



Canada Nickel Company NEWSLETTER



Site visits with (from left to right): Mayor Politis and representatives of the town of Cochrane, Mayor Roberts and representatives from the town of Smooth Rock Falls, and Mayor Boileau of the city of Timmins

Major Milestones Achieved for the Crawford Nickel Project

Canada Nickel has several key items to highlight with readers in this issue of our quarterly newsletter.

The first, on February 8th, 2023, Canada Nickel signed an investment deal with Anglo American, valued at \$24 million, that makes Anglo American 9.9% shareholders in Canada Nickel (with the option to continue purchasing newly released shares to maintain their 9.9% holding). The two parties have also agreed to a binding offtake agreement, through which Anglo American has the exclusive right to purchase up to 10% of recoveries from Crawford's nickel concentrate, iron and chromium from the magnetite concentrate, and associated carbon credits. This agreement is a major milestone for Canada Nickel as we continue to push Crawford towards operation!

In other news, Canada Nickel would like to thank representatives of the Town of Cochrane, the City of Timmins, and the Town of Smooth Rock Falls for braving the cold and coming to visit the Crawford Project in February. These site visits were an opportunity to demonstrate the scale of the upcoming project, and enabled key strategic conversations about project and community development.

From a permitting standpoint, the Impact Assessment Agency of Canada announced on January 5th, 2023 that the Crawford Project would require a federal Impact Assessment. Canada Nickel was prepared for this decision, and has already begun work on the project's *Summary of Issues*, which will be supported by the baseline programs we have had underway since 2021. [Visit here for more information on Canada Nickel's progress through the impact assessment.](#)

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RAPID PROGRESS AND CONTINUOUS IMPROVEMENT

*A message from Canada Nickel's Environmental Manager,
Mathieu Boucher*



2022 was a significant year in Canada Nickel's history, during which we officially initiated the federal Impact Assessment Process for the Crawford Project through the submission of our Initial Project Description to the Impact Assessment Agency of Canada. This achievement was made possible by a concerted effort from the CNC team, the support and expertise of multiple consultants and partners, and the feedback and engagement of Indigenous peoples and stakeholders.

Although I am very proud that this milestone is behind us, we have a lot of work to do yet. Canada Nickel is still actively collecting baseline data to ensure an accurate portrait of the region's environmental and socioeconomic conditions, and has initiated preparation of our Impact Statement. Through continuous engagement with municipalities, organizations, Indigenous Peoples, and the public, we hope to demonstrate that our project was designed to limit potential impacts and maximize the benefits for all. To think that we have a shot to be a carbon-neutral (and potentially even carbon-negative) producer of critical minerals is, to me, probably the most exciting part of our project.

I hold a Bachelor of Water Engineering from Laval University, after which I started my career with Golder Associates contributing to environmental site assessment, site remediation, and water treatment projects for industrial and mining clients. I was lucky enough to be involved in the development of modern, innovative approaches to contaminated land remediation, including in sensitive natural environments such as wetlands.

Prior to joining Canada Nickel, I worked at Glencore's Horne Copper Smelter and North America Copper Assets, where I held positions as Environment and Sustainability specialist, supervisor, and superintendent. The mining and metallurgical transformation industry is filled with technical and environmental challenges, especially for operations that started decades (or even centuries) ago. Throughout my time with Glencore, I participated in improvement projects related to legacy water treatment and water management issues.

At Canada Nickel, we have managed to attract talent and experience like no other junior mining company I have seen. One of these talented individuals is Adam Gauthier, our environmental coordinator. Adam spends most of his time planning environmental baseline programs and supporting our experts and consultants in the field, when he is not collecting samples and taking measurements himself. He also ensures that our exploration activities meet the highest environmental standards, per our Responsible Exploration Policy. His experience, knowledge, resourcefulness, and dedication are something we don't come across every day. He played and continues to play an enormous role in the leaps we are making toward becoming a new benchmark in the mining industry.

A handwritten signature in blue ink, appearing to read 'Mathieu Boucher', written in a cursive style.

Mathieu Boucher, Environmental Manager

COMMUNITY COMMITTEE ACTIVITY

Following positive feedback for the suggestion back in 2021, Canada Nickel has formed three community committees made up of regional representatives who are experts in their fields. In addition to their own meetings 3 – 4 times a year, one representative from each committee will also be chosen to participate in an Overview Committee to ensure information is shared amongst the three groups.

All committee meeting minutes can be found at www.canadanickel.com/sustainability.

COMMUNITY CONTRIBUTIONS AND LOCAL PROCUREMENT COMMITTEE

After a highly productive 2022, during which both the local procurement policy and community contributions programs were developed and launched with committee support, the CCLP has had a shift in focus. While the committee will continue to support CNC's implementation and review of the policy and guidelines, their primary role moving forward will be on the analysis of potential social and economic impacts relating to the Crawford Project, and in taking a collaborative approach to the related mitigation measures that could be implemented.

ENVIRONMENTAL COMMITTEE

Formed in late 2022, the Environmental Committee will be initiating their core work this year. Main topics of focus will include the Impact Assessment process, water management, and carbon sequestration. Their objective is to comment on and review the Crawford Project's potential environmental impacts and planned mitigation measures, to identify potential gaps in the completed analysis, and to discuss other environmental topics that may arise during the exploration, permitting, and development of the Crawford Nickel Project.

WORKFORCE PLANNING COMMITTEE

Previously referred to as the labour and training committee, the Workforce Planning Committee was formed in March 2023. Their mandate is to support planning for Crawford's anticipated workforce, while advising on potential challenges and opportunities and working on collaborative solutions to those challenges. The committee is made up of representatives from:

- ✓ Apatisiwin Employment and Training
- ✓ Cochrane District Social Services Administration Board
- ✓ Cochrane District Social Planning Council
- ✓ Collège Boréal
- ✓ Keepers of the Circle
- ✓ NORCAT
- ✓ Northern College
- ✓ The Far Northeast Training Board

FROM DISCOVERY TO CONSTRUCTION: WHAT IT TAKES TO BRING A MINE TO LIFE

In order to bring a mine into development, you first need to find a deposit worth developing. The following are the typical steps taken during exploration and development – or, what Canada Nickel has been doing since 2019.

1. PLANNING

Using existing information (local knowledge, historic exploration activity), teams will identify geological areas of interest. If they see potential, the necessary permissions will be obtained to conduct work on the properties. Risk assessments, environmental monitoring, and community engagement are ongoing from this point onward.



2. INVESTIGATION



For better assessment of potential, field investigations are conducted. Often, this involves a geologist going into the field to search for surficial geology. For some deposits, like Crawford, there is no surface geology available. In these instances, explorers may rely on (1) rock, soil, and water analysis or (2) geophysical surveying, the method Canada Nickel used to identify many of our regional targets. Geophysical surveying involves airborne or ground surveys with specialized equipment that enable predictions of underground geology.

3. DRILLING

The next step for properties that produced promising prospecting results is diamond drilling. During this stage, contracted drill rigs are placed at strategic locations around the property to drill deep into the earth and collect samples.



4. ANALYSIS

These core samples are brought to the core shack (CNC's is on Jaguar Drive in Timmins!) where they are reviewed by geologists and geotechnicians. After initial assessment, half of the core is kept in storage while the other half is sent away to an accredited laboratory for analysis, a process called "assaying", which helps quantify elements in the core.

5. MODELLING

The geologist's analysis, the location and depth of the drill holes, and the results of the assaying, all feed into a geological resource model – which is a highly detailed, computer generated, 3D model of the deposit showing what's where, and in what amount.



6. DEVELOPMENT

The resource model feeds the design of the mine – scheduling, size, equipment, mining method – which in turn supports the evaluation of a potential project.



Only about 1 in 3000 exploration properties become a mine – a process that is entirely dependent on whether the project is determined to be environmentally responsible, socially acceptable, and economically viable.

6.1 ENVIRONMENT AND PERMITTING



Often coinciding with later exploration activities, proponents will begin obtaining the necessary approvals to construct a mine. For Ontario, this can include the federal Impact Assessment process (which CNC is now undertaking) and provincial approvals such as Environmental Assessments and a Closure Plan.

This process also involves increased community engagement and completing environmental baseline studies. Baseline studies help proponents to evaluate potential impacts of the mine, inform proposed mitigation measures, and serve as a “pre-mining” comparison for monitoring during operation and after closure. Topics include wildlife, vegetation, socio-economic conditions, air and water quality, and more.

6.2 ENGINEERING AND DESIGN

To illustrate the economic and technical feasibility of a project, a proponent may publish several engineering documents: a Preliminary Economic Assessment (CNC’s was filed in 2021), a pre-feasibility study, a feasibility study, and a bankable feasibility study. From PEA to BFS, the studies become progressively more detailed and accurate.



These documents are heavily informed by economic, safety, technical, and environmental considerations.

7. DECISION TO CONSTRUCT

Backed by a detailed resource model, sound engineering, environmental approvals, and financing, it’s finally time to build the mine!



NEW RELEASE HIGHLIGHTS

To access all Canada Nickel Company news releases, or for other information relating to Canada Nickel and the Crawford Project, please visit our website at www.canadanickel.com.

Canada Nickel Demonstrates Robust Nickel Recoveries at Reid Ultramafic Nickel Project, Announces Closing of Texmont Acquisition

March 15th, 2023

The first metallurgical test at Reid delivers overall nickel recovery of 63% with half of recovered nickel reporting to nickel sulphide concentrate grading 60% - the highest grade nickel concentrate yet achieved by Canada Nickel.

Canada Nickel Announces Closing of Partial Exercise of Over-Allotment Option

March 7th, 2023

Further to the closing of the Company's C\$44.0 million public offering and concurrent private placement on March 2, 2023 (collectively, the "Offering"), the syndicate of underwriters have partially exercised their over-allotment option to purchase an additional 950,000 common shares of the Company at a price of C\$1.77 per Common Share for aggregate gross proceeds of approximately C\$1.7 million.

Canada Nickel Confirms High Grade Near-Surface Mineralization at Texmont

March 6th, 2023

The first 9 of 12 holes at Texmont have intervals at greater than 1% nickel, with all 12 holes confirming high grade mineralization over 400 metres of strike length that remains open to the north and at depth.

Canada Nickel Announces Closing of Anglo American Investment and Bought Deal Public Offering for Total Proceeds of \$44 million

March 2nd, 2023

Canada Nickel receives total proceeds of \$44 Million for the closing of the Anglo American investment and bought deal public offering.



Adam Gauthier *Environmental Coordinator*

Adam Gauthier, a member of Moose Cree First Nation, joined CNC in December 2021 as an Environmental Technician, and later in 2022 as Environmental Coordinator. Adam graduated from Northern College's Environmental Technician program in 2011, and has spent time as an Environmental Officer (DeBeers Gahcho Kué site in the Northwest Territories) and an environmental consultant in the Timmins region. He is a born and raised Timmins resident, where he now resides with his wife and three boys (ages 10, 8, 2). Adam is an avid, multi-species angler and spends much of his free time on the water or on the land

hunting or skiing with his family. He is very excited to be a part of Canada Nickel's growth and is looking forward to seeing the positive affect it will have on his local community.

EMPLOYEE SNAPSHOT

Canada Nickel Announces Filing of Preliminary Prospectus and Provides Corporate Update

February 17th, 2023

Canada Nickel announced that it has filed and been receipted for a preliminary short form prospectus in connection with its bought deal offering of (i) 7,462,500 common shares at a price of \$1.77 per Common Share and (ii) 1,748,300 common shares issued as "flow-through shares" within the meaning of the Income Tax Act (Canada) at a price of \$2.86 per Flow-Through Share, for aggregate gross proceeds to the Company of \$18,208,763.

Canada Nickel Announces C\$20 Million Bought Deal Public Offering and Concurrent Private Placement

February 8th, 2023

Canada Nickel announces a bought deal public offering for 7,462,500 common shares of the company at a price of \$1.77 per common share and 1,748,300 common shares of the Company issued as "flow through shares" at a price of \$2.86 per FT share.

Canada Nickel Announces \$24 million investment from Anglo American

February 8th, 2023

In another major milestone towards developing the Crawford Nickel Project, Canada Nickel has signed a Subscription Agreement with Anglo American for an approximately \$24 million investment in Canada Nickel, making Anglo American 9.9% shareholders in the company. Canada Nickel has also agreed to a binding Offtake Term Sheet with Anglo American, by which Anglo American will have an exclusive right to purchase up to 10% of recoveries of nickel concentrate, iron and chromium contained in the magnetite concentrates, and any corresponding carbon credits from the Company's Crawford Nickel Project.

Canada Nickel Confirms Major Discovery at Reid, Provides Financing Update

January 18th, 2023

Results of the ongoing exploration at Canada Nickel's Reid property continue to pour in. All 16 holes at Reid intersected multi-hundred metre intervals of mineralization, with 6 holes in the Central Core Area intersecting higher grades. Holes REI22-14 and REI22-16 confirm mineralization of over 500 metres width – approximately 50% wider than the Crawford Main Zone and more than 100% wider than the Crawford East Zone. Reid's geophysical target footprint of 3.9 km² is more than twice as large as Crawford's 1.6 km² footprint.

Canada Nickel Announces Integration of Carbon Capture and Storage into Crawford Nickel Sulphide Project

January 4th, 2023

CNC's latest test work has confirmed the ability to incorporate carbon capture and storage into Crawford project plant design, giving Crawford the potential to become the sole large scale carbon storage facility in Ontario and one of largest facilities in Canada. In light of this new information, the company has decided to release their integrated feasibility study in Q2 2023.

CONGRATULATIONS

Canada Nickel would like to congratulate the following programs on their successful applications to Canada Nickel's Contributions Program for the most recent program period



Children's Participation and Charity Golf Tournament

Helping children overcome barriers which have prevented or limited their participation in sport, recreation and physical activity, by issuing direct financial subsidies/grants covering the cost of registration fees and the purchase of equipment. Keep an eye out for upcoming registration for their 2023 golf tournament fundraiser!



Collège Boréal Humanitarian Project

Supporting a team of 18 students from Thériault and Renaissance schools and Collège Boréal in carrying out a humanitarian project to help disadvantaged people in the local community.



Yellow Fish Road Program and Water Awareness Art Contest

Teach children to be stewards of the natural environment by reinforcing the importance of safe, clean water and demonstrating how decisions made by one person can make a difference to a whole community



Mattagami Ski Club – Back on Track Project

Addressing immediate needs to improve services and programs while increasing longevity of the Club and its services to the Smooth Rock Falls community.



TADH Foundation - Dancing with the Docs

An evening to highlight the ballroom talents of eight local physicians paired with a dance professional from the Melissa Kelly Dance Academy to help increase awareness of the equipment and renovation needs of the Timmins and District Hospital and raise funds in support of those needs.

Canada Nickel is committed to contributing to the health, social, and economic wellbeing of our neighbouring communities and the environment. Please review our [Contributions Guidelines](#) to learn more about applying for funding through Canada Nickel's Contributions Program.

Please be reminded that Programs supported by and directly related to an Indigenous community or communities will follow a distinct process from these Guidelines. Such Programs are encouraged to contact Canada Nickel directly regarding requests for contributions, or to speak with a representative from their community regarding outreach to Canada Nickel

REMINDER!

Canada Nickel's deadline for **Legacy Applications** is **June 31st, 2023**. Please see our [guidelines](#) for more information on how to apply.



Northern lights at Canada Nickel's Midlothian property. Photo by Christin Rowsell.

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DISCLOSURE STATEMENT

Cautionary Statement Concerning Forward Looking Statements

This document contains certain information that may constitute "forward-looking information" under applicable Canadian securities legislation. Forward looking information includes, but is not limited to, future exploration and development results, completion of acquisitions and corporate and technical objectives. Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information. Factors that could affect the outcome include, among others: future prices and the supply of metals, the future demand for metals, the results of drilling, inability to raise the money necessary to incur the expenditures required to retain and advance the property, environmental liabilities (known and unknown), general business, economic, competitive, political and social uncertainties, results of exploration programs, risks of the mining industry, delays in obtaining governmental approvals, failure to obtain regulatory or shareholder approvals, and the impact of COVID-19 related disruptions in relation to the Company's business operations including upon its employees, suppliers, facilities and other stakeholders. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this document is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. Canada Nickel Company Inc. disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.