PURE NICKEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED NOVEMBER 30, 2018

Background and overview

This Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding Pure Nickel Inc. ("Pure Nickel," the "Corporation," the "Company", "we," "our," "us"), its business environment and future prospects. This MD&A should be read in conjunction with the Company's consolidated audited financial statement for the years ended November 30, 2018 and 2017. Those financial statements are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all dollar amounts refer to Canadian funds. Information herein includes any significant developments to March 26, 2019, the date on which this MD&A was approved by our directors.

Historically, we have been in the business of acquiring, exploring and developing mineral properties in Canada and the United States of America ("US"), primarily those containing nickel ("Ni"), platinum group elements ("PGE"s), copper ("Cu"), gold ("Au"), silver ("Ag") and associated base and precious metals. We continuously evaluate our mineral property holdings with respect to carrying costs and the future likelihood of any property driving shareholder value. Past and future divestiture decisions have been, and will be made based on this criterion. We are also investigating other opportunities, such as sale of assets and project acquisitions that would enable the Company to diversify and grow.

Our common shares trade on the TSX Venture Exchange under the symbol "NIC."

We were incorporated under the *Company Act* (British Columbia) on April 29, 1987, and continued under the Canada *Business Corporations Act* on April 7, 2009. We conduct our US operations through a wholly-owned subsidiary, Nevada Star Resource Corp. (U.S.), a Nevada corporation. Nevada Star Resource Corp. (U.S.) was the sole member of MAN Alaska LLC, a Delaware limited liability company, until April 25, 2016, the date on which MAN Alaska LLC was dissolved.

Royalty Interest - Milford Copper Property, Utah

The Company holds a 1% net smelter royalty (the "Royalty") on the Milford Copper Property located in Utah. The Milford Copper Property was previously owned by CS Mining LLC ("CS Mining") and is now owned by Tamra Mining Company, LLC ("Tamra") as of August 29, 2017. The Royalty is shared with another party on a pro-rata basis, with the Company's royalty capped at US$5,000,000 ($6,650,500) and the other party's royalty capped at US$3,000,000 ($3,990,300).

On November 30, 2017, the Company received a court approved royalty payment, for previously earned royalty, of $515,826 (US$387,810). Subsequently, the Company reversed the previously recognized impairment royalty interest in Milford Copper Property of $1,132,986 (US$851,805) as it believed the impairment loss that had been recognized in previous years either no longer existed or had decreased.

For the year ended November 30, 2018, the Company received further royalty payments for a total of $181,461 (US$138,974), increasing the total royalty payments received to $701,706 (US$527,559). The Company has been informed that processing of ore at the Milford Copper Property has been suspended pending new financing partners and royalty payments in arrears was $102,234 (US$76,862) as of November 30, 2018. Given the uncertainty of future operations and collection of the royalty payments, the Royalty has been written down to $1.

As at November 30, 2018, the remaining maximum Royalty balance was US$4,472,441 (2017 – US$4,611,415) or $6,133,643 (2017 - $5,947,342).

Exploration and Evaluation Projects

We have mineral rights for a number of properties in North America. A summary of the properties, is presented below.

Property	Location	Claims area (approx.)	Comments
William Lake[1]	Manitoba (70 km from Grand Rapids)	10,566 hectares	The William Lake property has the potential for nickel and PGEs. An extensive exploration program was conducted during 2008. A re-assay program was completed in 2012 and preliminary target modelling was completed in 2013. The costs to maintain the claims on this property are minimal as the Company has banked work credits that will be used at renewal.
Fond du Lac[2]	Saskatchewan (20 km NW of Stony Rapids)	19,713 hectares	This nickel, copper property is currently in the early exploration stage. The costs to maintain the claims on this property are minimal as the Company has banked work credits that will be used at renewal.
Manibridge[1]	Manitoba (128 km SW of Thompson)	274 hectares	This nickel property is located in the Thompson Nickel Belt. The costs to maintain the claims on this property are minimal as the Company has banked work credits that will be used at renewal.
HPM[1]	Quebec (180 km NW of Sept Isles)	748 hectares	This nickel, copper property is in the early exploration stage. We own 50% of this property and Murchison Minerals Ltd. owns the other 50%.

[1] Properties were part of a property purchase from Xstrata Nickel terms included:

- a net smelter royalty of 2% on each property with Pure Nickel having the right to reacquire 1% by payment of $1,000,000 with respect to a particular property at any time up to twelve months after commercial production has been achieved on that property;
- off-take and marketing rights for all concentrate or product produced from the properties; and
- the right to retain one back-in right to 50% for any one mining project with an economic threshold of 15,000,000 tons of resources.

[2] Property is subject to a 0.5% NSR

We continue to evaluate the properties in our portfolio and make divestiture decisions based on the carrying costs of maintaining the claims in good standing and the likelihood of directing resources towards exploration on the properties.

Tower Property, Manitoba

On March 31, 2015, we announced we had signed an agreement with Akuna Minerals Inc. ("Akuna") for the sale of the Company's 30% interest in the Tower Property. This sale closed on May 22, 2015. Under the terms of the agreement, Akuna paid us $1,000,000. In addition, upon achievement of nameplate production, as defined in an NI 43-101 feasibility study, Akuna will make a one-time payment to us of $500,000. Akuna has advised that they continue to work towards bringing this project into production. They have not committed to a start date at this time.

Outlook

We continue to operate with reduced activity levels and are proactively reducing expenditures in an effort to conserve cash while we identify and evaluate new opportunities going forward. Currently, our properties have sufficient work credits and can therefore be carried at very minimal costs. We are also investigating other opportunities, such as asset sales or project acquisitions that would enable the Company to diversify and grow.

Quarterly Information

Selected financial information for the previous eight quarters is set out below.

	Quarter ended November 30, 2018 $	**Quarter ended August 31, 2018 $**	**Quarter ended May 31, 2018 $**	**Quarter ended February 28, 2018 $**
Loss before other income (expenses)	(501,339)	(95,934)	(69,114)	(66,770)
Other income (expenses)	(3,917)	1,487	547	419
Net loss	(505,256)	(94,447)	(68,567)	(66,351)
Total comprehensive loss	(493,069)	(83,864)	(62,283)	(76,808)
Net loss per share*	(0.007)	(0.001)	(0.001)	(0.001)
	Quarter ended November 30, 2017 $	**Quarter ended August 31, 2017 $**	**Quarter ended May 31, 2017 $**	**Quarter ended February 28, 2017 $**
Income (Loss) before other income (expenses)	(117,944)	404,172	(61,679)	(115,375)
Other income (expenses)	(1,174)	(1,136)	136	219
Net income (loss)	(119,118)	403,036	(61,543)	(115,156)
Total comprehensive income (loss)	(89,469)	396,489	(59,336)	(118,623)
Net income (loss) per share*	(0.001)	0.006	(0.001)	(0.002)

Note: * Fully diluted income (loss) per share is not presented since it would be anti-dilutive or all stock options had expired.

Results of Operations – three months ended November 30, 2018.

We generated no operating revenues during the three months ended November 30, 2018, which is unchanged from the three months ended November 30, 2017. This was in accordance with expectations as we are an exploration stage company and expect to finance activities through joint ventures, the sale of property interests, and by raising additional share capital when market conditions are suitable.

We recorded a net loss of $505,256 or $0.007 per share for the three months ended November 30, 2018, compared to net loss of $117,944 or $0.001 per share for the three months ended November 30, 2017. The increase in net loss was primarily due to the impairment of the royalty interest in Milford Copper Property of $432,314 in the three months ended November 30, 2018.

The following table summarizes our administration and general expenses:

For the three months ended		November 30, 2018		November 30, 2017
Accounting, audit and legal fees	$	16,769	$	26,204
Consulting		6,371		1,400
Depreciation		227		324
Directors' fees		11,816		10,124
Investor relations		299		–
Occupancy (recoveries) costs		652		703
Office and miscellaneous		5,990		5,250
Regulatory, filing and transfer agent fees		97		913
Salaries and benefits		24,632		23,971
Travel		1,938		2,504
Total	$	68,791	$	71,393

Total administration and general expenses for the three months ended November 30, 2018 were $68,791, down from $71,393 for the three months ended November 30, 2017, a decrease of 4%. Accounting, audit and legal fees decreased by $9,435 due to timing of audit fee accrual were back loaded in the comparative period. Consulting fees increased by $4,971or 355% due to valuation services on a potential project. Director fees decreased by $1,692 or 17% as one of the Company's directors resigned in early December 2017.

The Company did not raise any cash through financing activities in the three months ended November 30, 2018, nor in the three months ended November 30, 2017.

Results of Operations – year ended November 30, 2018.

We generated no operating revenues during the year ended November 30, 2018, which is unchanged from the year ended November 30, 2017. This was in accordance with expectations as we are an exploration stage company and expect to finance activities through joint ventures, the sale of property interests, and by raising additional share capital when market conditions are suitable.

We recorded a net loss of $734,621 or $0.011 per share for the year ended November 30, 2018, compared to net income of $107,219 or $0.001 per share for the year ended November 30, 2017. The increase in net loss was primarily due to the impairment of the royalty interest in Milford Copper property of $432,314 in the year ended November 30, 2018 (a reversal of impairment of royalty interest in Milford Copper property of $1,067,863 in the year ended November 30, 2017), partially offset by the decrease of $656,379 of administrative and general expenses in the year ended November 30, 2018 compared to the comparative period. Additionally, the Company recognized $1,461 of impairment of its exploration and evaluation properties in Manitoba (William Lake and Manibridge), a decrease of $1,467 from comparable prior period.

Total comprehensive loss was $734,621 for the year ended November 30, 2018, compared to comprehensive income of $107,219 in the comparative period. This was due to the effect of the currency translation adjustment which was a gain of $18,597 compared to $21,842 in the comparative period.

The following table summarizes our administration and general expenses:

For the year ended	November 30, 2018	November 30, 2017
Accounting, audit and legal fees	$ 71,321	$ 57,448
Consulting	36,405	2,700
Depreciation	908	1,297
Directors' fees	42,941	52,125
Investor relations	657	517
Occupancy (recoveries) costs	1,987	(4,442)
Office and miscellaneous	22,624	24,679
Regulatory, filing and transfer agent fees	15,730	14,178
Salaries and benefits	101,392	803,629
Travel	5,417	3,630
Total	$ 299,382	$ 955,761

Total administration and general expenses for the year ended November 30, 2018 were $299,382, down from $656,379 for the year ended November 30, 2017, a decrease of 69%. Accounting, audit and legal fees increased by $35,622 due to increased legal fees related to transition and contemplated royalty agreements with the Company's former CEO and President. Consulting fees increased by $11,955 or 49% due to valuation services on Milford property and potential project. Director fees decreased by $9,184 or 18% as one of the Company's directors resigned in early December 2017. Salaries and benefits decreased by $702,237 or 87% compared to the comparable period due to the severance compensation for the Company's CEO pursuant to the transition agreement entered on May 26, 2017 whereby the Company's CEO is entitled to, in addition to deferred salary of $118,800, 24 months' salary, $528,000 plus US$100,000. The increase is offset by fewer employees compared to prior period and, effective February 1, 2017, the Company's CEO elected to forgo his salary payment to further conserve cash.

Cash used in operating activities was $297,772 during the year ended November 30, 2018, compared to cash generated from operating activities of $237,907 in the prior year. For the year ended November 30, 2018, the Company received royalty payments for a total of $181,461 (US$138,974) from Tamra Mining Company, LLC ("Tamra"), the owner of the Milford Copper Property, a reduction of $304,697 (US$248,836) from the comparative period.

Cash used in investing activities of $1,461 for the year ended November 30, 2018 compared to cash generated from investing activities of $75,298 in the comparative period. In December 2016, the Company cancelled one of its corporate credit cards and the associated security of $78,185 (US$25,000) in guaranteed investment certificate was redeemed. A further $45,000 in guaranteed investment certificate was redeemed as the Company reduced the limit of the corporate credit cards in March 2017.

The Company did not raise any cash through financing activities in the year ended November 30, 2018, nor in the year ended November 30, 2017.

Liquidity and Capital Resources

Currently, none of our property interests generate revenue. Our capital needs have historically been met by the issuance of securities (either through private placements, the exercise of stock options, or the issuance of shares for services, property or other assets). Fluctuations in our share price will affect our ability to obtain future financing, and future financing will represent dilution to existing shareholders. During the year ended November 30, 2018, the Company had a net loss of $734,621 (November 30, 2017 –net income of $107,219), negative cash flow from operations of $297,772 (November 30, 2017 – positive cash flow of $237,907) and working capital deficiency as at November 30, 2018 of $407,837 (November 30, 2017 – $290,718). The Company is subject to risks and challenges similar to companies in a comparable stage of exploration. As a result of these risks, there are material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern. There is no assurance that the Company's funding initiatives will be successful and these consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. Additional funding will be necessary to advance its exploration and development efforts and discussions are ongoing in monetizing some Company assets to assist this. While the Company has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

We had cash and restricted cash and cash equivalents of $274,340 as at November 30, 2018 compared to $570,754 as at November 30, 2017. This balance includes restricted cash and cash equivalents of $5,000 (November 30, 2017 - $5,000) which are funds invested in guaranteed investment certificates with maturities of less than year as security for corporate credit cards.

The exploration and development of our exploration and evaluation projects will require substantial additional capital. Going forward, we continue to seek joint venture and other arrangements with partners by which we can advance the exploration of our properties without bearing all of the exploration costs directly. Management reviews the properties on a regular basis and abandons claims and writes off their book value when it is determined that further exploration is not likely to be productive

Off-Balance-Sheet Arrangements

We have not entered into any off-balance-sheet financing arrangements.

Subsequent events

On February 28, 2019, the Company entered into an agreement with Murchison Minerals Ltd. ("Murchison") for the sale of the Company's 50% interest in the HPM Property, Quebec (Note 8(b)) for $50,000 in cash and issue of 500,000 common shares of Murchison.

On March 20, 2019, the Company entered into a property purchase agreement with CanAlaska Uranium Ltd. ("CanAlaska") for the sale of the Company's 100% interest in the Manibridge property (Note 8 (b)) for $25,000 in cash, 300,000 CanAlaska shares and 100,000 CanAlaska warrants, each exercisable into one CanAlaska share at a purchase price of $0.28 per share for a period of two years from the closing date.

Related Party Transactions

(a) Compensation awarded to key management personnel

Key management personnel include the Company's directors, chief executive officer and chief financial officer. Compensation expenses for key management personnel include:

For the year ended		November 30, 2018		November 30 2017
Salaries, consulting and other short-term benefits	$	24,000	$	709,106
Directors' fees		42,938		52,125
	$	66,938	$	761,231

(a) Transactions with related parties

The Company has no plans or arrangements in respect of remuneration received or that may be received by the named executive officers of the Company in the most recently completed financial year or current financial year in respect of compensating such officers in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control; except for an employment agreement with the Company's former President and CEO of the Company, which provides that in the event of termination without cause or if a terminating event occurs because of a change in control (or similar event, as defined in the contract), the Company's former President and CEO will receive a minimum of 24 months' salary, $528,000; deferred salary of $118,800; plus US$100,000 ("transition payment").

On February 1, 2017, the Company's former President and CEO decided to forgo his salary payments in an effort to improve working capital. On May 26, 2017, a transition agreement was agreed to which governed the services provided by, and the transition of the Company's former CEO and President, Under the agreement, the severance amounts owing were crystalized and as of November 30, 2018, a total of $181,461 of the transition payment has been settled and a balance of $598,349 has been included in accrued liabilities as of November 30, 2018. On January 11, 2019, the transition agreement was not renewed, and the Company's former President and CEO ceased performing his services for the Company.

Share Capital

At March 26, 2019 and November 30, 2018 share capital was as follows:

Issued and outstanding common shares	68,144,874

Critical Accounting Estimates and Policies

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. The most significant source of estimation uncertainty is related to deferred tax, impairment losses and the reversal of impairment loss of previously recognized royalty interest.

The Company recognizes the deferred tax benefit related to tax assets and tax losses to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit and expected timing of reversals of existing temporary differences. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the balance sheet date could be affected. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future years from tax assets and tax losses.

At the end of each reporting year, the Company assesses whether or not there has been an impairment of the capitalized royalty interest, or if there is any indication that an impairment loss recognized in prior years for royalty interests may no longer exist or may have decreased. This requires that the Company considers observable market data, significant changes in market conditions, and evidence if the royalty's economic performance will be other than previously expected. Significant judgement required in estimating future cash flows associated with the royalty includes future commodity prices, foreign exchange rates, and production volumes.

Future accounting standards

Certain pronouncements have been issued by the IASB or IFRIC (IFRS Interpretations Committee) that will be effective for future accounting years. Many of these updates are not applicable or consequential to the Company and are not included in the list below.

IFRS 9 – Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company does not expect any material impact on its consolidated financial statements from the adoption of this new standard.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 Revenue from contracts with customers, replaces IAS 18 Revenue, in its entirety. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. IFRS is effective for annual periods

beginning on or after January 1, 2018, with early application permitted.

Based on the Company's assessment, the adoption of this new standard will not have a material impact on its consolidated financial statements.

IFRS 16 – Leases
In January 2016, the IASB issued IFRS 16, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company intends to adopt IFRS 16 on December 1, 2019 and does not expect material impact of this new standard on its consolidated financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments
In June 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"). IFRIC 23 clarifies the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 and requires an entity to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it uses or plans to use in its income tax filing. IFRIC 23 is effective for annual years beginning on or after January 1, 2019, and permits early adoption.

Disclosure Controls and Procedures

There have been no significant changes in the Company's internal control over financial reporting during the year ended November 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management of the Company has separately filed on SEDAR (at www.sedar.com) the Form 52-109FV2 Venture Issuer Basic Certificate at the same time as having filed the Company's condensed interim consolidated financial statements and MD&A for the year ended November 30, 2018.

In contrast to the certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the venture issuer certificate on Form 52-109FV2 does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificate(s). Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost effective basis, DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Economic Factors

Our financial performance will be directly affected by the exploration activities to be conducted on our projects, the results of those activities, and the possible development of the properties for commercial production of nickel and/or other valuable minerals. Should the results of such exploration activities warrant bringing any of the projects into commercial production, substantial additional funds would be required. Until such time as commercial production is achieved (and there can be no assurance it will be), we will continue to incur administrative costs and exploration expenditures that are either deferred or expensed, depending upon the nature of those expenditures, resulting in continuing operating losses and significant cash requirements. In the future, should the development of our exploration and evaluation projects occur, then our financial performance will become more closely linked to the prices obtained for the nickel and/or other metals produced.

We report our financial results in Canadian dollars although our revenues, if any, will be primarily earned in US dollars, while our expenses are in both currencies. The Canadian dollar has shown significant volatility compared with the US dollar. As a result, prices of commodities (such as nickel) as well as the Canadian value of disbursements incurred in United States funds have been highly volatile. We take this volatility and anticipated trends in metal prices and foreign exchange rates into consideration when evaluating our business, prospects and projects and expenditures thereon.

Risks

Any investment in our common shares involves a high degree of risk. Selected risk factors are shown below. In addition to the other information presented in this Management Discussion and Analysis, you should consider the following risk factors carefully in evaluating Pure Nickel Inc., our business, and the mineral exploration and mining industry.

We have a limited operating history and as a result there is no assurance we can operate profitably or with a positive cash flow.

We are an exploration stage company. Our operations are subject to all the risks inherent in the establishment of an exploration stage enterprise and the uncertainties arising from the absence of a significant operating history. Investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the exploration and evaluation properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The amounts disbursed by us in the exploration of the mineral claims may not result in the discovery of mineral deposits. Problems such as unusual or unexpected formations of rock or land and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. If the results of future exploration programs do not reveal viable commercial mineralization, we may decide to abandon our claims and in fact have abandoned some already.

If we do not obtain additional financing, our business will fail and investors could lose their investment.

We had cash of $274,340 and net working capital deficiency of $407,837 as at November 30, 2018. We do not currently generate revenues or cash flows from operations (except for interest income and payments that are credited to exploration and evaluation properties on the balance sheet rather than being identified as revenues in our statement of operations). The exploration and development of our mineral projects will require substantial additional capital. In order to maintain certain of our property claims, we must incur certain minimum exploration expenditures on an ongoing basis. There can be no assurance that we will have the funds required to make such expenditures or that those expenditures will result in positive cash flow. There are no arrangements in place for additional financing and there is no assurance that we will be able to find such financing if required.

We are an exploration company with an accumulated deficit of $55,415,895 as at November 30, 2018. With ongoing cash requirements for exploration, development and new operating activities, it will be necessary to raise substantial funds from external sources. If we do not raise these funds, we will be unable to pursue our business activities, and our investors could lose their investment. If we are able to raise funds, investors could experience a dilution of their interests that would negatively affect the market value of the shares.

Because there is no assurance that we will generate revenues, we face a high risk of business failure.

We have not earned any revenues to date and have never had positive cash flow. Before being able to generate revenues, we will incur substantial operating and exploration expenditures without receiving any revenues. If we are unable to generate significant revenues from our activities, we will not be able to earn profits or continue operations. Based upon current plans, we expect to incur significant operating losses in the future. We cannot guarantee that we will be successful in raising capital to fund these operating losses or generate revenues in the future. There is no assurance that we will ever generate any operating revenues or ever achieve profitable operations. If we are unsuccessful in addressing these risks, our business may fail and our investors could lose some or all of their investment.

There are no known reserves of minerals on our mineral claims and there is no assurance that we will find any commercial quantities of minerals.

We have not found any mineral reserves on our claims and there can be no assurance that any of the mineral claims under exploration contain commercial quantities of any minerals. Even if commercial quantities of minerals are identified, there can be no assurance that we will be able to exploit the reserves or, if we are able to exploit them, that it can be done on a profitable basis. Substantial expenditures will be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing may be required. It is impossible to ensure that the exploration or development programs planned by us will result in a profitable commercial mining operation. The decision as to whether a particular property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the particular attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) metal prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in us receiving no return or an inadequate return on invested capital.

Because of the speculative nature of the exploration of natural resource properties, there is substantial risk that our business will fail.
While the discovery of a commercially viable ore body may result in substantial rewards, few exploration and evaluation properties which are explored are ultimately developed into producing mines. There is no assurance that any of the claims that we will explore or acquire will contain commercially exploitable reserves of minerals. Exploration for natural resources is a speculative venture involving substantial risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risk. Hazards such as unusual or unexpected geological formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides, and the inability of us to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines.

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations.

We are subject to market factors and volatility of commodity prices beyond our control.
The marketability of mineralized material that we may acquire or discover will be affected by many factors beyond our control. These factors include market fluctuations in the prices of minerals sought which are highly volatile, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be predicted, but may result in a very low or negative return on invested capital. Prices of certain minerals have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond our control. Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by us would have a material adverse effect on us, and could result in the suspension of our exploration programs or mining operations.

Our stock price could be volatile.
Market prices of securities of many public companies have experienced significant fluctuations in price that have not been related to the operating performance, underlying asset values or prospects of such companies. The market price of our common shares has been and is likely to remain volatile. Results of exploration activities, the price of nickel, future operating results, changes in estimates of our performance by securities analysts, market conditions for natural resource companies in general, and other factors beyond our control could cause a significant decline of the market price of our common shares.

If we do not make certain payments or fulfill other contractual obligations, we may lose our option rights and interests in our joint ventures.
We may, in the future, be unable to meet our share of costs incurred under option or joint venture agreements to which we are a party and we may have our interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, we may be unable to finance the cost required to complete programs. The loss of any option rights or interest in joint ventures would have a material, adverse effect on us.

We may not have good title to our exploration and evaluation properties, potentially impairing our value.
The acquisition of title to exploration and evaluation properties is a very detailed and time-consuming process. Title to exploration and evaluation properties may be disputed. Although we believe we have taken

reasonable measures to ensure proper title to our properties, there is no guarantee that title to any of our properties will not be challenged or impaired. Third parties may have valid claims underlying portions of our interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of our properties by governmental authorities. As a result, we may be constrained in our ability to operate our properties or unable to enforce our rights with respect to our properties. An impairment to or defect in our title to our properties could have a material adverse effect on our financial condition or results of operations. In addition, such claims, whether or not valid, will involve additional cost and expense to defend or settle.

If key employees or contractors leave the company, we will be harmed since we are heavily dependent upon them for all aspects of our activities.
We are dependent upon key employees and contractors, the loss of any of whom could have a negative impact on our ability to operate the business and could cause a decline in the value of, or cash flows from, our properties or additional costs resulting from a delay in development or exploration of properties.

If we do not comply with all applicable regulations, we may be forced to halt our business activities and/or incur significant expense.
We are subject to government and environmental regulations. Permits from a variety of regulatory authorities are required for many aspects of exploration, mining operations and reclamation. We cannot predict the extent to which future legislation and regulation could cause additional expense, capital expenditures, restrictions, and delays in the development of our Canadian and/or US properties, including those with respect to unpatented mining claims.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities that may result in operations ceasing or being curtailed; and may include corrective measures requiring capital expenditures, installation of additional equipment, or other expensive and/or time-consuming remedial actions. Parties engaged in the exploration or development of exploration properties may be required to compensate those suffering loss or damage by reason of such parties' activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Our activities are not only subject to extensive federal, provincial, state and local regulations controlling the exploration and mining of exploration and evaluation properties, but also the possible effects of such activities upon the environment as well as costs, cancellations and delays resulting from lobbying activities of environmental groups. Future legislation and regulations could cause additional disbursements, capital expenditures, restrictions and delays in the development of our properties, the extent of which cannot be predicted. Also, as noted above, permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. In the context of environmental permitting, including the approval of reclamation plans, we must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. If we become more active on our properties, compliance with environmental regulations may increase our costs. Such compliance may include feasibility studies on the surface impact of proposed operations; costs associated with minimizing surface impact, water treatment and protection, reclamation activities including rehabilitation of sites, on-going efforts at alleviating the mining impact on wildlife, and permits or bonds as may be required to ensure our compliance with applicable regulations. The costs and delays associated with such compliance may result in us deciding not to proceed with exploration, development or mining operations on any exploration and evaluation properties.

Exercise of outstanding options, and other future issuances of securities, will result in dilution of our common shares.
As of March 26, 2019 and November 30, 2018, there were 68,144,874 common shares issued and outstanding and no options outstanding.

The holders of the options were given an opportunity to profit from a rise in the market price of the common shares with a resulting dilution in the interest of the other shareholders. Our ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the common shares. The holders of options may exercise such securities at a time when we would otherwise be able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by those outstanding rights.

The increase in the number of common shares issued and outstanding and the possibility of sales of such shares may depress the market price of our common shares. In addition, as a result of any such issuances the votes of existing shareholders will be diluted.

Forward-Looking Statements

This Management Discussion and Analysis includes forward-looking statements concerning our future performance, operations, and financial performance and financial condition. These forward-looking statements may include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used herein, the words "plan", "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates, or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors including economic conditions, technological change, regulatory change, and competitive factors, many of which are beyond our control.

Future events and results may vary significantly from what is expected. We are under no obligation (and we expressly disclaim any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise.

Additional Information

Additional information about Pure Nickel is available on our website at www.purenickel.com, on the SEDAR website at www.sedar.com.