CLASS 1 NICKEL & TECHNOLOGIES LIMITED

ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

November 9, 2021

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GENERAL

Reference is made in this annual information form (the "**Annual Information Form**" or "**AIF**") to the audited annual consolidated financial statements (the "**Financial Statements**") and management's discussion and analysis ("**Management's Discussion and Analysis**") for Class 1 Nickel & Technologies Limited (the "**Company**" or "**Class 1**"), for the fiscal years ended December 31, 2020 and December 31, 2019, together with the auditors' report thereon.

The Financial Statements are available for review on the SEDAR website located at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards.

Unless otherwise noted herein, information in this Annual Information Form is presented as at November 9, 2021.

STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained herein, including, without limitation, financial and business prospects and financial outlooks, may be "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will," "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risks and uncertainties including those discussed under "Risk Factors" and elsewhere in this AIF. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors management believes to be reasonable and relevant in the circumstances and at the date that such statements are made, management cannot assure that actual results will be consistent with these forward looking statements. Investors should not place undue reliance on forward-looking statements. Some of the assumptions underlying forward-looking statements contained in this AIF include, without limitation, assumptions regarding the prospectivity of the Company's mineral property interests, projected capital and operating costs, availability of financing, success of mineral exploration and development activity, and the absence of materially adverse changes in equity markets that may impact the Company.

Forward-looking statements and other information contained herein concerning management's general expectations concerning the mineral resource industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, the mineral resource industry involves risks and uncertainties and industry data is subject to change based on various factors.

Forward-looking statements included or incorporated by reference in this AIF include, but are not limited to, statements with respect to:

- the Corporation's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic nickel and other mineral deposits;
- the focus of capital expenditures;
- future plans for the Alexo-Dundonald Project (as defined herein), the Somanike Project (as defined herein) and other property interests held by the Company or which may be acquired on a going forward basis, if at all;
- the Technical Report (as defined below), including with respect to Mineral Resource estimates, the ability to realize estimated Mineral Resources, the Company's expectations that its mineral property interests are prospective, the receipt of all necessary permitting and approvals, and the parameters and assumptions underlying the Mineral Resource estimates;
- successful execution of the exploration and development plans of the Company, including those set forth in the Technical Report;
- management's outlook regarding future trends;
- exploration, acquisition and development plans;
- the emergence of accretive growth opportunities;
- anticipated and unanticipated costs;
- uncertainty regarding the market and economic impacts of COVID-19;
- anticipated cash and financing needs of the Company;
- the Company's ability to attract and retain personnel;
- the competitive position of the Company and its expectations regarding competition;
- regulatory developments and the regulatory environments in which the Company operates;
- anticipated trends and challenges in the Company's business and the markets in which it operates; and
- the retention of earnings by the Company for corporate purposes and the payment of future dividends.

Forward-looking information is based on the reasonable assumptions, estimates, analyses and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the success of the Company's exploration and development activities; availability of financing to fund current and future plans and expenditures; the impact of increasing competition; the general stability of the economic, market and political environment in Canada and other applicable regions as a result of COVID-19 and otherwise; the timely receipt of all requisite permits and required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and/or services in a timely and cost efficient manner; currency, exchange and/or interest rates; the applicable regulatory framework, taxes and/or other regulatory matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully complete its proposed exploration and development programs.

Forward looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following:

- uncertainty regarding Technical Report assumptions, and estimates of Mineral Resources;

- economic factors as they affect exploration, development and mineral exploration;
- parameters and assumptions underlying Mineral Resource estimates being incorrect;
- the risk factors included in the Technical Report;
- the Company's ability to meet its working capital needs at the current level in the short and long term;
- environmental liability;
- industry conditions, including fluctuations in the price of nickel and other metals and minerals;
- fluctuations in currency exchange rates;
- liabilities inherent in mineral exploration and development, including processing, geological and technical problems;
- competition for prospective mineral resource projects and qualified labour;
- anticipated and unanticipated costs;
- risks associated with operational accidents, changes in the regulatory environment and natural phenomena such as inclement weather, floods, and earthquakes, which could result in damage to property or facilities, equipment and personal injury;
- the Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies may have a conflict of interest;
- the market price for the securities of the Company may be volatile;
- title and First Nations claims relating to the property interests of the Company;
- failure to obtain third party permits, consents and approvals, when required, or at all;
- dilution of shareholders' investments as a result of the issuance of securities;
- uncertainties associated with the economic and market impact related to COVID-19;
- availability of financing upon terms acceptable to the Company, or at all; and
- certain other risks detailed from time-to-time in the Company's public disclosure documents (including, without limitation, those risks identified herein and in the Company's current management's discussion and analysis).

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

These forward-looking statements are made as of the date of this AIF and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise unless as required by applicable securities laws.

MINERAL EXPLORATION AND INFERRED MINERAL RESOURCES

The Company is a mineral exploration company and its properties are in the mineral exploration stage only. The degree of risk increases substantially where an issuer's properties are in the mineral exploration stage as opposed to the development or operational stage. An investment in the securities of the Company is speculative and involves a high degree of risk and should only be made by persons who can afford the total loss of their investment. Prospective investors should consider the risk factors in connection with an investment in the Company as set out under the heading "Risk Factors". Due to the uncertainty that may be attached to Inferred Mineral Resource estimates, it cannot be assumed that all or any part of an Inferred Mineral Resource estimate will be upgraded to an Indicated or Measured Mineral Resource estimate as a result of continued exploration. Confidence in an Inferred Mineral Resource estimate is insufficient to allow meaningful application of the technical and economic parameters to enable an evaluation of economic viability sufficient for public disclosure, except in certain limited circumstances set out in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. There is no assurance that Mineral Resources will be converted into Mineral Reserves. Inferred Mineral Resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is also no certainty that these Inferred Mineral Resources will be converted to the Measured and Indicated Mineral Resource categories through further drilling, or into Mineral Reserves, once economic considerations are applied.

Forward-looking statements and other information contained herein concerning the mineral exploration industry and management's general expectations concerning the mineral exploration industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, the mineral exploration industry involves risks and uncertainties and industry data is subject to change based on various factors.

CORPORATE STRUCTURE

Name, Address and Incorporation

Class 1 Nickel and Technologies Limited was incorporated on December 12, 1989 under the *Business Corporations Ac*t (Ontario) (the "**OBCA**") under the name "871900 Ontario Limited". On July 25, 1991, the Company filed articles of amendment to change its name to "Lakefield Minerals Limited". On January 3, 2004, the Company filed further articles of amendment to change its name to "Lakefield Marketing Corporation/Corporation de Marketing Lakefield". On October 19, 2018, the Company filed articles of amendment to effect a consolidation of its common shares ("**Common Shares**") on a 1:10 basis. On September 24, 2019, the Company completed a business combination (the "**RTO**") pursuant to which (i) Legendary Ore Mining Corporation amalgamated with a wholly-owned subsidiary of the Company named Bloom Retail Management Inc. ("**Bloom**") to form an amalgamated entity named "Legendary Ore Mining Corporation"; and (ii) the Company filed articles of amendment to change its name to "Class 1 Nickel and Technologies Limited".

The principal and registered offices of the Company are located at 82 Richmond Street East, Toronto, Ontario M5C 1P1.

The Company has two direct, wholly-owned subsidiaries: (1) Legendary Ore Mining Corporation ("**Legendary**"), a company incorporated under the OBCA on December 14, 2018; and (2) 2814250 Ontario Inc., a company incorporated under the OBCA on February 5, 2021.

GENERAL DEVELOPMENT OF THE BUSINESS

General

Class 1 is a Canadian-based mineral exploration company which holds interests in the following projects (collectively, the "**Projects**"):

(i) the property known as the Alexo-Dundonald property (the "**Alexo-Dundonald Project**" or the "**Project**") comprised of an advanced portfolio of komatiite hosted magmatic nickel-copper-cobalt sulphide deposits located 45 km northeast of the City of Timmins, Ontario;

(ii) the property known as the Somanike property (the "**Somanike Project**") which is a komatiite-hosted nickel-copper sulphide property in Quebec that includes the famous Marbridge Nickel Mine; and

(iii) a strategic project portfolio of mineral claims (the "**Additional Properties**") comprised of claims adjoining the Company's Alexo Dundonald Project and Somanike Project and a primary platinum group elements project located in Sudbury, Ontario.

Class 1 holds a 100% interest in each of the Properties, subject to (i) net smelter return royalties ("**NSR's**") ranging from 0.5% to 2.5% on certain of the claims comprising the Alexo-Dundonald Project; (ii) a 2% NSR, an off take agreement and a graduated gross metal royalty on certain of the claims comprising the Somanike Project; and (iii) a 2% NSR and 2% gross metal royalty on certain claims comprising the Additional Properties.

Three Year History

Developments Following December 31, 2020

On February 18, 2021, the Company announced that it had exercised its option to acquire a 100% interest in the Somanike Project, subject to a 2% NSR, an off take agreement and a graduated gross metal royalty on certain of the claims comprising such project.

Mr. Benjamin Cooper resigned from the Board of Directors and Mr. Mathew Fitch was appointed to serve as a director of the Company, on March 22 and 24, 2021, respectively.

On June 7, 2021, the Company announced that it had closed a brokered private placement pursuant to which it issued an aggregate of 3,030,000 units to residents of Quebec at a price of $0.65 per unit and 3,403,334 units to residents in other jurisdictions of Canada at a price of $0.60 per unit, resulting in a total of 6,433,334 units issued for total gross proceeds of $4,011,500. Each unit was comprised of one "flow-through" Common Share and one share purchase warrant exercisable for a period of 36 months at an exercise price of $0.85 per share for units issued to residents of Quebec and $0.80 per share for units issued to residents in other jurisdictions of Canada.

On July 12, 2021, the Company announced that it had completed the requisite minimum exploration expenditures in the aggregate amount of $1,500,000 on its Alexo-Dundonald Project, with a minimum of $750,000 of such expenditures being incurred on the Alexo property and $750,000 on the contiguous Dundonald property. The Company had previously acquired the Project subject to the right of the vendors to re-acquire such properties for a nominal sum in the event that the Company's minimum expenditure commitment was not fully satisfied by October 18, 2021.

On August 31, 2021, the Company announced that it had completed the acquisition of the Additional Properties from Platinum Group Elements Limited ("PGEL") in consideration of a cash payment of $550,000 and the issuance of an aggregate of 10,000,000 Common Shares.

Fiscal Year Ended December 31, 2020

On April 23, 2020, the Company announced the closing of a non-brokered private placement of 9,500,000 Common Shares at $0.10 per Share for gross proceeds of $950,000 (the "**April 2020 Private Placement**").

On August 20, 2020, the Common Shares commenced trading on the CSE under the stock symbol "NICO".

On August 20, 2020, the Company announced the issuance of 130,769 Common Shares at a deemed price of $0.65 per Common Share, and August 28, 2020, the Company announced the issuance of an additional 104,166 Common Shares at a deemed price of $0.72 per Common Share, each in partial exercise of the Company's option to earn its interest in the Somanike Property.

On November 2, 2020, the Company announced the completion of the Technical Report, including an updated total estimated Indicated Mineral Resource of 1.25 Million tonnes (Mt) with an average grade of 0.99% Ni and a total estimated Inferred Mineral Resource of 1.01 Mt with an average grade of 1.08% Nickel.

On November 4 and 16, 2020, the Company announced the closing of its non-brokered private placement of: (i) 2,318,750 flow-through units at an issue price of $0.80 per unit; and (ii) 1,766,302 hard dollar units at an issue price of $0.70 per unit (collectively, the "**November 2020 Private Placement**"). Each flow-through unit consisted of one "flow-through" Common Share and one-half of one share purchase warrant exercisable for 36 months at an exercise price of $1.05. Each hard dollar unit consisted of one Common Share and one share purchase warrant exercisable for 36 months at an exercise price of $1.00.

On November 16, 2020, Mr. Taylor Dignan was appointed to the Company's Board of Directors. Mr. Dignan subsequently resigned on December 3, 2020.

On December 1, 2020, the Company reported a newly updated total estimated Inferred Mineral Resource at the Alexo-Dundonald Project of 2.01 Mt with an average grade of 1.01% Nickel. The Indicated Mineral Resource of 1.25 Mt with an average grade of 0.99% Ni remained unchanged from the estimate previously announced on November 2, 2020.

On December 10, 2020, the Company announced that it had received trading approval from OTC Markets in order for the Common Shares to commence trading on the OTCQB under the ticker symbol NICLF.

On December 16, 2020, the Company closed a non-brokered private placement of 1,363,636 "flow-through" Common Shares at a price of $1.10 per share (the "Offering").

Fiscal Year Ended December 31, 2019

On September 24, 2019, the Company completed the RTO which was effected by way of a "three-cornered" amalgamation under the OBCA pursuant to which (i) Bloom amalgamated with Legendary to form a wholly-owned subsidiary of the Company; (ii) in exchange for all of the issued and outstanding common shares of Legendary, the Company issued 80,000,000 Common Shares to the former Legendary shareholders; and (iii) the Company filed articles of amendment to change its name to "Class 1 Nickel and Technologies Limited". As a result of the RTO, Benjamin Cooper and David Fitch, through certain affiliated entities, acquired ownership or control of 28,190,559 and 31,923,078 Common Shares of the Company, respectively.

In connection with the RTO, the existing officers and directors of the Company resigned, and Mr. Benjamin Cooper was appointed as President, Chief Executive Officer and a director, Messrs. David Fitch, Mathew Gilbertson and Eric Lowy were appointed as directors and Mr. Aamer Siddiqui was appointed as Chief Financial Officer of the Company.

Upon completion of the RTO, the Company announced it would focus its business operations on the exploration and future development of its Alexo-Dundonald Project, as well the option it held at such time to acquire its interest in the Somanike Project.

Fiscal Year Ended December 31, 2018

On February 5, 2018, the Company announced the appointment of Mr. Dominique Monardo as Chief Executive Officer, President, Secretary and a director, and Mr. Edward Murphy as a director.

On April 13, 2018, Ms. Inga Gratcheva joined the Board of Directors of the Company.

On July 16, 2018, the Company announced that the Ontario Securities Commission ("**OSC**") had issued an order revoking the cease trade order which had previously been issued by the OSC on July 17, 2006. As a result, the Company announced its intent to proceed in a search for a business reverse take-over, merger, amalgamation or other form of business combination.

On August 2, 2018, the Company settled a debt owing to Mr. Robert Salna of $136,243.04 in exchange for the issuance of 6,812,092 Common Shares at a deemed price of $0.02 per share.

On October 19, 2018, the Company filed articles of amendment to effect a consolidation of the Common Shares on a 1:10 basis.

On November 23, 2018, the Company completed a private placement (the "**2018 Private Placement**") pursuant to which it issued an aggregate of 6,400,000 Common Shares to Mr. Robert Salna and to Mr. Dominique Monardo at a price of $0.005 per share.

DESCRIPTION OF BUSINESS

General

Class 1 is a junior natural resource company engaged in the business of acquiring, exploring and evaluating mineral properties, with the intent of further developing them or disposing of them when the evaluation is complete. The Company is a reporting issuer in the provinces of British Columbia and Ontario. The Common Shares are listed for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "NICO", are quoted on the OTCQB under the symbol "NICLF" and are quoted on the Frankfurt Stock Exchange under the symbol "77C". At December 31, 2020, the Company was in the exploration and evaluation stages with respect to each of its Projects.

Seasonality

The Company's properties are located in Ontario and Quebec, and are subject to seasonal climatic conditions, with a winter season extending from December to March during which working conditions and transportation to the Projects can be more challenging.

Environmental Protection

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. To date, applicable environmental legislation has had no material financial or operational effects upon the capital expenditures or operations of the Company. See also "Risk Factors – Environmental Risks and Hazards".

Competition

The mineral industry is intensely competitive in all its phases. The Company competes with many other mining and mineral exploration companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. See "Risk Factors – Competition".

Employees

As at October 15, 2021, Class 1 had no full-time employees and ten consultants.

Class 1 is dependent on the services of key executives, including the President and Chief Executive Officer, and Chief Financial Officer of the Company. See "Risk Factors – Management".

MINERAL PROPERTIES

Alexo-Dundonald Property

P&E Mining Consultants Inc. ("**P&E**") prepared the report dated effective December 1, 2020 and entitled "Technical Report and Updated Mineral Resource Estimate of the Alex-Dundonald Nickel Project, Clergue and Dundonald Townships, Porcupine Mining Division, Ontario" (the "**Technical Report**"). Each of William Stone, Yungang Wu, Jarita Barry, Eugene Puritch, D. Grant Feasby, David Burga and Antoine Yassa is a qualified person under National Instrument 43-101 (each a "**Qualified Person**"), and is independent of the Company. The following description of the Technical Report is a summary of the Technical Report which has been prepared under the supervision of, and is included herein with the consent of, each Qualified Person. To obtain further particulars regarding the Alexo-Dundonald Project, readers should consult the Technical Report which has been filed with the applicable Canadian securities regulatory authorities, and is incorporated herein by reference. The full Technical Report is available for review under the Company's SEDAR profile at www.sedar.com.

Readers are cautioned that the summary of technical information in this AIF should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Technical Report and the summary provided herein is qualified in its entirety by the Technical Report. Capitalized and abbreviated terms appearing in the following summary and not otherwise defined herein shall have the meaning ascribed to such terms in the Technical Report.

Please refer to the "General Development of the Business" section and the Company's three year history for the most up-to-date information on the Alexo-Dundonald Project. The summary below refers to the information provided in the Technical Report as of December 1, 2020 and was current at the time of publication.

Summary of Technical Report

1.1 PROPERTY DESCRIPTION AND LOCATION

The Alexo-Dundonald Project is located approximately 45 km northeast of the City of Timmins, northeastern Ontario, Canada. The Project consists of 30 patented claims, 14 leased claims, 21 single cell mining claims and five boundary cell mining claims, which collectively cover an area totalling approximately 1,961 ha. As of the effective date of this Technical Report, all the Project claims are in good standing.

The claims are held by Legendary. The Company owns all the outstanding equity of Legendary, and Legendary continues to hold the option to earn a 100% interest in the mining claims, leases and property comprising the Alexo-Dundonald Project, subject to tenure agreements and royalty agreements.

1.2 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The Project is located within 2 km of Highway 67, a paved road that connects Highway 101 from Timmins to Highway 11. The Project area itself is accessible via gravel roads and cut trails. Regional powerlines are located <2 km north of the Project running parallel to Highway 67. In addition, a spur of the Ontario Northland Railway, which services the Kidd Creek metallurgical complex, passes 2 km north of the Project and joins the main line approximately 5 km to the east.

The Timmins area has cold winters and warm summers. Average daily temperatures vary from -24°C in the winter to +24°C in the summer. Average annual precipitation is 581 mm of rain and 352 cm of snow. Most of the rainfall precipitation occurs between June and November. Mineral exploration can be conducted year-round. Swampy areas and lakes/ponds are best accessed for drilling and ground geophysical surveys during the winter. Mines in the region operate year-round with supporting infrastructure.

The full range of equipment, supplies and services required for any mining development is available in the City of Timmins, 45 km southwest of the Project. Timmins has a population of approximately 50,000 people. The general Timmins area also possesses a skilled mining workforce from which personnel could be sourced for any new mine development. Regional powerlines extend from northeast of Timmins to close proximity to the Project. Mineral processing facilities are located nearby at the Kidd Creek and Redstone processing plants.

The Project area comprises glaciated terrain with stream, lake and swamp filled valleys separated by low-level ridges and platform topographic highs of either bedrock foundation or eskers. The Project has subdued relief which is typically low lying and boggy. The area in general is poorly drained, a reflection of the low relief. Mean elevation in the area is on the order of 300 m above sea level. The Project area is underlain by sandy glacio-fluvial outwash material, which supports mature jack pine forests. Much of the Project area has been recently logged. Outcrop exposure overall averages locally <5% and is 0% over many large areas.

Abundant water resources are present in the lakes, rivers, creeks, and ponds throughout the area. There is sufficient space on the Project to build a mine, processing plant and tailings facility and supporting infrastructure, if a mineable mineral deposit is delineated.

1.3 HISTORY

The majority of exploration in the last 30 years consisted of shallow drilling of the Alexo North (formerly Alexo), Alexo South (formerly Kelex), Dundonald South and Dundonald North formerly Dundeal) deposits for estimation of Mineral Resources. Most of the drill holes penetrated to <100m vertical depth below surface on approximate 15 metre-spaced drill sections. There has only been limited regional geophysical surveys, and very little drilling outside the immediate proximity of the four Alexo-Dundonald Deposits. The bulk of the drilling was completed by Canadian Arrow Mines Ltd. ("**Canadian Arrow**") from 2004 to 2011 on the Alexo North and Alexo South Deposits and by First Nickel Inc. ("**FNI**") from 2004 to 2005 on the Dundonald North and South Deposits. The Company possesses drill core from those drill programs.

The Alexo North and Alexo South Deposits were mined during three periods:

- 1913–1919: Surface and underground mining for production of 51,857 tons at 4.4% Ni, 0.6% Cu between surface and 38 m depth from Alexo North;
- 1943–1944: Mining of remnants and pillars from previous 1913–1919 mine workings; exact figures unknown from Alexo North; and
- 2004–2005: Open pit mining of 26,224 tonnes at 1.97% Ni, 0.20% Cu from Alexo North and 3,900 t at 1.68% Ni and 0.18% Cu from Alexo South.

The Dundonald South and Dundonald North Deposits have never been mined.

1.4 GEOLOGICAL SETTING AND MINERALIZATION

1.4.1 Geological Setting

The Alexo-Dundonald Project area occurs within the Archean Abitibi Sub-Province of the Southern Superior Province. The 2.75–2.67 Ga "granite-greenstone" dominated Abitibi Sub-Province extends 700 km along the south-eastern edge of the Superior Craton.

The volcanic stratigraphy of the Abitibi Sub-Province is divided into seven assemblages, based on similarity of age intervals, stratigraphy and geochemistry:

1. Pre-2,750 Ma unnamed assemblage.
2. 2,750–2,735 Ma Pacaud Assemblage.
3. 2,734–2,724 Ma Deloro Assemblage.
4. 2,723–2,720 Ma Stoughton–Roquemaure Assemblage.
5. 2,719–2,711 Ma Kidd–Munro Assemblage.
6. 2,710–2,704 Ma Tisdale Assemblage.
7. 2,704–2,695 Ma Blake River Assemblage.

The Alexo-Dundonald Project area occurs within the Kidd-Munro Assemblage (2,719 Ma to 2,717 Ma), which is subdivided into lower and upper parts. The lower part of the Kidd-Munro Assemblage includes localized, regionally discontinuous depositional centres of predominantly intermediate to felsic calc-alkaline volcanic rocks. The upper part of the Assemblage (2,717 Ma to 2,711 Ma) consists of tholeiitic and komatiitic volcanic rocks with interflow graphitic meta-sedimentary rocks and localized felsic volcanic centres. The upper part of the Kidd-Munro Assemblage is regionally extensive and reflects the impact of widespread mantle plume-related magmatism on localized lower Kidd-Munro arc-magmatism volcanic centres.

The ultramafic rocks range in composition from komatiitic basalt to dunite. The komatiitic sequences contain multiple flows that range from several hundreds of metres to <2 m thick and have brecciated flow-tops, spinifex-textured zones, pyroxene and olivine orthocumulate, mesocumulate and adcumulate textured rocks. Thin layers of graphitic argillite occur between thin komatiitic flows in some areas. Basalt and pyroxenite flows altered to chlorite-tremolite mineral assemblages, whereas olivine-dominated flows altered to serpentine-magnetite mineral assemblages. Large accumulations of olivine mesocumulate to adcumulate rocks occur within the komatiitic sequence locally as prospective channelized flows within footwall embayments.

Structurally, the Alexo and Dundonald Deposits occur along the southern margin of the Dundonald dome structure, to the north of the Destor-Porcupine Fault Zone. The Alexo North Deposit occurs on the northeast arm of a large “Z”-shaped fold in the Kidd-Munro Assemblage, whereas the Dundonald South Deposit occurs on the southwest arm of the fold. The northeast trending fold has an apparent wavelength of 2.5 km and amplitude of 6 km.

The rocks have been metamorphosed to greenschist facies with minor isolated areas of prehnitepumpellyite facies and local amphibolite facies at the contract of intrusions. Ultramafic rocks may have abundant secondary metamorphic talc-serpentine with or without magnetite, calcite, tremolite and chlorite.

1.4.2 Mineralization

The nickel sulphide deposits occur at approximately the same stratigraphic level where komatiitic flows overlie a sequence of calc-alkaline volcanic rocks with variable amounts of pyrite and pyrrhotite and <1 m thick interflow layers of black graphic argillite. The Alexo North and South Deposits consist of massive to semi-massive nickel sulphide accumulations in basal embayments along the footwalls of two parallel, but separate, steeply-dipping komatiitic peridotite volcanic channels. Massive to semi-massive sulphide lenses are distributed along the footwall contacts of channels. They are overlain by stringer, net-textured, blebby and lower grade disseminated sulphide haloes extending upwards and away from the contact. The Deposits consist of massive, veined and disseminated pyrrhotite and pentlandite with minor chalcopyrite.

The Dundonald North and Dundonald South Deposits are composed of many zones and pods of massive, net-textured and disseminated sulphide mineralization. Such mineralized zones are designated A to H in the Dundonald South Deposit. Here, the zones consist of 10 m to 20 m wide and 0.5 m to 10 m thick keels, or "shoots" of net-textured, semi-massive to minor massive sulphide in the basal layer of stacked channelized komatiite flows, surrounded by envelopes of overlying and flanking blebby and disseminated sulphide. The lateral extent of some zones is 100 m to 200 m in down-plunge extent, but several are small, isolated sulphide pods within the channelized flow sequence. The A Zone consists of vertical high-grade nickel shoots that are open below 260 m. The F Zone was traced in drilling for 200 m and contains two shallow westerly-plunging high-grade nickel shoots. The G Zone was traced for a strike length of 600 m and is open to the east. It contains four westerly-plunging high-grade nickel shoots that are open to depth.

1.5 DEPOSIT TYPE

Alexo North, Alexo South, Dundonald South and Dundonald North are komatiite-associated magmatic nickel sulphide deposits hosted in the Kidd-Munro Assemblage in the southern Abitibi Subprovince of Ontario. In terms of metal content, the Deposits are dominated by nickel, reflecting the komatiitic magma affinity of the host rocks.

The nickel sulphide deposits are interpreted to have formed from komatiite lava flows that melted and assimilated sulphidic material in the floor of lava channels. Incorporation of the sulphur into the hot, flowing komatiite lava leads to sulphide liquid separation and accumulation on the floor of the lava channel and the build-up of massive sulphide deposits.

1.6 EXPLORATION

A major exploration program has not been carried out on the Alexo-Dundonald Project since 2011 at Alexo and 2005 at Dundonald. However, the Company has carried out core re-logging, re-sampling, data compilation and geophysics review activities since May 2019 on the Alexo-Dundonald Project.

In addition, a state-of-the-art VTEM™ plus time-domain airborne electromagnetic survey was completed in October 2020 over the 20 km^2 square land package, the first modern geophysical survey of this kind over the Project. On completion of expert analysis and targeting, the Company will plan its near-term surface exploration program to include a diamond drilling program aimed at testing priority EM targets. In addition, the Company will plan step-out and expansion drilling programs to potentially increase the size of the current Mineral Resources and advance the Project toward an eventual Preliminary Economic Assessment ("**PEA**"), in order to examine the possibility of direct shipping nickel production.

1.7 DRILLING

Drilling has not been performed on the Project since that reported by Harron (2009) and Puritch et al. (2012). The Company has not conducted any drilling on the Project to the effective date of the Technical Report.

1.8 DATA VERIFICATION

For Alexo North and Alexo South, verification of assay data entry was performed by P&E on 737 assay intervals for Ni, Cu, Co, Au, Pt and Pd. A few very minor data entry errors were observed and corrected. The 737 verified intervals were checked against assay lab certificates from SGS Canada. The checked assays represented 44% of the data to be used for the Mineral Resource Estimate and approximately 23% of the entire database.

For Dundonald South, assay data ranging from 2004 and 2005 were verified. Exactly 79% (1,683 out of 2,141 samples) of the constrained database was checked for nickel, copper and cobalt and 77% (140 out of 182) of the constrained database was checked for gold, palladium and platinum. Very few minor errors were encountered during the verification process, which were subsequently corrected.

Assay data ranging from the 1980s and 2004 through 2005 were verified for the Dundonald North database. Exactly 23% (64 out of 274 samples) of the constrained database was checked for nickel, copper and cobalt and 100% (11 out of 11) of the constrained database was checked for gold, palladium and platinum. No errors were encountered during the verification process.

Mr. Eugene Puritch P. Eng., and Mr. David Burga P. Geo., of P&E, conducted the first visit to the Alexo site on May 5, 2010, and collected nine samples by quarter sawing the half core remaining in the core box. The holes sampled were drilled in 2004. After being on site and discussing the Project with Canadian Arrow (project operator at the time), it was decided a second site visit was necessary for an extensive core re-sampling program. The decision was made to resample a representative 10% of the samples comprised in the constrained model, due to the fact that there had been no quality control ("**QC**") procedures in place for the drill programs. Mr. Antoine Yassa, P. Geo., of P&E, made a second visit to the Alexo on May 17 to 18, 2010. During Mr. Yassa's visit, 62 samples were collected by quarter sawing the half drill core remaining in the core box. The holes sampled were drilled in 1997, 2001 and 2004. Samples were selected through a range of grades from high to low. At no time were any officers or employees of Canadian Arrow advised as to the identification of the samples to be selected. During both site visits, samples were tagged with unique sample numbers and bagged. Mr. Puritch and Mr. Burga brought the samples from the first site visit back to the offices of P&E in Brampton, Ontario and sent them via courier to AGAT Laboratories Ltd. ("**AGAT**") in Toronto. Mr. Yassa brought the samples from the second site visit to Dicom courier in Rouyn-Noranda, Québec. From there they were shipped to the offices of P&E, who transported them directly to AGAT. AGAT is accredited by the Standards Council of Canada ("**SCC**"), the Canadian Association for Laboratory Accreditation ("**CALA**") and SAI Global, and is ISO/IEC 17025:2017 accredited and ISO 9001:2015 certified. Nickel, copper and cobalt were analyzed using four-acid digest and AAS finish. Gold, platinum and palladium were analyzed using lead collection fire assay with ICP-OES finish.

Subsequently, Mr. Antoine Yassa, P. Geo., of P&E, visited the Alexo site on April 29, 2011, and collected nine samples by quarter sawing the half drill core remaining in the core box. The holes sampled were drilled in 2010 and 2011. Samples were selected through a range of grades from high to low. At no time were any officers or employees of Canadian Arrow notified as to the identification of samples to be selected. During the site visit, samples were tagged with unique sample numbers and bagged. Mr. Yassa brought the samples to Dicom courier in Rouyn-Noranda, Québec. From there they were shipped to the offices of P&E, who transported them directly to AGAT Laboratories in Mississauga. Nickel, copper and cobalt were analyzed using four-acid digest and AAS finish. Gold, platinum and palladium were analyzed using lead collection fire assay with ICP-OES finish.

Mr. Antoine Yassa, P. Geo., and Mr. Eugene Puritch, P.Eng., of P&E, visited the Dundonald South site on August 25, 2020, and Mr. Yassa collected 45 samples from ten drill holes for independent data verification. The samples were taken from holes drilled in 2004 and 2005. Samples were selected through a range of grades from high to low. At no time were any officers or employees of the Company notified as to the identification of samples to be selected. During the site visit, samples were tagged with unique sample numbers and bagged. Mr. Puritch delivered the samples directly to AGAT Laboratories in Mississauga. Nickel, copper and cobalt were analyzed using four-acid digest and ICP-MS finish. Nickel and copper results >10,000 ppm were also analyzed by sodium peroxide fusion with ICP-OES finish. Gold, platinum and palladium were analyzed using lead collection fire assay with ICP-OES finish.

Mr. Antoine Yassa, P. Geo., of P&E, visited the Dundonald North site on September 22, 2020, and collected 45 samples from eight drill holes for independent data verification. The holes selected for sampling were drilled in the 1980s and 2005. Samples were selected through a range of grades from high to low. At no time were any officers or employees of the Company advised as to the identification of samples to be selected. During the site visit, samples were tagged with unique sample numbers and bagged. Mr. Yassa utilized Dicom, a commercial courier service, to deliver the samples to P&E's offices in Brampton and from there, the samples were taken directly to AGAT Laboratories in Mississauga by P&E. Nickel, copper and cobalt were analyzed using four-acid digest and ICP-MS finish. Nickel and copper results >10,000 ppm were also analyzed by sodium peroxide fusion with ICP-OES finish.

Considering that the independent data verification samples from the Alexo and Dundonald site visits were quarter-core, and therefore weighed less than the original half-core (i.e. difference in sample volume), and that the core duplicates cannot be expected to have excellent precision due to inherent geologic variability, the comparison between the original results and the P&E verification results are similar. Based upon the evaluation of P&E's multiple due diligence sampling and database verification, it is the opinion of the authors of the Technical Report that the data are robust and suitable for use in the current Mineral Resource Estimate.

1.9 MINERAL PROCESSING AND METALLURGICAL TESTING

Mineralogical and metallurgical testwork has not been conducted on the Alexo North and Alexo South Deposits in almost a decade, and never on the Dundonald North and Dundonald South Deposits. Historically, there was never any mineral processing on-site at Alexo. Small and larger bulk samples had been shipped off-site to Sudbury for testing and processing.

1.10 MINERAL RESOURCE ESTIMATE

The Alexo North, Alexo South, Dundonald South and Dundonald North Deposits collectively contain an updated total estimated Indicated Mineral Resource of 1.25 Mt with an average grade of 1.03% Ni and a total estimated Inferred Mineral Resource of 2.01 Mt with an average grade of 1.01% nickel (Table 1.1). Details of the current pit-constrained and out-of-pit Mineral Resources are provided in Table 1.2.

TABLE 0.1
UPDATED ALEXO-DUNDONALD MINERAL RESOURCE ESTIMATE (1-9)

Classification	Tonnes (M)	Ni (%)	Cu (%)	Co (%)	Contained Ni (Mlbs)	Contained Cu (Mlbs)	Contained Co (Mlbs)
Indicated	1.25	0.99	0.04	0.02	27.35	1	0.66
Out-of-Pit Inferred	2.01	1.01	0.03	0.02	44.51	1.29	0.89

NI 43-101 disclosure:

1) *Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.*
2) *The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
3) *The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.*

4) *The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council (2014).*
5) *The historical open pit mined areas were removed from the Mineral Resource Estimate.*
6) *US$ metal prices of $7.35/lb NI, $3/lb Cu, $20/lb Co, $1,500/oz Au, $900/oz Pt and $1,650/oz Pd were used in the NSR calculation with respective process recoveries of 89%, 90%, 40%, 50%, 50% and 50%*
7) *Pit constrained Mineral Resource NSR cut-off considers ore crushing, transport, processing and general and administration (G&A) costs that respectively combine for a total of ($2 + $6 + $20 + $2) = CAD$30/tonne processed.*
8) *Out-of-pit Mineral Resource NSR cut-off considers ore mining, crushing, transport, processing and G&A costs that respectively combine for a total of ($58 + $2 + $6 + $20 + $4) = CAD$90/tonne processed.*
9) *The out-of-pit Mineral Resource grade blocks were quantified above the $90/t cut-off, below the constraining pit shell and within the constraining mineralized wireframes. Additionally, only groups of blocks that exhibited continuity and reasonable potential stope geometry were included. All orphaned blocks and narrow strings of blocks were excluded. The longhole stoping with backfill mining method was assumed for the out-of-pit Mineral Resource Estimate calculation.*

TABLE 0.2
UPDATED ALEXO-DUNDONALD MINERAL RESOURCE ESTIMATE

Scenario	Classification	Cut-off NSR (C$/t)	Tonnes (k)	Ni (%)	Ni (Mlb)	Cu (%)	Cu (Mlb)	Co (%)	Co (Mlb)
Pit Constrained	Indicated	30	593.4	0.8	10.22	0.04	0.53	0.03	0.34
Out-of-Pit	Indicated	90	661	1.2	17.13	0.03	0.47	0.02	0.32
	Inferred	90	2,007.5	1.01	44.51	0.03	1.29	0.02	0.89
Total	Indicated	30+90	1,254	0.99	27.35	0.04	1.00	0.02	0.66
	Inferred	**90**	**2,008**	**1.01**	**44.51**	**0.03**	**1.29**	**0.02**	**0.89**

The October 24, 2020 National Instrument 43-101 compliant Updated Mineral Resource Estimate was prepared by Yungang Wu, P.Geo. and Eugene Puritch, P.Eng., FEC, CET of P&E Mining Consultants Inc, both Independent Qualified Persons as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects. The Updated Mineral Resource Estimate was done for pit constrained and out of-pit nickel, copper, and cobalt Mineral Resources. The total Indicated Mineral Resource Estimate is based on NSR cut-off values of CDN$30 per tonne for the pit constrained Mineral Resource and CDN$90 per tonne for the out-of-pit Mineral Resource. The total Indicated Mineral Resource based on a NSR for the out-of-pit Mineral Resource is 1.25 Mt at 0.99%, 0.04% Cu and 0.02% Co for a total of 27.35 Mlbs of contained nickel. An additional 2.01 Mt at 1.01% Ni, 0.03% Cu and 0.02% Co for a total of 44.51 Mlbs of contained nickel were calculated as the Inferred Mineral Resource.

1.11 CONCLUSIONS AND RECOMMENDATIONS

A National Instrument 43-101 compliant Updated Mineral Resource Estimate was prepared by Yungang Wu, P.Geo. and Eugene Puritch, P.Eng., FEC, CET of P&E Mining Consultants Inc., both Independent Qualified Persons as defined by NI 43-101 - Standards of Disclosure for Mineral Projects. The Alexo North, Alexo South, Dundonald South and Dundonald North Deposits collectively contain: 1) An updated total estimated Indicated Mineral Resource of 1.25 Mt with an average grade of 0.99% Ni; and 2) a total estimated Inferred Mineral Resource of 2.01 Mt with an average grade of 1.01% Ni.

The Updated Mineral Resource Estimate was undertaken for pit constrained and out-of-pit nickel, copper, and cobalt Mineral Resources. The total Indicated Mineral Resource Estimate is based on NSR cut-off values of CDN$30/t for the pit constrained Mineral Resources and CDN$90/t for the out-of-pit Mineral Resources. The total Indicated Mineral Resource based on a Net Smelter Return (NSR) for the out-of-pit Mineral Resource is 1.25 Mt at 0.99%, 0.04% Cu and 0.02% Co for a total of 27.35 Mlbs of contained nickel. An additional 2.01 Mt at 1.01% Ni, 0.03% Cu and 0.02 Co for a total of 44.51 Mlbs of contained nickel were calculated as the Inferred Mineral Resource. Compared to the previous Mineral Resource Estimate reported in the NI 43-101 compliant Technical Report dated June 30, 2020, the total estimated Indicated Mineral Resource has increased by 119% and the Inferred Mineral Resource has increased by 2,800%.

The Alexo-Dundonald Project has exploration upside potential for discovery of extensional and additional magmatic nickel sulphide mineralization by the Company. Although there has been past mining and drilling activity on the Project, the effective depth of exploration from the previous drilling is generally about 100 m below surface in the vicinity of the known deposits. The majority of the Project remains untested or under-tested by drilling below that depth, and there is almost no drilling outside the known deposits. Prior to September 2020, the Project area had not been surveyed by modern airborne geophysical techniques.

A Versatile Time Domain Electromagnetic ("**VTEM™**") airborne survey was flown over the entire Project for the Company in September 2020, including the known Alexo-Dundonald Deposits and the favourable komatiitic peridotite unit. The aim of the survey was to provide the Company's technical team with data to map conductors of potential significance in subsurface areas that may be associated with magmatic semi-massive to massive Ni-Cu-Co (PGE) sulphides, to an initial depth below surface of approximately 300 m. It is recommended that targets from the airborne survey be followed-up using surface time-domain EM surveys and (or) drilling with borehole time-domain EM surveys, as appropriate, in future exploration programs.

The proposed exploration and development program for the Alexo-Dundonald Project is a two-phase program with a total budget of $6M. Phases 1 ($2M) and 2 ($4M) should be completed before the end of 2021, in accordance with the underlying purchase agreements for the Alexo-Dundonald Project. The proposed Phase 1 work includes compilation/evaluation of historical data, modelling and interpretation of the VTEM™ anomalies, follow-up ground geophysical surveys and a diamond drilling program to expand resources at the known deposits and advance Inferred to Indicated Resources. The Phase 2 work consists of drill testing the highest priority targets for potential new Mineral Resources. Proposed expenditures are presented in Table 1.3.

TABLE 0.3 RECOMMENDED EXPLORATION PROGRAM AND BUDGET			
Program	**Activity**	**Proposed Expenditures (CDN$)**	
		Phase 1	**Phase 2**
	Core drilling	1,500,000	2,500,000
	Borehole/surface EM surveys	100,000	200,000
	Miscellaneous Expenses (rentals, etc.)	50,000	100,000
	Updated Mineral Resource Estimate	80,000	100,000
	Mineralogical and Metallurgical Testing*		320,000
	Mineralized Material Sorting		25,000
	Community Consultations		100,000
	Preliminary Economic Assessment		350,000
Project Maintenance	Renewal fees/taxes	20,000	20,000
	Option payments	-	-
Subtotal		**1,750,000**	**3,715,000**
Contingency (10%)		**175,000**	**371,500**
Total		**1,925,000**	**4,086,500**

Notes: ** Includes cost of drilling fresh core*

Somanike Project

The Somanike Project consists of 148 mining titles (mining rights area) covering 6,882 hectares within a large NW-trending ultramafic complex that hosts several nickel sulphide occurrences in the prolific Abitibi Greenstone Belt region of northwestern Quebec. The Somanike Project is located approximately 25 km north of the mining centre at Malartic, 40 km northwest of Val-d'Or, and 60 km east of Rouyn-Noranda. The property also contains many recognized target nickel trends and geophysical anomalies. One of these trends is the Ataman conductor trend, located 1 km south of the Marbridge Mine.

The Somanike Project includes Quebec's first nickel mine, the historical Marbridge Mine, which is a high-grade nickel mine operated by Falconbridge Nickel. The Marbridge Mine occurs within a large NW-trending deformed and altered ultramafic complex. The Mine produced 702,366 tonnes grading 2.28% Ni and 0.10% Cu from 1962 to 1968, prior to being placed on care and maintenance in 1968. The Mine consisted of two shafts accessing four separate mineralized zones over a combined strike length of 1000 m. The mineralized material was trucked 25 km south and processed at the Canadian Malartic Plant. Since 1968, leading groups have reviewed Marbridge data and reports and unanimously concluded that mining ceased in mineralization and the four nickel sulphide zones remain open to expansion by drilling along strike and down-dip/plunge.

Following closure of the Marbridge Mine in 1968, exploration in the Somanike area has been largely dormant. Historical exploration programs focused on magmatic nickel sulphide deposits, such that the majority of assays were for Ni and very limited Cu. Somanike was not investigated by modern geophysical surveys until 2014, when a VTEM survey was flown over the entire property with the objective of identifying nickel-copper sulphide targets for drill testing. Compilation of all historical drill data in conjunction with the 2014 VTEM survey identified numerous targets and exploration programs were designed to test for the presence of significant nickel and copper sulphides.

In July 2021, the Company announced the discovery of a new zone of high-grade nickel sulphide mineralization from recent drilling south of the Marbridge Mine at the Somanike Project, as a result of its winter 2021 drill program. This drill program consisted of six holes totalling 1,580 metres to test priority targets along the Ataman conductor trend, interpreted recently from the 2014 VTEM survey, and to follow-up on a nearby (200m westwards) massive sulphide intersection of 1.41% Ni over 0.5 m from previous drilling. This new drill program was completed by G4 Drilling of Val-d'Or, Quebec, under the supervision of GFE Forestry & Exploration Services of La Motte, Quebec and Alexandr Beloborodov Géologue Inc. of Laval, Quebec. Set forth below is a table of all drilling results from this program:

Hole ID	**From (m)**	**To (m)**	**Interval (m)**	**Ni (%)**	**Cu (%)**	**Co (%)**	**Pd (g/t)**	**Pt (g/t)**
SR-21-07	46.2	50.4	4.2	0.838	0.049	0.044	0.10	0.08
including	49.6	50.4	0.8	1.916	0.100	0.116	0.15	0.17
SR-21-07	55.0	63.2	8.2	0.411	0.034	0.017	0.06	0.03
including	57.0	58.7	1.7	1.180	0.070	0.015	0.17	0.04
SR-21-08	no significant intersections							
SR-21-09	no significant intersections							
SR-21-10	no significant intersections							
SR-21-11	no significant intersections							
SR-21-12	no significant intersections							

The first drill hole, SR-21-07, designed to test a strong conductor located 400 m west along trend from the historical Ataman showing, intersected massive nickel sulphides. Two sulphide mineralized intervals were intersected. Samples from the upper mineralized interval returned 0.84% Ni over 4.20 m, including 1.92% Ni over 0.80 m and 1.18% Ni over 1.7 m, from 49.6 m downhole, in altered ultramafic rocks. Samples from the lower mineralized interval returned 0.41% Ni over 8.15 m from 55 m downhole, including 1.18% Ni over 1.7 m, in altered mafic rocks. One of the 0.4 m long massive sulphide core sample returned 0.081 g/t Rh. The drill core samples were assayed by AGAT Laboratories of Mississauga, Ontario. The drill hole was surveyed by a borehole electromagnetic probe (BHEM) for detection of off-hole conductors by TMC Geophysique of Val-d'Or, Quebec. Interpretation work will continue at Somanike in the first half of 2022, particularly in the Marbridge and in the Ataman areas. The mineralization in SR-21-07 remains open in all directions.

Since the drill hole discovery, field checking on the surface above the massive sulphide intercept in SR-21-07 uncovered an outcrop (Alex Showing) with a 6-inch vein of rusty pyrite. A sample of the sulphide mineralization was submitted to the ALS Laboratories in Val-d'Or for assay, along with nine additional samples from a surface mineral prospecting program in the Marbridge-Ataman area. This outcrop does not appear to have been previously sampled, even though the original Ataman Showing itself (400 m to the east) was discovered in 1938. The Ataman Showing is located approximately 1 km south of the historic Marbridge Nickel Mine.

The additional five holes drilled as part of the 2021 program did not return significant assay intervals. However, borehole EM surveys were completed and interpretation work continues. Nevertheless, those drill holes did reveal useful information on the structure and stratigraphy of the ultramafic rock units for planning future exploration programs.

Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource at the Somanike Project to date and it is uncertain if further exploration will result in such a target being delineated as a mineral resource.

QA/QC

The Company employed a quality assurance and quality control program for the drill program, to ensure leading practice in the sampling and analysis of drill core. This practice includes insertion of certified standards and blanks into the drill core sample stream. Assay samples are taken from NQ-size drill core sawn in half; one-half of the core is shipped to AGAT Laboratories in Mississauga for assay and the other half is kept in the core box on-site for future reference. At AGAT Laboratories, the analytical methods employed consist of four-acid digest followed by sodium peroxide fusion and ICP-OES finish for multi-element analysis (including Ni, Cu, Co and S); fire-assay collection and ICP-OES finish for palladium, platinum and gold; and nickel collection fire assay and ICP-MS finish for the platinum-group elements, including rhodium.

Next Steps at Somanike

The proposed next steps in nickel sulphide exploration at Somanike include the following:

- Completion of plate modelling of the BHEM survey results for significant off-hole conductors along the western part of the Ataman conductor trend;
- Completion of a 25-m line-spaced drone-magnetic survey for detailed litho-structural mapping and 3-D inversion; and
- Planning of the next phase(s) of drilling, based on the geophysical modelling results and historical database, to further test the Ataman trend in the new discovery area, the Marbridge trend for extensions of known mineralized zones, and new targets from the geophysical surveys and surface mineral prospecting program.

These exploration activities are expected to be completed in the first and second quarters of 2022 at an aggregate cost of approximately $50,000.

Qualified Person

The above–noted technical information under the heading “Mineral Properties – Somaike Project” has been reviewed and approved by Alexandr Beloborodov, P.Geo., an independent geological consultant to the Company who is a Qualified Person as defined under National Instrument 43-101.

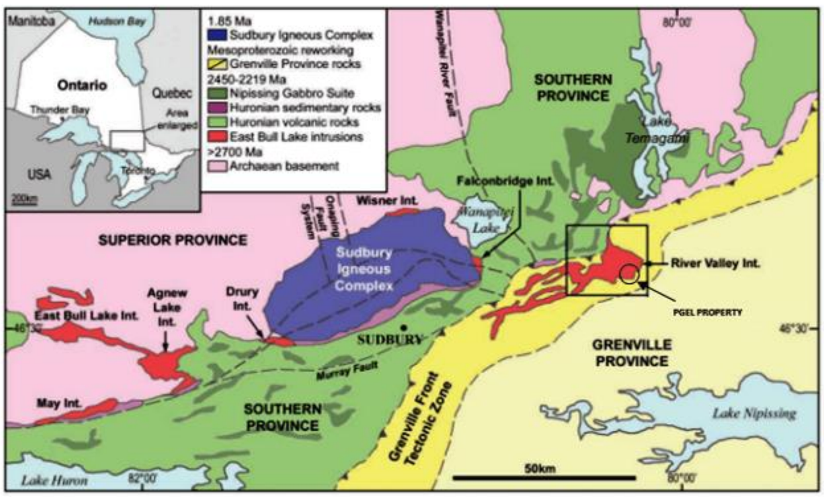
Additional Properties

The Additional Properties comprise a strategic project portfolio of mineral claims adjoining the Company’s Alexo Dundonald Project and Somanike Project, as well as a primary platinum group elements project located east of Sudbury, Ontario. The Additional Properties include claim groups known as the Timmins claims, River Valley claims, Metals Creek claims and the Bilson Cubric claims.

The Additional Properties include the property known as the River Valley PGE Project (the “**River Valley Property**”), which is located in Crerar and Dana townships, Sudbury Mining Division, north-eastern Ontario, Canada. The centre of the River Valley Property is approximately 60 km east-northeast of the City of Greater Sudbury, Ontario. The River Valley Property consists of 95 cell claims across a total of 2107 hectares (21.07 square km), located immediately south of the River Valley Palladium Project being developed by New Age Metals Inc.

The principal style of mineralization observed on the River Valley Property to date is Contact-Style PGE-Cu-Ni-bearing sulphide mineralization hosted in the River Valley Intrusion ("**RVI**"). Early exploration programs were conducted by Falconbridge Nickel Mines Ltd. and Tomrose Mines Ltd. in the 1960s. Since then, historical exploration work on the Property has included mapping, geophysics, trenching and limited diamond drilling.

Potentially significant mineralization discovered to date on the River Valley Property consists of PGE-Cu-Ni-bearing sulphides focused within an approximately 3 km trend of mineralized Breccia Unit, referred to as the "Crerar Trend", located along the south-eastern contact of the RVI in the south-eastern part of the River Valley Property.



(Holwell et al., 2014)

<u>Qualified Person</u>

The above–noted technical information under the heading "Mineral Properties – Additional Properties" has been reviewed and approved by Dr. Scott Jobin-Bevans, P.Geo. who is a Qualified Person as defined under National Instrument 43-101.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to Class 1's business and that may have material adverse effects on Class 1's business, financial condition and results of operations and/or the trading price of its Common Shares.

Mineral Exploration, Development and Operating Risks

Mineral exploration is highly speculative in nature, generally involves a high degree of risk and frequently is non-productive. The Projects are each at the exploration stage, and there is no assurance that future exploration or development efforts will be successful or that expenditures to be made by the Company will result in discoveries of commercial quantities of minerals or profitable commercial mining operations. Resource acquisition, exploration, development, and operation involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Significant expenses are required to locate and establish economically viable mineral deposits, to acquire equipment, and to fund construction, exploration and related operations, and few mining properties that are explored are ultimately developed into producing mines. Success in establishing an economically viable project is the result of a number of factors, including the quantity and quality of minerals discovered, proximity to infrastructure, metal and mineral prices which are highly cyclical, costs and efficiencies of the recovery methods that can be employed, the quality of management, available technical expertise, taxes, royalties, environmental matters, government regulation (including land tenure, land use and import/export regulations) and other factors. Even in the event that mineralization is discovered on a given property, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change as a result of such factors. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital, and no assurance can be given that any exploration program of the Company will result in the establishment or expansion of resources or reserves.

The Company’s operations are subject to all the hazards and risks normally encountered in the exploration, development and production of nickel and other minerals, including hazards relating to the discharge of pollutants or hazardous chemicals, changes in anticipated grade and tonnage of ore, unusual or unexpected adverse geological or geotechnical formations, unusual or unexpected adverse operating conditions, slope failures, rock bursts, cave-ins, seismic activity, the failure of pit walls, pillars or dams, fire, explosions and natural phenomena and 'acts of God' such as inclement weather conditions, floods, earthquakes or other conditions, any of which could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, damage to property, environmental damage, unexpected delays, monetary payments and possible legal liability, which could have a material adverse impact upon the Company.

In addition, any future mining operations will be subject to the risks inherent in mining, including adverse fluctuations in fuel prices, commodity prices, exchange rates and metal prices, increases in the costs of constructing and operating mining and processing facilities, availability of energy and water supplies, access and transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment, and industrial accidents and labour actions or unrest. The occurrence of any of these risks could materially and adversely affect the development of a project or the operations of a facility, which could have a material adverse impact upon the Company.

Uncertainty of Mineral Resource Estimates

Although the Company has carefully prepared its Mineral Resource figures with the assistance of independent experts, such figures are estimates only and no assurance can be given that the indicated tonnages and grade will be achieved or as to any indicated level of recovery that may be realized. There is significant uncertainty in any Mineral Resource estimate, and the actual deposits encountered and the economic viability of, and returns from, mining a deposit may differ materially from estimates disclosed by the Company. The estimating of Mineral Resources is a subjective process and the accuracy of Mineral Resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting engineering and geological information. Estimated Mineral Resources may also require downward revisions based on changes in metal prices, changes in assumptions regarding size, grade and/or estimated recovery rates, further exploration or development activity, increased production costs or actual production experience, which could require material write downs in investment in the affected property and increased amortization, reclamation and closure charges. Any future changes in assumptions regarding commodity prices, operating costs and exchange rates may also render certain Mineral Resources uneconomic to mine and result in a significant reduction in the reported Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Currently, the Company has established the presence of Inferred and Indicated Mineral Resources at its Alexo-Dundonald Project. Due to the uncertainty which may attach to

Mineral Resources, there is no assurance that any or all of the currently identified Inferred or Indicated Mineral Resources will be upgraded to Measured Mineral Resources and/or to Mineral Reserves as a result of continued exploration.

Current Economic Conditions

There are significant uncertainties regarding the price of precious metals and the availability of equity financing for the purposes of mineral exploration and development. The Company's future performance is largely tied to the development of its current portfolio of mineral properties and the commodity and financial markets. Financial markets are likely to continue to be volatile, potentially through the balance of 2021 and beyond, reflecting ongoing concerns about the stability of the global economy and the COVId-19 pandemic. As a result, the Company may have difficulty raising financing for the purposes of mineral exploration and development, and, if obtained, on terms favourable to the Company and/or without excessively diluting its current shareholders. These economic trends may limit the Company's ability to develop and/or further explore the mineral properties in which it has an interest. If these increased levels of volatility and market turmoil continue, the Company's operations could also be adversely impacted and the value and the price of its Common Shares and other securities could be adversely affected.

Additional Financing

Class 1's mineral exploration and development activities are capital intensive. As Class 1 has not yet generated operating revenue, its ability to continue operations is reliant on its continued attractiveness to investors. In order to continue its proposed operations, Class 1 will require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake planned exploration and development activities. There can be no assurance that additional financing will be available to Class 1 when needed or on terms which are commercially acceptable to Class 1. Class 1's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon its operations, or even result in loss of property interests.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. The continued development of Class 1 will require substantial additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or Class 1 going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Class 1.

In addition, from time to time, Class 1 may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase Class 1's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Class 1 to obtain additional capital and to pursue business opportunities.

Pandemic Diseases

Class 1's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases. These infectious disease risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of Class 1's activities or those of its consultants to operate as intended due to shortage of skilled employees, shortages in supply chains, inability of employees to access sufficient healthcare, transportation restrictions, significant social upheavals, government or regulatory actions or inactions, decreased demand or the inability to sell minerals or declines in the price of minerals, capital market volatility, or other unknown but potentially significant impacts. Class 1 may not be able to accurately predict the quantum of such risks. Accordingly, any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on Class 1, its business, results from operations and financial condition. In March 2020, Class 1 implemented certain procedures and actions, including social distancing as mandated by government authorities, and will continue to follow all requisite protocols as a result of the COVID-19 and any other applicable pandemic.

Limited Operating History

Class 1 completed the RTO in 2019. Class 1 is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and limited revenues. There is no assurance that Class 1 will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Operational Risks

Class 1 is subject to a number of operational risks and may not be adequately insured for certain risks, including labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, earthquakes and ground movements, and environmental liabilities. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of property, personal injury or death, environmental damage, adverse impacts on operation, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have an adverse impact on Class 1. Also, Class 1 may be subject to or affected by liability or sustain loss for certain risks and hazards against which Class 1 cannot insure or which Class 1 may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on Class 1's results of operations and financial condition.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility and access to financial markets has been severely restricted. These factors may impact the ability of Class 1 to obtain equity or debt financing in the future and, if obtained, on terms favourable to Class 1. If these increased levels of volatility and market turmoil continue, Class 1's operations could be adversely impacted and the value and the price of the Common Shares could be adversely affected.

Risks Associated with Acquisitions

As part of Class 1's overall business strategy, Class 1 may pursue select strategic acquisitions that would provide additional prospective resource properties to its portfolio. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from Class 1's existing business and exploration activities; (d) potential inability to generate sufficient funding to offset new costs; or (e) the expenses of acquisitions. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Class 1's security measures could misappropriate proprietary information or cause interruptions in its operations. Class 1 may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Currency Fluctuations

In the future, Class 1 may list its Common Shares or other securities, and raise funding, in jurisdictions outside Canada, as a result of which Class 1 would be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the Canadian dollar and other currencies, such as the Australian dollar, may have a material adverse effect on Class 1's business, financial condition and operating results. Class 1 does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if Class 1 develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Volatile Stock Price

The stock price of the Company is highly volatile and will most likely be drastically affected various factors that include, but are not limited to, its exploration results and factors effecting the mining and metals sector. Class 1 cannot predict any of these factors which will take place in the future, which will likely trigger significant changes in the trading price of the Common Shares.

Potential Conflicts of Interest

Some of the individuals who serve as directors and/or officers of Class 1 are also directors, officers and/or promoters of other reporting and non-reporting issuers. As of the date hereof, and to the knowledge of the directors and officers of Class 1, there are no existing conflicts of interest between Class 1 and any of the individuals who are directors or officers of Class 1 other than as disclosed elsewhere herein. Situations may arise where the directors and/or officers of Class 1 may be in competition with Class 1. Any conflicts will be subject to and governed by the laws applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of Class 1's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Class 1 are required to act honestly, in good faith and in the best interests of Class 1. See also "Interest of Management and Others in Material Transactions".

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares, or the potential for such sales, could decrease the trading price of the Common Shares and could impair Class 1's ability to raise capital through future sales of Common Shares. The Company may from time to time have previously issued securities at an effective price per share that is lower than the then current market price of Common Shares. Accordingly, certain shareholders of the Company may have an investment profit in Common Shares that they may seek to liquidate.

Class 1 may, in its sole discretion in accordance with its constating documents and subject to applicable laws, including the policies of the CSE, issue additional Common Shares or other securities (equity, debt or otherwise) from time to time, and the interests of the holders of Common Shares may be diluted thereby

Market Price of the Common Shares

Securities of small-cap and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in the mineral resource industry or in Class 1's financial condition or results of operations. Other factors unrelated to Class 1's performance that may have an effect on the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning Class 1's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of the Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect Class 1's long-term value. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Class 1 may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Competition

There is aggressive competition within the mineral exploration and mining industry for the discovery and acquisition of properties considered to have commercial potential, and for management and technical personnel. The Company's ability to acquire projects in the future is highly dependent on its ability to operate and develop its current assets and its ability to obtain or generate the necessary financial resources. The Company will compete with other parties in each of these respects, many of which have greater financial resources than the Company. Accordingly, there can be no assurance that any of the Company's future acquisition efforts will be successful, or that it will be able to attract and retain required personnel. Any such failure could have a material adverse impact upon the Company. See "Description of the Business – Competition".

Commodity Prices

The price of the Common Shares, and Class 1's financial results could be significantly adversely affected by declines in the price of nickel and other precious metals. The prices of precious metals fluctuate widely and are affected by numerous factors beyond Class 1's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Canadian dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, inventory levels and carrying charges. Future price declines in the market value of precious metals could have a material adverse impact on the operations of Class 1.

In addition to adversely affecting Class 1's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Government Regulation

The mineral exploration and development activities undertaken by the Company are subject to laws and regulations governing health and worker safety, employment standards, exports, price controls, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development and production, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Exploration and development activities may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, royalties, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety.

Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material adverse impact upon the Company. The Company may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material adverse impact upon the Company. In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company, and could prevent or materially delay or restrict the Company from proceeding with the exploration or development of an exploration project.

Permitting and License Risks

The Company's operations are subject to receiving and maintaining permits from appropriate governmental authorities for various aspects of exploration and development. The Company's exploration permits have defined lifespans and will need to be renewed or converted to exploitation permits in due course as required. There is no assurance that all necessary permits for future operation, or renewals of such permits, will be available on a timely basis or at all. Failure to obtain requisite licenses and permits or successfully renew or maintain current ones could have a material adverse impact upon the Company.

Title Risks

Although the Company has obtained title opinions with respect to certain of its property interests, there can be no assurance that there are no prior unregistered agreements, claims or defects that may result in the

Company’s title to its properties being challenged. A successful challenge to the precise area and location of these claims could result in the Company being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material adverse impact upon the Company.

Commodities

The Company’s operations are or will in future be dependent on various commodities (such as diesel fuel, electricity, steel, concrete and cyanide) and equipment to conduct operations. Market prices of commodities and equipment can be subject to volatile price movements, occur over short periods of time and are affected by factors that are beyond the control of the Company. The shortage of such commodities and equipment or any significant increase of their cost could have a material adverse impact upon the Company’s ability to carry out its operations, and could affect the economic viability of the Company’s projects.

Environmental Risks and Hazards

All phases of the Company’s operations are subject to environmental regulation in the jurisdictions in which it operates, including regulations which mandate, among other things, the maintenance of air and water quality standards, land reclamation, management of waste and hazardous substances, protection of natural resources, and antiquities and endangered species. Laws and regulations involving the protection and remediation of the environment are constantly changing and are generally becoming more restrictive, with the trend towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company’s intended activities. In addition, there is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations. Environmental hazards may exist on the properties in which the Company holds interests from time to time which are unknown to the Company and which have been caused by previous or existing owners or operators of the properties. Such hazards, if they exist, may result in additional costs to the Company, and/or may result in planned exploration, production or development activities being curtailed or postponed. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the activities and may have civil or criminal fines or penalties imposed for violations of applicable environmental laws or regulations. Amendments to current environmental laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact upon the Company and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new properties.

Internal Controls and Procedures

Management of the Company has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements of the Company 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 thereby, and (ii) the financial statements of the Company fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented. However, as a venture issuer, the certifying officers of the Company filing such financial statements do not make 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 Company 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 Company's accounting principles. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis disclosure controls and procedures, and internal controls over financial reporting, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Access, Supplies and Infrastructure

Mineral exploration and development activities depend on access and adequate infrastructure, including reliable roads, bridges, power sources and water supply. The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost cannot be assured. Inadequate infrastructure, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations. In addition, climate changes or prolonged periods of inclement weather may severely limit the length of time per year in which exploration, development and production can be carried out, which could have a material adverse impact upon the Company.

Dividend Policy

No dividends on any of the Common Shares have been paid to date. Payment of future dividends, if any, will be at the discretion of the Board of Directors. See "Dividends".

Management

Class 1's future growth and its ability to develop, depend, to a significant extent, on its ability to attract and retain highly qualified staff. Class 1 relies on a limited number of key employees, consultants and members of senior management, and there is no assurance that the Company will be able to retain such personnel. The loss of one or more key employees, consultants or members of senior management, if such persons are not replaced, could have a material adverse effect on Class 1's business, financial condition and prospects. To operate successfully and manage its potential future growth, Class 1 must attract and retain highly qualified geological, managerial and financial staff. Competition for its personnel can be intense, and the Company cannot ensure that it will be able to bring in and retain highly skilled technical and management staff in the future. In addition, the Company may be obligated to increase the compensation paid to current or new staff, which could substantially increase operating expenses.

DIVIDENDS

The Company has never declared or paid cash dividends on the Common Shares. Any future dividend payment will be made at the discretion of the Board of Directors, and will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares, of which as at November 9, 2021 there were 121,705,029 issued and outstanding Common Shares. Holders of the Common Shares are entitled to receive notice of any meetings of shareholders of the Company, and to attend and to cast one vote per Common Share at all such meetings. Holders of the Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of the Common Shares are entitled to receive on a pro rata basis such dividends on the Common Shares, if any, as and when declared by the Company's Board of Directors at its discretion from funds legally available therefor, and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of the Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

The Common Shares are listed and traded on the CSE under the symbol "NICO". The following table indicates the high and low values and volume with respect to trading activity for the Common Shares on a monthly basis during the fiscal year ended December 31, 2020.

Month	**High**	**Low**	**Volume**
December 2020	0.99	0.78	154,580
November 2020	1.10	0.68	454,109
October 2020	0.075	0.61	307,450
September 2020	0.95	0.5	342,177
August 2020(1)	0.045	0.025	650,364
July 2020	N/A	N/A	N/A
June 2020	N/A	N/A	N/A
May 2020	N/A	N/A	N/A
April 2020	N/A	N/A	N/A
March 2020	N/A	N/A	N/A
February 2020	N/A	N/A	N/A
January 2020	N/A	N/A	N/A

(1) On August 20, 2020, the Common Shares commenced trading on the CSE.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of the Company, no Common Shares are subject to any contractual restriction on transfer as of November 9, 2021, other than an aggregate of 39,842,749 Common Shares which are held in escrow pursuant to an escrow agreement between the Company, Capital Transfer Agency and certain other named parties thereto dated August 12, 2020, of which 25% shall be released on each of February 20, 2022, August 20, 2022, February 20, 2023 and August 20, 2023.

DIRECTORS AND OFFICERS

The following table sets forth the name and province and country of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and periods of service as a director (if applicable). Each of the directors of the Company will hold office until the next annual meeting of shareholders and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal. As of November 9, 2021, an aggregate of 53,220,788 Common Shares (representing approximately 44% of all issued and outstanding Common Shares) are beneficially owned or controlled or directed (directly or indirectly) by all of the directors and officers of the Company, as a group.

Name and Province and Country of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
David Fitch Queensland, Australia	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company (2019 to present) Executive Director of QEM Limited, an Australian shale oil and vanadium resource exploration company (July 2018 to March 2020), Non-Executive Director (March 2020 to present) Executive Director of Vanicom Resources Limited, mineral exploration company (June 2018 to September 24, 2019) Sole Director of David Fitch Group of Companies, an Australian consortium of private and public companies (June 2013 to Present) Centre Licensee, Kozy Kids Maylands Pty Ltd South Australia, a Australian company operating child-care centres in South Australia (October 2017 to Present) Director of BioCentral Laboratories Limited, an Australian company producing advanced products for the firefighting industry and dust suppressants for mining and road construction (2013 to present)	2019
Mathew Gilbertson(1) Queensland, Australia	Director	Founder and Director of Tablet PC, an Australian reseller of tablet computers and accessories (January 2013 to present)	2019
David Crevier(1) Quebec, Canada	Director	Lawyer (Partner) at Colby Monet LLP, a full service law firm located in Montreal, Quebec (1975 to present) Director of Goldstar Minerals Inc. (September 2016 to present).	2020
Mathew Fitch(1) Queensland, Australia	Director	Co-founder of Fusion Capital, which incorporates Bustech,Group, Brabham Automotive, HeliostatSA and EVANT (2014 to present)	2021

Omar Gonzalez Ontario, Canada	Chief Financial Officer	Chief Financial Officer of the Company (2020 to present) Manager Financial Reporting, Marrelli Support Services Inc., corporate services firm (2020 to present) Chief Financial Officer, Tartisan Nickel Corp., mineral exploration company (2020 to present) Audit Senior Manager Pubco, MMP, LLP, accounting firm (2019 to 2020) Audit Senior Manager (2017 to 2020) and Audit Senior Manager Pubco (2015 to 2017), BDO, LLP, accounting firm	N/A

(1) Member of the Audit Committee of the Company.

Mr. David Fitch is President, Chief Executive Officer and a director of the Company, and is also currently Non-Executive Director of QEM Limited (March 2020 to present), a vanadium exploration company listed on the Australian Stock Exchange, sole Director of David Fitch Group of Companies (June 2013 to present), which invests in child care, medical and commercial assets, Centre Licensee – Kozy Kids Maylands Pty Ltd South Australia, and a director of BioCentral Laboratories Limited., a company producing advanced products for the firefighting industry and dust suppressants for mining and road construction. Mr. Fitch was previously director of Vanicom Resources Limited (June 2018 to September 2019), and Chief Operating Officer and joint major shareholder of the Fitch Group (2009 to 2014). Mr. Fitch has extensive experience in strategic planning, commercial negotiations, business operations and asset management, with a particular focus on green-field development sites for the commercial and retail sectors and residential development. Mr. Fitch graduated from Bond University with a Bachelor of Commerce (Accounting) in 1997 and a Bachelor of Jurisprudence in 1999. Mr. Fitch graduated from the Australian Institute of Company Directors in 2002.

Mr. Mathew Gilbertson is a director of the Company, and also currently serves as an independent board and executive management consultant, specializing in operational efficiency and economic optimization. Mr. Gilbertson is Founder and Director of Tablet PC, a consulting firm (January 2013 to present) that boasts customers such as Macquarie, HP, Microsoft as well as many State and Federal government agencies across Australia. Mr. Gilbertson has more than 25 years of management experience in both the public and private sectors, as an executive and as a board member. As a board member, Mr. Gilbertson has utilized his financial understanding and operational experience to help rescue distressed not-for-profit organisations. Practically, Mr. Gilbertson has worked on technology implementation and integration projects across Australia, US and Europe, and is an executive consultant helping senior leaders utilise technology efficiently. Mr. Gilbertson has extensive operational experience, gained through his extensive construction and mining background and his many years consulting across many different business verticals, which enables him to bridge operational, financial, technical and governance requirements. Mr. Gilbertson is a government certified Qualified Builder and Design Draftsperson.

Mr. David Crevier is a director of the Company, and is a partner of the law firm Colby Monet LLP, located in Montreal, Quebec, since 1984. Mr. Crevier is a member of the Barreau du Quebec and has practiced as a lawyer since 1975, primarily in the area of commercial law, assisting public and private companies in the natural resource and technology sectors. Mr. Crevier has acted as a director for Goldstar Minerals Inc., a

TSX Venture Exchange-listed issuer, since September 2016. Mr. Crevier has acted as a director for several publicly traded companies focusing on corporate governance and public disclosure. Mr. Crevier has previously served as a director or officer of Yorbeau Resources Inc., Cancor Mines Inc., Sierra Metals Inc., and Keywest Energy Corporation, among others. Mr. Crevier holds a B.A. from Concordia University, and a BCL and LLB from McGill University. Mr. Crevier was called to the Quebec Bar in 1975.

Mr. Mathew Fitch is a director of the Company, and is a co-founder of Fusion Capital, which incorporates Bustech,Group, Brabham Automotive, HeliostatSA and EVANT. Bustech Group is Australia's largest privately owned manufacturer of diesel, electric and hydrogen buses. His ownership interest is spread across the Hospitality, Advanced Manufacturing, Automotive, Property and Development Sectors. His background as a Financial Accountant for both Bentleys & KPMG provided a strong platform to undertake his previous role of Chief Financial Officer and Joint Managing Shareholder of the Fitch Group – a group of companies with assets in excess of $250 million spread across the commercial and residential property, manufacturing, retail, hotel and childcare industries in Australia. With a wealth of hands-on experience ranging from boardroom level to the office floor, Mathew brings an invaluable understanding of international business, manufacturing and financial management to Fusion Capital. Mr. Fitch holds a Bachelor of Commerce (Accounting) degree and a GAICD certification from the Australian Institute of Company Directors.

Mr. Omar Gonzalez is the Chief Financial Officer of the Company. Omar has over 20 years' experience in audit & assurance in South America, included 5 years of public and private audit practice with extensive experience working with international mining companies in the areas of corporate finance, financial reporting, and corporate governance. His experience encompasses senior management to officer roles with greenfield projects to intermediate several minerals and base metal producers. He is bilingual in English and Spanish and has led many assurance & non-assurance engagements for companies in the energy, mining & natural resources, real estate, manufacturing, and consumer business. He is a Chartered Professional Accountant in Venezuela and hold a bachelor degree with major in Accounting from the Santa Maria University.

Committees of the Board of Directors

The Board of Directors discharges its responsibilities directly, as well as indirectly through the Audit Committee.

Audit Committee

The mandate of the Audit Committee is formalized in a written charter. The members of the Audit Committee are Messrs. Mathew Gilbertson, Mathew Fitch and David Crevier. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Company's financial reporting process and control systems, review and appraise the audit activities of the Company's independent auditors, financial and senior management, and to review the lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters. See "Audit Committee Disclosure" below.

Conflicts of Interest

In the future, circumstances may arise where officers or members of the Board of Directors of the Company are directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by such directors will be provided to the Company. Pursuant to the OBCA, directors who have an interest in a proposed transaction upon which the Board of Directors is voting are required to disclose their interests and refrain from voting on that transaction. See also "Risk Factors – Potential Conflicts of Interest".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or will materially affect the Company, other than as set forth below.

On November 23, 2018, the Company completed the 2018 Private Placement pursuant to which it issued an aggregate of 6,400,000 Common Shares to Mr. Robert Salna and to Mr. Dominique Monardo at a price of $0.005 per share. Mr. Salna was a significant shareholder and Mr. Monardo was a director and officer of the Company at the time of closing of the 2018 Private Placement.

On September 24, 2019, the Company completed the RTO pursuant to which Bloom amalgamated with Legendary to form a wholly-owned subsidiary of the Company, and the Company issued 80,000,000 Common Shares to the former Legendary shareholders in exchange for their former shareholdings in Legendary. As a result of the RTO, (i) Benjamin Cooper and David Fitch, through certain affiliated entities, acquired ownership or control of 28,190,559 and 31,923,078 Common Shares of the Company, respectively; and (ii) the existing officers and directors of the Company resigned, and Mr. Benjamin Cooper was appointed as President, Chief Executive Officer and a director, Messrs. David Fitch, Mathew Gilbertson and Eric Lowy were appointed as directors and Mr. Aamer Siddiqui was appointed as Chief Financial Officer of the Company.

On April 23, 2020, the Company announced the closing of the April 2020 Private Placement. Mr. David Fitch, a director of the Company, acquired an aggregate of 6,000,000 Common Shares pursuant to the offering for an aggregate purchase price of $600,000.

On November 4, 2020, the Company announced the closing of the first tranche of the November 2020 Private Placement. Mr. David Fitch, a director of the Company, indirectly acquired 400,000 hard dollar units pursuant to the offering for an aggregate purchase price of $280,000.

On August 31, 2021, the Company announced that it had completed the acquisition of the Additional Properties in consideration of a cash payment of $550,000 and the issuance of an aggregate of 10,000,000 Common Shares. In connection with the acquisition, PGEL received an aggregate of 7,940,908 Common Shares. PGEL is a private company controlled by Mr. Benjamin Cooper who is a significant shareholder of the Company.

See also “General Development of the Business – Three Year History”.

LEGAL PROCEEDINGS

There are not currently and were not within the most recently completed fiscal year of the Company, any material legal proceedings or regulatory actions to which the Company is or was a party or of which any of the Company’s properties are or were subject, nor are any such proceedings or actions currently known by the Company to be contemplated.

TRANSFER AGENT AND REGISTRAR

The Company’s transfer agent and registrar is Capital Transfer Agency at its principal offices at Suite 920, 390 Bay Street, Toronto, Ontario M5H 2Y2.

MATERIAL CONTRACTS

There are no contracts of the Company other than those entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the most recently completed financial year or were entered into before the most recently completed financial year and which are still in effect.

AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 - Audit Committees ("**NI 52-110**") requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Company's Audit Committee is governed by an Audit Committee charter, the text of which is included in this AIF as Appendix A.

Composition of the Audit Committee

The Company's Audit Committee is currently comprised of Messrs. Mathew Gilbertson, David Crevier and Mathew Fitch. As defined in NI 52-110, each of these individuals is currently considered to be "independent" of the Company and "financially literate".

Mathew Gilbertson: Mr. Gilbertson has more than 25 years of management experience in both the public and private sectors, as an executive and as a board member. As a board member, Mr. Gilbertson has utilized his financial understanding and operational experience to help rescue distressed not-for-profit organisations. Practically, Mr. Gilbertson has worked on technology implementation and integration projects across Australia, US and Europe, and is an executive consultant helping senior leaders utilise technology efficiently. Mr. Gilbertson has extensive operational experience, gained through his extensive construction and mining background and his many years consulting across many different business verticals, which enables him to bridge operational, financial, technical and governance requirements.

David Crevier: Mr. Crevier is a member of the Barreau du Quebec and has practiced as a lawyer since 1975, primarily in the area of commercial law, assisting public and private companies in the natural resource and technology sectors. Mr. Crevier has acted as a director for Goldstar Minerals Inc., a TSX Venture-listed issuer, since September 2016. Mr. Crevier has acted as a director for several publicly traded companies focusing on corporate governance and public disclosure. Mr. Crevier has previously served as a director or officer of Yorbeau Resources Inc., Cancor Mines Inc., Sierra Metals Inc., and Keywest Energy Corporation, among others.

Mathew Fitch: Mr. Fitch is a co-founder of Fusion Capital, which incorporates Bustech,Group, Brabham Automotive, HeliostatSA and EVANT. His background as a Financial Accountant for both Bentleys & KPMG provided a strong platform to undertake his previous role of Chief Financial Officer and Joint Managing Shareholder of the Fitch Group – a group of companies with assets in excess of $250 million spread across the commercial and residential property, manufacturing, retail, hotel and childcare industries in Australia.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services are set out in the Audit Committee Charter, as attached at Schedule "A" hereto.

Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2019 and 2020 for audit and non-audit related services:

Type of Work	**Fiscal Year Ended December 31, 2019**	**Fiscal Year Ended December 31, 2020**
Audit fees(1)	$17,500	$25,000
Audit-related fees(2)	Nil	Nil
Tax advisory fees(3)	Nil	Nil
All other fees	Nil	Nil
Total	$17,500	$25,000

Notes

(1) Aggregate fees billed for the Company's annual financial statements and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.

(2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.

(3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

EXPERTS

Names of Experts

Following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 by the Company during or relating to the financial year ended December 31, 2020, whose profession or business gives authority to such report, valuation, statement or opinion:

1. Wasserman Ramsay Chartered Accountants (regarding the Financial Statements and auditor's report thereon);

2. Each of William Stone, Yungang Wu, Jarita Barry, Eugene Puritch, D. Grant Feasby, David Burga and Antoine Yassa (regarding the Technical Report and disclosure under the heading "Mineral Properties – Alexo-Dundonald Project");

3. Alexandr Beloborodov, P.Geo. (regarding the scientific and technical information under the heading "Mineral Properties – Somanike Project"); and

4. Scott Jobin-Bevans (regarding the scientific and technical information under the heading "Mineral Properties – Additional Properties").

Interests of Experts

Wasserman Ramsay Chartered Accountants has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants.

Each of William Stone, Yungang Wu, Jarita Barry, Eugene Puritch, D. Grant Feasby, David Burga, Antoine Yassa, Alexandr Beloborodov and Scott Jobin-Bevans has advised the Company that he was at all relevant times the registered and/or beneficial owner, directly or indirectly, of less than one percent of the outstanding Common Shares.

Scott Jobin-Bevans has advised the Company that he is a director and officer of Caracle Creek International Consulting Inc. ("**Caracle Creek**"), which holds an aggregate of 500,000 Common Shares. Mr. Jobin-Bevans has advised the Company that he does not hold any direct or indirect interest in Caracle Creek.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in the management proxy circular of the Company for its next annual shareholders meeting.

Additional financial information is provided in the Company's Financial Statements and Management's Discussion & Analysis for the financial year ended December 31, 2020, also available on SEDAR at www.sedar.com.

APPENDIX A

CLASS 1 NICKEL & TECHNOLOGIES LIMITED.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE OF THE AUDIT COMMITTEE

The purpose of the Audit Committee is to fulfill the applicable public company audit committee legal and regulatory obligations and to provide assistance to the board of directors of the Corporation (the "**Board**") to enable it to fulfill its oversight responsibilities in relation to the financial reporting process, the system of internal controls and the audit process and management of significant risks to the Corporation, as they relate to financial reporting.

Audit Committee Mandate

The Audit Committee (the "**Committee**") is appointed by the Board to assist the Board in fulfilling its oversight responsibilities of the Corporation. In so doing, the Committee provides an avenue of communication among the external auditors, management and the Board.

The Committee's purpose is to ensure the integrity of financial reporting and the audit process, and that sound risk management and internal control systems are developed and maintained. In pursuing these objectives the Audit Committee oversees relations with the external auditors, and reviews the effectiveness of the internal audit function.

STRUCTURE OF THE COMMITTEE

Composition

The Committee is a standing committee of the Board and will be composed of not less than three directors, with not more than one director being an executive officer, related party or employee of the Corporation.

Quorum

A quorum of the Committee will be a majority of members present in person, by telephone or any combination thereof.

Appointment of Members and Chairman

Members of the Committee shall be appointed by the Board annually to hold office at the pleasure of the Board. No more than two members of the Committee will resign from the Committee in any given year.

Chairman

The Board shall appoint one of the members as the Committee Chair. In the absence of the Chair from any meeting, the Committee shall appoint a member to be the Chair for the purposes of the conduct of that meeting.

Qualification of Members

Members of the Committee shall meet applicable requirements and guidelines for audit committee service, including requirements and guidelines with respect to being independent and unrelated to the Corporation and to having accounting or related financial management expertise and financial literacy.

The determination as to whether a particular Director satisfies the requirements for membership on the Audit Committee shall be made by the full Board.

Vacancy

A vacancy occurring in the membership of the Committee may be filled by the Board at its discretion, but in any event, the Board shall fill any vacancy to ensure a minimum of three members on the Committee at all times.

Number and Timing of Meetings

The Audit Committee meets at least four times a year, with meetings being scheduled to permit timely review of quarterly and annual financial statements. Additional meetings may be held at the discretion of the Chair or at the request of a member, external auditors or management.

Secretary

A secretary shall be designated and that person shall act as recording secretary for the Committee and produce minutes of the meetings.

Meetings with Management and External Auditors

The Committee shall meet separately with management and external auditors at least once per quarter and shall meet at such other times, as the Committee deems appropriate.

Notice and Place of Meetings

Notice of time and place of meetings shall be communicated to members of the Committee no less than 24 hours prior to the time set for the meeting, provided that any member may waive such notice.

A member of the Committee who attends a meeting for the purpose of objecting to whether the meeting was lawfully called shall not be considered to have waived required notice.

Invitees

By invitation of the Chair, individuals who are not members of the Committee may attend meetings from time to time and may participate in discussions related to issues before the Committee.

Minutes and Procedures of Meetings

Subject to statutory requirements and by-laws of the Corporation, the Committee may set its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee considers it appropriate, but in any event not later than the next Board meeting. Minutes of the Committee meeting shall be tabled at the next Board meeting.

Delegation of Responsibilities

The Committee may delegate to any person or committee of persons any of the Committee's responsibilities that may be lawfully delegated.

External Auditors

External auditors are ultimately accountable to the Board and shall report directly to the Committee. The external auditors are accountable to the Board and the Audit Committee as representatives of the shareholders of the Corporation.

Mandate

The Committee will review and reassess the adequacy of the Audit Committee Mandate on an annual basis to ensure that it accurately specifies the scope of the Committee's responsibilities and adequately sets out how it carries out those responsibilities.

PRIMARY RESPONSIBILITIES OF THE COMMITTEE

The Committee's primary duties and responsibilities are as follows:

- Review and recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and the compensation to be paid to the external auditor.

- Assume direct responsibility for overseeing the work of the external auditors engaged to prepare or issue an audit report or perform other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.

- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors.

- Review the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before such documents are publicly disclosed by the Corporation.

- To satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures.

- Establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;

and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Corporation.

Authority of the Committee

The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors engaged by it. The Committee shall also have the authority to communicate directly with the external auditors.

DUTIES OF THE COMMITTEE

Compliance

The Committee is ultimately responsible for ensuring the Corporation's compliance with legal and regulatory requirements in respect to financial reporting and disclosure.

The Committee, on behalf of the Board, is responsible for monitoring management's actions in this regard to ensure that the Corporation has implemented appropriate systems to identify and monitor the response by management and the board of directors to such issues as:

- Significant business risks.
- Legal, ethical and regulatory compliance.
- Internal systems of control and the effectiveness of such internal controls to ensure compliance with policies and procedures.

Meetings

The Committee is responsible for preparing minutes of all of its meetings and submitting the minutes to the Board for approval, and having the Chairman of the Committee report to the Board on all significant issues addressed at the Committee meeting.

The Committee is also responsible for reviewing the interim and annual financial statements as well as the Corporation's financial disclosures and related party transactions.

Internal Controls

The Committee is responsible for maintaining the integrity and quality of the Corporation's financial reporting and systems of internal control by overseeing management's system of internal control and reporting process in respect to those controls.

External Auditors

The Committee has the following responsibilities with respect to the Corporation's external auditors:

- Reviewing and ensuring the qualifications and independence of the Corporation's external auditors.
- Making recommendations to the Board in respect of the appointment of external auditors for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and making recommendations to the Board on the compensation for the external auditor.
- Overseeing and evaluating the performance of the external auditors.
- Reviewing the annual audit plan prepared by the external auditors and management (Chief Financial Officer and Chief Executive Officer) in addition to proposed audit fees.
- Reviewing the external audit process and determining whether it has been effectively carried out and whether any matters that the external auditors wish to bring to the attention of the Board have been afforded adequate attention.
- Assessing the external audit function with a view to whether external auditors should be appointed. Such responsibility of the Committee shall include the appointment, retention, termination, compensation and oversight of the external audit function.
- Pre-approving all audit services and non-audit services to be performed for the Corporation by the external auditors.
- Meeting separately with internal audit, external auditors and management at least quarterly to assess issues and make determinations on whether issues need to be taken to the Board for review and assessment.
- Evaluating independence of the external auditor in accordance with Canadian professional requirements, and determining whether disclosed relationships or services may impact the objectivity and independence of the auditors and whether such independence has been documented in written correspondence to the Committee.
- Overseeing any work of the external auditor that includes the resolution of disagreements regarding financial reporting between management and the external auditors.
- Evaluating the external audit process and determining whether the external audit has been completed in accordance with applicable law.

Financial Reporting

- Reviewing annual and interim financial statements of the Corporation.

- Reviewing changes in significant accounting policies and evaluates impact on the current and future financial statements of the Corporation.

- Preparing, if required, a Committee report for inclusion in the Corporation's annual management proxy circular in accordance with applicable rules and regulations.

- Ensuring the effectiveness of disclosure controls and procedures to ensure material information potentially requiring public disclosure is made known in a timely fashion to senior officers of the Corporation.

- Being satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assessing the adequacy of those procedures.

- Reviewing and recommending to the Board for approval the public release and filing of any annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of the Corporation, including news releases and management's discussion and analysis (MD&A).

- Reviewing the information contained in the Corporation's quarterly reports, annual report to shareholders, MD&A, annual information forms (AIF), prospectuses and other disclosures determining if such information is complete and fairly presented.

- Reviewing material litigation and tax assessments in order to determine if any such matters may have a material impact on the financial position of the Corporation.

- Considering the Corporation's annual financial statements and ascertaining after a review with external auditors and management whether they are presented fairly in all material respects in accordance with generally accepted accounting principles, whether the selection of accounting policies is appropriate and whether the annual financial statements are recommended to the Board.

Reviewing Terms of Reference and Committee's Performance

The Committee should routinely assess its effectiveness against the mandate and shall report regularly to the Board on that assessment.

Reviewing Reports to Shareholders

When required by applicable statute or regulation, the Committee shall prepare reports to shareholders regarding the activities undertaken in the discharge of its responsibilities. A report will be prepared by the Committee for inclusion in the annual report as required.

MEETINGS AND OPERATING PROCEDURES

- In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.

- A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

- The Chairman of the Committee shall prepare and/or approve an agenda in advance of each meeting.

- The Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial policies and disclosures.

- The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors in advance of meeting dates.

- The Committee should meet privately in an executive session at least quarterly with management, the external auditors and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed.

- In addition, the Committee or at least its Chair should communicate with management and the external auditors quarterly to review the Corporation's financial statements and significant findings based upon the auditor's limited review procedures.

- The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities.

- The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

The Committee shall review and reassess the adequacy of this Charter at least annually, submit it to the Board for approval and ensure that it is in compliance with the Canadian Securities Exchange and OSC regulations.

GENERAL

In addition to the responsibilities and duties of the Committee stated above, the Committee shall attend to the following items:

- Review the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation. Review business practices undertaken by senior management to assess appropriateness with corporate policies.

- Review complaints procedures and whether they adequately track and record complaints to the Corporation regarding accounting, internal accounting or auditing matters.

- Engage and pay independent counsel and other special advisors as it deems necessary from time to time in order to carry out Committee duties.

- Investigate any activity of the Corporation as it deems appropriate. All employees of the Corporation are required to cooperate with the efforts or enquiries of the Committee.

- Retain persons having special expertise to assist it in the performance of its duties.

- Communicate with the Board to ensure sufficient funding for the Audit Committee to permit it to fulfill its responsibilities.

- Make provisions for confidential, anonymous submissions by employees of the Corporation of concerns regarding accounting, internal accounting controls or auditing matters, ensuring that the existing processes adequately provide for such submission and establishing a process whereby the external auditor will receive timely notice of any such submission.

- Review at least annually the risk management and insurance programs.

- Review any issues referred to the Committee by the Board.

The procedures set forth herein have been set out as guidelines only as opposed to inflexible rules and the Committee may alter these procedures as it deems necessary in order to perform its responsibilities.