



## Management's Discussion and Analysis for the year ended December 31, 2015.

### **Introduction**

The following Management's Discussion and Analysis ("MD&A") reviews the financial position and results of operations of Nunavik Nickel Mines Ltd. (TSXV: KZZ, hereinafter "Nunavik Nickel" or the "Company") for the year ended December 31, 2015. It should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board (IASB). All these documents can be viewed through the internet at the SEDAR website ([www.sedar.com](http://www.sedar.com)) by accessing the Company's issuer profile.

All figures are in Canadian dollars unless otherwise specified.

The following information is prepared as at April 27, 2016.

### **Forward-Looking Statements**

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

## **COMPANY OVERVIEW, NATURE OF OPERATIONS, AND OVERALL PERFORMANCE**

The Company was incorporated on February 18, 2010, pursuant to the *Business Corporations Act* (British Columbia) as a wholly owned subsidiary of Golden Valley Mines Ltd. (“**Golden Valley**”), a Canadian public corporation with an office located in Val-d’Or, Québec, Canada, involved, together with its various subsidiaries, in initial grassroots exploration projects.

In 2011, as part of a plan of arrangement (the “**Arrangement**”), Golden Valley transferred certain of its properties and carried interests in certain properties to the Company along with a \$600,000 cash infusion against the issuance of 9,892,722 common shares and subsequently, distributed to its shareholders, by way of a dividend, a part of its holding in the Company’s capital stock. As a result of the Arrangement, Nunavik Nickel became a reporting issuer in Alberta, British Columbia, Ontario and Québec. Nunavik Nickel is considered a “venture issuer” as such term is defined by applicable securities legislation. Since July 15, 2011 (the “**Trading Date**”) the Company’s common shares trade on the TSX Venture Exchange (the “**Exchange**”) under the symbol KZZ.

The business objectives of the Company are to hold title to and to promote and develop certain advanced projects.

### **Appointment**

Dr. C. Jens Zinke was appointed by the board of directors as President and CEO after being elected as a director at the Company’s Annual General Meeting held on June 25, 2015. Mr. Glenn J. Mullan retained the office of Chairman of the Board.

### **Property Interests**

#### **Marymac Prospect**

The Company holds a 100% interest in the Marymac Prospect located in the Labrador Trough of Québec. The Company acquired its interest in the Marymac Prospect pursuant to a Further Amended and Restated Property Transfer Agreement dated March 30, 2011, between Golden Valley and Nunavik Nickel. The Marymac Prospect consists of 116 Map Designated Units that collectively encompass approximately 10,000 hectares. The Marymac Prospect is subject to a 2% net smelter royalty interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted to 862539 Alberta Ltd. pursuant to an agreement dated March 1, 2001.

#### **Boston Bulldog Prospect**

In the first quarter of 2015, the Company was granted an option to acquire a 100% interest in the Boston Bulldog Prospect from 2973090 Canada Inc. (the “optionor”) The Boston Bulldog Prospect is a group of three mineral claims located in Kirkland Lake, Ontario. In consideration of the grant of the option the Company has paid the optionor \$5,000 to cover the optionor’s costs of staking the property and has issued 300,000 common shares to the optionor. The Company must incur mining operations expenditures of \$50,000 by the second anniversary of the Exchange approval date and

must keep the property in good standing. The Company received Exchange approval on April 7, 2015.

The property is subject to a 3% NSR, which can reduce to a 2% NSR by the Company paying to the optionor \$1,000,000 at any time on or before February 16, 2022. There is currently no known mineral deposit on the Boston Bulldog Prospect.

**Selected Annual Financial Information**

The following table presents a summary of the financial data of the Company for the years ended December 31, 2015, 2014 and 2013:

For a more detailed breakdown of these expenses by quarter refer to “Summary of Quarterly Results” below.

	Year ended December 31, 2015	Year ended December 31, 2014	Year ended December 31, 2013
Total Revenues	\$ -	\$ -	\$ -
Net Loss	\$ (92,631)	\$ (147,055)	\$ (611,794)
Net loss per share, basic and diluted	\$ (0.007)	\$ (0.015)	\$ (0.062)
Cash and cash equivalents	\$ 70,571	\$ 1,470	\$ 56,992
Total assets	\$ 1,537,881	\$ 1,391,175	\$ 1,482,943
Total Liabilities	\$ 6,100	\$ 31,100	\$ 2,397
Equity	\$ 1,531,781	\$ 1,360,075	\$ 1,480,546

**Results of Operations**

During the year ended December 31, 2015, the Company incurred a loss of \$92,631 compared to a loss of \$147,055 in 2014. The reduction in the loss from fiscal 2014 to fiscal 2015 can be attributable to decreased exploration expenses and professional fees. For both the years ended December 31, 2014 and 2015, professional fees comprised the majority of the expenses.

Exploration expenses related to properties impaired amounted to \$4,460 for the year ended December 31, 2015, compared to \$17,269 in 2014. Of these amounts, \$4,236 was incurred in 2015 and \$16,338 was incurred in 2014 to assess existing claims and renew and keep in good standing those with the best potential.

Professional fees of \$69,380 for the year ended December 31, 2015, includes audit, tax and accounting fees of \$15,912, legal fees of \$26,462, and fees of \$27,006 paid to the Exchange and the registrar and transfer agent. For the year ended December 31, 2014 the professional fees amounted to \$99,294 and included audit, tax and accounting fees of \$17,654, legal fees paid to external counsel of \$26,035, consultant fees of \$30,000 paid to

Red Cloud Mining Capital Inc. (“Red Cloud”), of which \$15,000 was paid in cash and \$15,000 by the issuance of 150,000 common shares of the Company, and fees of \$25,605 paid to the Exchange and the registrar and transfer agent.

Office expenses were \$11,513 in 2015 compared to \$11,649 in 2014. Insurance premiums of \$10,137 (\$10,042 in 2014) comprised the majority of these expenses. Other expenses were communication expenses (telephone, internet and mailing costs) of \$529 (\$1,460 in 2014) and other miscellaneous expenses of \$847 (\$147 in 2014).

Travel expenses of \$7,047 and promotion expenses of \$279 were incurred for the year ended December 31, 2015, compared to travel expenses of \$11,044 in 2014, the reduction being attributable to cost cutting measures taken by the Company.

There were no stock options granted during the fiscal year ended December 31, 2015. During the fiscal year ended December 31, 2014, stock options to purchase 172,471 common shares were granted to directors, officers and consultants (114,272 on April 3, 2014 and 58,199 on November 20, 2014). The fair value of these stock options, calculated using the Black-Scholes model was established at \$9,031. For additional details regarding the incentive stock options issued refer to the capital stock section of this report.

### Summary of Quarterly Results

The following table presents selected quarterly financial information for the last eight quarters which were prepared in accordance with IFRS:

	(1) Mar 31, 2014	(2) Jun 30, 2014	(3) Sep 30, 2014	(4) Dec 31, 2014	(5) Mar 31, 2015	(6) Jun 30, 2015	(7) Sep 30, 2015	(8) Dec 31, 2015
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	(21,397)	(46,324)	(22,589)	(56,745)	(32,759)	(35,089)	(16,351)	(8,432)
Loss per shares								
Basic & diluted	(0.002)	(0.005)	(0.002)	(0.006)	(0.003)	(0.003)	(0.001)	-

(1) The Company incurred a loss of \$21,397 in the first quarter ended March 31, 2014. The components of this loss are: i) exploration expenses related to exploration and evaluation assets impaired of \$527, ii) professional fees of \$19,207, comprised of audit, tax and accounting fees of \$11,414, legal fees paid to external counsel of \$952 and Exchange and transfer agent expenses of \$6,841, iii) office expenses of \$2,839 comprised of insurance premiums of \$2,534 and communication expenses of \$305, and iv) net interest income of \$1,176.

(2) The Company incurred a loss of \$46,324 in the second quarter ended June 30, 2014. The components of this loss are: i) exploration expenses related to exploration and evaluation assets impaired of \$1,263, ii) professional fees of \$36,281, comprised of audit, tax and accounting fees of \$6,240, legal fees paid to external counsel of \$9,283, consultants fees of \$15,000 paid to Red Cloud, and Exchange and transfer agent expenses of \$5,758, iii) office expenses of \$2,652

comprised of insurance premiums of \$2,534 and communication expenses of \$118, and iv) share-based payments of \$5,556, v) travel expenses of \$598 and vi) net interest income of \$26.

- (3) The Company incurred a loss of \$22,589 in the third quarter ended September 30, 2014. The components of this loss are: i) a reduction of \$69 in exploration expenses related to exploration and evaluation assets impaired from the reception of tax credits, ii) professional fees of \$18,324, comprised of legal fees paid to external counsel of \$8,580, and Exchange and transfer agent expenses of \$9,744, iii) office expenses of \$4,384 comprised of insurance premiums of \$2,439, communication expenses of \$1,862 and other expenses of \$83, and iv) net interest income of \$50.
- (4) The Company incurred a loss of \$56,745 in the fourth quarter ended December 31, 2014. The components of this loss are: i) exploration expenses of \$15,548 (of which \$15,325 was for claims renewal) related to exploration and evaluation assets impaired in 2013, ii) professional fees of \$25,482, comprised of consultant fees \$15,000 payable to Red Cloud Mining Capital Inc. and settled by the issue of 150,000 shares, legal fees paid to external counsel of \$7,219, and Exchange and transfer agent expenses of \$3,263, iii) stock based payment of \$3,475 representing the estimated fair value of incentive stock options granted on November 20, 2014, iv) office expenses of \$1,774 (mostly insurance premium), v) travel expenses of \$10,446, and vi) net financial income of \$20.
- (5) In the first quarter ended March 31, 2015, the Company incurred a loss of \$32,759, made of professional fees of \$27,613, office expenses (insurance premiums) of \$2,735, travel expenses of \$2,347 and interest expense of \$64. Professional fees were comprised of ; i) audit, tax and accounting fees of \$9,360, ii) legal fees of \$10,321 and iii) fees of \$7,932 paid to the Exchange and the registrar and transfer agent. Office expenses included insurance premiums of \$2,534 and communication and other miscellaneous expenses of \$201.
- (6) During the second quarter ended June 30, 2015, the Company incurred a loss of \$35,089. The components of this loss were as follows: i) exploration expenses of \$3,482 incurred on the exploration and evaluation assets previously impaired, ii) professional fees of \$26,375, composed of Audit, tax and accounting fees of \$6,552, legal fees from external counsel of \$10,714 and Exchange, regulatory and transfer agent expenses of \$9,109, iii) office expenses of \$3,541, composed of insurance premiums of \$2,534, and communications and other expenses of \$1,007, iv) travel expenses of \$1,504, v) advertising and promotion of \$279 and vi) interest income of \$92.
- (7) During the third quarter ended September 30, 2015, the Company incurred a loss of \$16,351. The components of this loss were as follows: i) exploration expenses of \$217 incurred on the exploration and evaluation assets previously impaired, ii) professional fees of \$12,755, composed of legal fees of \$3,841 and Exchange, regulatory and transfer agent expenses of \$8,914, iii) office expenses of \$2,630, composed of insurance premiums of \$2,534, and communications and other expenses of \$96, iv) travel expenses of \$726, v) interest expense of \$23.

#### **Fourth Quarter Results**

The Company incurred a loss of \$8,432 in the fourth quarter ended December 31, 2015. This loss was comprised of: i) exploration expenses of \$761 related to exploration and evaluation assets impaired in 2013, ii) professional fees of \$2,637, comprised of legal fees of \$1,587, and Exchange and transfer agent expenses of \$1,050, iii) office expenses of \$2,606 (including insurance premiums of \$2,534), iv) travel expenses of \$2,470, and v) net financial income of \$42.

#### **Liquidity and Capital Resources**

As at December 31, 2015, the Company had cash and cash equivalents of \$70,571 and working capital of \$71,056 compared to cash of \$1,470 and negative working capital of

\$21,362 at December 31, 2014. The increase in working capital is attributable to the financing described below.

On January 30, 2015, the Company closed a non-brokered private placement financing pursuant to which it issued 2,500,000 units at a price of \$0.10 per unit for gross proceeds of \$250,000. Each unit consisted of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of \$0.12 until January 30, 2017. In connection with the private placement, the Company paid finder's fees of \$3,300 and issued finder's fee warrants entitling the purchase of 41,250 of its common shares at a per share price of \$0.10 until January 30, 2017. This financing increased the Company's cash position and reestablished a positive working capital.

The Company's objectives in managing its capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility. The Company's capital is composed of its shareholders' equity. The Company is not subject to any externally imposed capital requirements. The Company has not paid any dividends, other than as disclosed under the section "Company Overview, Nature of Operations, and Overall Performance" above.

As at December 31, 2015, shareholders' equity amounted to \$1,531,781 compared to \$1,360,075 as at December 31, 2014. Shareholders' equity increased by \$171,706 resulting from the net impact of the \$92,631 loss incurred during the year ended on December 31, 2015 and the shares and warrants issued by private placement and for the acquisition of the Boston Bulldog Prospect property. (Refer to "Results of Operations" and "Summary of Quarterly Results" above and to the Statement of Changes in Equity of the Financial Statements). The Company's investment policy is to keep its cash treasury on deposit with a Canadian chartered bank.

### **Contractual Obligations**

Golden Valley and the Company entered into a Management and Administrative Services Agreement dated October 1, 2010 (the "**Management Agreement**"), pursuant to which Golden Valley agreed to provide certain administrative, management and financial services to the Company in consideration of a fee of \$96,000 per year. The Management Agreement can be terminated at any time and by either party, upon delivery of twelve months' written notice. The Management Agreement provides for the fee to be reviewed on an annual basis.

To preserve cash for the Company's operations, Golden Valley agreed to suspend indefinitely the management fees under the Management Agreement effective June 1, 2012. Accordingly, the Company did not incur management fees during the years ended December 31, 2015 and 2014, notwithstanding that Golden Valley continues to provide the services under the agreement. Charges for management fees will resume when the Company's cash flow will permit.

The Company entered into an amending agreement (an “**Amending Agreement**”) with Golden Valley dated May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control or the Company terminates the Management Agreement within twelve months of the change of control or if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control, then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

#### **Exploration expenditures**

Pursuant to the Boston Bulldog Prospect option as described above, the Company must incur mining operations expenditures of \$50,000 by April 7, 2017.

#### **Off balance Sheet Arrangements**

The Company has no off balance sheet arrangements as at December 31, 2015 or as at the date of this MD&A.

#### **Commitments and Proposed Transactions**

As of the date of this MD&A, there are no undisclosed pending proposed transactions that would materially affect the performance or operation of the Company.

#### **Related Party Transactions**

The following transactions took place between the Company and Golden Valley:

The Company did not incur any management fees during the years ended on December 31, 2015 and 2014. For additional details with respect to the Management Agreement please see “Contractual Obligations” above.

In addition, pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly rate equal to the hourly charge to Golden Valley, plus 10% (“**Geological Fees**”). During the year ended December 31, 2015 the Company incurred Geological Fees in the amount of \$9,895 (\$30,505 for the year ended December 31, 2014), of this amount \$4,959 was included in exploration and evaluation assets (\$13,601 in 2014) and \$4,936 was included in exploration expenses (16,904 in 2014). On December 31, 2015, the Company had net indebtedness of \$5,694 (\$26,034 in 2014) to Golden Valley.

Other than the stock options granted on April 3, 2014 and November 20, 2014 and described in the Capital Stock section of this report, the Company did not pay any compensation or any other form of employment benefits or perquisites to its directors and officers during the years ended December 31, 2015 and 2014,

On January 30, 2015, the Company closed a non-brokered private placement financing as described above. In connection with this private placement the Company paid finder's fees of \$3,300 and issued finder's fee warrants entitling the purchase of 41,250 of its common shares at a per share price of \$0.10 until January 30, 2017, to an individual related to the then President and CEO of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at \$4,877. Golden Valley was a subscriber under the offering, having purchased 800,000 Units for proceeds to the Company of \$80,000.

In February 2015, the Company entered into a mining option agreement to acquire a 100% interest in the Boston Bulldog Prospect from 2973090 Canada Inc. a private company wholly-owned and controlled by Glenn J. Mullan the then CEO and a director of the Company.

## **CAPITAL STOCK**

### **Authorized**

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Company's Board of Directors.

### **Issued and Outstanding**

The following details the issued and outstanding securities of the Company as at the date of this MD&A:

	<u>Total outstanding</u>	<u>Escrowed</u>
Common shares	12,881,994	Nil
Preferred shares	Nil	Nil
Incentive stock options	793,199	Nil
Warrants	1,291,250	Nil

### **Issue of common shares**

On January 30, 2015, the Company completed a non-brokered private placement financing pursuant to which it issued 2,500,000 units at a price of \$0.10. Each unit was composed of one common share and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a price of \$0.12 per share until January 30, 2017. Also in connection with this private placement the



Company issued 41,250 finder warrants entitling the purchase of 41,250 common shares at a price of \$0.10 per share until January 30, 2017.

On April 7, 2015 the Company received final acceptance from the Exchange to proceed with the acquisition of the Boston Bulldog Prospect and issued 300,000 common shares at a price of \$0.12 per share.

### **Incentive Stock Options**

The following incentive stock options are currently outstanding:

<u>Issue Date</u>	<u>Expiry Date</u>	<u>Options Outstanding</u>	<u>Options Exercisable</u>	<u>Exercise Price</u>
July 24, 2012	July 24, 2017	675,000	675,000	\$ 0.20
April 3, 2014	April 3, 2019	60,000	60,000	\$ 0.065
November 20, 2014	November 20, 2019	58,199	58,199	\$ 0.08
		<u>793,199</u>	<u>793,199</u>	

### **Financial Instruments**

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are the following:

#### **Credit risk**

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The main risk related to credit risk is through cash which is managed by dealing with one reputable financial institution.

#### **Liquidity risk**

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as bank loans for a sufficient authorized amount. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfill its obligations. Accounts payable and accrued liabilities are due within less than 90 days.

The fair value of these financial instruments approximates their carrying value given their short-term maturity date. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

As at December 31, 2015, the Company had cash and cash equivalent amounting to \$70,571, and sales taxes recoverable of \$1,078 from Canada Revenue Agency and Quebec Revenue Agency combined. The Company had accounts payable and accrued liabilities of \$6,100 all of which are current liabilities of the Company. See also "Liquidity and Capital Resources" above.

## **CRITICAL RISKS INHERENT TO THE COMPANY'S BUSINESS**

- **Investment of Speculative Nature**

Investing in the Company, at this early stage of its development, is of a highly speculative nature.

- **Nature of Mineral Exploration and Mining**

There is no known mineral resource on the Company's properties. Mineral exploration and development involves a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

- **Exploration and Development Risks**

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

- **Additional Financing**

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

- **Stress in the Global Economy and Financial Condition**

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing.

- **Permits and Licenses**

There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

- **Competition**

The mineral exploration and mining business is competitive in all of its phases. There is no assurance that the Company will be able to compete successfully with the competition in acquiring suitable properties or prospects for mineral exploration.

- **No Assurance of Title to Property**

The Company's claims may be subject to prior unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects.

- **Dependence on Key Individuals**

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

- **Environmental Risks for Current and Past Activities and other Regulatory Requirements**

The Company may be liable for environmental contamination and natural resource damages relating to properties that it currently owns, operates or have an interest in, or at which environmental contamination occurred while or before it owned, operated or acquired an interest in the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company.

- **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

- **Conflicts of Interest**

The directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as the Company. This situation may result in conflicting legal obligations which may expose the Company to liability to others and impair its ability to achieve its business objectives.

- **Insurance**

The Company will remain at risk and will be potentially subject to liability for hazards associated with mineral exploration which it cannot insure against or which it has elected not to insure against because of premium costs or other reasons.

- **Influence of Third Party Stakeholders**

Claims by third parties on the lands in which the Company hold interests, or the exploration equipment and road or other means of access which the Company intend to utilize in carrying out work programs or general exploration mandates, even if not meritorious, may create delays resulting in significant financial loss and loss of opportunity for the Company.

- **Fluctuation in Market Value of Shares**

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity. The future effect of these and other factors on the market price of Company's shares on the Exchange cannot be predicted.

#### **ADDITIONAL INFORMATION**

Additional information about the Company may be obtained on SEDAR at [www.sedar.com](http://www.sedar.com) by accessing the Company's issuer profile.