



FATHOM NICKEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in Canadian Dollars)

Report Date – April 29, 2024

*The following Consolidated Management’s Discussion and Analysis (“**MD&A**”) dated April 29, 2024 is in respect of the year ended December 31, 2023 for Fathom Nickel Inc. (“**Fathom**” or the “**Company**”). It is management’s assessment of the results of operations and financial condition of Fathom and should be read in conjunction with the audited consolidated financial statements for years ended December 31, 2023 and 2022 (“**2023 audited consolidated financial statements**”), together with the notes thereto. The Company’s 2023 audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). All dollar amounts are in Canadian dollars, unless otherwise noted.*

*The “Qualified Person” under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators (“**NI 43-101**”) for Fathom’s Albert Lake and Gochager Lake exploration projects as described in the following discussion and analysis is Ian Fraser, CEO and Vice-President, Exploration of the Company and a Professional Geologist Registered in the Provinces of Alberta, and Saskatchewan.*

The Company’s registered and records office is located at suite #104, 1240 – Kensington Road NW, Calgary, Alberta Canada T2N 3P7. Additional information relating to the Company can also be found on the Company’s website at www.fathomnickel.com or on the SEDAR website at www.sedar.com.

This MD&A was approved by the board of directors of Fathom on April 29, 2024.

1. DESCRIPTION OF BUSINESS AND REPORTING ENTITY

The Company’s wholly owned subsidiary, Fathom Minerals Ltd. (“**FML**”) was incorporated pursuant to the Business Corporations Act (Alberta) as Cauca Gold Corp. on April 27, 2012 and changed its name to Fathom Minerals Ltd. on April 23, 2015. On January 22, 2021, Fathom acquired 100% of the issued and outstanding capital stock of FML in a share-for-share transaction. Based on the requirements of IFRS 2, the acquirer was determined to be FML and the transaction was accounted for as a reverse takeover (“**RTO**”). This MD&A is in respect of all entities in which FNI has a controlling interest and the consolidated entity is referred to as (the “**Company**”, “**Fathom**” or “**FNI**”).

Since inception, the Company has been engaged in identifying, acquiring and exploring for base and precious metals in Canada, specifically targeting metals and minerals required to support the electric vehicle (“**EV**”) and battery markets. The Company’s current focus is the exploration and development of its Albert Lake and Gochager Lake Projects. Both projects, located in Saskatchewan, Canada are deemed to be highly prospective for the existence of battery metals including, notably, nickel, copper, cobalt and platinum group elements.

The Company is in the process of exploring for mineral deposits and has not yet fully determined whether its mineral property interests contain ore reserves that are economically recoverable. Accordingly, as is common with junior exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs. The recoverability of amounts recorded as exploration and evaluation asset (“**E&E asset**”) is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, and the future profitable production from the property or realizing proceeds from its disposition.

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

Fathom has not conducted any significant revenue generating operations to date. As at December 31, 2023, the Company had working capital of \$3,394,025 (including cash of \$3,295,508) and E&E assets of \$14,201,956.

The Company's shares are listed for trading on:

- the Canadian Securities Exchange ("CSE") under the trading symbol **FNI**.
- the Frankfurt Stock Exchange ("FSE") under the trading symbol **6Q5**.
- the OTCQB under the trading symbol **FNICF**.

2. OVERALL PERFORMANCE AND HIGHLIGHTS OF THE YEAR

Significant events occurring during the year ended December 31, 2023 included:

- In February, the Company completed an exploration program at the Gochager Lake property that included two drillholes totaling 725 meters. BHEM surveys were performed on both drillholes along with three historic drillholes occurring at the property. Drill results were reported in a Company press release on April 12, 2023 where the Company announced the intersection of approximately 58 meters at a grade of 1.49% nickel.
- In March, the Company completed a drill program at the Albert Lake property and, hereto, two drillholes were drilled totaling 690 meters. Both holes were probed by BHEM. Ahead of the drilling at Albert Lake, a ground gravity survey was completed providing continuous gravity data into the area of the two holes drilled. Drill results were reported in a Company press release on May 5, 2023.
- The Company completed the strategic acquisition of the Watts Lake Mineral Claims ("Watts Lake") pursuant to an agreement with SKRR Exploration Inc. ("SKRR"), dated March 21, 2023 (the "Acquisition Agreement"). Watts Lake consists of twenty-four (24) mineral claims totalling 13,708 hectares that are entirely contiguous with Fathom's Gochager Lake Property.
- In May and June, the Company completed a financing in two tranches wherein it raised gross proceeds of \$2,956,400 through the issuance of 17,902,737 common shares and 15,269,737 share purchase warrants.
- In June-July at the Albert Lake property the Company completed a surface time domain electromagnetic survey (TDEM) within the Tremblay-Olson Claims area and specifically overtop of the northern part of the robust multi-element-in-soil anomaly. TDEM coverage was performed along 100m spaced lines with measurements taken at 50-meter intervals. In total the survey amounted to approximately 20 line-kilometers of coverage. Results of the survey defined a very strong EM conductor occurring on the eastern flank of the multi-element, robust, soil geochemical anomaly. Further interpretation of this anomaly defined a flat lying conductor measuring 450m x 150m at an estimated depth of 300 meters below surface occurs coincident with gravity inversion models at the same estimated depth. Results of this survey were released on August 14, 2023.
- In July-August at Gochager Lake, the Company did follow-up, additional BHEM surveys on the two holes drilled in February of 2023, plus historic drillholes, to better understand the very

strong conductivity responses generated from the BHEM surveys performed in February. In addition to BHEM, a surface TDEM survey was performed in area of February drilling and over the confines of the historic Gochager Lake deposit. The BHEM surveys provided better geometry of the very conductive bodies originally detected and the TDEM surveys detected conductivity signals directly associated with the historic deposit and continuing along strike and defined significant zones of conductivity away from the boundaries of the Gochager Lake deposit. Results of the summer geophysics program were released on July 25, 2023.

- Commencing in September at the Gochager Lake property, the Company drilled seven drillholes totaling 2,168 meters to better define the orientation and geometry of the high-grade mineralization intersected in drillhole GL23003. In addition, a single drillhole tested a zone of BHEM conductivity occurring at depth and outside the boundaries of the historic Gochager Lake deposit. Along with the drilling, BHEM surveys were performed on all but one drillhole drilled and some additional TDEM surveying was performed. Results of the September drill program were released on November 21, 2023.
- On December 22, the Company closed a financing comprised of both flow-through and non flow-through shares for gross proceeds of \$3,382,076, with funds earmarked for the Q1-24 drill programs at Gochager Lake and Albert Lake.

Events Subsequent to Year End

- In Q1-2024, drilling was performed at both the Albert Lake and Gochager Lake properties. At Albert Lake six drillholes amounting to 1,386 meters of drilling was completed along with BHEM surveys in all but one drillhole and some additional gravity and detailed surface TDEM was performed. Results of drilling was released on April 16, 2024. Upon completion of drilling at Albert Lake the drill and crews were mobilized to the Gochager Lake project and seven drillholes, 2,650 meters were drilled. BHEM surveys were performed on all drillholes, a first-time gravity survey over a section of the historic Gochager Lake deposit, and additional TDEM surveying was performed. Assays are pending from the Gochager Lake program.
- On February 14, the Company closed a financing comprised of non flow-through shares for gross proceeds of \$1,188,987. Funds will be used for work at the Company's Gochager Lake and Albert Lake projects as well as for general corporate purposes.

3. RESOURCE PROPERTIES

3.A Albert Lake Project (Formerly Rottenstone Property)

The Albert Lake Project comprises 31 mineral claims covering an aggregate area of 90,460 hectares located in the La Ronge Mining District of Saskatchewan, approximately 135km north-northeast of the town of La Ronge. The project consists of a past producer (Rottenstone Mine) of nickel-copper-platinum group elements (Ni, Cu, PGE) and is defined as a modern exploration project. The center of the property is located at 104° 49' 33" longitude west and 56° 20'39" latitude north.

Geological Setting and History

The Albert Lake property lies within the Rottenstone Domain of the Proterozoic Trans-Hudson orogenic belt. The Trans-Hudson Orogen is a major orogenic belt that stretches from the United States through Canada and extends to Greenland and defines the boundary between the Hearne and Superior cratons.

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

The Rottenstone Domain is a broad belt of early to late syntectonic, northeast trending arcuate tonalite to granite intrusive rocks with associated injection migmatites.

The Albert Lake Project geology is dominated by a northeast striking, northwest dipping meta-tonalite-trondhjemite-pelitic migmatite complex of Paleoproterozoic age. MacLachlan (2003, 2005) divided the immediate Albert Lake property area into granitoids and supracrustal rocks. The supracrustal rocks; the oldest rocks occurring on the Albert Lake property, include pelite, psammite, migmatitic, psammitic to pelitic metasedimentary rocks, layered calc-silicate, melanocratic biotite-hornblende-plagioclase rich metasedimentary/metavolcanic rocks, along with amphibolite. The ultramafic intrusions, host to the Rottenstone deposit and other known ultramafic occurrences occur within metasedimentary rocks (the supracrustal rocks).

The Rottenstone deposit would appear to be typical of a deep-rooted, mantle derived, magmatic Ni-Cu+PGE ultramafic hosted, sulphidic type of mineral deposit. The Rottenstone deposit hosts rich concentrations of PGE's, among the richest of any deposit of its type mined in Canada. It has been suggested that up to 50% of the host ultramafic intrusion consisted of sulphides and that the intrusion is the result of a significant magma chamber at depth within the vicinity of the Rottenstone deposit.

Exploration at the Albert Lake Project dates back to 1929, when the original Rottenstone outcrop was discovered on the shores of Rottenstone Lake. There was very intermittent exploration from 1929 through the early 1960s. The Rottenstone Mine was put into production based on a non-compliant resource estimate of 45,000 tons of 2% Ni, 1% Cu and 5.5 g/t Pt-Pd. Approximately 26,000 tonnes of material was mined at reported grades of 3.28% nickel, 1.83% copper and 9.63 g/t platinum-palladium + gold¹. From 1970 to 2015 limited exploration was undertaken by various exploration companies.

Acquisition by Fathom

Rights to the Albert Lake Project were acquired by Fathom in June 2015 through two separate Purchase and Sale Agreements. Each Purchase and Sale Agreement contained a provision for net smelter return royalty ("NSR"). In January 2022 (subsequent to year end), Fathom acquired one of NSR's for a cash payment of \$175,000 (See Notes 7 and 15 of the 2021 audited consolidated financial statements). The second NSR remains in place. It provides a 1% NSR royalty over 2 claims totaling 856 Ha (<1% of the project area). This NSR can be purchased in its entirety at Fathom's option for \$500,000.

From 2016 through 2021 the Company acquired additional mineral dispositions through staking directly with the Government of Saskatchewan's Department of Energy and, in one circumstance, through a 3rd party claim holder. At year end, and at the date of this MD&A, the Company held 31 contiguous claims totaling 90,460 hectares.

Between 2015 and 2019 as a privately held company with limited operating and exploration budgets, Fathom focused on compiling the historic database, data interpretation, updating geological models, obtaining exploration permits, and completing limited drill programs. These initiatives led to the identification of numerous exploration targets within a fully permitted project in place for when the company became publicly listed and financing was available.

¹ Source: Saskatchewan Mineral Deposit Index #0958. The reliability of the historical data and resource estimate presented here cannot be confirmed by the authors, nor can the assumptions, parameters and methods used to prepare the estimates. The estimate is not considered NI 43-101 Compliant by the definition of a "mineral resource" and further work is required to verify the historical estimate as a current mineral resource. Furthermore, records suggest (Saskatchewan Mineral Deposit Index #0958) that some of this historical resource has been exploited making a delineation of this mineral resource impossible. Fathom Nickel is not treating the historical estimate as a current mineral resource.

2022 Winter Exploration Program

Fathom conducted a winter drilling program on the Albert Lake Property between mid-January and March, 2022 consisting of:

- 21 drillholes were completed (AL21039 – AL21057), amounting to 3,900m drilled.
- 15 drillholes were focused in the newly defined Bay Area Conductive Corridor (developed from the Island Showing Area discovery and subsequently renamed to the Bay-Island Trend).

Significant results include²:

- Magmatic nickel mineralization occurs within the Bay-Island Trend, located 450m west/northwest of the high-grade, historic Rottenstone deposit. The significance of this new discovery is proof that the high-grade Rottenstone deposit does not occur in isolation and both mineralized ultramafic intrusives originated from a larger source.
- The Bay-Island Trend exceeds 300m in strike and remains open in both directions.
- 15 drill holes were drilled within the Bay-Island Trend and each drill hole intersected nickel, grading up to 3.07% NiEq.
- Eight of the drillholes from the program intersected significant nickel and nickel equivalent values over drilled intervals up to 13.27m.
- Drill hole AL22052 displayed the best overall results to date with 3.54m at 1.68% NiEq (1.09% Ni, 0.42% Cu, 0.068% Co and 0.75g/t Pt, Pd & Au) within a 13.27m zone at 1.00% NiEq (0.62% Ni, 0.29% Cu, 0.039% Co and 0.62g/t Pt, Pd & Au).
- Three drill holes visually match the net-texture mineralization of the "Rottenstone style" mineralogy. These results, plus other magmatic nickel textures recognized within the mineralized trend could potentially define the outer edges of a Rottenstone-like deposit (the original Rottenstone mine was contained in a mineralized body measuring only 50mx40mx10m yet yielded some of the highest grades of Ni-Cu + PGE ever mined in Canada).
- Additionally, both near surface and deeper high-priority borehole electromagnetic ("BHEM") targets within and outside the mineralized trend remain as high priority drill target areas.

2022 Summer Exploration Program

In early August 2022 Fathom completed its 2022 Summer exploration program. The program consisted of:

- Diamond drilling of 15 drillholes with total meterage drilled of approximately 1,700 meters;
- Completion of a 2,447 l-km heliborne AirTEM geophysical survey;

The summer drill program was designed to extend the conductivity zone and associated ultramafic Ni-Cu-Co+PGE mineralization south of drillhole AL22057 identified during the winter drill campaign (the "Winter Program"). Highlights of the program include:

² Note where nickel equivalent is used in this section (NiEq% = Ni% + Cu% x \$4.50/\$11.00 + Co% x \$30.00/\$11.00 + Pt [g/t]/31.103 x \$1,050/\$11.00/22.04 + Pd [g/t]/31.103 x \$2400/\$11.00/22.04 + Au [g/t]/31.103 x \$1,900/\$11.00/22.04)

- Approximately 1,700 meters of drilling will have been completed on a trend south of drillhole AL22057 resulting in the discovery of the Bay-Island Trend.
- Several drillholes intersected mineralized ultramafic and magmatic sulphide textures similar to the magmatic textures recognized in the Winter Program and at the historic Rottenstone Mine.
- Magmatic nickel mineralization occurring in ultramafic, pegmatite and sediments in favourable stratigraphy has been recognized in drillhole intervals of up to 16 meters.
- This type of favourable mineralized stratigraphy has now been recognized 140 meters south of drillhole AL22057, thus confirming that the Bay-Island Trend extends for more than 300 meters along strike and remains open along strike both north and south.
- Ongoing modeling of mineralized intercepts along with conductive plates determined by BHEM surveys demonstrates continuous conductivity along the ultramafic mineralized trend as well as localized areas of increased conductivity.

Assay results were released on September 28, 2022. The Company confirmed that zones of identified favourable conductivity aligned with soil geochemical anomalies (historic and those defined by Fathom in 2018 and 2021), and with favourable MAG anomalies as defined by the gradient MAG survey conducted in the spring of 2021.

Balch Exploration Consulting Inc. completed a heliborne transient electromagnetic survey ("AirTEM") over three individual grid areas totaling 2,447 l-km;

- A detailed grid at 50m line spacing was flown over the Bay-Island Trend Area and Rottenstone Mine area.
- A detailed grid (50m line spacing) was flown over the recently acquired Tremblay Olson area.
- A third grid (100m line spacing) was flown east/southeast of the historic Rottenstone Mine to compliment existing soil geochemistry and gradient MAG survey results.

2022 Fall Exploration Program

In October 2022 Fathom completed its 2022 fall exploration program at the Tremblay-Olson Claims area. The program included soil and rock sampling, mapping and prospecting. Assay results were released on January 17, 2023.

2023 Winter Exploration Program

The Company completed a short winter drill program in March 2023 at the Albert Lake property. Work consisted of a gravity survey over the Tremblay-Olson Claims area as well as the drilling of two diamond drillholes to test the highly anomalous metals-in-soil trend discovered during the soil sampling campaign in October 2022. The results of the drilling were released on May 5, 2023. While the assays and pXRF data detected anomalous nickel and pathfinder elements, the results did not explain the robust soil assays overlaying the drill target areas. However, the BHEM probe data from both holes did indicate the existence of potentially significant off-hole conductors within the target area. Unfortunately, due to budget constraints, the Company ended the program after only two of a planned five-hole program.

2023 Summer Geophysical Program

A surface time domain electromagnetic survey (TDEM) was completed within the Tremblay-Olson Claims area and specifically overtop of the northern part of the robust multi-element-in-soil anomaly. TDEM coverage was performed along 100m spaced lines with measurements taken at 50-meter intervals. In total the survey amounted to approximately 20 line-kilometers of coverage. Interpreted data was merged with other TDEM data collected at the Albert Lake property. A very strong EM conductor was detected coincident with the eastern side of the robust geochemical anomaly and also coincident with favorable stratigraphy the Company recognizes. A modeled, flat lying conductor measuring 450m x 150m at an estimated depth of 300 meters below surface occurs coincident with gravity inversion models at the same estimated depth. Some other, smaller, and shallower conductivity responses were detected by the survey. Results of this survey were released on August 14, 2023. The deep, very strong EM conductor detected was targeted by drilling in Q1-2024.

3.B Gochager Lake Project

On September 19, 2022 Fathom announced that it entered into a mineral property option agreement with the sole owner of the Gochager Lake Property ("Gochager"). The Option Agreement provides Fathom with the exclusive right and option to earn, subject to the reservation of a 2% net smelter return royalty, up to a 100% title and interest to nine mineral claims covering approximately 4,696 hectares located in north-central Saskatchewan. The Property is approximately 60 km southwest from the Company's flagship Albert Lake Property in north-central Saskatchewan.

The Gochager Lake property is approximately 75 km north of the town of La Ronge and in close proximity to the Company's flagship Albert Lake Project. Gochager has had an estimated 149+ historic drillholes completed on the project totaling approximately 27,200 meters drilled. Historical resource estimates that do not meet the standards of National Instrument 43-101 were generated in 1968 and 1990 and are reported in the Saskatchewan Mineral Deposit Index [SMDI #0880].

The 1968 non-compliant resource for the Gochager estimated 4.3 million tons grading 0.295% Ni and 0.081% Cu³. A 1990 report reported that vertical and longitudinal sections were constructed from the existing data and an orebody with reasonably well-defined limits was defined containing 1.8 million tons at 0.735% nickel-equivalent. Historically, previous operators were inconsistent when assaying for cobalt and there is very limited data with respect to palladium and platinum analyses. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, and the Company is not treating the historical estimate as current mineral resources or mineral reserves. However, the historical resources do point to the potential of the project hosting a nickel-copper-cobalt mineral deposit.

Fathom believes the Property has significant exploration upside as there has been no significant drilling activity at the project since 1989-1990, with the exception of two drillholes drilled in 2018. A 2008 VTEM survey defined numerous quality conductors that, to date, have not been ground-assessed nor tested by drilling. No borehole EM (BHEM) surveys have ever

³ The Saskatchewan Mineral Deposit Index (SMID#0880) reports drill indicated reserves of 4,262,400 tons grading 0.295% Ni and 0.081% Cu mineable by open pit. Fathom cannot confirm the resource estimate nor the parameters and methods used to prepare the reserve estimate. The estimate is not considered NI43-101 compliant and further work is required to verify this historical drill indicated reserve.

been conducted within the historic resource area. BHEM surveys, in conjunction with drilling at the Company's Albert Lake Project, has been a key exploration tool in defining nickel mineralization over the 300+ meter Bay-Island Trend, situated within 500 meters of the historic Rottenstone mine.

The Company initiated the permitting process for Gochager in Q-4 2022 and was granted an Exploration Permit on January 23, 2023. On the assumption of being granted an Exploration Permit, Fathom initiated exploration plans for a winter 2023 drill program at Gochager in addition to a winter drill program at the Albert Lake Project.

2023 Winter Exploration Program

The Company completed a drill program at the Gochager Lake property; two drillholes 725 meters. BHEM surveys were performed on both drillholes along with three historic drillholes occurring at the property. Drill results were reported in a Company News Release April 12, 2023. Of significance, the Company intersected 1.49% Ni, 0.38% Cu, 0.11% Co / 58.2 meters in the first drillhole. The second drillhole was drilled across the historic Gochager Lake deposit area and provided a platform for BHEM surveys. Results of the BHEM surveys in all holes probed defined multiple, complex, and very strong zones of off-hole conductivity along strike and to depth below the boundaries of the historic deposit.

As discussed in section 2, above, on March 22, 2023, the Company announced the strategic acquisition of the Watts Lake Mineral Claims ("**Watts Lake**") pursuant to an agreement with SKRR Exploration Inc. ("**SKRR**"), dated March 21, 2023 (the "**Acquisition Agreement**"). Watts Lake consists of twenty-four (24) mineral claims totalling 13,708 hectares that are entirely contiguous with Fathom's Gochager Lake Property. The addition of Watts Lake brought Fathom's total land package at the Gochager Lake nickel project to 18,569 hectares. The acquisition of the Watts Lake mineral claims was strategic in that it includes greater coverage of a 2008 VTEM survey; flown in the Gochager Lake property area, and the acquisition also makes the Mal Lake nickel occurrence; 10 km southeast of the Gochager Lake deposit contiguous. Subsequent staking by the Company increased the contiguous Gochager Lake property to 22,620 hectares.

2023 Summer Exploration Program

To better define and gain a better understanding of the orientation of multiple off-hole anomalies detected in two drilled and historical drillholes probed in the Winter drill program; a second round of BHEM surveying was performed. The survey utilized two different in-hole probes and two surface loops. Only one loop was utilized during round one of BHEM surveying. The multiple loop configuration was designed for better coupling purposes such that more accurate conductivity plate models can be generated. The multiple off-hole responses and modeling of these responses has resulted in a least four, distinct, very complex zones of conductivity which Winter drilling confirmed to be the result of semi-massive to massive sulphide mineralization. Importantly a zone of very strong off-hole conductivity was detected at depth and outside the boundaries of the historic Gochager Lake nickel deposit. This area of conductivity plus off-hole extensions associated with significant nickel mineralization associated with semi-massive to massive sulphide mineralization intersected in the Winter drill program provided the Company with high-priority drill targets for follow-up diamond drilling.

In addition to the BHEM survey, a surface TDEM survey was performed over top of the historic deposit at 100-meter line spacing and has confirmed a conductive signal associated with the deposit but importantly, the TDEM survey demonstrates conductivity continues along strike northeast and southwest of the deposit. Other areas of conductivity were also detected distal to the Gochager Lake deposit. Results of the summer geophysics program were released on July 25, 2023.

2023 Fall Exploration Program

In September the Company drilled seven drillholes, 2,168 meters, to better define the orientation and geometry of the high-grade mineralization intersected in drillhole GL23003. In addition, a single drillhole tested a zone of BHEM conductivity occurring at depth and outside the boundaries of the historic Gochager Lake deposit. Along with the drilling, BHEM surveys were performed on all but one drillhole drilled and some additional TDEM surveying was performed.

Results of the fall drill program better defined the very steep orientation and strike of the mineralization intersected in GL23003. The strike was determined to be north-northeast – south-southwest. The mineralization is “chute” like, and additional steeply oriented chutes were identified by the drill program. Some massive sulphide mineralization in vein form was intersected in drillhole GL23008, which coincident with buildup of conductivity to depth is suggestive of a possible massive sulphide feeder at depth within the deposit area. Drillhole GL23010 was drilled sub-perpendicular to GL23003 and provided additional insight to orientation and possible true width of the mineralization intersected in GL23003. Multiple zones of semi-massive to massive mineralization that exceed >1% nickel was intersected with the drillhole. Drillhole GL23009, a follow-up to off-hole conductivity detected in historic drillhole GL18002, intersected semi-massive nickel sulphide mineralization at a depth >300 meters below surface. This intersection determined the depth potential of the Gochager Lake deposit to be wide open, and importantly below the depth boundary of the historic Gochager Lake deposit and historic mineral resource. Multiple off-hole BHEM anomalies were generated that were not tested by drilling and the final drillhole drilled GL23011, drilled >400 meters to the northeast intersected mineralized gabbro and the BHEM survey of this hole suggest a minimum of three discrete off-hole conductivity anomalies. Results of the September drill program were released on November 21, 2023.

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

4. E&E ASSET DETAILS

Following is a breakdown of the Company's change in E&E assets from December 31, 2022 through December 31, 2023.

	<u>Albert Lake</u>	<u>Gochager Lake</u>	<u>Total E & E Assets</u>
Balance, December 31, 2022	\$ 10,138,084	\$ 101,250	\$ 10,239,334
Acquisition cost and leases	0	398,983.77	398,984
Exploration, net of TMEI incentive payment	1,221,700	2,341,938.02	3,563,638
Divestitures and adjustments	-	-	-
Balance, December 31, 2023	\$ 11,359,784	\$ 2,842,172	\$ 14,201,956

Below are the detailed changes in E&E assets presented on a property-by-property basis for the Albert Lake and Gochager Lake Properties.

Exploration & Evaluation Asset (Albert Lake Property)				
	<u>As at</u> <u>31-Dec-22</u>	<u>Additions</u>	<u>Dispositions</u>	<u>As at</u> <u>31-Dec-23</u>
Leases and tenures	\$ 325,424	(2,118)	-	\$ 323,306
Geological consulting - Internal	883,882	46,825	-	930,707
G&A support - Internal	2,493	0	-	2,493
Geological and engineering consulting	1,084,622	113,304	-	1,197,927
Camp supplies and support	819,781	136,187	-	955,968
Field supplies and support	769,682	48,536	-	818,218
Geophysical field work	1,167,021	185,287	-	1,352,308
Drilling	2,244,585	202,271	-	2,446,856
Field and camp labour	85,206	27,669	-	112,875
Assays and analysis	383,121	23,420	-	406,541
Helicopter and fixed wing support	1,722,044	396,363	-	2,118,408
Construction and roads	14,305	0	-	14,305
ESG consulting	56,911	16,936	-	73,847
Travel, lodging and supplies	729,007	77,020	-	806,027
TMEI incentive - Saskatchewan	(150,000)	(50,000)	-	(200,000)
Total - Albert Lake Property	\$ 10,138,084	\$ 1,221,700	\$ -	\$ 11,359,784

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

A breakdown of the Company's change in Albert Lake E&E Asset for the year ended December 31, 2022 is presented below.

Exploration & Evaluation Asset (Albert Lake Property)				
	As at			As at
	31-Dec-21	Additions	Dispositions	31-Dec-22
Leases and tenures	\$ 145,073	180,351	-	\$ 325,424
Geological consulting - Internal	513,209	370,674	-	883,882
G&A support - Internal	2,493	-	-	2,493
Geological and engineering consulting	765,239	319,384	-	1,084,622
Camp supplies and support	570,940	248,841	-	819,781
Field supplies and support	601,715	167,966	-	769,682
Geophysical field work	691,620	475,401	-	1,167,021
Drilling	921,459	1,323,126	-	2,244,585
Field and camp labour	70,337	14,869	-	85,206
Assays and analysis	261,492	121,629	-	383,121
Helicopter and fixed wing support	813,151	908,893	-	1,722,044
Construction and roads	14,305	-	-	14,305
ESG consulting	36,392	20,519	-	56,911
Travel, lodging and supplies	212,271	516,735	-	729,007
TMEI incentive - Saskatchewan	(100,000)	(50,000)	-	(150,000)
Total - Albert Lake Property	\$ 5,519,697	\$ 4,618,388	\$ -	\$ 10,138,084

A breakdown of the Company's change in Gochager Lake E&E Asset for the year ended December 31, 2023 is presented below.

Exploration & Evaluation Asset (Gochager Lake Property)				
	As at			As at
	31-Dec-22	Additions	Dispositions	31-Dec-23
Leases and Property Pymnts	\$ 22,500	\$ 398,984	\$ -	\$ 421,484
Geo Consulting - Internal	-	68,675	-	68,675
Geo & Eng Consulting	-	237,247	-	237,247
Camp Supplies & Support	-	97,793	-	97,793
Air Support	78,750	812,128	-	890,878
Field Supplies & Support	-	39,048	-	39,048
Geophysical Field Work	-	305,939	-	305,939
Drilling	-	561,213	-	561,213
Field & Camp Labour	-	26,672	-	26,672
Assays & Ana;lysis	-	73,180	-	73,180
ESG Consulting	-	13,329	-	13,329
Travel Lodging & Supplie	-	106,715	-	106,715
	\$ 101,250	\$ 2,740,922	\$ -	\$ 2,842,172

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

A breakdown of the Company's change in Gochager Lake E&E Asset for the year ended December 31, 2022 is presented below.

Gochager Lake Exploration & Evaluation Asset				
	As at <u>31-Dec-21</u>	<u>Additions</u>	<u>Dispositions</u>	As at <u>31-Dec-22</u>
Leases and Tenures	\$ -	\$ 22,500	\$ -	\$ 22,500
Helicopter & fixed wing support	\$ -	\$ 78,750	\$ -	\$ 78,750
	<u>\$ -</u>	<u>\$ 101,250</u>	<u>\$ -</u>	<u>\$ 101,250</u>

5. SUMMARY OF SELECTED ANNUAL FINANCIAL INFORMATION

A summary of selected financial information for the three most recently completed fiscal years is as follows:

	Year ended 31-Dec-23	Year ended 31-Dec-22	Year ended 31-Dec-21
Gain on elimination of right of use asset	\$ (33,605)	\$ -	\$ -
Interest income	(39,905)	(41,973)	(19,314)
Flow through premium renounced	(274,000)	(1,000,000)	(625,863)
Rent on sublease	(7,784)	-	-
Share based compensation	401,550	525,402	936,368
Administrative consulting fees	180,000	452,360	235,371
General expenses	1,828,584	1,210,936	1,558,721
Net and comprehensive loss	\$ 2,054,840	\$ 1,146,725	\$ 2,085,283
Loss per share - basic and diluted	\$ 0.02	\$ 0.02	\$ 0.05
Total assets	\$ 18,304,121	\$ 14,165,606	\$ 14,388,994
Long-term financial liabilities	\$ -	\$ 213,798	\$ 261,247

The Company posted a significantly higher net and comprehensive loss for the year ended December 31, 2023 in comparison to 2022.

Specific, material changes in the year include:

- **Gain on elimination of right of use asset.** Effective December 31, 2023, the landlord cancelled the lease of the Company's office space in downtown Calgary. At the date of cancellation there were approximately 4.5 years remaining under the lease. The Company recorded a gain of \$33,605 resulting from the cancellation of the lease. No such gain/loss occurred in either 2022 or 2021.
- **Flow-through premium renounced.** When the Company raises equity through the issuance of common shares on a flow through basis, it is often completed at a premium to the market trading price of the Company's shares. This premium is initially recognized as a flow-through share liability. However, it is subsequently reversed into the statement of loss and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred and renounced to investors. As a result of the renunciation of \$1,644,700 in flow-through expenditures during 2022, the Company reversed the \$274,000 flow-through premium

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

in 2023. In 2022 the flow-through premium renounced was \$1,000,000. The decrease in the premium renounced in 2023 is largely a reflection of the lower total equity raises in 2022 vis-à-vis 2021 (approximately \$15,000,000 in 2021 versus \$1,644,700 in 2022). It should be noted that "flow through premium renounced" is a non-cash income item recorded in the statement of loss and comprehensive loss.

- **Share based compensation.** The Company recorded share-based compensation (non-cash charge) of \$401,550 in 2023 compared to \$525,402 in 2022. The relatively small decrease in 2023 was the result of fewer options vesting issued (1,845,000) versus 3,180,000 in 2022.
- **Administrative consulting fees.** The Company incurred administrative consulting fees of \$180,000 in 2023, decrease of 151% in comparison to administrative consulting fees of \$452,360 in 2022. However, included in the 2022 total is a one-time fee of \$214,200 paid to the Company's former President & CEO upon the termination of his consulting agreement in September 2022. Removing this one-time item would result in very comparable expenses between 2022 and 2023.
- **General expenses.** General expenses increased by about 51% in 2023 as compared to 2022 (from \$1,210,936 to \$1,828,584). See Section 6, *Results of Operations* for a discussion regarding the specific variances between 2023 and 2022.
- **Contingent loss.** On November 8, 2023 a Statement of Claim was filed in the Court of King's Bench, Alberta, naming the Company as a defendant over the termination of the sublease of its Calgary office space. (See Notes 7, 8 and 14 of the 2023 audited consolidated financial statements). The lawsuit claims damages of up to \$143,000 resulting from the cancellation of the sublease. The Company's position is that the claim against it is without merit and any financial damages are the result of and the responsibility of the owner of the building. The maximum financial exposure to the Company in the event it is unsuccessful in defending the claim is estimated to be \$143,000.

For the years ended December 31, 2023 and 2022, the Company reported no discontinued operations and did not declare any cash dividends.

6. RESULTS OF OPERATIONS

Expenses	<u>For the years ended</u>	
	<u>31-Dec-23</u>	<u>31-Dec-22</u>
Share based compensation	\$ 401,550	\$ 525,402
Administrative consulting fees	180,000	452,360
Investor relations and capital markets consulting	989,713	309,976
Advertising and promotion	185,906	303,951
Legal and accounting	102,880	135,816
Insurance	83,457	100,889
Market making services	77,000	84,000
Exchange, transfer agent and commission fees	63,429	72,964
Travel	111,297	62,862
Depreciation	37,119	47,927
Telecommunications	19,720	36,252
Dues, fees and subscriptions	38,386	16,494
Shareholder communications	22,954	16,043
Interest on lease liability	7,061	10,265
Bank charges	3,871	5,728
Part XII.6 tax	22,679	-
Office rent	22,889	4,084
Office supplies	9,840	3,031
Courier	783	654
Property investigations	29,600	-
Operating loss	<u>\$ 2,410,134</u>	<u>\$ 2,188,698</u>

Analysis of Key Variances

Fathom incurred an operating loss of \$2,410,134 in 2023 versus \$2,188,698 in 2022. Material variances include:

- Legal and accounting. The Company incurred \$102,880 in legal and accounting expenses during 2023 (2022, \$135,816). During 2022 there were a number of one-time items, including transaction investigations as well as the departure of the Company's former CEO that require legal assistance. In 2023 the Company's legal expenses related predominantly to the two non-brokered equity financings completed in the year. Legal costs associated with financings are not reflected as an expense item in "legal and accounting", but are recorded as a net of the gross proceeds from the financings.

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

- Administrative consulting. Administrative consulting fees for 2023 totaled \$180,000 (2021, \$452,360). This 151% decrease is attributable to the one-time payment of \$214,200 on account of the cancellation of the former President & CEO's contract effective August 31, 2022.
- Advertising and Promotion. The Company incurred \$185,906 in advertising and promotion expenses related to social media and traditional media promotional activities during 2023 (2022, \$303,951). This decrease in 2023 is a reflection of a shift towards marketing, investor relations and capital markets targeting a more select group of resource investors as opposed to a broad advertising/marketing approach.
- Investor relations and capital markets consulting. The significant increase in Investor relations and capital markets consulting (from \$309,976 in 2022 to \$989,713 in 2023) is a result primarily of three factors: 1) the shift away from broad advertising to a focus capital markets approach; 2) the participation in and presenting at a number of investor events geared towards small cap resource investors; 3) the final payments of certain legacy consultants/providers whose contracts expired and were not renewed in 2023.
- Travel. Travel costs were up 44% in 2023 versus 2022 (\$111,297 versus \$62,862). This is reflective of the fact that 2023 was the first full year, post-COVID and the Company participated in more in-person marketing events than occurred in 2022.
- Part XII.6 tax. 2022/2023 was the first year that the Company relied on the "look back rule" for the renouncement of its flow-through share commitments. The look back rule allows explorers to renounce flow through commitments in a year when flow-through funds are raised but not spent. This results in a tax payable related to the timing differences between renouncement and actually expending the funds. In prior years the Company renounced the flow through commitments in the same calendar year in which the funds were expended.
- Property investigations. During 2023 the Company incurred \$29,600 (2022, \$Nil) in investigating potential projects, outside of its core project areas of Albert Lake and Gochager Lake. Until such time as a decision is made with respect to moving forward with such project opportunities, costs associated with the review and investigation are expensed.

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

Use of Proceeds from Financings

Following is a summary of the Use of Proceeds from the Company's three financing closing dates that occurred in the year ended December 31, 2023, together with a comparison of estimated spending to April 29, 2023, the date of this MD&A.

	Stated Use of Proceeds [a] <u>30-May-23</u>	[b]	Stated Use of Proceeds <u>12-Jun-23</u>	[d]	Stated Use of Proceeds <u>22-Dec-23</u>	<u>29-Apr-24</u>	[b]	Variance [c]
AL and Gochager Exploration	\$ 816,230		\$ 1,500,000		\$ 3,017,746	-\$ 5,300,000		\$ 33,976
Financing related expenses	99,981	[c]	-		255,771	(355,752)		-
General working capital purposes	540,189		-		108,559	(648,748)		-
Total funds raised	<u>\$ 1,456,400</u>		<u>\$ 1,500,000</u>		<u>\$ 3,382,076</u>	<u>-\$ 6,304,500</u>		<u>\$ 33,976</u>

[a] From the Company's May 31, 2023 press release.
[b] From the Company's June 12, 2023 press release.
[c] Financing related expenses are included in the the \$99,981 expended in the first tranche closing in May.
[d] From the Company's December 22, 2023 press release.

7. QUARTERLY FINANCIAL INFORMATION

The following selected financial data for the past eight quarters has been prepared in accordance with IFRS and should be read in conjunction with the Corporation's 2023 audited consolidated financial statements:

	Quarter ended <u>31-Dec-23</u>	Quarter ended <u>30-Sep-23</u>	Quarter ended <u>30-Jun-23</u>	Quarter ended <u>31-Mar-23</u>	Quarter ended <u>31-Dec-22</u>	Quarter ended <u>30-Sep-22</u>	Quarter ended <u>30-Jun-22</u>	Quarter ended <u>31-Mar-22</u>
Operations								
Operating expenses	\$ 458,624	\$ 419,449	\$ 578,168	\$ 552,343	\$ 404,057	\$ 642,202	\$ 337,785	\$ 279,252
Share based compensation	310,462	8,800	27,784	54,504	79,552	80,425	80,425	285,000
Interest income	(19,105)	(9,186)	-	(11,614)	(13,471)	(13,599)	(10,058)	(4,844)
(Gains)/losses	(41,389)	-	-	-	-	-	-	-
Flow through premium renounced	-	-	(274,000)	-	-	(72,566)	(295,496)	(631,938)
Net and (income)/comprehensive loss	<u>708,592</u>	<u>419,063</u>	<u>331,952</u>	<u>595,233</u>	<u>470,138</u>	<u>636,462</u>	<u>112,656</u>	<u>(72,530)</u>
Per share	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.00	\$ (0.00)
Balance Sheet								
Cash and equivalents	\$ 3,295,508	\$ 759,351	\$ 2,469,051	\$ 524,211	\$ 2,956,035	\$ 1,933,692	\$ 3,606,707	\$ 5,071,674
Exploration and evaluation assets	\$ 14,201,956	\$ 13,432,702	\$ 12,551,898	\$ 12,207,749	\$ 10,239,334	\$ 9,864,205	\$ 9,206,551	\$ 8,069,567

8. FOURTH QUARTER EVENTS AND RESULTS

Financial highlights of the quarter ended December 31, 2023 ("Q4-23") include:

- During Q4-23 the Company completed an equity offering of 23,213,431 common shares issued on a flow-through basis at a price per share of \$0.13 for gross proceeds of \$3,017,746 and 3,312,095 common shares issued on a non-flow through basis at a price per share of \$0.11 for gross proceeds of \$364,330. The total gross proceeds from the combined flow through/non-flow through was \$3,382,076.
- The Company added \$769,254 to E&E assets through work at both the Albert Lake and Gochager Lake Projects during the quarter bringing the capitalized balance of E&E asset to \$14,201,956 at December 31, 2023.
- Fathom incurred a net and comprehensive loss of \$708,592 during Q4-23.

9. LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had a cash position of \$3,295,508 (December 31, 2022, \$2,956,035) and net working capital of \$3,394,025 (December 31, 2022, \$3,241,628).

At this stage in its business model Fathom is wholly dependent on equity financings to complete the exploration, evaluation and development of its Albert Lake and Gochager Lake Properties, fund its general and administrative expenses and to assess other potential mineral projects in Saskatchewan and elsewhere. See also "Risk Factors". Fathom has not generated any revenue from operations and does not expect to generate any such revenue in its current or next fiscal year. As at the date of this MD&A, Management is confident that the Company is sufficiently capitalized to fund the balance of its 2023 exploration initiatives, and its ongoing general operating expenses. Further, as of the date of this MD&A, Management is confident that the Company will successfully raise sufficient capital through the equity markets to continue to finance its ongoing operations.

An investment in Fathom's securities is speculative, see "Risk Factors".

Fathom had no off-balance sheet arrangements as at December 31, 2023.

10. OUTLOOK

Fathom is currently in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include but are not limited to: challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining and mineral exploration industries, changes in the global economic environment, and fluctuations in base and precious metals market pricing. There is no assurance that Fathom's funding initiatives will continue to be successful to fund its planned exploration activities, which are currently focused on its Albert Lake and Gochager Lake Projects.

Working capital from Fathom's treasury, as available from time to time, may also be used to acquire and explore other properties either alone or in concert with others as opportunities and finances permit.

11. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGMENTS

Fathom's 2023 audited consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Fathom is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is some doubt as to the appropriateness of the going concern presumption. However, due to net working capital of \$3,394,025 (see Section 9, above), Management is confident that the going concern presumption is appropriate as at the date of this MD&A. However, there is no assurance that Fathom's funding initiatives will continue to be successful in the future and the 2023 audited consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption is no longer deemed to be appropriate. These adjustments could be material. See also Note 2.2 of 2023 audited consolidated financial statements.

The preparation of Fathom's 2023 audited consolidated financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the 2023 audited consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The 2023 audited consolidated financial statements include estimates, which by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 2023 audited consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The fair value of stock options issued using the Black Scholes option pricing model;
- Management's assumption of no material restoration, rehabilitation and environmental costs, based on the facts and circumstances that existed during the period;
- The recoverability of deferred tax assets and liabilities; and
- The Company finances some exploration and evaluation expenses through the issuance of flow-through shares and flow-through special warrants. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference ("premium") between the amounts recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of loss and comprehensive loss as a recovery of deferred income taxes when the eligible expenditures are incurred. The amount recognized as a flow-through share liability represents the difference between the

quoted price of the common shares and the amount the investor pays for the flow-through shares, net of allocated issue costs.

Critical accounting judgments:

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assumptions made by management.

Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits in order to determine if there are indicators of impairment.

12. MATERIAL ACCOUNTING POLICIES

The 2023 audited consolidated financial statements have been prepared on the basis of IFRS standards that were in effect at December 31, 2023 and these accounting policies have been applied consistently to all periods presented in the 2023 audited consolidated financial statements. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Fathom's 2023 audited consolidated financial statements.

Exploration and Evaluation Asset

i) Pre-exploration costs

Pre-exploration costs are expensed in the year in which they were incurred. Pre-exploration costs are those incurred prior to obtaining the legal right to explore.

ii) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

The acquisitions of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

iii) Developed and producing properties

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as property, plant and equipment. Once commercial production has commenced, these costs are amortized using the units-of-production method based on proven and probable reserves. Production facilities and equipment are stated at cost and will be depreciated using the units-of-production method at rates sufficient to depreciate the assets over their estimated useful lives, not to exceed the life of the mine to which the assets relate.

Government incentives

The Company is entitled to the refundable Saskatchewan Targeted Mineral Exploration Incentive ("TMEI") grant as a result of incurring qualifying mineral exploration expenses in Saskatchewan. These amounts are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured. Once recovered, these amounts are treated as a reduction to the carrying value of E&E properties.

13. ACCOUNTING ISSUES

Management of Capital Risk

The objective when managing capital is to safeguard Fathom's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

Fathom considers its shareholders equity and cash and equivalents as capital. Fathom manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, Fathom may issue new shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. Fathom's net working capital at December 31, 2023 was \$3,394,025 (December 31, 2022, \$3,241,628). Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, there is no guarantee that when Fathom needs to raise capital, there will be access to funds at that time.

Management of Financial Risk

Fathom is exposed to various financial instrument risks and continually assesses the impact and likelihood of this exposure. These risks include fair value of financial instruments and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in Note 5 to Fathom's 2023 audited consolidated financial statements.

14. CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes in accounting policies applicable for the current period.

Future accounting changes

We have assessed the following new standards and interpretations as having a possible impact on us in the future. We intend to adopt these standards and interpretations, if applicable, as at the required effective dates indicated below and are currently assessing the impact on our consolidated financial statements.

- 1) *Amendments to IAS 1 – Classification of Liabilities as current or non-current*
The amendments specify that the requirements for a right to be unconditional has been removed. Instead, now right to defer settlements must have substance and exist at the end of the reporting period. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. This standard was adopted for the year ended December 31, 2023.
- 2) *IFRS 18 – Presentation and Disclosure in Financial Statements*
IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027.

15. OUTSTANDING SHARE DATA

Authorized: Unlimited number of common shares without a value

The following chart summarizes the number of securities outstanding at year end and as at the date of this MD&A.

	Outstanding as at December 31, 2023	Outstanding as at April 29, 2024
Common shares	129,527,003	140,335,977
Warrants	41,795,263	52,604,237
Options	6,460,000	6,460,000
RSUs	60,000	60,000
Broker warrants	3,774,909	4,015,773

16. OTHER INFORMATION

Contractual Commitments

At December 31, 2023 Fathom had the following commitments for material exploration expenditures:

- As described in Note 10 of the 2023 audited consolidated financial statements, on May 30, 2023 the Company issued 5,266,000 common shares on a flow-through basis for gross proceeds of \$816,230. As a result, the Company had a commitment to spend \$816,230 on eligible Canadian exploration and development expenses prior to December 31, 2024. Based on the exploration expenditures incurred at Fathom's Albert Lake project during 2023, the Company fulfilled this spending obligation prior to December 31, 2023.
- As described in Note 10 of the 2023 audited consolidated financial statements, on JUNE 12, 2023 the Company issued 7,894,737 common shares on a flow-through basis for gross proceeds of \$1,500,000. As a result, the Company has a commitment to spend \$1,500,000 on eligible Canadian exploration and development expenses prior to December 31, 2024. Based on the exploration expenditures incurred at both the Gochager Lake and Albert Lake projects during 2023 and up to the end of Q1-2024, the Company has fulfilled this spending obligation prior to the date of this MD&A.
- As described in Note 10 of the 2023 audited consolidated financial statements, on December 22, 2023 the Company issued 23,213,431 common shares on a flow-through basis for gross proceeds of \$3,017,746. As a result, the Company has a commitment to spend \$3,017,746 on eligible Canadian exploration and development expenses prior to December 31, 2024. Based on the exploration expenditures incurred at both the Gochager Lake and Albert Lake projects during Q1/Q2-2024, the Company has fulfilled approximately 90% of this spending commitment. It is estimated that the Company will be required to spend an additional \$300,000 on eligible Canadian exploration and development expenses prior to December 31, 2024.
- As disclosed Note 7 (Exploration and Evaluation Asset) of the 2023 audited consolidated financial statements, the Company is required to incur annual minimum work program expenditures ranging between \$15.00 and \$25.00 hectare in order to maintain title to the dispositions. Excess qualifying exploration expenditures can be carried forward indefinitely to be applied to future years' work requirements. The Company is required to incur annual qualifying expenditures of approximately \$1.75 million in each of the next five years in order to maintain all dispositions in good standing. However, based on available expenditures carried-forward from prior years, the minimal required expenditure for 2024 is \$Nil.
- Effective December 1, 2021 the Company entered into a lease for office space. However, the landlord cancelled the lease of the property effective December 31, 2023. The Company therefore has no ongoing commitment related to the office lease. However, as described in Note 8 of the 2023 audited consolidated financial statements, prior to the cancellation of the office lease, the Company had entered into a sublease with a subtenant for the continued occupancy of the office until December 2027. As a result of the termination of the lease and, by extension, the sublease, the subtenant has named both Fathom Nickel Inc, and the landlord as defendants in a Court of King's Bench action claiming losses of approximately \$143,000. The Company is of the position that the subtenant's claim is without merit and is defending the action accordingly.

Related Party Transactions

The following related party transactions occurred and were charged in the 2023 audited consolidated financial statements during the years ended December 31, 2023 and 2022 as follows:

	December 31, 2022	December 31, 2021
Administrative and exploration-related consulting fees:		
Administrative consulting fees were charged by officers for corporate administrative and financial management services	\$ 180,000	\$ 452,360
Consulting fees were charged by officers for geological management of the Company's exploration and evaluation asset (Note 7)	\$ 84,000	\$ 169,040
Legal fees charged by a law firm of which a director of the Company is a partner	\$ 97,485	\$ 107,008

Amounts accrued and paid as administrative consulting fees are expensed and disclosed in the Statement of Loss as administrative consulting fees. Amounts accrued and paid as geological consulting fees are capitalized to the exploration and evaluation asset account. Legal fees associated with equity financings are disclosed as a share issuance cost and recorded as a reduction to share capital. Legal fees on account of general corporate and other non-financing matters are expensed in the Statement of Loss as legal and accounting fees.

At the period end, the Company owed the respective holding companies owned by officers of the Company for administrative and geological consulting fees \$ Nil (December 31, 2022 - \$ Nil). At December 31, 2023, the Company had a recorded liability of \$45,496 owing to the law firm of which a director of the Company is a partner (December 31, 2022 \$35,427).

- [1] Until August 31, 2022 administrative consulting fees included the monthly fees charged by Brad Van Den Bussche in his role as President and CEO. Mr. Van Den Bussche contracted his services through his 100%-owned holding company, Kaybri Resource Management Ltd. ("Kaybri"). Through a contract between the Company and Kaybri executed in May 2021, Kaybri charged the Company a monthly fee of \$15,350 for the CEO services. Unless alternate circumstances are warranted, the CEO fee was allocated 70% to administrative consulting and 30% to geological management. Also included in administrative consulting fees is the termination compensation paid to Mr. Van Den Bussche in accordance with the terms the Kaybri contract.
- [2] Included in administrative consulting fees is the monthly fees charged by Doug Porter in his role as CFO. Mr. Porter contracts his services through his 100%-owned holding company, Porter Valuations & Financial Consulting Inc. ("PV&FC"). Through a contract between the Company and PV&FC executed in May 2021, PV&FC charges the Company a monthly fee of \$11,350 for the CFO services. This monthly fee was reduced to \$11,000 in January 2023. The CFO fee is allocated 100% to administrative consulting.
- [3] Included in geological management is the monthly fees charged by Ian Fraser in his role as Vice President, Exploration. Mr. Fraser contracts his services through his 100%-owned holding company, IF

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

Consulting Inc. ("IFC"). Through a contract between the Company and IFC executed in May 2021, IFC charges the Company a monthly fee of \$12,350 for the Vice President, Exploration services. Up to August 31, 2022, this fee was allocated 100% to geological consulting. From September 1, 2022 to December 31, 2022, IFC's monthly fee was allocated \$8,350 to geologic consulting (E&E assets) and \$4,000 to administrative consulting. Since January 1, 2023, IFC's monthly fee was reduced to \$11,000 and is allocated \$7,000 to geologic consulting (E&E assets, split equally between Albert Lake and Gochager Lake, unless particular circumstances dictate otherwise) and \$4,000 to administrative consulting.

- [4] McLeod Law LLP provides various legal services to the Company including, but not limited to securities, corporate-commercial and general corporate legal services. Eugene Chen, a partner of McLeod Law LLP is also a director of Fathom.

Risk Factors
Financial Instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and cash equivalents is recorded at fair value based on a Level 1 designation.

Fair value less costs of disposal, when used to test the recoverable amounts of exploration and evaluation assets is based on a Level 3 valuation model.

There were no changes to the fair value designations for the above financial instruments during the year.

Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid investments with a maturity of three months or less from the purchase date. As at December 31, 2023, the balance was comprised of cash in bank.

Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

Risk Factors

Fathom is in the exploration stage and is subject to the risks and challenges similar to other companies at a comparable stage. Other than the risks relating to reliance on future financings as previously discussed, as well as those discussed elsewhere in this MD&A, the Fathom's risks include, but are not limited to its limited operating history, the speculative nature of mineral exploration and development

FATHOM NICKEL INC.
Management's Discussion and Analysis
Year Ended December 31, 2023

activities, operating hazards and risks, mining risks and insurance, no current mineral resources or reserves, environmental and other regulatory requirements, competition, stage of development, fluctuations in commodity prices, conflicts of interest, reliance on key individuals, enforcement of civil liabilities as discussed further below.

Limited Operating History - An investment in Fathom should be considered highly speculative due to the nature of Fathom's business. Fathom has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or be paying dividends in the immediate or foreseeable future.

Speculative Nature of Mineral Exploration and Development Activities - Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Fathom may be affected by numerous factors which are beyond the control of Fathom and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, commodity markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in Fathom not receiving an adequate return of investment capital.

Substantial expenditures are required to establish mineral reserves through drilling, to develop processes to extract and process and refine the minerals and, in the case of new properties to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineral deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. Estimates of mineral reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the quality and quantity of minerals ultimately mined may differ from that indicated by drilling results.

Fathom's Gochager Lake and Albert Lake Projects are in the exploration stage only and is without known bodies of a mineral resource. The exploration programs proposed by Fathom are exploratory searches for commercial mineral deposits only. Development of any of Fathom's current or future mineral properties will only follow upon obtaining satisfactory exploration results.

Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral resources and reserves, develop metallurgical processes and construct mining and processing facilities at a particular site. There is no assurance that Fathom's mineral exploration activities will result in any discoveries of commercially minable ore bodies. Also, no assurance can be given that any or all of Fathom's properties will not be subject to prior unregistered agreements or interests or undetected claims which could be materially adverse to Fathom.

No Mineral Resource or Reserves - All of the Fathom properties are considered to be in the exploration stage only and do not contain a known mineral resource. Mineral resources and

reserves are estimates and no assurance can be given that the anticipated mineral grades, and tonnages will be achieved or that the indicated level of recovery will be realized. Resource and reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of base and precious minerals, as well as increased production costs or reduced recovery rates may render reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of resources and/or reserves.

Conflicts of Interest - Certain of the Directors and Officers of Fathom are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of Fathom may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the Director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

Operating Hazards and Risks - Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Fathom's operations will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage.

Mining Risks and Insurance - The business of exploring for and mining base and precious minerals is generally subject to a number of risks and hazards including environmental hazards, industrial accidents, labour disputes, unusual or unexpected geological conditions, pressures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes. No assurance can be given that such insurance will continue to be available or that it will be available at economically feasible premiums. Mining operations will be subject to risks normally encountered in the mining business.

Environmental and Other Regulatory Requirements - Fathom's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and Directors, Officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The exploration operations of Fathom and development and commencement of production on its properties require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting,

development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Fathom believes it is in substantial compliance with all material laws and regulations, which currently apply to its activities.

Failure to comply with applicable 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 mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition - Significant and increasing competition exists for the limited number of minerals exploration acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than Fathom, Fathom may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that Fathom's exploration and acquisition programs will yield any resources or reserves or result in any commercial mining operation.

Stage of Development - Fathom is in the business of exploring for, with the ultimate goal of extracting and refining minerals from its mineral exploration property. Fathom's Albert Lake Property has not commenced commercial production and Fathom has no history of earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that Fathom will be able to develop any of its current or future properties profitably or that its activities will generate positive cash flow.

Fathom has not paid any dividends and it is unlikely to enjoy earnings or paying dividends in the immediate or foreseeable future. Fathom has not sufficiently diversified such that it can mitigate the risks associated with its planned activities.

A prospective investor in Fathom must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of Fathom's management in all aspects of the development and implementation of Fathom's business activities.

Fluctuations in Commodity Prices - The profitability, if any, in any mining operation in which Fathom has an interest is significantly affected by changes in the market price of nickel, copper, platinum and palladium, and other base and precious metals, which fluctuate on a short-term basis and are affected by numerous factors beyond Fathom's control.

Reliance on Key Individuals - Fathom's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in Fathom's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on Fathom.

Corporate Governance

Fathom's Board of Directors follows corporate governance policies to ensure transparency and accountability to shareholders.

17. FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements with respect to Fathom's expectations, estimates and projections regarding its business and the economic environment in which it operates. These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", and "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Company's performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Except as required by securities law, the Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments.

DIRECTORS

Doug Porter

Ian Fraser

Mark Cummings^{1,2}

John Morgan^{1,2}

Eugene Chen^{1,2}

¹ *Member of the Audit Committee*

² *Member of the Compensation Committee*

OFFICERS

Ian Fraser, CEO & Vice President Exploration

Doug Porter, President & CFO

OFFICE

Fathom Nickel Inc.

#104, 1240 – Kensington Road NW

Calgary, Alberta T2N 3P7

Telephone: (403) 870-4349

LEGAL COUNSEL

McLeod Law LLP

BANKERS

Bank of Montreal

AUDITORS

BDO Canada LLP

CONSULTING GEOLOGISTS

TerraLogic Exploration Inc.

Cranbrook, BC