FLETCHER NICKEL INC.
(A Development and Exploration Stage Company)
MANAGEMENT DISCUSSION AND ANALYSIS

DATE

This management discussion and analysis (MD&A) covers the year ended December 31, 2010 and was prepared effective April 29, 2011.

GENERAL

The following discussion and analysis of the operations, results, and financial position of Fletcher Nickel Inc. ("Fletcher" or "the Company") for the year ended December 31, 2010, should be read in conjunction with the Company's audited annual Financial Statements for the year ended December 31, 2010. Unless otherwise noted, amounts are in Canadian dollars and based on Canadian Generally Accepted Accounting Principles.

COMPANY OVERVIEW AND OUTLOOK

The Company is and has been in the process of reviewing its strategic options and will continue to do so. It is a junior mining exploration and development company that had engaged in the acquisition, exploration and development of nickel projects in Northern Ontario, Canada. The Company's main office is located at 141 Adelaide Street West, Suite 1000, Toronto, Ontario, M5H 3L5. The Company's principal asset is the New Texmont Project which is comprised of fourteen mining leases expiring February 28, 2017, 53 adjoining mineral claims totalling 548 claim units and options to acquire 183 additional claim units adjacent to its properties. The mining leases are located 42 kilometres south of Timmins, Ontario, in Geikie and Bartlett Townships. The adjoining mineral claims extend into Bartlett, McArthur, English, Semple, Hutt, Zavitz and Montrose Townships. The leases cover a surface area of 188 hectares and the mineral claims cover a surface area of 13,104 hectares, comprised of 8,768 hectares on the leases and claims and 4,336 under option. Under various option terms, minerals recovered from the leases and the claims will be subject to royalties payable to prior holders. A 1.5% net smelter royalty is payable on minerals recovered from the claims but may be reduced to 0.5% for specified fixed-price payments. A 3% net smelter royalty is payable on minerals recovered from the leases during the first three years of commercial production, after which 5% is payable. However, royalties from the leases are halved upon payment of $2 million.

The results of operations for the year ended December 31, 2010 reflect the costs of property acquisitions, exploration expenses, costs incurred by the Company to maintain itself and its properties in good standing with regulatory authorities, and for administrative infrastructure to manage the acquisition, exploration, and financing activities of the Company. The Texmont Property was acquired in March 2006, the culmination of an initiative begun in early 2004. Site rehabilitation was completed in late 2007 with the demolition of all structures and installations of the former mining and milling facilities and removal of all refuse from the site. Exploration and definition drilling started in August 2007. The Company completed an initial public offering of securities for exploration funding of $4 million and working capital of $3 million, on November 29, 2007. Exploration costs were budgeted to utilize this funding in 2008 in order to renounce such expenditures to the subscribers of the "flow-through" shares. As the Company has no operations from which revenue is generated for the payment of general and administrative costs, it will become necessary to sell further treasury shares for the subscription of such funding, in future, unless cash is first generated from the sale of assets or revenue is realized from the commencement of operations.

The nickel market is volatile and has fluctuated between US$23/lb and US$4/lb in the last two years. As of the date of this report, nickel is trading at approximately US$11.50/lb. In management's opinion, this volatility will continue to affect the outlook for nickel in the near term.

The past two years have witnessed a drastic decline, selective partial recovery and continuing volatility of the global financial markets. Share prices of junior exploration companies listed on either the Toronto or Venture Stock Exchanges, including Fletcher, experienced a significant negative impact as a result. Equity financing for the junior resource sector, its primary source of capital, became very difficult to obtain with the number of financings and the relative size of those financings declining significantly.

As a result of this exceedingly negative environment, an international resource fund that held a significant interest in Fletcher became insolvent and attempted to liquidate its holdings of the Company's securities. This resulted in the Company's share price dropping to a level at which its market capitalization failed to meet the minimum required by the Toronto Stock Exchange listing policies. When the minimum market capitalization had not recovered after six months, the Company's shares were delisted by the TSX on December 30, 2009. Both before and after the delisting of the Company's shares, proposals for corporate reorganization and/or asset liquidation had been received and were under active consideration. Should any of these have become capable of completion, the working capital deficiency of the Company could have been rectified without the dilution attending the issue of treasury shares at very low prices. If none of these opportunities can be further pursued, a listing of the Company's shares on a stock exchange other than TSX may be considered. The Company will need to then undertake a financing in order to return to a minimum positive working capital balance and may undertake a rights offering to enable all its existing shareholders to participate and so reduce their average cost per share.

In response to current economic circumstances, the Company has taken several steps to assist it in enduring the next several months until its business plan can be finalized and implementation begun. These steps include (i) significantly reducing general and administrative costs to allow only for essential expenditures, (ii) suspending exploration activities until more favourable market conditions return, (iii) liquidating non-essential assets, (iv) completing a review of the Company's mineral property assets and a strategic review of the Company's prospects and opportunities in the ever-changing resource world before committing the Company to any specific direction or program, and (iv) considering opportunities for potential business combinations.

The business objective of the Company is to acquire, explore and develop mineral properties of nickel and so to carry out the exploration programs recommended in a Technical Report dated February 16, 2007, and amended June 12, 2007, in furtherance of defining the mineralization potential of the Texmont Project. In this, the Company proposed to determine the extent and style of the mineralized envelope to depth and along strike, confirm whether an open-pit mine is practicable, and corroborate essential data from previous information. In order to maintain these activities, the Company will continue to evaluate all avenues for raising additional funds for exploration and general corporate purposes, including the issuance of additional shares. The price of nickel will be an important determining factor in the Company's ability to source such additional funds.

As of December 31, 2010 the Company had $14,054 in cash (December 31, 2009 - $664) and a working capital deficiency of $641,485 (December 31, 2009 - $264,487).

Funding is required for the Company to continue operations. Management believes that its ability to raise sufficient funds for the continuation of operations may be severely challenged by the present nickel price and investment environment.

SELECTED ANNUAL INFORMATION

	December 31 2010	*December 31 2009*	*December 31 2008*
Statement of Operations			
Total Revenues	$ -	$ -	$ 74,599
Total Expenses	1,032,070	1,346,314	1,893,983
Net Loss before income taxes	(12,736,469)	(1,880,093)	(1,819,384)
Net Loss per share – Basic	(0.49)	(0.08)	(0.03)
Net Loss per share – Fully Diluted	(0.49)	(0.08)	(0.03)
Balance Sheet			
Total Assets	$ 14,422	$ 11,824,920	$ 13,008,963
Total Long Term Debt	6,160,048	5,676,562	5,361,670
Total Liabilities	6,815,955	5,958,058	5,746,367
Shareholders' Equity	(6,810,533)	5,866,862	7,262,596
Dividends	-	-	-

The revenues were derived entirely from interest on the Company's banked cash balances. Expenses are for general and corporate purposes. The decrease in expenses in 2010 resulted from a reduction in operating expenses of approximately $300,000 due to reduced activities. The increase in net loss before income taxes in 2010 is primarily caused by a write down in mineral properties of $11,750,201 compared to a write down of $699,582 in 2009.

RESULTS OF OPERATIONS

During the year ended December 31, 2010, the Company had net recoveries of $44,717 on its mineral properties, as shown in the following table and in addition the Company recognized an impairment loss on the properties of $11,750,201. The impairment loss is based on the Company's assessment of its ability to sell the properties at an amount that is less than the deferred costs.

	Balance December 31, 2010	Additions (Recoveries) and Write-Downs During Period	Balance December 31, 2010
New Texmont Project			
Acquisition Costs	**$ 7,346,653**	$ 1,000	$ 7,345,653
Airborne geophysics	**77,000**	-	77,000
Assaying	**234,494**	50	234,444
Depreciation	**19,350**	-	19,350
Drilling	**2,528,799**	-	2,528,799
Engineering studies	**66,234**	-	66,234
Environmental studies	**280,404**	(47,830)	328,234
Field office expense	**146,897**	(2,095)	148,992
Geology	**1,136,048**	-	1,136,048
Ground geophysics	**281,497**	-	281,497
Lease rental and land taxes	**4,124**	733	3,391
Metallurgical testing	**12,749**	-	12,749
Project management	**321,317**	425	320,892
Project planning and reports	**88,790**	3,000	85,790
Surveying	**7,890**	-	7,890
Sale of concentrates	**(102,463)**	-	(102,463)
	12,449,783	(44,717)	12,494,500
Write down	**(12,449,783)**	(11,750,201)	(699,582)
	$ -	$(11,794,918)	$ 11,794,918

Summary of Quarterly Results

Following is a summary of selected financial data for the Company's last eight completed quarters:

	Dec 31 2010	***Sept 30 2010***	***Jun 30 2010***	***Mar 31 2010***	***Dec 31 2009***	***Sept 30 2009***	***June 30 2009***	***Mar 31 2009***
Operating Loss	(314,910)	(228,356)	(238,005)	(250,799)	(333,281)	(203,203)	(356,739)	(452,808)
Net Loss	(6,065,111)	(6,228,356)	(227,373)	(215,629)	(167,378)	(902,785)	(356,739)	(452,808)
Loss per Share	$(0.23)	$(0.24)	$(0.01)	($0.01)	$(0.01)	$(0.04)	$(0.01)	$(0.02)

GENERAL AND CORPORATE EXPENDITURES

Following is a summary of general and corporate expenses of the Company for the years ended December 31:

	2010	***2009***
Accretion of preference shares	**$ 485,730**	$ 393,959
Accretion of convertible debentures	**-**	91,445
Administrative and general expenses	**5,325**	112,466
Amortization	**-**	10,185
Accounting, audit and legal	**89,094**	110,956
Consulting	**2,000**	61,833
Insurance	**15,191**	32,829
Interest on preference shares	**440,027**	400,000
Rent	**(10,019)**	30,000
Salaries and benefits	**4,856**	103,124
	$ 1,032,204	$ 1,346,797

This decrease in general and corporate expenditures of approximately $300,000 was the result of a reduction in accrued accretion expenses of approximately $10,000 and, in keeping with the Company's plan to reduce general and administrative costs to allow only for essential expenditures, a reduction in these costs of approximately $290,000.

LIQUIDITY

Since the Company is a junior resource mining exploration and development corporation, it does not have the ability to generate from earnings or asset sales sufficient amounts of cash and cash equivalents with which to pay for its operating costs, even in the short term. The activities of the Company, principally the acquisition and exploration of mineral properties, are thus financed through the completion of offerings involving the sale of equity securities. These equity offerings generally include private placements and the exercise of warrants and options. To maintain the Company's capacity to continue in business and to fund further development activities, the Company must utilize future equity financings. The present market environment makes such equity financings difficult and extremely dilutive.

As of December 31, 2010 the Company had $14,054 in cash (December 31, 2009 - $664) and a working capital deficiency of $641,485 (December 31, 2009 - $264,487).

Additional funding is required for the Company to continue operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to obtain the required financing in the current very difficult markets.

There are no commitments, events, risks or uncertainties that management reasonably believes will materially affect the Company's future performance including losses from discontinued operations or any extraordinary items. There are no defaults, arrears, or anticipated defaults or arrears on dividend payments (except as disclosed), lease payments, interest or principal payment on debt, debt covenants, and redemption or retraction or sinking fund payments. The Company had no other unusual or infrequent events or transactions over the past year.

CAPITAL RESOURCES

The Company is obligated to redeem $8 million of preference shares on March 15, 2014 and to pay dividends thereon of $100,000 per quarter prior to redemption. Given that the Company does not currently have a source of revenue, its ability to meet its dividend obligations in respect of the Preference Shares Series A is dependent on its ability to obtain sufficient additional financing. Failure to obtain sufficient financing to meet its dividend obligations could result in the Company losing the Texmont Leases. On March 24, 2009 the Company arranged to issue and authorized the issue of 500,000 Series B preference shares to satisfy the dividends due to the Series A preference shareholder in amounts of 100,000 on the 15th day of April, May, August and November 2009 and February 2010. Subsequently the Company arranged to issue a further 300,000 Series B preference shares to satisfy the dividends due to the Series A preference shareholder in amounts of 100,000 on the 15th day of May, August and November, 2010. Each Series B preference share will be redeemable at $1 on or before March 15, 2014, will entitle the holder to receive a 5% cumulative annual preferential cash dividend payable quarterly, and will be convertible into 2.5 common shares at any time prior to redemption.

As of December 31, 2010 the status of these dividend payments is as follows:

Series B Preference shares authorized and issued	300,000
Series B Preference shares authorized and committed to be issued	200,000
Series B Preference shares not yet authorized	300,000

See "Loss of Texmont Leases", "Additional Capital" and "Dividends" under the heading "Risk Factors." The Company may elect to redeem the preference shares at any time prior to maturity.

The discovery, development and acquisition of mineral properties are in many instances unpredictable events. Future metal prices, the success of exploration programs and other property transactions can have a significant impact on capital requirements. The Company does not expect to receive significant income from any of its properties within the foreseeable future. Should the Company decide to further develop any of its properties, the Company may fund its capital requirements by arranging further equity financing, issuing long-term debt, arranging joint ventures with other companies, or through a combination of the above. At present, there are no commitments obliging the Company to undertake any such capital expenditures.

OFF-BALANCE SHEET TRANSACTIONS

The Company has not entered into any off-balance sheet transactions.

TRANSACTIONS WITH RELATED PARTIES

	December 31, 2010
Balances:	
Loan payable to an officer	**$ 20,000**
Amount included in accounts payable, due to a law firm of which a partner is a director of the Company	**$ 66,808**
Transactions:	
Legal fees incurred to a law firm of which a partner is a director of the Company	**$ 10,621**

Amounts due to directors and officers are non-interest bearing, have no set terms of repayment and are due on demand. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. There were no management services contracts and there are no employment contracts between the Company and its officers.

PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the performance or operation of the Company, in the near term. However, the lack of revenue requiring the Company to rely on the issue of treasury shares to fund its operations could have a material effect on its performance and operation.

RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that the use of IFRS would be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. The conversion to IFRS will impact the Company’s accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The Company has begun assessing the impact of the adoption of IFRS on its financial statements. The Company has made a commitment to designate the appropriate resources to the project to develop an effective plan and to continue to assess resource and training requirements as the project progresses. The Company has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The scoping and planning phase involves establishing a project management team, mobilizing organizational support for the conversion plan, obtaining stakeholder support for the project, identifying major areas, and developing a project charter, implementation plan and communication strategy. The Company has completed the scoping and planning phase does not anticipate any material differences on adoption of IFRS beyond additional disclosure.

Business Combinations

In October of 2008, the CICA Issued Handbook Section 1582, Business combinations, concurrently with Handbook Section 1601, Consolidated Financial Statements, and Handbook Section 1602, Non-controlling interests. Section 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company’s interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The Company has not elected the early adoption of these standards.

SIGNIFICANT ACCOUNTING POLICIES

Estimates

The value of the preference shares has been determined by discounting the future interest payments until March 15, 2014 at a discount rate of 15% which represents the borrowing rate available to the Company for similar instruments of debt having no conversion rights. The Company accretes the value assigned to the par value and dividend expense related to the preference shares is recorded as interest, which varies from its income tax treatment.

During the course of acquiring, exploring and developing potential mining properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. To date, no significant disturbances have occurred nor have any physical structures been constructed. The costs of complying with these requirements are capitalized as incurred, as deferred costs, until such time as the properties are put into commercial production, at which time the costs incurred will be charged to operations on a unit-of-production basis over the estimated mine life. Upon abandonment, sale or write-down of a property, all deferred costs relating to the property will be expended in the year of such abandonment, sale or write-down.

The Company's recoverability of the costs incurred on the mineral properties id dependent on numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. The fair value of these items is subjective and is based on management's best estimate given the information available.

Shares Issued and Outstanding

As at April 29, 2011, the Company had 26,031,600 common shares issued and outstanding as well as 8,000,000 Series A preference shares, 300,000 Series B preference shares, 1,400,000 common share purchase warrants, and 1,430,000 common share purchase options. The exercise of all outstanding warrants and options would generate proceeds of $1,147,500. As at December 31, 2010 and April 29, 2011 the market value of the common shares was less than the exercise price of all outstanding warrants and options.

Other Requirements

This MD&A, together with the Company's Annual Audited Financial Statements, as well as additional information relating to the Company, is available on the Company's SEDAR Page Site accessed through www.sedar.com.

RISKS AND UNCERTAINTIES

Exploration and mining companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical.

Funding is required during 2011 for the Company to continue operations. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to obtain the required financing in the present market environment.

The principal activity of the Company is mineral exploration, which is inherently risky. Exploration is also capital intensive, and the Company currently has no source of income other than that described above. Only the skills of its management and staff in mineral exploration and exploration financing serve to mitigate these risks and therefore are one of the main assets of the Company.

The risk factors, which the Company's management believes are most important in the context of the Company's business, are outlined in its amended and restated prospectus dated October 25, 2007 and receipted on November 29, 2007 by the Securities Commissions of Ontario, Alberta and British Columbia. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

Working Capital and Liquidity

The Company's only source of liquidity is cash balances.

The Company's liquidity at December 31, 2010 is insufficient to meet the Company's corporate, administrative and exploration costs and commitments. As a result, the Company will need to seek additional sources of equity financing. While the Company has been successful in raising such financing in the past, the Company's ability to raise additional equity financing may be affected by numerous factors beyond the Company's control, including, but not limited to, adverse market conditions and/or commodity price changes and economic downturn and there can be no assurance that the Company will be successful in obtaining any additional financing required to continue its business operations.

The Company's ability to continue its business operations and exploration activities is dependent on management's ability to secure additional financing and any failure to do so is likely to have a material adverse effect on the Company's business and its financial condition.

Exploration and Operating Risks

The exploration for mineral deposits is a speculative venture involving a high degree of risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risk. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides, and the inability of the Company to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines. Substantial expenditures may 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 the Company 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) nickel prices, which are highly cyclical; (iii) government regulations, including regulations relating to taxes, royalties, land tenure, land use and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

No Proven Body of Commercial Ore / Early Stage Project

Although exploration work has been conducted on the Texmont Property, a proven body of commercial ore has not been established. The adjacent Bartlett-English property is in the early exploration stage only and is without a proven body of commercial ore. Development of the Bartlett-English property would follow only if favourable exploration results are obtained. While the discovery of a commercially viable ore body may result in substantial rewards, few mineral properties which are explored are ultimately developed into producing mines. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits on either of these or any other properties will result in discoveries of sufficient quantities and qualities of ore to result in the commercial production of a mine.

Environmental, Health and Safety Risks and Hazards

All phases of the Company's operations are subject to environmental and health and safety regulations. These regulations mandate, among other things, the maintenance of air and water quality standards, land reclamation, worker safety and mine development. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. 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. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous owners or operators of the properties. There may be costs and/or delays associated with compliance with these laws and regulations.

Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained the Company may be curtailed or prohibited from proceeding with the planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of 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.

The unknown nature of possible future additional regulatory requirements creates uncertainties related to future environmental, health and safety costs. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Company.

As of the date of this report, the Company is not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company periodically evaluates the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds the Company has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

Permitting

The Company's current and future operations will require approvals and permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such approvals and permits or that the Company's title could not be subject to third party claims or native land claims. Prior to any development on any of its properties, the Company must receive permits from appropriate governmental authorities. There can be no assurance that the Company will obtain or continue to hold all permits necessary to explore, develop or operate any particular property.

Title to Properties

The Company does not own the real property underlying its properties, and currently only has the right to conduct exploration activities on the properties pursuant to the terms of the mining leases and mining claims comprising the properties. In order to maintain the Texmont Leases, the Company must comply with all of its covenants under the leases, including the covenant to pay rent as set out in the Texmont Leases. In order to maintain its mining claims, the Company must incur certain minimum exploration expenditures annually or risk forfeiture of its mining claims and any such expenditure made to such time. There can be no assurance that the Company will be able to obtain the required mining and other permits for the Properties, if, as, and when mining operations become viable at the Properties.

Loss of Texmont Leases

Pursuant to the terms of the purchase agreement under which the Company acquired the Texmont Leases, if the Company (i) becomes insolvent or is not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts or makes a general assignment for the benefit of creditors, (iii) institutes, among other things, bankruptcy, liquidation or winding-up proceedings, (iv) takes any corporate action to authorize any of the foregoing, (v) fails to pay any dividend when due under the Preference Shares Series A (for which the Company has arranged to issue 800,000 Series B preference shares to satisfy the dividends due on the 15th day of April, May, August and November 2009 and February, May, August and November, 2010, or (vi) fails to redeem the Preference Shares Series A in accordance with their terms, the vendor, New Texmont Explorations Ltd. may require the Company to transfer the Texmont Leases back to New Texmont, together with all improvements and fixtures installed thereon and all technical documents relating to such interests, in exchange for all of the Preference Shares Series A.

Competition

The resource and mining exploration industry is intensely competitive in all of its phases. As a result of this competition, some of which is with large, established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire further potential mineral properties on terms it considers acceptable.

Additional Capital

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Company. The development and exploration of the Company's properties may require substantial additional financing. Failure to obtain such financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional financing is raised by the Company through the issuance of securities from treasury, control of the Company may change and security holders may suffer additional dilution.

Market Factors and Volatility of Nickel Prices

The marketability of mineralized material which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations in the prices of nickel, which are highly volatile, the proximity and capacity of nickel markets and processing equipment, and government regulations, including regulations relating to taxes, royalties, land tenure, land use and environmental protection. The effect of these factors cannot be accurately predicted, but may result in the Company not receiving an adequate return on invested capital. Prices of certain minerals have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the control of the Company. Future nickel prices cannot be accurately predicted. A severe decline in the price of nickel would have a material adverse effect on the Company.

No History of Earnings

The Company has no history of earnings, and there is no assurance that any of the properties it now owns or may hereafter acquire or obtain interests in will generate earnings, operate profitably, or provide a return on investment in the future.

Dividends

The Company has no earnings or dividend record in respect of its Common Shares and since it intends to employ available funds for mineral exploration and development it does not intend to pay any dividends on its Common Shares in the immediate or foreseeable future. The future dividend policy will be determined by the Board of Directors.

The holders of the Company's Preference Shares Series A are entitled to receive fixed, cumulative, preferential cash dividends of $0.0125 per share quarterly on the fifteenth (15th) day of February, May, August and November. If the Company fails to pay dividends on its Preference Shares Series A, it may be required to return the Texmont Leases to New Texmont Explorations Ltd.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives. The directors and officers of the

Company devote only part of their time to the affairs of the Company.

Historical Estimations of Deposit Size

Historical estimations of the former Texmont Property deposit size are not currently NI 43-101 compliant. Although such estimations are, nonetheless, regarded as being relevant, reliable and conservative by Hadyn Butler, P. Geo, the author of the Technical Report, there can be no assurance that further work on the Texmont Property will delineate a "resource" for the purposes of NI 43-101 of similar size and grade as the historic estimate.

FORWARD LOOKING INFORMATION

This MD&A contains “forward looking information”. Forward looking information may include, but is not limited to, information with respect to the future price of nickel, exploration and mine development plans, the estimation of mineral resources, timing of the development of mineral projects, exploration results, budgets, capital and operating cost estimates and forecasts, results of mining operations, mining extraction and recovery rates, the conversion of mineral resources to mineral reserves, estimations of mine life, sales of nickel, success of exploration activities, permitting time lines, requirements for additional capital, strategies of the Company, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending and future regulatory applications and other information which are not historical facts. In certain cases, forward looking information can be identified by the use of words such as “intends”, “proposes”, expected” or “estimated” or variations of such words and phrases and may include the negative variation of such phrases.

In particular, this MD&A contains forward looking information pertaining to the following:

- expectations regarding drilling programs at the Texmont Property;
- expectations regarding the assessment of the Bartlett-English Property;
- projections regarding future costs and the ability to fund such costs;
- plans to undertake environmental and engineering studies;
- projections of market prices and costs; and
- expectations regarding capital expenditures and exploration activities.

With respect to forward looking information contained in this MD&A, the Company has made assumptions regarding, among other things:

- the Company's ability to generate sufficient cash flow from operations and access existing credit facilities and capital markets to meet its future obligations;
- the regulatory framework representing royalties, taxes and environmental matters in the areas in which the Company conducts its business; and
- the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Company's demand.

Although the Company believes that its expectations reflected in forward looking information are reasonable, such forward looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking information. Such factors include, among others:

- risks related to failure to convert estimated mineral resources to reserves;
- changes in project parameters as plans continue to be refined;
- future prices of nickel;
- unexpected increases in capital or operating costs;
- possible variations in mineral resources;
- grade or recovery rates;

- failure of equipment or processes to operate as anticipated;
- accidents, labour disputes and other risks of the mining industry;
- delays in obtaining governmental consents, permits, licences and registrations or financing or in the completion of development plans and activities;
- uncertainties relating to the costs and availability of financing needed in the future;
- changes in equity markets;
- inflation;
- fluctuations in commodity prices and uninsured risks; and
- those factors discussed under “Risk Factors”.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking 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. The forward looking information contained herein, except where stated otherwise, is made as of the date of this MD&A.