



Core Nickel Corp.

TSX-V: CNCO

Management Discussion and Analysis of Financial Condition and Results of Operations For the three months ended July 31, 2025

This Management's Discussion and Analysis ("**MD&A**") compares the financial results of Core Nickel Corp. ("**Core Nickel**" or the "**Company**") for the three months ended July 31, 2025 ("**first quarter 2026**") with the comparable period in 2024 ("**first quarter 2025**"). In order to gain a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read in conjunction with the April 30, 2025 audited financial statements and accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with the appropriate provincial regulatory bodies. The Company discloses additional information through press releases and financial information available on the Company's website at www.corenickel.com and on the SEDAR+ website, www.sedarplus.ca.

Core Nickel was incorporated on May 2, 2022, under the laws of Canada Business Corporation Act and commenced trading on the Canadian Securities Exchange (the "CSE") on November 27, 2023 under the symbol "CNCO". On May 5, 2025, the Company announced that it was delisted on the CSE and commenced trading on the Toronto Stock Venture Exchange (the "TSXV") under the symbol "CNCO". The Company's head office and principal address is suite 204, 75 – 24th Street East, Saskatoon, Saskatchewan, Canada, S7K 1K3. The Company's registered and records office is 900 - 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

The Company is considered to be in the exploration stage with respect to its mineral properties. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS").

The information contained in this document is provided as of September 26, 2025 (the "**Report Date**").

OVERVIEW

Core Nickel is principally engaged in the evaluation, acquisition and exploration of nickel properties that are located in the Thompson Nickel Belt in Northern Manitoba, Canada. The Company's projects range from early-stage grassroots exploration through advanced-stage resource delineation. The Company's business model is to build shareholder value through systematic project advancement while concurrently maintaining an opportunistic approach to the acquisition of additional nickel properties. Core Nickel actively manages its property portfolio. The Company may farm out or relinquish properties when exploration results suggest that further expenditures by the Company are unwarranted.

Core Nickel has no producing operations and as a consequence, the Company does not generate any operating income or a positive cash flow. Exploration of its properties is therefore entirely dependent on the Company's ability to access public equity markets to raise sufficient capital and/or its ability to attract joint venture partners to finance further work on its



properties. With a working capital of approximately \$991,352 at July 31, 2025, Core Nickel is well financed to support its anticipated exploration programs in 2025.

Exploration Projects

The Company currently holds interests in five exploration projects located in the Thompson Nickel Belt in northern Manitoba, totaling 27,028 hectares of exploration ground. The Company's current project portfolio was generated by CanAlaska Uranium Ltd, ("CanAlaska") and all five properties held by the company were included in the spinout arrangement between CanAlaska and the Company on November 11, 2023. The majority of the Company's land is classified as greenfield or early-stage exploration, with the exception of the Mel property, which hosts the Mel deposit.

Mel Project, Manitoba

The Mel project is located in the northeastern portion of the Thompson Nickel Belt, approximately 20 kilometres northeast of the city of Thompson, Manitoba. The Mel project comprises one mineral lease and ten mineral claims covering a total of 2,613 hectares, with a carrying value of \$997,309. The property is 100% owned by the Company, subject to a 10% net profit royalty to Vale, and the Company has a milling agreement with Vale at cash cost plus 5%.

The Mel project was initially explored by Canada Nickel Co. Ltd. (a wholly owned subsidiary of INCO). INCO (now Vale) discovered the Mel deposit in 1961, and exploration on the property continued into the early 1970s. Exploration ceased until the late 1990s, when INCO entered into a joint venture agreement with Victory Nickel Inc. (previously Nunisco Resources). Victory Nickel Inc. primarily focused its exploration efforts on the Mel deposit, with minimal exploration on the remainder of the property. In 2007, Victory Nickel Inc. acquired the Mel property and completed a NI 43-101 resources estimate on the Mel deposit, indicating a historical indicated resource of 4,279,000 tonnes at 0.875% nickel and a historical inferred resource of 1,010,000 tonnes at 0.839% nickel (refer to the "Technical Report on the Mel Deposit, Northern Manitoba" prepared for Victory Nickel Inc. by Shane Naccashian (P. Geo) of Wardrop Engineering Inc. dated March 9, 2007). CanAlaska completed the acquisition of the Mel Deposit, the Mel mining lease, and ten mineral claims on May 15, 2023, through the receivership responsible for liquidating Victory Nickel's assets. On November 11, 2023, CanAlaska included the Mel deposit, the Mel mining lease, and ten mineral claims in the spinout arrangement with the Company. Dr. Chris Beaumont-Smith prepared a 43-101 technical report for the Company on the Mel property in 2023, the [Technical Report on the MEL Property Thompson Region, Manitoba](http://www.sedarplus.ca). The report is filed under the Company's profile on SEDAR+ www.sedarplus.ca.

Hunter Property, Manitoba

The Hunter property is 100% owned by the Company and has a carrying value of \$28,885. The property consists of eleven claim blocks and one mineral exploration lease (MEL) covering a total of 8,232 hectares and is located approximately 20 kilometres north from the city of Thompson, Manitoba. The Hunter property was explored by various companies including INCO from the 1950s to the early 1970s. Exploration on the Hunter property ceased until the late 1990s, when INCO entered into a joint venture agreement with Victory Nickel Inc. In 2018, CanAlaska staked the mineral exploration lease and ten claim blocks that make up the Hunter project. CanAlaska conducted a property wide airborne VTEM survey over Hunter and included the Hunter project in the spinout arrangement with the Company.

Odei River, Manitoba

The Odei River has a carrying value of \$5,107 and consists of one mineral exploration license for a total of 9,411 hectares. The property is located in the Thompson Nickel Belt, Manitoba and is situated approximately 20 kilometres north of the City of Thompson, Manitoba. The property was explored in the 1960s by Canadian Nickel Company (a wholly owned subsidiary of INCO) and Merrit Copper. In 1999, the property was staked by Victory Nickel and INCO, and exploration activities were carried out under a JV between Victory Nickel and INCO until 2007. In 2022, CanAlaska staked the Odei River property and in 2023, the property was included in the spinout arrangement between CanAlaska and the Company.



Resting Lake Project, Manitoba

The Resting Lake project consists of eleven claim blocks covering a total of 2,322 hectares in the southern portion of the Thompson Nickel Belt situated approximately five kilometres to the southwest of Wabowden, Manitoba. The property was covered by a regional electromagnetic survey by INCO in 1949 and was later explored by Falconbridge Nickel Mines Ltd. and Bowden Lake Nickel Mines Limited in 1959 to 1975 and in 1994. CanAlaska staked the Resting Lake claims in 2021 and conducted a property wide aeromagnetic survey in 2022. The property was included in the spinout arrangement between CanAlaska and the Company. Dr. Chris Beaumont-Smith prepared a 43-101 technical report for the Company on the Resting Lake property in 2023, the Technical Report on the Halfway and Resting Lake Properties Thompson, Manitoba. The report is filed under the Company's profile on SEDAR+ www.sedarplus.ca. Core Nickel completed a property wide airborne electromagnetic (VTEM) survey in 2024. The Resting Lake property has a carrying value of \$17,505.

Halfway Lake Property, Manitoba

The Halfway Lake property consists of twenty-two mineral claims covering a total of 4,450 hectares in the southern portion of the Thompson Nickel Belt, Manitoba, situated approximately 12 kilometres to the northeast of Wabowden, Manitoba. The property was explored by National Malartic in the late 1950s and early 1960s, and by Falconbridge from 1962 to 1975 and in 1994. CanAlaska staked eight of the Halfway Lake claims in 2021 and another twelve claims in 2022 to form a contiguous land package, while also conducting a property wide aeromagnetic survey in 2022. In 2023, the property was included in the spinout arrangement between CanAlaska and the Company. Dr. Chris Beaumont-Smith prepared a 43-101 technical report for the Company on the Halfway Lake property in 2023, the Technical Report on the Halfway and Resting Lake Properties Thompson, Manitoba. The report is filed under the Company's profile on SEDAR+ www.sedarplus.ca. Core Nickel completed just under 800 m in 3 diamond drillholes and a property wide airborne electromagnetic (VTEM) survey in 2024. Most recently, the Company completed 3,585.5 m in twelve diamond drillholes on the property in the winter of 2025. The Halfway Lake property has a carrying value of \$104,998.

For additional information please visit the Company's website www.corenickel.com.

RESULTS OF OPERATIONS

For the three months ended July 31, 2025

The loss for the three months ended January 31, 2025 was \$364,823, compared to \$302,028 for the prior year's comparative period.

Expenses for the three months ended July 31, 2025 amounted to \$193,163 (July 31, 2024: \$202,899).

A summary of the costs is described in the paragraph below.

- Mineral property expenditures in the amount of \$171,660 were incurred. (July 31, 2024: \$99,129)
- Insurance in the amount of \$5,170 were incurred. (July 31, 2024: \$7,859)
- Interest income in the amount of \$8,560 was earned. (July 31, 2024: \$6,771)
- Interest expense of \$nil was incurred. (July 31, 2024: \$33)
- Legal, audit, and accounting fees in the amount of \$79,007 were incurred. (July 31, 2024: \$17,822)
- Management fees in the amount of \$55,500 were incurred. (July 31, 2024: \$56,480)
- Office and miscellaneous costs in the amount of \$16,204 were incurred. (July 31, 2024: \$13,792)
- Regulatory and transfer agent fees in the amount of \$10,732 were incurred. (July 31, 2024: \$7,695)
- Rent costs of \$5,758 were incurred. (July 31, 2024: \$1,365)
- Share-based compensation in the amount of \$nil was incurred. (July 31, 2024: \$51,133).
- Investor relations and presentations expenses of \$10,098 were incurred. (July 31, 2024: \$36,354)
- Travel and accommodations costs of \$4,392 were incurred. (July 31, 2024: \$5,686)
- Wages and benefits in the amount of \$14,862 were incurred. (July 31, 2024: \$11,451)



Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the eight most recently completed quarters.

Year: Quarter Ended:	2025 Jul 31	2025 Apr 30	2025 Jan 31	2024 Oct 31	2024 Jul 31	2024 Apr 30	2024 Jan 31	2023 Oct 31
Net sales or total revenue	\$Nil	\$Nil	\$Ni	\$Nil	\$Nil	\$Nil	\$Nil	n/a
Total Assets	\$2,238,583	\$3,079,131	\$4,672,356	\$4,972,687	\$1,708,356	\$2,047,983	\$2,436,578	\$0.01
Net income (loss):								
(i) in total	\$(364,823)	\$(1,193,454)	\$(531,004)	\$(463,447)	\$(302,028)	\$(554,967)	\$(145,835)	n/a
(ii) per share ⁽¹⁾	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.02)	n/a

(1) Basis and diluted loss per share are the same as the Company has losses and they are anti-dilutive, hence not disclosed.

While the information set out in the foregoing table is mandated by *National Instrument 51-102*, it is management's view that the variations in financial results that occur from quarter to quarter are not particularly helpful in analyzing the Company's performance. It is in the nature of the business of junior exploration companies that unless they sell a mineral interest for a sum greater than the costs incurred in acquiring such interest, they have no significant net sales or total revenue.

Significant variances in the Company's reported loss from quarter to quarter most commonly arise from several factors that are difficult to anticipate in advance or to predict from past results. These factors include: (i) level of exploration and project evaluations expenses incurred, (ii) decisions to write off acquisition costs when management concludes there has been an impairment in the carrying value of a mineral property, or the property is abandoned, and (iii) the vesting of incentive stock options, which results in the recording of amounts for share-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter.

Financing Activities

During the three months ended July 31, 2025, the Company issued 167,358 common shares from the exercise of warrants for gross proceeds of \$37,681 and issued 1,539,849 common shares from the exercise of stock options for gross proceeds of \$83,543.

During the three months ended July 31, 2024, the Company issued 20,806 common shares from the exercise of warrants for gross proceeds of \$3,644 and received \$69,100 from the Manitoba government related to the second tranche of the Manitoba Mineral Development Fund, which is a non-repayable grant.

Project Activities

In the third quarter of 2025, Core Nickel released results from property-wide VTEM™ airborne electromagnetic surveys on the Mel and Odei River projects; these surveys were also integrated with the previously flown 2022 Hunter project dataset. The reinterpretation by Balch Exploration Consulting provides contiguous geophysical coverage across the Company's northern land package in the Thompson Nickel Belt. The surveys confirm strong correlations between nickel sulphide mineralization and geophysical responses at Mel, where opportunities for expansion remain open to the south and west. These surveys also identified multiple kilometre-scale magnetic and conductive trends at Hunter and Odei River. This integrated dataset establishes a consistent foundation for target ranking, drill planning, and advancement of high-priority exploration targets across Core Nickel's northern land package.



Off Balance Sheet Arrangements

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

Transactions with Related Parties

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

The Company entered into the following transactions with related parties and key management personnel during the three months ended July 31, 2025.

Paid or accrued the following to Misty Urbatsch, the President, Director and Chief Executive Officer of the Company:

		2025		2024
Management fees	\$	37,500	\$	39,000
Share-based compensation		-		17,360

Paid or accrued the following to Harry Chan, the Chief Financial Officer of the Company:

		2025		2024
Management fees	\$	18,000	\$	16,000
Share-based compensation		-		4,103

Paid or accrued the following to Caitlin Glew, the Vice-President of Exploration of the Company:

		2025		2024
Wages	\$	46,209	\$	37,500
Share-based compensation		-		14,204

Paid or accrued the following to CanAlaska Uranium Ltd., a company with common directors and/or officer:

		2025		2024
Rent	\$	5,758	\$	6,443
Accounting, geology & other		729		3,484

Paid or accrued the following to the non-executive directors of the Company:

		2025		2024
Share-based compensation		-		12,310

Included in trade and other payables at July 31, 2025 is \$29,703 (July 31, 2024: \$6,832) due to officers and directors and companies with directors and/or officers in common.



LIQUIDITY AND CAPITAL RESOURCES

Core Nickel has no operations that generate cash flows and the Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company's management.

For the foreseeable future, Core Nickel will rely upon its ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for nickel exploration generally, a company's track record and the experience and calibre of a company's management.

There is no assurance that Core Nickel will be able to access equity funding at the times and in the amounts required to fund the Company's activities. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funds going forward.

Cash and Financial Condition

The Company had a working capital of approximately \$991,352 at July 31, 2025, which is sufficient to cover anticipated operating costs and expenditures on the exploration programs on its properties for the near term. The Company may need to seek financing in the near term in order to fund its planned exploration programs. Nevertheless, the Company will evaluate offers of financing to enable the Company to maintain a strong balance sheet while continuing to fund exploration projects that are generating positive results.

Core Nickel has no other debt, does not have any unused lines of credit or other arrangement in place to borrow funds, and has no off-sheet balance arrangement. The Company has no current plans to use additional debt financing and does not use hedges or other financial derivatives.

Financial Instruments

The Company's financial instruments currently consist of cash and cash equivalents, prepaid and deposit, and accounts payable and accrued liabilities. The fair value of cash and cash equivalents and prepaid and deposits are measured based on Level 1 of the fair value hierarchy. The fair value of accounts payable and accrued liabilities approximates their book values because of the short-term nature of these instruments. Moreover, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

OUTSTANDING SECURITIES DATA

On the Report Date, the Company had the following securities outstanding:

Common Shares	54,081,496
Options	3,490,000
Warrants	<u>19,731,113</u>
Fully Diluted	<u>77,302,609</u>



FUTURE CHANGES IN ACCOUNTING POLICIES NOT YET EFFECTIVE

In April 2024, the IASB issued IFRS Accounting Standards 18, Presentation and Disclosure in Financial Statements ("IFRS 18") to replace IAS 1. IFRS 18 introduces two newly required subtotals on the face of the income statement, which includes operating profit and profit or loss before financing and income tax, and three new income statement classifications, which are operating, investing, and financing. In addition, IFRS 18 requires non-IFRS Accounting Standards management performance measures that are subtotals of income and expenses to be disclosed on financial statement. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

OUTLOOK

On September 16, 2025, the Company announced that they have entered into a non-binding letter of intent with Arizona Copper and Gold Inc. ("ACG") pursuant to which the Company will acquire all of the issued and outstanding securities of ACG resulting in a reverse takeover by ACG's shareholders (the "Transaction"). Completion of the Transaction is subject to a number of conditions, including, among other items, the entering into of a definitive agreement between the Company and ACG in respect of the Transaction and receipt of all required shareholders, regulatory and third-party consents, including the approval of the Transaction by the TSX Venture Exchange. Trading of the common shares of the Company has been halted pending the review of the Transaction by the TSX Venture Exchange and satisfaction of the conditions of the TSX Venture Exchange for resumption of trading. For more details on the Transaction, please see the [news release](#) dated September 16, 2025.

FORWARD-LOOKING INFORMATION

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as the marketability of mineral products produced from the Company's properties, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.