

Class 1 Nickel and Technologies Limited  
(Formerly Lakefield Marketing  
Corporation)

Management's Discussion & Analysis -  
Quarterly Highlights

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

## *Class 1 Nickel and Technologies Limited (Formerly Lakefield Marketing Corporation)*

*Management's Discussion and Analysis – Quarterly Highlights  
September 30, 2019*

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*This Management's Discussion and Analysis ("MD&A") of Class 1 Nickel and Technologies Limited (Formerly Lakefield Marketing Corporation) ("Class 1" or the "Company") for the three and nine months ended September 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2018. This 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 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 discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2018 and 2017 and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 ("Statements").*

*The Company's Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.*

*All amounts included in this MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of November 26, 2019. Readers are encouraged to read the Company's public filings, which can be viewed on the SEDAR website ([www.sedar.com](http://www.sedar.com)).*

### **RECENT HIGHLIGHTS**

On September 23, 2019, the Company completed a business combination (the "Transaction") with Legendary Ore Mining Corporation ("Legendary") by way of a "three-cornered amalgamation", resulting in the reverse take-over of the Company by Legendary's former shareholders.

The Transaction was completed in accordance with the terms of an amalgamation agreement (the "Amalgamation Agreement") between the Company, Legendary and Bloom Retail Management Inc. ("Lakefield Subco"), a wholly-owned subsidiary of the Company. On closing of the Transaction, Legendary amalgamated with Lakefield Subco to form a new corporation, which became a wholly-owned subsidiary of the Company continuing under the name "Legendary Ore Mining Corporation". In exchange for all of the issued and outstanding common shares of Legendary, the Company issued 80 million common shares of the Company to the former Legendary shareholders. As a result, on closing, the former Legendary shareholders held approximately 89% of the 90,046,090 total outstanding shares of the Company.

Immediately prior to the Transaction taking effect, the Company changed its name to "Class 1 Nickel and Technologies Inc.". Upon the completion of the Transaction, the former directors and officers of the Company resigned from all offices with the Company and new directors and officers were appointed. The following is a description of each of the Company's newly appointed directors and officers.

As a result of the transaction a listing expense of \$227,480 was posted in the statement of comprehensive loss for the nine months ended September 30, 2019.

## **STRATEGIC OBJECTIVE**

The principal business of the Company is mining exploration and development of minerals and precious metals in Canada. The corporate head office of the Company is located at 44 Victoria Street, Suite #1060, Toronto, Ontario.

## **RESULTS OF OPERATIONS**

Three and nine months ended September 30, 2019 compared to three and nine months ended September 30, 2018

The Company's net loss totaled \$1,398,727 and \$1,403,227 for the three and nine months ended September 30, 2019 respectively, with basic and diluted loss per share of \$0.120 and \$0.189. This compares with a net loss of \$nil and \$nil, with basic and diluted loss per share of \$0.000 and \$0.000 for the three and nine months ended September 30, 2018 respectively. The increase of \$1,398,727 and \$1,403,227 for the three and nine months ended September 30, 2019 respectively, is a result of the expenses incurred for the RTO transaction as well as increased operational activity from identifying and operating the exploration interest for the Company.

## **CAPITAL TRANSACTIONS**

During the nine months ended September 30, 2019, the Company completed a non-brokered private placement of 17,500,000 common shares of the Company for aggregate proceeds of \$350,000. There were no warrants attached to the issuance of these shares.

During the nine months ended September 30, 2019, the Company issued 57,250,000 common shares of the Company to settle debt of \$1,145,000. There was no gain or loss reported as a result of this transaction as it was completed at exchange value. There were no warrants attached to the issuance of these shares.

During the nine months ended September 30, 2019, the Company issued 10,029,209 common shares of the Company to the shareholders of Lakefield with a listed per unit price of \$0.02. The shares were issued in connection with the RTO transaction resulting in the amalgamated entity of Class 1 Nickel and Technology Ltd. (formerly Lakefield Marketing Corp.). See note 2.

## **MINING INTERESTS**

The "Alexo-Dundonald Project" is an exploration stage, past-producing nickel-copper-cobalt sulphide project, located approximately 45 kilometers northeast of the city of Timmins, Ontario, Canada. Ontario. The Alexo-Dundonald Project combines the Alexo-Kelex and Dundonald properties and consists of 29 patented claims (19 with both mining and surface rights, nine with mining rights only and one with surface rights only), 40 leased claims (31 with both mining and surface rights and nine with mining rights only), 21 single cell mining claims and five boundary cell mining claims. The Company owns all the outstanding equity of Legendary Ore Mining Corporation, which holds a 100% interest in the mining claims, leases and properties comprising the Alexo-Dundonald Project, subject to certain tenure agreements and any rights or claims asserted in connection with historic royalty agreements granted in respect of the Alexo-Kelex and Dundonald properties.

The Alexo deposit was discovered in 1907, and between the years 1913 to 1919, 51,851 tonnes grading 4.5% nickel and 0.7% copper was extracted and sent to Sudbury, Ontario, for processing. Most recently, Canadian Arrow Mines Ltd shipped 6,000 tonnes grading 2.46% nickel, 0.31% copper, and 0.07% cobalt as part of a 10,000 tonne bulk sample permit held at the time, and started the reclamation of the project as part of a Closure Plan approved in 2004 and amended in 2011.

In addition, the Company has an option (the "Somanike Option") to acquire a 100% interest in the rights held by Vanicom Resources Limited, in an option to acquire the Somanike property, an advanced exploration stage nickel-copper mine project, including the past-producing Marbridge Nickel Sulphide Mine located near Val d'Or, Quebec. The Company is concentrated on advancing the Alexo Project for the current time being and will continue to evaluate this option on an on-going basis.

## **LIQUIDITY AND CAPITAL RESOURCES**

For the three and nine months ended September 30, 2019, the Company incurred a net loss of \$1,398,727 and \$1,403,227 respectively (September 30, 2018 - \$nil and \$nil) and had negative operating cash flows of \$1,343,245 (September 30, 2018 - \$nil). The Company has an accumulated deficit of \$1,409,227 since inception (December 31, 2017 - \$6,000) and does not have sufficient cash as at September 30, 2019 to meet its expected obligations over the next twelve months.

## **COMMITMENTS**

The Company has entered into a lease to rent office space with a related party, for \$950 a month for a term of 12 months ending July 1, 2020.

## **RELATED PARTY AND OTHER TRANSACTIONS**

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and nine months ended September 30, 2019, the Company paid or accrued professional fees of \$2,250 and \$6,750 (three and nine months ended September 30, 2018 - \$nil) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping services to the Company. As at September 30, 2019, MSSI was owed \$847 (December 31, 2018 - \$nil) with respect to services provided. The balance owed was recorded in the statement of financial position in accounts payable.

## **DISCLOSURE OF INTERNAL CONTROLS**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the 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 Statements; and (ii)

the Statements fairly present in all material respects the financial condition, results of operations and cash flows 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"), this 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 this 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 financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer'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 this 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.

## **FORWARD-LOOKING STATEMENTS AND RISK FACTORS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws which is prospective in nature. Forward-looking information by its nature requires the Company to make assumptions and is subject to inherent risks and uncertainties. Forward-looking information includes, but is not limited to, statements about strategic plans, future operations, cost estimates, sustaining capital, anticipated financial results, budgets and targets, continuity of a favourable markets, contractual commitments, continuous availability of required manpower and continuous access to capital markets, and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of business or of the Company's future performance. Forward-looking information is generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative or other variations of these words or comparable terminology. The Company has made certain assumptions about the Company's business, the economy and cryptocurrency and blockchain sectors in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, or other countries in which the Company may carry on business; business opportunities that may be presented to, or pursued by the Company; operating or technical difficulties in connection with

business activities; the possibility of unanticipated expenses; and the occurrence of natural disasters, hostilities, acts of war or terrorism; the Company may require additional funds in order to acquire carry out its Investment Policy, as well as for general working capital and will be reliant on the sale of equity for such funds; there can be no assurance the Company will be able to obtain such funds and as a result, the Company may not be able to advance its business plan to carry out the Investment Policy or make further acquisitions or continue operations; there is no assurance the Company will continue to be able to obtain insurance for its operations and investments; the Company's directors and officers serve on the boards and as officers of other companies whose interests may conflict with the Company; there may not be an active or liquid market for the Company shares; the Company may never pay any dividends. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. 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](http://www.sedar.com)).

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Please refer to the section entitled "Risks Factors" in the Company's MD&A for the fiscal year ended December 31, 2018, available on SEDAR ([www.sedar.com](http://www.sedar.com)).