



Nickel Rock Resources Inc.

(Formerly Nevada Energy Metals Inc.)

Management's Discussion and Analysis

Nickel Rock Resources Inc.

For the three and nine months ended 31 March 2021

The following management discussion and analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2020 and the condensed consolidated interim financial statements for the three and nine months ended 31 March 2021. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

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Management's Discussion and Analysis of Financial Results

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Introduction

The following discussion of performance and financial condition should be read in conjunction with the audited consolidated financial statements of Nickel Rock Resources Inc. (the "Company" or "BFF") for the year ended 30 June 2020 and the condensed consolidated interim financial statements for the three and nine months ended 31 March 2021. The Company's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company's reporting currency is Canadian dollars unless otherwise stated. This Management's Discussion and Analysis ("MD&A") is dated 18 May, 2021.

Description of Business

The Company was incorporated under the laws of the province of British Columbia on 2 June 2011.

The Company is a reporting issuer in British Columbia and Alberta. The Company has been listed on the TSX Venture Exchange since 28 October 2013 under the trading symbol "BFF". On 9 November 2020, the Company changed its name to Nickel Rock Resources Inc., and its common shares started trading on the TSX Venture Exchange under the new symbol "NICL".

On 24 January 2018, the Company consolidated its share capital on one (1) new common share without par value for every two (2) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company's business consists of the acquisition, exploration and development of brine based lithium exploration targets and mineral resource properties in British Columbia Canada and Nevada, USA.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

Project Overview

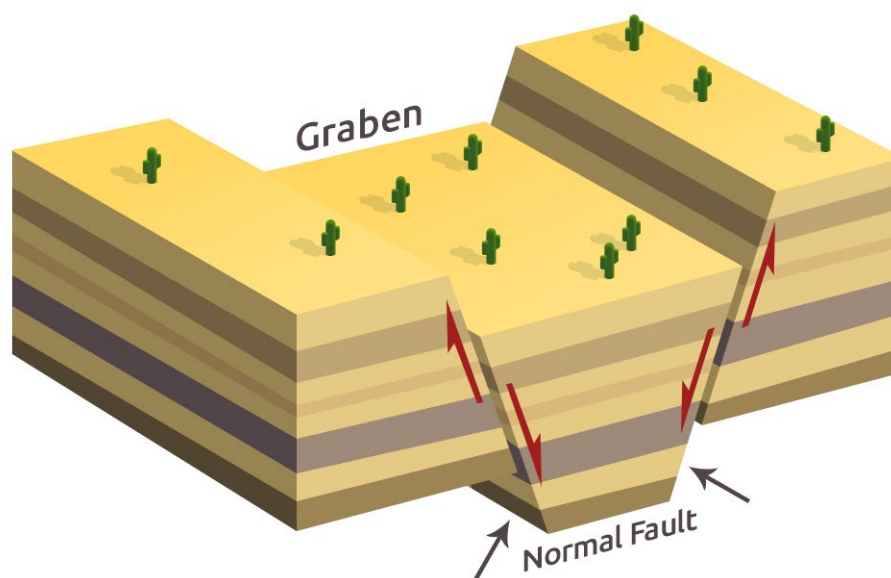
CLAYTON VALLEY BFF-1 PROJECT

The Clayton Valley BFF-1 Lithium Project southern boundary lies 250 meters from Albemarle Corporation's Silver Peak lithium mine and brine processing operations. The mine has been in operation since 1967 and remains the only brine based lithium producer in North America. It is also the location of Pure Energy Minerals' 816,000 metric tonnes Lithium Carbonate Equivalent (LCE) Inferred Resource NI 43-101 announced in July 2015. Clayton Valley's centralized location between Nevada and Reno and its highways, access to power, water and labor provide excellent infrastructure for mineral exploration and development. The Clayton Valley BFF-1 Lithium Project is approximately 3.5 hours away from Tesla's Gigafactory, which has a planned annual lithium-ion battery production capacity of 35 gigawatt-hours per year by 2020.

Clayton Valley is one of the few locations globally known to contain commercial-grade lithium-enriched brine. The Valley is an internally drained closed-basin and is surrounded by mountains, hills and ridges on all sides. It contains an underground unconsolidated water bearing system (or aquifer system) which is host to lithium-enriched brines and is contained by the surrounding rock.

The claims cover an area of playa, including the Goat Island graben (inferred from gravity inversion; Quantec, 2008; Petrick, 2008), that encompasses a portion of a deep-circulation geothermal system beneath

basin-fill sediments locally blanketed with travertine in north-western Clayton Valley. The Goat Island graben segments Clayton Valley into a northerly-trending, 1-2 km-wide sub-basin with a distinct escarpment on each side. Geological modeling and assessment of historical drilling results by J.B. Hulen, PG, (31 July 2008 report) concluded that both shallow thermal-gradient and lithium-exploration drilling demonstrates that the northern portion of Clayton Valley contains the valley's highest subsurface temperatures and that these temperatures may be localized in the Goat Island graben and its structural projections to the northeast and south.



A graben is a depressed block of land bordered by parallel faults

Significantly, within the graben and within the boundary of the claim block, a drill hole by Western Geothermal Partners 2007 logged as WGP#2 reported as follows: 'From 280 – to 305 ft., fine grained green sand and silt logged as volcanic ash was encountered. This unit may be correlative to the Main Ash Aquifer, which is a marker bed in other areas of the Clayton Valley Basin.' J.B. Hulen, PG, (31 July 2008.)

The property was acquired for cost of staking with no overriding royalties.

During the year ended 30 June 2020 the Company dropped 39 claims and recorded an impairment of \$8,179.

2021 Work Program

During 2021, the Company completed an exploration program consisting of three reverse circulation holes totalling 356 metres (1155 feet). The holes were intended to test the presence of lithium bearing clay members of the lakebed sediments.

Drillhole RCV-01, drilled to a depth of 130 metres (425 feet), designed to twin a geothermal gradient hole drilled by a previous explorer. Results of this hole correlated with the log of the previous hole including intervals of volcanic ash and dark green clay. The hole ended in alluvial gravel made up of metamorphic rocks shed from the Silver Peak Range. The hole did not reach the planned depth of 183 metres due to poor ground conditions but did assess the lake sediment target section. Assay results from this hole showed mixed results with only the top 6 meters (20 feet) of the hole returning more than 75 ppm Li. The average grade of the interval 0-6.1 metres was 309 ppm Li. Two water samples were collected from the borehole at 99 metres (325 feet) and 129 metres (425 feet) ran 31.4 and 41.0 mg/L Li, respectively.

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Hole RCV-02 was drilled about 1260 meters north of RCV-01. RCV-02 was drilled to a depth of 136 metres (445 ft) and penetrated a section consisting primarily of rhyolitic volcanic ash and interbedded sediments. RCV-02 penetrated a 4.5 metre section of dark green clay from 105.1 to 109.7 metres (345-360 ft) before entering the metamorphic alluvium. Poor drilling conditions and high-water flows ended the hole before reaching the target depth but after successfully evaluating the lake sediment section.

Analytical results from this hole fared better than the RCV-01 with the interval 0 – 36.6 metres (0-120 feet) averaging 196 ppm Li. Within this interval, and from 18.3 to 25.9 metres (60 – 85 feet) an elevated Li zone was intersected averaging 279 ppm Li with the single best interval in this hole being 332 ppm between 18.3 and 19.8 m (60 – 65 feet). Water samples at 74.6 metres (245 feet), 105.1 metres (345 feet), and 137 metres (450 feet) ran 20.5, 21.0, and 32.8 mg/L Li, respectively.

Hole RCV-03 was designed to look for a perched section of volcanoclastic sediments beneath an alluvial fan. Previous water well logs indicated a layer of clay, ash, and silt beneath the alluvium and above the bedrock. While drilling, this hole encountered metamorphosed dolomite at a depth of 56 metres (185 feet) about the projected elevation of the sedimentary section. The hole lost circulation in an apparent karst horizon at 65.5 metres (215 feet) and was terminated at 79.2 metres (260 ft) without regaining sample return. Since the target sediments were not encountered, this hole was not assayed.

Drill chip samples were partially dried at the drill sites for two days in the case of RCV-01 and overnight in the case of RCV-02 before being picked up by a driver for Paragon Geochemical. The samples were transported to the Paragon laboratory on April 2 where they were dried, crushed, and pulverized. Analysis was by ICP- Mass Spectrometry following an aqua regia leach using a 0.5 gram sample aliquot.

Envelopes of standard material obtained from Minerals Exploration Geochemistry of Lamoille, Nevada were inserted into the sample stream at roughly 30.5 metres (100 foot) intervals. The eight standard samples returned lithium values ranging from 482 to 599 ppm Li with an average of 557 ppm Li. The analytical variability of about 20% is a bit high and is possible the small aliquot size and aqua regia leach may have played a role in this. However, the values are acceptable for an early stage program. Other elements showed a similar range of values while others were within much tighter limits.

Water samples were collected by the project geologist and delivered to the ALS Global sample preparation lab in Elko, Nevada April 5. Samples were filtered and analyzed by a combination of ICP-MS and ICP-OES methods by ALS Global. Standards were not inserted into the sample stream. A sample of drill make up water taken from the Silver Peak municipal well was used as a background sample; it ran 70 micro grams per liter (70 parts per billion)

Qualified Person Statement

“Project Overview” and “Subsequent Event” sections of this report have been reviewed and approved for technical content by Alan Morris, CPG (Certified Professional Geologist), member of the advisory board of the Company and a Qualified Person under the provisions of NI 43-101.

New Mineral Projects Acquired During the Period

On 15 October 2020, the Company entered into an option agreement to earn 100% interest in the Klone Group of mineral claims located in Fort St. James in British Columbia. The Company may exercise the option by making a total of \$305,000 cash payments, issuing 550,000 common shares and incurring \$1,200,000 in exploration expenditures over 5 years.

In relation to this option agreement, the Company made an initial cash payment of \$35,000 and issued 75,000 common shares. Additionally, the Company issued 100,000 finder's shares.

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On 23 October 2020, the Company has entered into two purchase and sale agreements with John Malcolm Bell to acquire 100% interest, subject to a 2% net smelter royalty, in each of two nickel exploration projects located in British Columbia, Canada. Pursuant to the terms of the agreement the company paid cash in the amount of \$19,500 and will issue five million common shares.

On January 26, 2021, the Company has expanded its Clayton Valley, Esmeralda county, Nevada, lithium property holdings by the staking of additional lithium exploration claims that add to its overall lithium exploration land package which is directly adjoining a western portion of neighbouring lithium producer Albemarle's lithium evaporation ponds. The new ground adjoins the previous property position to the north and west and significantly expands the company's land position in the area. The new claim block consists of 41 lode claims covering about 847 acres (343 hectares) bringing the Clayton Valley land package to 2,300 acres (930 Ha).

On February 02, 2021, the Company has entered into an option agreement with arm's-length vendor 802213 AB Ltd. (Kelly Funk) for the purchase of a 100-per-cent interest, subject to a 2-per-cent net smelter royalty, in six mineral claims located approximately 15 kilometres west of Mt. Sydney Williams near Fort St James, B.C. Additionally, the company located two adjoining claims by title selection. Combined, the acquisition of eight additional claims has increased the company's prospective land position west of the Decar nickel deposit owned by FPX Nickel Corp. from 1,151 to 4,146 hectares. The company will control a 100-per-cent interest in over 13,704 hectares in the district.

On commencement of commercial production, a 2-per-cent net smelter returns royalty will be payable to the optionor. Nickel Rock retains the option to purchase one-half of the NSR (being one-half of the 2 per cent) for the sum of \$3-million.

Proposed 2021 Work Program and NI #43-101 Report

The Company's exploration plans include strategic trenching, surface exploration diamond drilling, camp construction and required exploration permits, and exploration activities to support drilling and trenching such as soil sampling, rock sampling, prospecting, and geological mapping. The Company proposes to have a 12-man exploration camp built on the north slope of the un-named mountain west of and adjacent to Mount Sydney Williams and will be built next to a sub-alpine lake at the headwaters of Van Decar Creek.

Easily accessible by helicopter, the location of the exploration camp was selected based on past exploration camps at this location and its overall suitability for exploration support and ability to accommodate enough field personnel for the exploration work.

NI #43-101 Report Highlights:

- The Nickel Project ("project") consists of four non-contiguous mineral claims groups held by Nickel Rock Resources Inc. ("company") through three separate agreements. The exploration stage project is in the Takla Lake area of central British Columbia, partially adjacent to FPX Nickel Corp.'s Decar Nickel Project. The Decar Nickel Project is an advanced project targeting awaruite, a nickel-iron alloy mineral, hosted by serpentized ultramafic intrusive rocks of the Trembleur Ultramafic Unit within the Permian to Triassic age Cache Creek Complex.
- The principal target on the Nickel Project is nickel occurring as awaruite, but at the exploration stage all other styles of mineralization should be considered.

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- Systematic, ground-based exploration work began within the area of the claims now covered by the Nickel Project under the direction of Ms. Ursula Mowat, P.Geo. in 1987, continuing intermittently until 2012. This work established the presence of elevated nickel, cobalt and chromium values in rocks, soils, and stream sediments.
- The area of the claim groups of the project was included in Geoscience BC's QUEST and QUEST-West projects, including multiparameter regional geophysical surveys, and regional stream sediment reanalyses and data compilations between 2008 and 2009.
- Ron Britten's technical paper "Regional Metallogeny and Genesis of a New Deposit Type – Disseminated Awaruite (Ni₃Fe) Mineralization Hosted in the Cache Creek Terrane published in 2017 in Economic Geology should be utilized as an interim mineral deposit model or profile for the Nickel Project.

Qualified Person Statement

Jacques Houle, P.Eng., a qualified person as defined by NI 43 – 101, is responsible for the technical information contained about the Company's British Columbia projects in this MD&A. Readers are cautioned that the information in this discussion regarding the property of FPX Nickel Corp is not necessarily indicative of the mineralization on the property of interest.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information is derived from the audited condensed consolidated interim financial statements of the Company. The figures have been prepared in accordance with IFRS.

	Years Ended 30 June (audited)		
	2020	2019	2018
Total revenues	\$ -	\$ -	\$ -
General and administrative expenses	657,417	807,840	408,908
Mineral property cash costs incurred	9,313	39,843	21,564
Mineral property impairment	163,166	-	-
Net income (loss)	(759,467)	(804,502)	461,385
Net Loss per share – Basic & fully diluted	0.073	0.111	0.098
Totals assets	507,022	1,267,472	1,476,070
Total long-term liabilities	21,786	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

SELECTED QUARTERLY FINANCIAL INFORMATION

The following selected financial information is derived from the audited condensed consolidated interim financial statements of the Company. The figures have been prepared in accordance with IFRS.

	For the Quarters Ended (unaudited)							
	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec	30 Sep	30 Jun
	2021	2020	2020	2020	2020	2019	2019	2019
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(880,825)	(426,547)	(320,571)	(257,601)	(155,814)	(163,413)	(182,639)	(151,771)
Net income (loss) per share	(0.018)	(0.038)	(0.029)	(0.025)	(0.015)	(0.016)	(0.024)	(0.003)
Total assets	4,734,399	1,633,520	1,249,642	507,022	768,411	914,084	1,081,464	1,267,472

RESULTS OF OPERATIONS

For the three months ended 31 March 2021 compared to the same quarter in 2020.

Comprehensive loss for the quarter ended 31 March 2021 was \$880,825 as compared to \$155,814 for the same quarter in 2020. Being at the exploration stage, the Company did not generate any revenue from operations. The increase in comprehensive loss of \$725,011 was mainly attributable to the net effect of:

- Increase of \$558 in Bank charges and interest, from \$257 in 2020 to \$815 in 2021.
- Increase of \$149,818 in Consulting fees, from \$70,726 in 2020 to \$220,544 in 2021.
- Increase of \$4,708 in Corporate development, from \$Nil in 2020 to \$4,708 in 2021.
- Increase of \$5,571 in Depreciation expense from \$Nil in 2020 to \$5,571 in 2021.
- Increase of \$309 in Finance charges from \$Nil in 2020 to \$309 in 2021
- Increase of \$582,132 in Marketing & communications, from \$15,016 in 2020 to \$597,148 in 2021.
- Increase of \$51,227 in Transfer agent fees, from \$3,594 in 2020 to \$54,821 in 2021.
- Decrease of \$8,207 in Office and miscellaneous, from \$17,601 in 2020 to \$9,394 in 2021.
- Decrease of \$12,324 in Professional fees, from \$21,257 in 2020 to \$8,933 in 2021.
- Decrease of \$9,212 in Rent, from \$14,931 in 2020 to \$5,719 in 2021.
- Decrease of \$12,432 in Travel, lodging and food, from \$12,432 in 2020 to \$Nil in 2021.
- Increase of \$27,137 in Foreign exchange gain, from \$Nil in 2020 to \$27,137 in 2021.

For the nine months ended 31 March 2021 compared to the same period in 2020.

Comprehensive loss for the nine months ended 31 March 2021 was \$1,627,943 as compared to \$501,867 for the same period in 2020. Being at the exploration stage, the Company did not generate any revenue from operations. The increase in comprehensive loss of \$1,126,076 was mainly attributable to the net effect of:

- Increase of \$191 in Bank charges and interest, from \$1,323 in 2020 to \$1,514 in 2021.
- Increase of \$223,609 in Consulting fees, from \$243,793 in 2020 to \$467,402 in 2021.
- Increase of \$41,284 in Corporate development expense from \$Nil in 2020 to \$41,284 in 2021.

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- Increase of \$16,715 in Depreciation expense from \$Nil in 2020 to \$16,715 in 2021.
- Increase of \$1,119 in Finance charges from \$Nil in 2020 to \$1,119 in 2021.
- Increase of \$713,440 in Marketing & communications, from \$30,003 in 2020 to of \$743,443 in 2021.
- Decrease of \$32,763 in Office and miscellaneous, from \$58,377 in 2020 to \$25,614 in 2021.
- Decrease of \$29,689 in Professional fees, from \$46,336 in 2020 to \$16,647 in 2021.
- Decrease of \$26,323 in Rent, from \$50,715 in 2020 to \$24,392 in 2021.
- Increase of \$252,080 in Share-based payments, from \$Nil in 2020 to \$252,080 in 2021
- Increase of \$65,091 in Transfer agent fees, from \$10,731 in 2020 to \$75,822 in 2021.
- Decrease of \$57,807 in Travel, lodging and food, from \$59,417 in 2020 to \$1,610 in 2021.
- Increase of \$40,871 in Foreign exchange gain, from a loss of \$1,172 in 2020 to a gain of \$39,699 in 2021.

Selected Financial Information

To date, the Company has not commenced commercial operations.

Liquidity and Capital Resources,

As at 31 March 2021, the Company had working capital of \$1,771,849 (30 June 2020: \$346,018).

As at 31 March 2021, the Shareholders' equity of \$4,691,155 (30 June 2020: \$384,818) consisted of share capital of \$8,661,574 (30 June 2020: \$3,099,458), reserves of \$4,566,122 (30 June 2020: \$4,193,958) and deficit of \$8,536,541 (30 June 2020: \$6,908,598).

Outstanding Share Data,

The Company's Authorized Share Capital consists of an unlimited number of common shares without par value.

As at 31 March 2021 and the date of this MD&A, the Company had 64,704,153 (30 June 2020: 10,459,153) common shares issued and outstanding.

The Company has adopted a "fixed" stock option plan (the "Plan"), pursuant to which a maximum of 7,716,830 common shares at 31 March 2021 and at the date of this MD&A, being 20% of the issued and outstanding Common Shares of the Company at the time an option is granted, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Corporation's Board of Directors to eligible optionees (the "Optionees") under the Plan.

As at 31 March 2021 and the date of this MD&A, the Company had 1,412,500 stock options outstanding.

As at 31 March 2021 and the date of this MD&A, the Company had 9,832,120 share purchase warrants outstanding.

Common shares issuances

During the nine months ended 31 March 2021, the Company issued common shares through Private Placements, the exercise of warrants, as part payment for a property option agreement and related finder's fee:

On 29 December 2020, the Company issued 4,000,000 flow-through units ("FT Units") at a price of \$0.13 per FT Unit for gross proceeds of \$520,000. Each FT Unit consists of one flow-through common share and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional

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common share of the Company at an exercise price of \$0.15 per share for a period of three years. Finders' fees totaling \$7,425 in cash and 57,120 finder warrants were paid in connection with the financing. The finders' warrants have the same terms as the private placement warrants.

On 29 September 2020, the Company issued 20,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one non-transferrable share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.06 per share for five years. Finder's fees in the amount of 1,850,000 common shares and 925,000 share purchase warrants were paid in connection with the private placement. The finders' warrants have the same terms as the private placement warrants.

During the nine months ended 31 March 2021, the Company issued 19,670,000 common shares upon exercise of share purchase warrants and 2,600,000 stock options for gross proceeds of \$1,361,000 and \$130,000, respectively.

During the nine months ended 31 March 2021, the Company issued 75,000 common shares as part of the initial payment relating to the property option agreement to acquire the Klone Group of mineral claims. In addition, the Company issued 100,000 common shares as a finder's fee in relation to that property option agreement.

During the nine months ended 31 March 2021, the Company issued 5,000,000 common shares to John Malcolm Bell as part of the agreement of purchase and sale for two nickel exploration projects. The Company also issued 450,000 common shares to Kelly Funk in relation to the Option Agreement that allowed the Company to expand the nickel exploration project. In addition, the Company issued 500,000 common shares as a finder's fee in relation to the purchase of these nickel exploration projects.

During the year ended 30 June 2020, the Company didn't issue any common shares.

Financial and Other Instrument

The Company's financial assets and liabilities consist of cash and cash equivalents, trade payables and related party loans. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

Related Party Transactions

For the three and nine months ended 31 March 2021 and 2020, the Company had related party transactions with the following companies related by way of management, directors or shareholders in common:

- TCF Ventures Corp., a company controlled by the former Chief Operating Officer of the Company.
- Zeus Capital Ltd., a company controlled by the Chief Financial Officer of the Company.

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As at 31 March 2021, included in accrued liabilities is a balance of \$Nil (30 June 2020: \$24,000) payable to related parties as follows:

As at	31 March 2021	30 June 2020
Corporate Secretary	\$ -	\$ 24,000
Chief Executive Officer	-	3,008
Chief Financial Officer	504	-
Total trade payable and accrued liabilities due to related parties	504	27,008

The Company's related party expenses for the three and nine months ended 31 March are summarized as follows:

	Three months ended 31 March 2021	Three months ended 31 March 2020	Nine months ended 31 March 2021	Nine months ended 31 March 2020
Consulting fees to:	\$	\$	\$	\$
Zeus Capital Ltd.	20,000	6,000	32,000	12,000
Corporate Secretary	25,122	12,000	57,122	24,000
TCF Ventures Corp.	-	12,000	8,000	24,000
A former director	77,406	-	148,139	-
The CEO	6,000	-	21,000	-
Total related party expenses	128,528	30,000	266,261	60,000

The remuneration of directors and other members of key management for the three and nine months ended 31 March 2021 and 2020 were as follows:

	Three months ended 31 March 2021	Three months ended 31 March 2020	Nine months ended 31 March 2021	Nine months ended 31 March 2020
Short-term benefits – management and consulting fees	\$ 128,528	\$ 30,000	\$ 266,261	\$ 60,000
Share-based compensation	-	-	66,171	-
Total key management personnel compensation	128,528	30,000	332,432	60,000

Critical Accounting Estimates

The preparation of condensed consolidated interim financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and

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are subject to change. The Company's accounting policies and estimates used in the preparation of the condensed consolidated interim financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Adoption of New and Revised Standards and Interpretations

The IASB issued a new and revised IFRSs, amendments and related IFRIC interpretations which are effective for the Company's financial year beginning on 1 July 2019. For the purpose of preparing and presenting the condensed consolidated interim financial statements, the Company has consistently adopted all these new standards for the three and nine months ended 31 March 2021.

IFRS 16 Leases ("IFRS 16")

IFRS 16 has replaced IAS 17 – Leases ("IAS 17") and IFRIC 4 – Determining whether an arrangement contains a lease. The Company adopted IFRS 16 effective 1 July 2019. The standard was applied using the modified retrospective method, which does not require restatement of prior year financial information, as it recognized the cumulative effect, if any, as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the condensed consolidated interim financial statements are not restated and continue to be reported under IAS 17.

Transition

On adoption of IFRS 16, a right-of-use ("ROU") asset and a corresponding lease liability has been recognized in relation to all lease arrangements, excluding commitments in relation to arrangements not containing leases (such as service agreements) and excluding short-term leases, leases of low-value assets, and variable lease payments. Leases were measured at the present value of the remaining lease payments as at 1 July 2019, using the Company's incremental borrowing rate as of 1 July 2019, which is 4.29% per annum.

The following table summarizes the impact of adopting IFRS 16 on the condensed consolidated interim financial statements:

	Balance 30 June 2019	Adoption of IFRS 16	Balance 1 July 2019
	\$	\$	\$
Right-of-use asset	-	65,004	65,004
Current portion of lease liability	-	21,110	21,110
Lease liability	-	43,896	43,896

Significant accounting policy

The Company assesses new contracts at inception to determine whether a lease is present. This assessment involves significant judgement about whether an asset is specified for the Company, whether the Company obtains substantially all the economic benefits from use of that asset, and whether the Company has the right to control the use of the asset.

Leases are recognised as ROU assets with a corresponding liability at the date the leased asset becomes available for use by the Company. Each lease payment is allocated between the lease liability and finance expense. The finance expense is charged to the statement of comprehensive loss over the lease term to present a constant yearic rate of interest on the remaining balance of the liability for each reporting year.

ROU assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the net present value of fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, extension, or termination option that is within the control of the Company. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or at the Company's incremental borrowing rate.

ROU assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date, or any initial direct costs and restoration costs.

Payments associated with short-term leases (term of 12 months or less) of low-value assets are recognised on a straight -line basis as an expense in the statement of comprehensive loss. The Company applies a single discount rate to portfolios of leases with similar characteristics.

Lease modifications will be accounted for as a separate lease, if the modification increases the scope of the lease, and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For modifications that don't justify a separate lease, or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability with a corresponding adjustment to the ROU asset using the rate implicit to the lease, if that rate can be determined, or the Company's incremental borrowing rate. A modification that decreases the scope of the lease will be accounted for by decreasing the carrying amount of the ROU asset, and recognising a gain or loss in the net loss and comprehensive loss that reflects the proportionate decrease in scope.

Finance expense comprises interest expense on the bank indebtedness and interest on the lease liability.

Significant accounting judgements, estimates, and assumptions – Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment.

IFRIC 23 Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC 23 Uncertainty over Income Tax Treatments. The interpretation provides guidance on the accounting for current and deferred income tax liabilities and assets when there is uncertainty over income tax treatments. IFRIC 23 was applicable for annual years beginning on or after January 1, 2019.

IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If the treatment is likely to be accepted, the entity

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should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If not, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation is effective for annual years beginning on or after January 1, 2019.

The Company adopted IFRIC 23 in its condensed consolidated interim financial statements for the annual year beginning on 1 July 2019, with no impact on the condensed consolidated interim financial statements.

Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

Subsequent Events

In April 2021, the Company has awarded an exploration program with a budget proposal totaling \$600,000 to Hardline Exploration. Hardline, headquartered in Smithers, B.C., was founded in 2014 and is a local consulting firm for the Golden Triangle and Western Canada. Hardline works directly with local contractors and first nations to ensure its projects receive the most efficient and dedicated exploration services available it specialized in executing programs on complex exploration projects to generate new discoveries and has a proven record of successful projects incorporating highly skilled geologists and team members with vast experience across Canada on a variety of deposit types.

Management's Responsibility for Condensed consolidated interim financial statements

The information provided in this report, including the condensed consolidated interim financial statements, is the responsibility of Management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying Condensed consolidated interim financial statements.

Risks

The Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development.

There can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell the common shares.

Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's condensed consolidated interim financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with

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increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

Outlook

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance they will be able to do so in the future. The financial results and discussion do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Caution Regarding Forward Looking Statements

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially, from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the 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. Investors are cautioned against attributing undue certainty to forward-looking statements.

Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.