickel cobalt deposit represents an important undeveloped source of cobalt and nickel. The project is currently under option by Australian Mines Ltd. The Flemington Royalty is a life-of-mine 1.5% GRR.

(4) Nyngan - Located 500 km north-west of Sydney, New South Wales, Australia, Nyngan is in a politically stable and mining-friendly jurisdiction. Nyngan is fully permitted and construction ready and is the world's first scandium-only mine development project. It is 100% owned by Scandium International Mining. The Nyngan Royalty is a life-of-mine 1.7% GRR.

(5) Two separate mineral properties to which a Co NSR applies.

## Selected Financial Information

A summary of selected information for each of the eight most recent quarters prepared in accordance with IFRS is as follows:

| Three Months Ended | Net Revenues ($) | Net Income or (Loss) Total ($) | Per Share - Basic ($) | Per Share - Diluted ($) |
|---|---|---|---|---|
| 2023-April 30 | - | 499,498 | 0.01 | 0.01 |
| 2023-January 31 | - | (1,681,609) | (0.01) | (0.01) |
| 2022-October 31 | - | 7,617,711 | 0.08 | 0.08 |
| 2022-July 31 | - | 2,981,225 | 0.03 | 0.03 |
| 2022-April 30 | - | (2,806,509) | (0.03) | (0.03) |
| 2022-January 31[(1)] | - | (4,739,040) | (0.06) | (0.06) |
| 2021-September 30 | - | 5,809,946 | 0.07 | 0.07 |
| 2021-June 30 | - | 6,142,221 | 0.07 | 0.07 |

[(1)] Represents four months due to the change in fiscal year end to January 31, 2022.

## Results of Operations

**For the three months ended April 30, 2023, compared to the three months ended April 30, 2022**

The Company recognized net income of $499,498 during the three months ended April 30, 2023, compared to a net loss of $2,806,509 during the three months ended April 30, 2022. The results for the three months ended April 30, 2023 were primarily due to the following items:

- During the three months ended April 30, 2023, the Company recognized $4,538,711 for its share of operating profit from the Ramu Nickel Mine compared to its share of operating loss of $565,874 for the comparative period which is a result of higher nickel prices and increased sales volumes, partially due to the removal of COVID-19 restrictions impacting imports into key markets, offset by continued increases in key input costs of production.

- During the three months ended April 30, 2023, the Company recorded an increase of $392,640 in share-based compensation over the comparative period. Share based compensation expense will vary from period to period depending upon the number of stock options and restricted share units ("**RSUs**") granted and vested during a period and the fair value of the options and RSUs calculated as at the grant date. In addition, in May 2023 the Board announced that it had determined not to seek renewal of the Company's existing equity-based compensation plan at its shareholders meeting held in June 2023.

- Salaries and fees increased by $1,338,810 during the three months ended April 30, 2023 compared to the comparative period, the difference being attributable to the timing of bonus awards.

- Professional fees and general and administrative costs were higher than the comparative period due to non-recurring legal, advisory and other costs and expenses incurred during the quarter and attributable to shareholder activist activities initiated by a shareholder.

## Liquidity and Financial Position

As of April 30, 2023, the Company had a working capital deficit of $11,887,838, which includes cash and cash equivalents of $10,584,958, amounts receivable and other assets of $415,234, marketable securities of $11,047, accounts payable and accrued liabilities of $1,576,697, lease liability of $29,522, and current portion of non-recourse Construction Debt of $21,292,858. The current portion of non-recourse Construction Debt represents the expected operating surplus, less the Company's 35% cash share of operating surplus that is expected to be applied to repay such non-recourse Construction Debt over the next twelve months. Given the impact of the non-recourse debt on working capital, the Company prefers to use an adjusted working capital measure as a more representative measure of the Company's actual capital position from time to time. The Company's adjusted working capital as at April 30, 2023 was $9,405,020 (January 31, 2023 – $12,009,722). Please see "Non-IFRS Measures" for more details.

The Company's ability to meet its obligations and execute its business strategy depends on its ability to generate cash flow through the distributable portion of its share of operating surpluses from the Ramu Nickel Mine, the issuance of common shares pursuant to private placements, public offerings of its common shares, the exercise of stock options and short-term or long-term loans.

There is no assurance that the Company will be able to access required funding at the times and in the amounts required to meet the Company's obligations and investing activities. There is no assurance that the Ramu Nickel Mine will continue to generate operating surpluses. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funding going forward. See also "Risk Factors" below.

**Cash flows**

*Operating Activities*

Cash used in operating activities was $1,520,890 for the three months ended April 30, 2023 and resulted from operating expenses incurred during the normal course of business and increased non-recurring costs and expenses incurred during the quarter and attributable to shareholder activist activities initiated by a shareholder, an increase in amounts receivable and other assets, partially offset by an increase in accounts payable.

*Investing Activities*

Cash provided by investing activities was $9,730,444 for the three months ended April 30, 2023, related to the distribution of operating surpluses from Ramu Nickel Mine.

*Financing Activities*

Cash provided by financing activities was $7,115 for the three months ended April 30, 2023, by cash received from the exercise of stock options, offset by repayment of a lease liability.

## Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board.

Remuneration of key management personnel of the Company was as follows:

| | **Three months ended April 30, 2023 ($)** | **Three months ended April 30, 2022 ($)** |
|---|---|---|
| Salaries and fees [(1)(2)] | 1,640,595 | 307,914 |
| Share based compensation | 686,272 | 306,981 |
| Change in share award liability | 8,930 | 32,301 |
| **Total** | **2,335,797** | **647,196** |

(1) Management fees and salaries paid to the executive officers and directors for their services.

(2) Included in accounts payable and accrued liabilities are fees owing to officers and directors of $1,128,608 as at April 30, 2023 (January 31, 2023 - $86,660).

## Share Capital

As of the date of this Interim MD&A, the Company has 91,777,198 common shares outstanding.

As of the date of this Interim MD&A, the Company has the following equity instruments outstanding: 2,570,000 stock options; and 6,256,663 RSUs.

## Off-Balance Sheet Arrangements

As at the date of this Interim MD&A, the Company did not have any off-balance sheet arrangements.

## Subsequent Events

On May 9, 2023, the TSXV granted approval of the Company's application to implement a normal course issuer bid (the "**NCIB**") to purchase, for cancellation, up to 7,224,516 of its common shares, representing approximately 7.9% of the common shares (calculated in accordance with the rules of the TSXV as of May 4, 2023) over a twelve month period commencing on May 11, 2023. All purchases made pursuant to the NCIB would be made through the facilities of the TSXV or alternative Canadian trading systems, in open market transactions or by such other means as may be permitted under applicable securities laws. The price that the Company will pay for common shares in open market transactions will be equal to the market price at the time of purchase. The actual number of common shares which may be purchased, and the timing of such purchases, will be determined by Nickel 28 based on market conditions, share price, best use of available cash, and other factors. The Company commenced the NCIB because in the opinion of management and the Board at the time of the application for the NCIB, the common shares have during periods traded in a price range that represents a substantial discount to the Company's net asset value and which does not reflect the underlying value of the Company. The Company may elect in the future to implement further NCIBs to purchase its Shares, any of which NCIBs would be on substantially the same terms and conditions. As of the date of this MD&A, the Company has not made any purchases of common shares under the NCIB.

On June 12, 2023, the Company announced that at its annual general and special meeting of shareholders (the "**Meeting**") management's recommended slate of directors was duly re-elected as directors of the Company in accordance with applicable corporate law; however, each of the directors received less than majority support from shareholders at the Meeting.

On June 16, 2023, the Company announced that following due consideration of the application of the Company's Majority Voting Policy (the "**Policy**") to the Meeting, and having taken advice from its legal advisors, the Board had determined that the principles underlying the Policy were engaged and that the Policy would apply with respect to the Meeting. As such, each of the members of the Board tendered his resignation for consideration in accordance with the Policy. The resignations will be effective if and when accepted and the determination with respect to the acceptance of the resignations will be announced via press release as contemplated by the Policy. The Board stated that it did not anticipate that the acceptance of any of the resignations will constitute a "change of control" for purposes of the Company's employment and consulting agreements. Given the circumstances, the Board stated that it believed that the offers of resignation should be considered in accordance with the principles of the Policy with the benefit of independent perspective and judgment. Accordingly, the Board announced the appointment of C. Ian Ross to the Board to serve as a new independent director. Mr. Ross was appointed to serve as a member of the Nominating and Corporate Governance Committee and Compensation Committee and it is expected that Mr. Ross will, with the benefit of advice from independent counsel, consider whether the resignations should be accepted and make recommendations in accordance with the Policy. Mr. Ross is an experienced corporate director with no prior relationships with any of the existing members of the Board or management and is independent within the meaning of National Instrument 52-110 – *Audit Committees*.

## Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim consolidated financial statements, and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed interim consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

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

## Non-IFRS Measures

The terms "adjusted working capital" and "adjusted net income (loss)" in this Interim MD&A are not standardized financial measures under IFRS and therefore may not be comparable to similar measures presented by other companies where similar terminology is used. These non - IFRS measures should not be considered in isolation or as a substitute for measures of performance or cash flows as prepared in accordance with IFRS. Management believes that these non - IFRS measures, together with measures prepared in accordance with IFRS, provide useful information to investors and shareholders in assessing the Company's liquidity and overall performance.

Adjusted Working Capital

Given the impact of non-recourse debt on working capital, the Company prefers to use an 'adjusted working capital' measure. Adjusted working capital is calculated as current assets, less current liabilities, and adjusted for non-recourse debt which the Company views as having a significant impact on the Company's working capital calculation. The amount classified as current non-recourse debt represents the expected operating surplus less the Company's 35% cash share of operating surplus that is expected to be applied to repay the non-recourse debt over the next twelve months. Adjusted working capital is used by the Company to monitor its capital structure, liquidity, and its ability to fund current operations. Adjusted working capital is not a standardized financial measure under IFRS and therefore may not be comparable to similar financial measures presented by other companies.

The following table reconciles current assets and liabilities to adjusted working capital:

| | **As at** | |
|---|---|---|
| | **April 30, 2023** | **Jan 31, 2023** |
| Current assets | $ 11,011,239 | $ 12,376,408 |
| Current liabilities | 22,899,077 | 21,659,544 |
| Working capital (deficit) | (11,887,838) | (9,283,136) |
| Adjustment for select items: | | |
| Non-recourse debt | 21,292,858 | 21,292,858 |
| **Adjusted working capital** | **$ 9,405,020** | **$ 12,009,722** |

## Risk Factors

### Overview

An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business. Investments in companies involved in commodities, such as the Company, involve a significant degree of risk, and commodities prices are also subject to significant volatility, which affects the economic viability of the Company. We have a short history of earnings, a limited business history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. Our operations are not sufficiently established such that we can mitigate the risks associated with our planned activities. Anyone investing in the Company must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

For a comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, investors are urged to review the section entitled "Risk Factors" in the Company's Annual MD&A for the year ended January 31, 2023, available on SEDAR at www.sedar.com. Additional risks and uncertainties of which the Company is not aware or that the Company currently believes to be immaterial may also adversely affect the Company's business, financial condition, results of operations or prospects. If any of the possible events described in the "Risk Factors" occur, the Company's business, financial condition, results of operations or prospects could be materially and adversely affected, which may affect the market price of its securities. The Company monitors its risks on an ongoing basis and seeks to mitigate these risks as and when possible.

This Interim MD&A also contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Interim MD&A. See "Cautionary Note Regarding Forward-Looking Statements."

### Significant Risk Factors

*Fluctuating Price of Nickel and Cobalt*

Fluctuations in the price of nickel or cobalt may materially adversely affect Nickel 28's financial performance and results of operations. Commodity prices, including nickel and cobalt, fluctuate on a daily basis and are affected by numerous factors beyond the control of Nickel 28, including levels of supply and demand (including, without limitation, related to the quantity of available supply, industrial development levels, inflation and the level of interest rates), the strength of the U.S. dollar and geopolitical events in significant nickel or cobalt producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the value of the commodity held, and/or revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from streams, royalties or interests in mineral properties applicable to the relevant commodities. Moreover, the broader nickel and cobalt markets tend to be cyclical, and a general downturn in overall nickel or cobalt prices or a significant strengthening of the Canadian dollar relative to the U.S. dollar could result in a significant decrease in Nickel 28's overall revenue. Any such price decline may result in a material and adverse effect on Nickel 28's profitability, results of operation and financial condition.

*Changes in Technology and Future Demand for Nickel and Cobalt*

Currently nickel and cobalt are two of the key metals used in batteries for EVs and other devices. However, the technology pertaining to batteries, EVs and energy creation and storage is changing rapidly, and there is no assurance nickel and/or cobalt will continue to be used to the same degree as they are now, or that they will be used at all. Any decline in the use of nickel and/or cobalt in batteries or technologies utilizing nickel and/or cobalt based batteries may result in a material and adverse effect on Nickel 28's profitability, results of operation and financial condition.

*Market Events and General Economic Conditions May Adversely Affect our Business, Industry and Profitability*

Adverse events in global financial markets can have profound impacts on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and valuation. Specifically, the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity; the volatility of nickel, cobalt and other metal prices would impact our revenues, profits, losses and cash flow; continued recessionary pressures could adversely impact demand for the Company's assets; the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities. These factors could have a material adverse effect on our financial condition and operating results.

*Liquidity Concerns and Future Financing Requirements*

We may require additional financing in order to fund our business plan. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us, or at all. If additional financing is raised by the issuance of shares from treasury, control of the Company may change, and Shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

*Regulatory Change*

We may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Company.

*Litigation*

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If such disputes arise and we are unable to resolve these disputes favourably, it may have a material and adverse effect on the Company's profitability or results of operations and financial condition.

*Management Experience and Dependence on Key Personnel and Employees*

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to the immediate and future operations of the Company are of significant importance. The loss of any such members could negatively affect business operations. From time to time, the Company will also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition of metals, royalties, streams and interests in the metals industry is limited, and competition for such persons can be intense. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. The Company does not maintain "key man" insurance for any members of its management.

*Political Instability and Economic Uncertainty in PNG*

Nickel 28's interest in the Ramu Nickel Mine, which is located in PNG, may be affected by varying degrees of social and political instability. These risks and uncertainties include political and labour unrest, fluctuations in currency exchange rates, inflation, hostage taking and expropriation. Any changes in regulations or shifts in political conditions are beyond Nickel 28's control and may adversely affect its business and/or its holdings. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety factors.

Nickel 28's present and future operations in PNG entail governmental, economic, social, medical and other risk factors common to all developing countries. The status of PNG as a developing country may make it more difficult for Nickel 28 to obtain any required financing because of the investment risks associated with these countries. Moreover, Nickel 28 may experience economic uncertainty from its operations in PNG as there can be no assurance that any governmental action to control inflationary or deflationary situations will be effective in ensuring economic stability, or that future governmental actions will not trigger inflationary or deflationary cycles. Additionally, changes in inflation rates or deflation and governmental actions taken in response to such changes can also affect currency values in such countries, which could have a material adverse effect on Nickel 28's results of operations and financial condition.

Financial turmoil in any important emerging market country may materially and adversely affect prices in stock markets and prices for debt securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to PNG and materially and adversely affect the PNG economy in general. We cannot assure you that investors' interest in PNG will not be materially and adversely affected by events in other emerging markets or the global economy in general.

*Volatility of Share Price*

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include global macroeconomic developments, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in the price of nickel or cobalt will not occur. As a result of any of these factors, the market price of the shares at any given point in time may not accurately reflect the long-term value of the Company.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Company.

*The Forward-Looking Statements May Prove to be Inaccurate*

This Interim MD&A contains forward-looking statements, including, without limitation, the forward-looking statements listed in "Cautionary Note Regarding Forward-Looking Statements". By their nature, forward-looking statements involve numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. The factors discussed in this section and the section entitled "Cautionary Note Regarding Forward Looking Statements" should therefore be weighed carefully and prospective investors should not place undue reliance on the forward-looking statements provided in this Interim MD&A.

The list above does not contain all the risks associated with an investment in the securities of the Company. For a more comprehensive discussion of the risks and uncertainties that could have an effect on the business and operations of the Company, please see the Company's Annual MD&A, audited annual consolidated financial statements of the Company for the year ended January 31, 2023 and the thirteen months ended January 31, 2022, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended April 30, 2023, together with the notes thereto, all of which are available on SEDAR at www.sedar.com.

## Cautionary Note Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements. In particular, this Interim MD&A contains forward-looking statements pertaining to the following:

- the impact of the ongoing novel coronavirus disease outbreak (COVID-19) on the business, operations, financial results and prospects of the Company;
- the future composition of the Board as a result of the application of the Policy to the Meeting;
- future debt levels, financial capacity, liquidity and capital resources;
- anticipated repayment of the Company's Construction Debt (and the timing thereof);
- anticipated future sources of funds to meet working capital requirements;
- future capital expenditures and contractual commitments;
- Ramu's actual and anticipated GHG intensity;
- expectations respecting future production and financial results;
- expectations regarding benefits of certain transactions and capital investments;
- the Company's objectives, strategies and competitive strengths;
- future development activities, including acquiring streams, royalties, and direct interests in mineral properties containing nickel and cobalt;
- the Company's growth strategy;

- expectations with respect to future opportunities;
- expectations with respect to the Company's financial position;
- the Company's capital expenditure programs and future capital requirements;
- capital resources and the Company's ability to raise capital; and
- industry conditions pertaining to the EV, nickel and cobalt industry generally and in the industries in which nickel and cobalt are used.

With respect to forward-looking statements contained in this Interim MD&A, assumptions have been made regarding, among other things:

- market prices of nickel and cobalt;
- future global economic and financial conditions;
- future commodity prices, demand for nickel and cobalt and the product mix of such demand and levels of activity in the battery metals industry and in such other areas in which the Company may operate, and supply of nickel and cobalt and the product mix of such supply; and
- the accuracy and veracity of information and projections sourced from third parties respecting, among other things, future industry conditions and demand for nickel and cobalt.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and included elsewhere in this Interim MD&A, including:

- risks associated with new diseases, epidemics and pandemics, including the effects and potential effects of the global COVID-19 pandemic;
- volatility in market prices and demand for nickel and cobalt;
- effects of competition and pricing pressures;
- risks related to interest rate fluctuations and foreign exchange rate fluctuations;
- changes in general economic, financial, market and business conditions in the industries in which nickel and cobalt are used;
- changes in the technologies pertaining to the use of nickel and cobalt;
- alternatives to and changing demand for nickel and cobalt;
- potential conflicts of interests;
- actual production and financial results differing materially from management estimates and assumptions;
- commodity price hedging instruments; and
- the other factors discussed under "*Risk Factors*".

This list of factors should not be construed as exhaustive.

## Additional Information

Additional information with respect to the Company has been filed with Canadian securities regulatory authorities and is available on SEDAR at www.sedar.com and on the Company's website at www.nickel28.com. Information contained in or otherwise accessible through the Company's website does not form a part of this Interim MD&A and is not incorporated by reference into this Interim MD&A.