# NICKEL ONE RESOURCES INC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### For the three months ended March 31, 2017

**INTRODUCTION**

The management discussion and analysis of financial condition and results of operations ("MD&A") focuses upon the activities, results of operations, liquidity and capital resources of Nickle One Resources Inc. (the "Company" or "Nickel One") for the three months ended March 31, 2017. In order to better understand the MD&A, it should be read in conjunction with the unaudited financial statements and related notes for the three months ended March 31, 2017 and audited financial statements and related notes for the year ended December 31, 2016. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to May 30, 2017 and in Canadian dollars unless otherwise stated.

**FORWARD LOOKING STATEMENTS**

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange ("TSX-V") and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).

## OVERVIEW

Nickel One is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol “NNN” and is engaged in the exploration of mineral properties.

On February 23, 2016, Redline Resources Inc. (“Redline”) completed its share exchange transaction (the “Transaction”) between Tyko Resources Inc. (“Tyko”) and Redline, pursuant to which Redline acquired all of the issued and outstanding common shares of Tyko (being 13,036,966 common shares, the “Tyko Shares”) in exchange for the issuance of common shares of Redline on the basis of one common share of Redline for each of Tyko’s common shares outstanding. Upon completion of the Transaction, Redline changed its name to Nickel One Resources Inc. and Tyko became a wholly-owned subsidiary of the Company.

## HIGHLIGHTS DURING THE THREE MONTH PERIOD ENDED MARCH 31, 2017

### Financing and Corporate

- Subsequent to the quarter-end, on April 5, 2017, the Company issued 682,697 common shares at a deemed price of $0.08 per share to settle $54,616 in accounts payable owed to the legal counsel.
- Subsequent to the quarter-end, on April 12, 2017, the Company announced a non-brokered private placement of up to 5,000,000 units at a price of $0.05 per unit to raise aggregate proceeds of up to $250,000. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of $0.08 per share. The Company has closed the first tranche of the private placement and issued 2,250,000 units at a price of $0.05 per unit for gross proceeds of $112,500. $1,400 in cash and 32,000 warrants were paid as finders fees for the first tranche of the private placement. Subscriptions of $35,000 were received in advance for the second tranche of the private placement.

## OPERATIONS

On February 23, 2016, Redline completed the acquisition of Tyko which includes its 100% owned Manitouwadge property in Ontario. Nickel One plans to review historic data in order to develop future exploration plans on the Manitouwadge property in Ontario. The Company expects to obtain financing in the future primarily through further equity financing to fund operations.

Nickel One’s loss from operations for the three months ended March 31, 2017 was $253,482 or $0.01 per common share (2016 - $2,107,215 or $0.11 per common share). Assets totaled $168,658 as at March 31, 2017 (December 31, 2016 - $187,784).

Nickel One is an exploration stage company and engages principally in the exploration and development of resource properties. The Company expenses all direct and indirect costs pertaining to exploration and evaluation of mineral properties in the period in which they are incurred. These direct exploration and evaluation expenditures include such costs as acquisition costs, materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation activities are expensed in the period in which they occur under another classification. As at March 31, 2017, $50,772 was expensed under exploration and evaluation expenditures (2016 - $252,332). Details of the expense break-down are contained in Note 7 Exploration and Evaluation Expenditures in the financial statements.

## EXPLORATION UPDATE

### Manitouwadge Property, Canada

The Manitouwadge Property (the "Tyko Project"), acquired through the purchase of Tyko, is a nickel (Ni), copper (Cu), platinum-group element (PGE) project, comprising 71 mining claims, totaling 1,148 claim units on 18,368 hectares. The property claims are located in the Bigrock Lake and Olga Lake area, and the townships of McGill and Shabotik, Thunder Bay Mining Division, Ontario, Canada.

There are two significant Ni-Cu-PGE showings or zones on the Tyko Project; the RJ and Tyko zones. These zones are separated by 2 km with a 10 km ultramafic conduit structure that has strong potential to host additional Ni-Cu-PGE mineralization.

On March 8, 2016, the Company announced it would commence a diamond drilling program at the Tyko Project in order to confirm the orientation of known mineralization in the channel structures, extend the continuity of mineralization at the RJ and Tyko showings, and test additional targets, including the Bruce Lake Anomaly, an AeroTEM airborne geophysics anomaly. The diamond drilling program consisted of 14 drill holes, totalling 1,780 metres with five holes at the RJ zone (TK-16-001 to 005), six holes at the Tyko zone (TK-16-006 to 011), and three holes on the Bruce Lake Anomaly (TK-012 to 014). Final assay results from the diamond drilling program were reported on June 8, 2016.

The RJ Zone consists primarily of metamorphosed mineralized pyroxenite which has been intruded by later granitoid rocks. The mineralized pyroxenite contains abundant rip-up clasts of other mafic-ultramafic phases and clastic sediments indicative of an active feeder-type system. The mineralization is nickel-rich with an average Ni:Cu ratio of ~2:1 and a Pt:Pd ratio of ~1:1. Sulphides are typically disseminated to blebby with local patches of net-textured and semi-massive sulphide breccia.

The overall sulphide tenors of the Ni-Cu-PGE mineralization at the Tyko Property are very high. Previous analysis indicates tenors in 100% sulphide that average 13.0% Ni, 8.8% Cu, 6.6g/t PGE (Pt+Pd) at the RJ Zone and 12.9% Ni, 14.5% Cu, and 13.6g/t PGE at the Tyko Zone. The high tenor of the sulphide suggests a high value flotation concentrate from RJ or Tyko style mineralization. This indicates that even a disseminated sulphide deposit could potentially be economic and adds further support to the view that Nickel One's 100% owned Tyko Project contains a fertile magmatic feeder system. The Company's objective is to delineate this feeder system and ultimately develop a mineral resource.

As at March 31, 2017, the Company has spent a total of $1,189,045 on the Property since it was acquired by Tyko in 2010.

### LK Project, Finland

On January 31, 2017, the Company signed a Definitive Agreement with Finore Mining Inc. ("Finore") for the purchase of 100% interest in the Lantinen Koillismaa PGE-Cu-Ni project ("LK Project") located in North-central Finland. The Agreement stipulates that the Company will pay Finore 5 million common shares of Nickel One and 2.5 million common share purchase warrants exercisable at $0.12 for 24 months from the date of closing, and contribute up to $100,000 ($50,000 contributed as at December 31, 2016) towards any future private placement planned by Finore to acquire a 100% interest in the project through the purchase of Nortec Minerals Oy ("Nortec"), the wholly-owned Finnish subsidiary of Finore. Nickel One will abide by all the underlying agreements with respect to ownership of the LK Project.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

*Three-month period ended March 31, 2017*

The Company incurred a net loss of $253,482, resulting in a loss per share of $0.01. The loss was attributable to operating expenses of $209,617 before considering interest income of $371, realized loss on investments of $3,327, and unrealized loss on investments of $40,909.

*Three-month period ended March 31, 2016*

The Company incurred a net loss of $2,107,215, resulting in a loss per share of $0.11. The loss was attributable to operating expenses of $452,488 before considering the effect of the amortization of flow-through premium liability of $39,996, interest income of $340, and non-cash listing expense on the completion of the Transaction of $1,695,063.

***Exploration and evaluation expenditures***

The Company expenses all exploration costs as incurred. During the three months ended March 31, 2017, the Company expensed $50,772 in exploration and evaluation expenditures (2015 - $252,332). Expenditures in the current period were primarily due to $26,833 in claim fees and $13,194 in field costs while that in the prior comparative period were primarily due to $227,972 in drilling costs incurred at Manitouwadge Property.

***Operating expenses***

Operating expenses have decreased overall in comparison to previous period to maintain the ongoing costs of the business.

***Other income and expenses***

During the three months ended March 31, 2017, the Company incurred $43,865 in other non-operating expenses. This was comprised of $3,327 in realized loss on investment, $40,909 in unrealized loss on investments, and $371 in interest income.

During the three months ended March 31, 2016, the Company incurred $1,654,727 in other non-operating expenses (2015 - $nil). This was comprised of $1,695,063 in non-cash listing expense, $39,996 in the amortization of flow-through premium liability, and $340 in interest income.

As a requirement under IFRS, upon completion of the Transaction, the Company incurred $1,695,063 in non-cash listing expense as the Tyko shareholders acquired Redline’s public listing as a result of the transaction.

The amortization of flow-through premium liability relates to the requirement under IFRS to isolate the premium on flow-through shares issued. This is amortized over the period the flow-through funds are spent.

## SUMMARY OF QUARTERLY RESULTS

The following summary information is taken from the Company's quarterly and annual financial reports covering the last eight reporting quarters.

| | Mar 31, 2017 | Dec 31, 2016 | Sep 30, 2016 | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|---|---|
| Operating expenses | $(209,617) | $(214,473) | $(229,896) | $(421,651) | $(452,487) | $(35,884) | $(54) | $(66,824) |
| Other income or (expense) | (43,865) | $7,213 | (17,292) | $44,630 | $(1,654,728)* | $20,000 | $(10,000) | $(20,000) |
| Net loss | $(253,482) | $(207,260) | $(247,188) | $(377,021) | $(2,107,215)* | $(15,884) | $(10,054) | $(86,824) |
| Basic and diluted earnings (loss) per share | $(0.01) | $(0.01) | $(0.01) | $(0.01) | $(0.11) | $(0.00) | $(0.00) | $(0.01) |
| Total assets | $168,658 | $187,784 | $211,863 | $204,319 | $551,796 | $49,106 | $33,970 | $44,023 |
| Shareholders' equity (deficiency) | $(239,684) | $(56,022) | $(138,403) | $(92,723) | $70,605 | $(47,698) | $(31,814) | $(41,760) |
| Capital stock | $4,783,288 | $4,783,288 | $4,157,627 | $4,133,139 | $4,133,139 | $2,120,948 | $2,120,948 | $2,120,948 |
| Subscriptions receivable | - | - | $10,000 | $10,000 | $90,000 | - | - | - |
| Reserves | $573,008 | $558,188 | $796,709 | $727,188 | $593,495 | $290,168 | $290,168 | $290,168 |
| Deficit | $5,650,980 | $5,397,498 | $5,190,239 | $4,943,050 | $4,566,029 | $2,458,814 | $2,442,930 | $2,452,876 |

*Net loss in March 31, 2016 was significantly higher due to the $1,695,063 non-cash listing expense incurred upon completion of the Transaction which was included in the "other income (expense)" classification.

## LIQUIDITY AND CAPITAL RESOURCES

Three months ended March 31, 2017

Cash increased by $54,796 during the three months ended March 31, 2017 from $746 (2016 - increased by $371,638 from $1,041).

Cash utilized in operating activities during the three months ended March 31, 2017 was $21,127 (2016 - $302,708).

Cash generated in investing activities for the three months ended March 31, 2017 was $21,673 (2016 - $nil).

During the three months ended March 31, 2017, the Company generated cash proceeds of $54,250 (2016 - $674,347) from financing activities.

### Shareholders' equity

At March 31, 2017, capital stock was $4,783,288 comprised of 31,941,226 issued and outstanding common shares (December 31, 2016 - $4,783,288 comprised of 31,941,226 shares outstanding). Reserves which arise from the recognition of the estimated fair value of stock options was $573,008 (December 31, 2016 - $558,188). As a result of the net loss for the three months ended March 31, 2017 of $253,482 (2016 - $2,107,215), the deficit at March 31, 2017 increased to $5,650,980 from $5,397,498 at December 31, 2016. Accordingly, shareholders' deficit was $239,684 as compared to shareholders' deficit of $56,022 at December 31, 2016.

### Loan receivable

Upon completion of the Transaction, the Company acquired a $13,629 loan receivable from Redline Minerals Inc. ("RMI") comprised of a principal balance of $4,175 and accrued interest of $9,454. The Chief Executive Officer of RMI was also the Chief Executive Officer of Redline prior to the completion of the Transaction. Interest is payable on the loan at the rate of 10% per annum and the principal plus interest is due at the earliest of twelve months following the first advance on May 4, 2012 under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereafter-acquired assets.

At March 31, 2017, the total outstanding amount of the loan plus accrued interest was $15,419 (December 31, 2016 - $15,048).

**Loans payable**

As at March 31, 2017, $10,000 in loans payable remains outstanding (December 31, 2016 - $10,000) and is non-interest bearing, unsecured and matured upon completion of the Transaction. The loan has been classified as a current loan on the statement of financial position.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties".

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the following common shares, options, and share purchase warrants were outstanding:

| | Number of shares | Exercise price | Expiry date |
|---|---|---|---|
| Issued and outstanding common shares | 34,873,923 | | |
| Share purchase warrants | 4,524,667 | $0.15 | February 23, 2018 |
| Share purchase warrants | 413,750 | $0.12 | October 12, 2018 |
| Share purchase warrants | 1,863,565 | $0.12 | December 5, 2018 |
| Share purchase warrants | 1,157,000 | $0.08 | April 12, 2019 |
| Stock options | 1,625,000 | $0.15 | March 29, 2021 |
| Fully diluted | 44,457,905 | | |

## COMMITMENTS

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12 month term at $1,000 per month.

As of March 31, 2017, the Company had no material lease obligations or significant contractual obligations other than those associated with its loans payable.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

## FINANCIAL INSTRUMENTS

As at March 31, 2017, the Company's financial instruments consist of cash, sales tax receivable, loan receivable, accounts payable and accrued liabilities, loans payable and loans payable to related parties. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. The Company's investments, under the fair value hierarchy, are based on level one input.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. The Company's receivables consist of sales tax receivable due from the Government of Canada of $18,994 (December 31, 2016 - $8,069), and a loan receivable of $15,419 (December 31, 2016 - $15,048).

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at March 31, 2017, the Company had a cash balance of $55,542 (December 31, 2016 - $746) to settle current liabilities of $408,342 (December 31, 2016 - $243,806). The Company will need to raise sufficient funds to meet its obligations.

*Other Market Price Risk*

The Company's investments are subject to equity price risk as they are listed on public stock exchanges (TSX-V). The values of these investments will fluctuate as a result of changes in market prices. Recently, the markets have experienced extreme volatility; therefore the sensitivity analysis is performed using 15%. For such investments, a 15% increase in the equity prices at the reporting date would have increased equity by $3,273; an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

## RELATED PARTY TRANSACTIONS

### Definitive acquisition

On December 31, 2010, the Company entered into a Definitive Acquisition Agreement with certain shareholders (the Vendor). Under the terms of the agreement, the Company has the option to acquire certain surface and mineral rights subject to the following conditions:

i. The Company issue common shares to the Vendor as follows:

| | |
|---|---|
| Upon signing of the agreement December 30, 2010 | 3,000,000 common shares (issued) |
| On December 30, 2011 | 3,000,000 common shares (issued) |
| On December 30, 2012 | 3,000,000 common shares (issued) |

ii. During the 109 day period ended December 31, 2010, the company issued 1,500,000 warrants to the Vendor to purchase one common share per warrant at the exercise price of $0.10 per share. If there is a public unit offering of shares with included warrants in the Company's common stock, within 12 months prior of a stipulated anniversary payment, the Vendor shall receive an additional one-half share purchase warrant for each consideration share due at the particular anniversary date with an exercise price per share at the rate set in the public unit offering for the same time frame as offered to the public. During the year ended December 31, 2013, the 1,500,000 warrants expired unexercised.

iii. The Company incur exploration expenditures on the property within the following times:

| | |
|---|---|
| Prior to December 30, 2011 | $200,000 |
| Prior to December 30, 2012 | $600,000 additional |
| Prior to December 30, 2013 | $1,000,000 additional |

As additional consideration for the sale of the property the Vendor shall receive a 3% net smelter return royalty, one-half of which may be purchased by the Company at any time for $1,500,000.

Upon completion of the above conditions the title to the properties will be transferred to the Company. The Company may at any time let the option lapse by not meeting the above conditions. The Company may also accelerate any or all of the share consideration or exploration expenditures.

During the option period, the Company will have the sole and exclusive right to enter on and conduct mining on the properties provided the option is in good standing.

During 2011, 2012, and 2013, the Company did not meet the exploration expenditure requirement of $200,000, $600,000, and $1,000,000 respectively; the Vendors waived the condition.

On January 21, 2015, the Company and Vendors agreed to the following acknowledgments pursuant to the Definitive Acquisition Agreement:

- The Company has not incurred the required exploration expenditures by December 31, 2013.
- The Vendors do not release the Company of its obligation to incur such exploration expenditures but do hereby waive the requirement for the Company to incur such exploration expenditures within the time frame set out.
- The Company shall be required to proceed diligently and to exercise its best efforts with respect to incurring the exploration expenditures required.

As at March 31, 2017, the Company has spent $1,189,045 since the acquisition of the property by Tyko in 2010.

**Due to related parties**

The balance payable to related parties as at March 31, 2017 was $74,429 (December 31, 2016 - $61,461) and is included in accounts payable and accrued liabilities. This amount comprises $71,851 payable to the President (December 31, 2016 - $44,756), $nil payable to a director (December 31, 2016 - $1,133), $nil (December 31, 2016 - $7,500) payable to a former director, $nil (December 31, 2016 - $7,968) payable to a law firm of which one of the partners is a former director, $2,578 payable to an officer and companies controlled by the officer (December 31, 2016 - $104). These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

Loans payable to related parties as at March 31, 2017 consists of a $3,500 (December 31, 2016 - $2,000) loan from a former director and a director. The loan is non-interest bearing, unsecured and has no fixed terms of repayment.

**Other transactions**

During the year ended December 31, 2016, the Company incurred $10,000 in Transaction fees to the President.

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12 month term at $1,000 per month.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 2016. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. Areas where estimates were used for the period ended March 31, 2017 include the valuation of share-based payment transactions.

### New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 – New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

## RECENT DEVELOPMENTS AND OUTLOOK

The Company expects to obtain financing in the future primarily through further equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its exploration and evaluation assets.

## RISKS AND UNCERTAINTIES

The Company recognizes that certain risks are inherent in its business plan, which requires the Company to manage its affairs to minimize the potential impact of such risks to its operations. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities. Please refer to the MD&A for the year ended December 31, 2016 for more detailed discussion of such risk factors.

## PROPOSED TRANSACTIONS

There are no proposed transactions that should be disclosed.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its unaudited financial statements for March 31, 2017, that are available on SEDAR (*www.sedar.com*).

## ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com.