

# **NICKEL ONE RESOURCES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three months ended March 31, 2016**

### **INTRODUCTION**

The management's discussion and analysis of financial condition and results of operations ("MD&A") focuses upon the activities, results of operations, liquidity and capital resources of Nickel One Resources Inc. (the "Company" or "Nickel One") for the three months ended March 31, 2016. In order to better understand the MD&A it should be read in conjunction with the unaudited financial statements and related notes for the three months ended March 31, 2016 and the audited financial statements and related notes for the year ended December 31, 2015. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to May 30, 2016 and in Canadian dollars unless otherwise stated.

### **FORWARD LOOKING STATEMENTS**

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange ("TSX-V") and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)).

## **OVERVIEW**

Nickel One is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol “NNN” and is engaged in the exploration of mineral properties located near Manitouwadge, Ontario.

On February 23, 2016, Redline Resources Inc. (“Redline”) completed its share exchange transaction (the “Transaction”) between Tyko Resources Inc. (“Tyko”) and Redline, pursuant to which Redline acquired all of the issued and outstanding common shares of Tyko (being 13,036,966 common shares, the “Tyko Shares”) in exchange for the issuance of common shares of Redline on the basis of one common share of Redline for each of Tyko’s common shares outstanding. Upon completion of the Transaction, Redline changed its name to “Nickel One Resources Inc.” and Tyko became a wholly-owned subsidiary of the Company. Substantially all of the Company’s efforts are devoted to financing and developing its mineral property.

## **HIGHLIGHTS DURING THE THREE MONTH PERIOD ENDED MARCH 31, 2016**

### **Financing and Corporate**

- On February 23, 2016, Redline acquired all of the issued and outstanding common shares of Tyko. In conjunction with closing of the Transaction, the Company also completed the following, all as of February 23, 2016:
  - (i) it settled certain outstanding debts in the aggregate amount of \$197,211 by the issuance of common shares at \$0.10 per share, resulting in the issuance of 1,972,120 common shares;
  - (ii) it paid a finder’s fee of 976,848 common shares in connection with the Transaction;
  - (iii) it completed a financing to raise a total of \$890,000 through the distribution of 3,900,000 units (“Units”) at \$0.10 per Unit, and 4,166,667 flow-through units (“FT Units”) at \$0.12 per FT Unit (“the Financing”). Each Unit is comprised of one share and one-half of one private placement warrant (“Warrant”), where each whole Warrant entitling the holder to acquire one additional share at a price of \$0.15 per share for a period of two years from the date of issuance. Each FT Unit is comprised of one flow-through share and one-half of one Warrant;
  - (iv) it paid aggregate finder’s fees of \$53,200 and 541,333 finder’s warrants in connection with the Financing; each finder’s warrant entitling the holder to acquire one common share at \$0.15 for 24 months;
  - (v) it changed its corporate name from Redline Resources Inc. to Nickel One Resources Inc.; and
  - (vi) it appointed new management as follows: J. Michael W. Collins, Abraham Drost, Roderick Johansen, and Scott Jobin-Bevans were appointed to the Board; and Michael Collins was appointed as CEO and President, Robert J. Scott was appointed CFO, and Jeffrey Dare was appointed as Corporate Secretary.
- On March 22, 2016, Michael Collins resigned as President, CEO and Director. As a result of the resignation, the Company appointed Vance Loeber as the new President, CEO and Director.
- On March 29, 2016, the Company granted 2,075,000 stock options to certain Directors, Officers and Consultants of the Company.

### **Exploration**

- On April 12, 2016, the Company announced its initial drill results on its Manitouwadge property.

## **OPERATIONS**

On February 23, 2016, Redline completed the acquisition of Tyko which includes its 100% owned Manitouwadge property in Ontario. Nickel One plans to continue exploring the Manitouwadge property in Ontario, as well as review historic data in order to develop future exploration plans on the property. The Company expects to obtain financing in the future primarily through further equity financing to fund operations.

Nickel One's loss from operations for the three months period ended March 31, 2016 was \$2,107,215 or \$0.11 per common share (2015 - \$406 or \$0.00 per common share). Assets totaled \$551,796 as at March 31, 2016 (December 31, 2015 - \$49,106).

Nickel One is an exploration stage company and engages principally in the exploration and development of resource properties. The Company expenses all direct and indirect costs pertaining to exploration and evaluation of mineral properties in the period in which they are incurred. These direct exploration and evaluation expenditures include such costs as acquisition costs, materials used, surveying costs, drilling cost and payments made to contractors. Costs not directly attributable to exploration & evaluation activities are expensed in the period in which they occur under another classification. As at March 31, 2016, \$252,332 was expensed under exploration and evaluation expenditures (2015 - \$162). Details of the expense break-down are contained in Note 7 Exploration and Evaluation Expenditures in the financial statements.

## **EXPLORATION UPDATE**

The Manitouwadge property acquired through the acquisition of Tyko is a Nickel-Copper Occurrence comprising 52 mining claims, totalling 698 claim units on 11,168 hectares, located in the Olga Lake area, Thunder Bay Mining District, Ontario Canada (the "Tyko Project").

There are two significant Nickel-Copper-Platinum-Group Elements ("PGE") showings or zones on the Tyko Project; the RJ and Tyko zones. These zones are separated by 2 km with a 10 km ultramafic conduit structure that has strong potential to host additional Nickel-Copper-PGE mineralization. On March 8, 2016, the Company announced it would commence a diamond drilling program at the Tyko Project in order to confirm the orientation of known mineralization in the channel structures, extend the continuity of mineralization at the RJ and Tyko showings, and test additional targets, including the Bruce Lake Anomaly. The diamond drilling program consisted of 14 drill holes, totaling 1,780 metres. Assay results from the initial four drill holes (580 metres) at the RJ Zone were reported on April 12, 2016.

**Table 1: Composite Weighted Average Assay Intervals, Tyko Project, Q2/2016 Drilling**

Hole No.	Zone	From m	To m	Length m	Ni wt%	Cu wt%	Au ppm	Pt ppm	Pd ppm	Total PGE ppm
TK-16-001	RJ Zone	3.60	92.50	88.90	0.26	0.14	0.01	0.04	0.04	0.09
	Sub Zone	7.65	14.26	6.61	0.54	0.27	0.02	0.15	0.09	0.26
	Sub Zone	19.70	23.70	4.00	0.51	0.34	0.02	0.06	0.05	0.13
	Sub Zone	32.50	42.09	9.59	0.62	0.28	0.01	0.07	0.08	0.16
	Including	37.90	42.09	4.19	0.89	0.35	0.01	0.08	0.09	0.19
	Including	37.90	39.00	1.10	1.67	0.56	0.03	0.14	0.16	0.33
	Including	37.90	38.50	0.60	2.31	0.88	0.05	0.16	0.22	0.43
TK-16-002	RJ Zone	15.00	100.42	85.42	0.52	0.23	0.01	0.10	0.09	0.21
	Sub Zone	23.69	26.14	2.45	0.94	0.25	0.01	0.23	0.24	0.49
	Including	24.85	25.48	0.63	2.05	0.37	0.03	0.58	0.52	1.13
	Sub Zone	35.00	37.00	2.00	0.53	0.23	0.03	0.15	0.15	0.33
	Sub Zone	52.75	96.87	44.12	0.79	0.30	0.01	0.12	0.11	0.24
	Including	58.25	66.50	8.25	1.04	0.54	0.01	0.12	0.12	0.26
	Including	66.00	66.50	0.50	2.89	0.45	0.01	0.27	0.35	0.63
	and	77.65	93.84	16.19	1.04	0.23	0.00	0.15	0.12	0.28
	Including	78.62	90.00	11.38	1.23	0.26	0.00	0.18	0.13	0.32
	Including	82.00	83.00	1.00	1.97	0.19	0.00	0.17	0.12	0.29
TK-16-003	RJ Zone	2.47	99.26	96.79	0.18	0.11	0.00	0.02	0.02	0.05
	Including	2.47	38.20	35.73	0.29	0.17	0.01	0.03	0.04	0.07
	Including	24.97	25.91	0.94	0.72	0.35	0.00	0.07	0.14	0.21
	Including	30.00	30.70	0.70	0.82	0.24	0.00	0.08	0.08	0.16
TK-16-004	RJ Zone	92.50	97.10	4.60	0.26	0.13	0.00	0.02	0.03	0.06
	Including	96.40	97.10	0.70	0.77	0.25	0.00	0.04	0.09	0.13

*\*Reported widths are drilled core lengths, true widths are unknown at this time.*

The RJ Zone consists primarily of metamorphosed mineralized pyroxenite which has been intruded by later granitoid rocks. The mineralized pyroxenite contains abundant rip-up clasts of other mafic-ultramafic phases and clastic sediments indicative of an active feeder-type system. The mineralization is nickel-rich with an average Ni:Cu ratio of ~2:1 and a Pt:Pd ratio of ~1:1. Sulphides are typically disseminated to blebby with local patches of net-textured and semi-massive sulphide breccia.

The overall sulphide tenors of the Ni-Cu-PGE mineralization at the Tyko Property are very high. Previous analysis indicates tenors in 100% sulphide that average 13.0% Ni, 8.8% Cu, 6.6g/t PGE (Pt+Pd) at the RJ Zone and 12.9% Ni, 14.5% Cu, and 13.6g/t PGE at the Tyko Zone. The high tenor of the sulphide suggests a high value flotation concentrate from RJ or Tyko style mineralization. This indicates that even a disseminated sulphide deposit could potentially be economic and adds further support to the view that Nickel One's 100% owned Tyko Project contains a fertile magmatic feeder system. The Company's objective is to delineated this feeder system and ultimately develop a mineral resource.

Further diamond drilling and surface exploration programs are being planned for the summer field season of 2016. As at March 31, 2016, the Company has spent a total of \$928,421 on the Property since it was acquired by Tyko in 2010.

## **REVIEW OF OPERATIONS AND FINANCIAL RESULTS**

### *Three-month period ended March 31, 2016*

The Company incurred a net loss of \$2,107,215, resulting in a loss per share of \$0.11. The loss was attributable to operating expenses of \$452,487 before considering the effect of the amortization of flow-through premium liability of \$39,996, interest income of \$340, and non-cash listing expense on the completion of the Transaction of \$1,695,064.

### *Three-month period ended March 31, 2015*

The Company incurred a net loss of \$406, resulting in a loss per share of \$0.00. The loss was fully attributable to operating expenses of \$406. Limited expenses were incurred during the period as the Company was in the process of completing its Transaction with Redline.

### *Exploration and evaluation expenditures*

The Company expenses all exploration costs as incurred. During the three months ended March 31, 2016, the Company expensed \$252,332 in exploration and evaluation expenditures (2015 - \$162). The increase from the prior comparative period is due to the Company beginning exploration on the property upon completion of the Transaction and private placement financing. The increase in expenditures was primarily due to \$227,972 in drilling costs incurred during the period.

### *Operating expenses*

Operating expenses have increased overall in comparison to previous period as a result of the Company completing its Transaction and increasing operations.

### *Other income and expenses*

During the three months ended March 31, 2016, the Company incurred \$1,654,728 in other non-operating expenses (2015 - \$nil). This was comprised of \$1,695,064 in non-cash listing expense, \$39,996 in the amortization of flow-through premium liability, and \$340 in interest income.

As a requirement under IFRS, upon completion of the Transaction, the Company incurred \$1,695,064 in non-cash listing expense as the Tyko shareholders acquired Redline's public listing as a result of the transaction.

The amortization of flow-through premium liability relates to the requirement under IFRS to isolate the premium on flow-through shares issued. This is amortized over the period the flow-through funds are spent.

## **SELECTED ANNUAL FINANCIAL INFORMATION**

The following table summarizes selected financial data reported by the Company for the years ended December 31, 2015, 2014 and 2013. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the related notes thereon.

	Dec 2015	Dec 2014	Dec 2013
Current assets	\$ 9,106	\$ 27,809	\$ 47,839
Investments	40,000	30,000	-
Total assets	49,106	57,809	47,839
Current liabilities	96,804	12,339	17,461
Capital stock	2,120,948	2,120,948	2,120,948
Reserves	290,168	290,168	290,168
Net income (loss)	(93,168)	15,092	(45,015)
Deficit	(2,458,814)	(2,365,646)	(2,380,738)
Earnings (loss) per share	\$ (0.01)	\$ (0.00)	\$ (0.00)
Weighted average shares	13,036,966	13,036,966	13,036,966

## SUMMARY OF QUARTERLY RESULTS

The following summary information is taken from the Company's quarterly and annual financial reports covering the last eight reporting quarters.

	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014
Revenue	-	-	-	-	-	-	-	\$98,450*
Operating expenses	\$(452,487)	\$(35,884)	\$(54)	\$(66,824)	\$(406)	\$(4,289)	\$(5,552)	\$(12,442)
Other income or (expense)	\$(1,654,728)*	\$20,000	\$10,000	\$(20,000)	-	\$(60,000)	-	-
Net income (loss)	\$(2,107,215)*	\$(15,884)	\$9,946	\$(86,824)	\$(406)	\$(64,289)	\$(5,552)	\$86,008
Basic and diluted earnings (loss) per share	\$(0.11)	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.00)	\$(0.00)	\$0.01
Total assets	\$551,796	\$49,106	\$33,970	\$44,023	\$56,831	\$57,809	\$36,260	\$43,114
Shareholders' equity (deficiency)	\$70,605	\$(47,698)	\$(31,814)	\$(41,760)	\$45,065	\$45,470	\$109,760	\$115,312
Capital stock	\$4,133,139	\$2,120,948	\$2,120,948	\$2,120,948	\$2,120,948	\$2,120,948	\$2,120,948	\$2,120,948
Subscriptions receivable	\$90,000	-	-	-	-	-	-	-
Reserves	\$593,495	\$290,168	\$290,168	\$290,168	\$290,168	\$290,168	\$290,168	\$290,168
Deficit	\$4,566,029	\$2,458,814	\$2,442,930	\$2,452,876	\$2,366,051	\$2,365,646	\$2,301,357	\$2,295,805

\*Net loss in March 31, 2016 was significantly higher due to the \$1,695,064 non-cash listing expense incurred upon completion of the Transaction which was included in the "other income (expense)" classification.

\*Revenue in June 30, 2014 was a gain on the sale of the Reindeer River mining claim.

## LIQUIDITY AND CAPITAL RESOURCES

### Three months ended March 31, 2016

Cash decreased increased by \$371,638 during the three months ended March 31, 2016 from \$1,041 as at December 31, 2015 to \$372,679.

Cash utilized in operating activities during the three months ended March 31, 2016 was \$302,708 (2015 – cash provided - \$1,954).

No cash was used in investing activities for the three month periods ended March 31, 2016 and March 31, 2015.

During the three month period ended March 31, 2016, the Company generated cash proceeds of \$674,347 (2015 - \$nil) from financing activities.

**Shareholders' equity**

At March 31, 2016, capital stock was \$4,133,139 comprised of 27,302,596 issued and outstanding common shares (December 31, 2015 - \$2,120,948 comprised of 13,036,966 shares outstanding). The increase during the period was due to the completion of the Transaction between Redline and Tyko, private placement, shares for debt transaction, and the exercise of stock options. Reserves which arise from the recognition of the estimated fair value of stock options and warrants was \$593,495 (December 31, 2015 - \$290,168). As a result of the net loss for the three month period ended March 31, 2016 of \$2,107,215 (2014 - \$406), the deficit at March 31, 2016 increased to \$4,566,029 from \$2,458,814 at December 31, 2015. Accordingly, shareholders' equity was \$70,605 as compared to shareholders' deficit of \$47,698 at December 31, 2015.

**Loan receivable:**

Upon completion of the Transaction, the Company acquired a \$13,629 loan receivable from Redline Minerals Inc. ("RMI") comprised of a principal balance of \$4,175 and accrued interest of \$9,454. The Chief Executive Officer of RMI was also the Chief Executive Officer of Redline prior to the completion of the Transaction. Interest is payable on the loan at the rate of 10% per annum and the principal plus interest is due at the earliest of twelve months following the first advance on May 4, 2012 under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereafter-acquired assets.

At March 31, 2016, the total outstanding amount of the loan plus accrued interest was \$13,969 (December 31, 2015 - \$13,629).

**Loans payable:**

Upon closing of the Transaction, Nickel One inherited \$140,924 in loans payable and accrued interest to arm's length parties, of which \$108,924 was settled as part of the shares for debt concurrent with the closing of the Transaction, and \$22,000 was repaid in cash during the period. As at March 31, 2016, \$10,000 in loans payable remains outstanding (December 31, 2015 - \$nil) and is non-interest bearing, unsecured and matured upon completion of the Transaction. The loan has been classified as a current loan on the statement of financial position.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. See "Risks and Uncertainties."

In order to finance the Company's future exploration programs and to cover administrative and overhead expenses, the Company may raise money through the sale of equity instruments. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control.

## OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at May 30, 2016, the following common shares, options, and share purchase warrants were outstanding:

	<b>Number of shares</b>	<b>Exercise price</b>	<b>Expiry date</b>
Issued and outstanding common shares	27,302,596		
Share purchase warrants	4,574,667	\$0.15	February 23, 2018
Stock options	2,075,000	\$0.15	March 29, 2021
Fully diluted at May 30, 2016	33,952,263		

## COMMITMENTS

As of March 31, 2016, the Company had no material lease obligations or significant contractual obligations other than those associated with its loans payable.

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12 month term at \$1,000 per month.

## OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

## FINANCIAL INSTRUMENTS

As at March 31, 2016, the Company's financial instruments consist of cash, sales tax receivable, loan receivable, accounts payable and accrued liabilities, loans payable and loans payable to related parties. The carrying values of these financial instruments approximate their fair values because of their short-term nature and/or the existence of market related interest rates on the instruments. The Company's investments, under the fair value hierarchy, are based on level one inputs.

### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. The Company's receivables consist of sales tax receivable due from the Government of Canada of \$57,749 (December 31, 2015 - \$8,065), a loan receivable of \$4,175 (December 31, 2015 - \$nil) and accrued interest receivable of \$9,794 (December 31, 2015 - \$nil).

### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at March 31, 2016, the Company had a cash balance of \$372,679 (December 31, 2015 - \$1,041) to settle accounts payable and accrued liabilities of \$431,687 (December 31, 2015 - \$96,804), loans payable of \$10,000 (December 31, 2015 - \$nil), and loans payable to related parties of \$2,000 (December 31, 2015 - \$nil). The Company will need to raise sufficient funds to meet its obligations.

### *Other Market Price Risk*

The Company's investments are subject to equity price risk as they are listed on public stock exchanges (TSX-V). The values of these investments will fluctuate as a result of changes in market prices. Recently, the markets have experienced extreme volatility; therefore the sensitivity analysis is performed using 15%. For such investments, a 15% increase in the equity prices at the reporting date would have increased equity by \$6,000; an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

## **RELATED PARTY TRANSACTIONS**

### **Definitive Acquisition**

On December 31, 2010 the Company entered into a Definitive Acquisition Agreement with certain shareholders (the Vendor). Under the terms of the agreement the Company has the option to acquire certain surface and mineral rights subject to the following conditions:

- i. The Company issue common shares to the Vendor as follows:

Upon signing of the agreement December 30, 2010	3,000,000 common shares
On December 30, 2011	3,000,000 common shares
On December 30, 2012	3,000,000 common shares

- ii. During the 109 day period ended December 31, 2010, the company issued 1,500,000 warrants to the Vendor to purchase one common share per warrant at the exercise price of \$0.10 per share. If there is a public unit offering of shares with included warrants in the Company's common stock, within 12 months prior of a stipulated anniversary payment, the Vendor shall receive an additional one-half share purchase warrant for each consideration share due at the particular anniversary date with an exercise price per share at the rate set in the public unit offering for the same time frame as offered to the public. During the year ended December 31, 2013, the 1,500,000 warrants expired unexercised.

- iii. The Company incur exploration expenditures on the property within the following times:

Prior to December 30, 2011	\$200,000
Prior to December 30, 2012	\$600,000 additional
Prior to December 30, 2013	\$1,000,000 additional

As additional consideration for the sale of the property the Vendor shall receive a 3% net smelter return royalty, one-half of which may be purchased by the Company at any time for \$1,500,000.

Upon completion of the above conditions the title to the properties will be transferred to the Company. The Company may at any time let the option lapse by not meeting the above conditions. The Company may also accelerate any or all of the share consideration or exploration expenditures.

During the option period, the Company will have the sole and exclusive right to enter on and conduct mining on the properties provided the option is in good standing.

During 2011, the Company did not meet the exploration expenditure requirement of \$200,000; the Vendors waived the condition.

During 2012, the Company did not meet the exploration expenditure requirement of \$600,000; the Vendors waived the condition.

During 2013, the Company did not meet the exploration expenditure requirement of \$1,000,000; the Vendors waived the condition.

On January 21, 2015, the Company and Vendors agreed to the following acknowledgments pursuant to the Definitive Acquisition Agreement:

- The Company has not incurred the required exploration expenditures by December 31, 2013.
- The Vendors do not release the Company of its obligation to incur such exploration expenditures but do hereby waive the requirement for the Company to incur such exploration expenditures within the time frame set out.
- The Company shall be required to proceed diligently and to exercise its best efforts with respect to incurring the exploration expenditures required.

As at March 31, 2016, the Company has spent \$928,421 since the acquisition of the property by Tyko in 2010.

### **Due to Related Parties**

The balance payable to related parties as at March 31, 2016 was \$30,918 (December 31, 2015 - \$40,596) and is included in accounts payable and accrued liabilities. This amount comprises \$3,515 payable to the President (December 31, 2015 - \$nil), \$3,750 (December 31, 2015 - \$3,750) payable to the former President, \$23,653 (December 31, 2015 - \$11,250) payable to current and former directors, and \$nil (December 31, 2015 - \$25,596) payable to a law firm of which one of the partners is a director. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

Concurrent with the closing of the Transaction on February 23, 2016, the Company issued 1,972,120 common shares at a deemed price of \$0.10 per share to settle \$197,212 of past debt owed to former directors and officers of Redline.

Loans payable to related parties as at March 31, 2016 consists of a \$2,000 (December 31, 2015 - \$nil) loan from a former director. The loan is non-interest bearing, unsecured and has no fixed terms of repayment.

### **Other Transactions**

During the three months ended March 31, 2016, the Company incurred \$10,000 (2015 - \$nil) in Transaction fees to the President (2014 - \$nil).

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 2015. The preparation of financial statements in accordance with IFRS requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. Actual amounts could differ materially from the estimates used and, accordingly, affect the results of the operations. Areas where estimates were used for the three month period ended March 31, 2016 include the valuation of share-based payment transactions.

### **New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.

## **RECENT DEVELOPMENTS AND OUTLOOK**

The Company expects to obtain financing in the future primarily through further equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its exploration and evaluation assets.

## **RISKS AND UNCERTAINTIES**

The Company recognizes that certain risks are inherent in its business plan, which requires the Company to manage its affairs to minimize the potential impact of such risks to its operations. The following are the more significant risks managed by the Company, but there may be other risks and uncertainties that are not presently known or that are currently deemed immaterial, that may also impair the operations of the Company in the future.

### **Exploration Stage Company**

Nickel One is engaged in the business of acquiring and exploring mineral properties with the objective of locating economic mineral deposits. The Manitouwadge property in Ontario remains at an early stage. Development of Nickel One's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that its existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined.

### **Mineral Exploration and Development**

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

### **No Operating History and Financial Resources**

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the foreseeable future. It anticipates that its existing cash resources, following any proposed private placements, will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to it fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to reduce or terminate its operations.

## **Competition**

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

## **Permits and Licenses**

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

## **Government Regulation**

Any exploration, development or mining operations carried on by the Company, will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

## **Environmental Risks and Hazards**

All phases of Nickel One's operations will be subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the property in which Nickel One holds interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

## **Commodity Prices**

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors,

including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

### **Price Volatility**

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The Company's securities will be subject to market trends and the value of such securities may be affected accordingly.

### **PROPOSED TRANSACTIONS**

There are no proposed transactions that should be disclosed.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its audited financial statements for December 31, 2015, that are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).