



CONIC METALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD JUNE 25, 2019 TO DECEMBER 31, 2019

(EXPRESSED IN UNITED STATES DOLLARS)



Introduction

The following management's discussion & analysis ("MD&A") of the financial condition and results of the operations of Conic Metals Corp. (the "Company" or "Conic") constitutes management's review of the factors that affected the Company's financial and operating performance for the period ended December 31, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the period June 25, 2019 to December 31, 2019, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A, unless otherwise indicated, are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. Information contained herein is presented as of June 15, 2020, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Conic's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from the offices of the Company or on the System for Electronic Documents Analysis and Retrieval ("SEDAR") and is available for review under the Company's profile on the SEDAR website (www.sedar.com).

COVID-19

Since the beginning of 2020, the outbreak of the novel strain of coronavirus known as "Covid19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The Company's employees, directors and consultants have fortunately not had any known cases of Covid19. In addition, at the Company's joint-venture Ramu mine, MCC has implemented several measures to limit the potential spread of Covid19 and so far, there are no reported Covid19 cases at Ramu. Papua New Guinea had 8 reported cases of Covid19 in the country, and the government is reporting that all cases have fully recovered with zero deaths in the country. The duration and impact of the Covid19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Description of Business

Conic was incorporated pursuant to the Business Corporations Act (British Columbia) on June 25, 2019 as "Nickel 28 Capital Corp." and changed its name to "Conic Metals Corp." on October 21, 2019. The head office is located at 4 King Street West, Suite 401, Toronto, Ontario, Canada. The registered office of the Company is 666 Burrard Street, Suite 1700, Vancouver, British Columbia, Canada.

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Conic Metals Corp. is a base metals company offering direct exposure to nickel and cobalt, both being critical elements of electric vehicles and energy storage systems. Conic holds an 8.56% joint-venture interest in the producing, long-life and world-class Ramu Nickel-Cobalt Operation located in Papua New Guinea which provides Conic with significant attributable nickel and cobalt production. In addition, Conic manages a portfolio of 11 nickel and cobalt royalties on advanced/ development and exploration projects in Canada and Australia. Conic will continue to invest in a battery metals-focused portfolio of streams, royalties and direct interests in mineral properties containing battery metals.

On November 15, 2019, the Company commenced trading on the TSX Venture Exchange under the symbol "NKL".

Company Highlights

Asset acquisition

On October 25, 2019, the Company and Pala Investments Limited ("Pala") completed the spin-out transaction pursuant to which certain assets of Cobalt 27 Capital Corp. ("Cobalt 27") were transferred to Conic in exchange for common shares of Conic. The transaction was implemented by way of a court-approved statutory plan of arrangement governed by the Business Corporations Act (British Columbia).

On closing of the transaction, Pala acquired 100% of Cobalt 27's issued and outstanding common shares, other than the approximately 19% that Pala already owned, and transferred certain assets and liabilities to Conic. The net assets were transferred to Conic in exchange for an aggregate of 83,465,472 common shares of Conic.

Based on management's judgment, the acquisition did not meet the IFRS definition of a business combination as the primary assets acquired did not constitute a business. Consequently, the transaction was recorded as an asset acquisition.

The consideration was determined based on the carrying amounts of the assets and liabilities transferred at the closing date of the Arrangement Agreement is as follows:

Consideration	
Share consideration	\$66,076,942
Assets acquired and liabilities assumed	
Net cash	2,590,467
Royalty contracts	26,066,974
Marketable securities	1,356,716
Investment in Highlands Pacific Limited ⁽¹⁾	51,515,372
Intercompany loan	(15,452,587)
	\$66,076,942

⁽¹⁾ The investment in Highlands Pacific Limited consists of the following:	
Cash and cash equivalents	\$2,409,533
Receivables	38,078,692
Property, plant and equipment	46,376
Right-of-use assets	97,000
Investment in Ramu Nickel Mine	134,582,333
Accounts payable and accrued liabilities	(892,769)
Lease liability	(98,000)
Non-recourse debt	(122,707,793)
	\$51,515,372

Other Company Highlights

Omnibus Long-Term Incentive Plan and RSU grants

On December 16, 2019, the Company adopted an Omnibus Long-Term Incentive Plan ("LTIP"), which is subject to TSX-V and disinterested shareholder approval at the Company's annual general meeting on June 19, 2020.

The Company is committed to grant 2,350,000 RSUs to certain employees, officers and directors, which vest as follows: 300,000 immediately, 500,000 monthly over one year starting January 1, 2020, 716,666 on the first anniversary of the date of grant and 416,667 on each of the second and third anniversaries of the date of grant. The Company is also committed to grant 4,090,000 stock options to certain directors, officers, advisors, and consultants of the Company which will vest immediately, will be exercisable at CDN\$0.43, and have an expiry date of December 16, 2024, subject to the approval of the LTIP.

Overview and Plan of Operations

Conic intends to be an innovative battery metals investment vehicle offering exposure to nickel and cobalt, materials integral to key technologies of the electric vehicle ("EV") and energy storage systems ("ESS") markets. The Company's strategy is build a battery metals supply chain to meet current and future demand by financing or otherwise obtaining exposure to nickel-cobalt production in geopolitically secure mining jurisdictions, outside of the Democratic Republic of the Congo ("DRC"), through the acquisition of metals streams, royalties and direct interests.

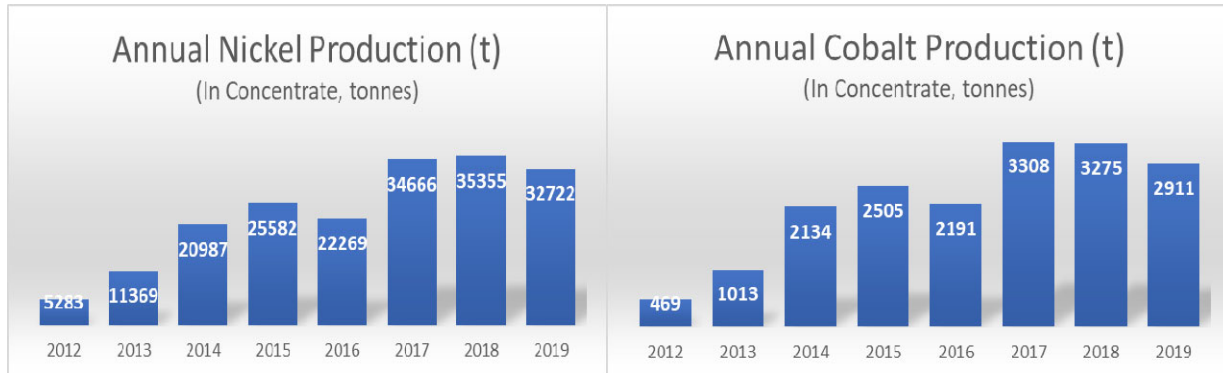
The Company applies a disciplined investing and operating approach to execute its business plan and enhance its exposure to nickel and cobalt through the acquisition of new or existing streams and royalties in producing mines, development projects and exploration properties located in conflict-free jurisdictions. Conic's primary focus is on streaming opportunities that could provide shareholders near-term cash flow, and royalties on production and exploration-stage nickel and/or cobalt properties that could provide longer-term optionality on the price of nickel and cobalt. In the future, Conic may consider acquisitions of streams, royalties, or direct interests in other minerals. The Company intends to fund working capital through existing cash on hand and cash flow generated from its joint venture interest in the Ramu Nickel Mine.

Ramu Nickel Mine

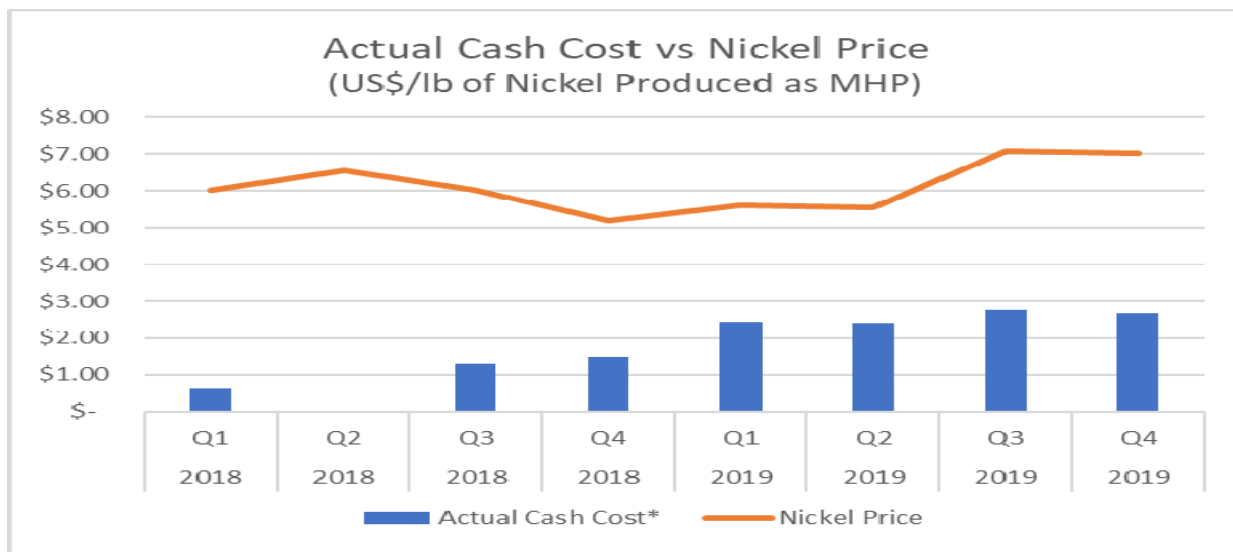
Conic holds an 8.56% joint venture interest in the producing Ramu Nickel Mine ("Ramu Mine"), a long-life, low-cost nickel-cobalt operation located 75km west of the provincial capital of Madang on the north coast of Papua New Guinea ("PNG"). The Ramu Mine was financed, constructed, and commissioned in 2012, by majority-owner and operator Metallurgical Corporation of China Limited ("MCC"), for US\$2.1 billion which, at the time, was China's largest overseas mining investment.

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The Ramu Mine, which exceeded design production capacity for the third consecutive year, produced 32,722 tonnes of nickel in concentrate for the 12 months to December 31, 2019, slightly below the record output of 35,355 tonnes achieved in 2018 Ramu . Annual cobalt production for the project for the year was 2,911 tonnes.



The Ramu Mine, which continues to remain one of the lowest cost integrated nickel mines in the world, recorded the following actual cash costs, net of byproduct credit, for the last eight quarters along with relative Nickel pricing for the period.



* cash costs are actual operating costs to produce one pound of contained Ni in MHP. Byproduct credits include cobalt and chromium.

As part of the Joint Venture Agreement with MCC Ramu NiCo Limited (“MCC Ramu”), MCC Ramu provided financing for construction and development of the Ramu Mine. This resulted in borrowing, on a non-recourse basis, to finance the original construction of the mine (“Construction Debt”) and borrowing an additional amount, on a non-recourse basis, to finance the ramp up and early operating expenses of the mine (“Operating Debt”). As at January 1, 2020, the Company had \$28.9 million of outstanding Operating Debt and \$77.7 million of outstanding Construction Debt (see details on these outstanding balances below).

The Construction Debt and Operating Debt are to be repaid out of the Company’s share of the Ramu

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Mine's operating surpluses (sales revenue less operating costs and ongoing capital expenditure). Currently, 100% of the operating surpluses from the mine are first allocated to repay the non-recourse Operating Debt and related interest. Once the Operating Debt is repaid, the Company is entitled to its share of 35% of the mine's operating surpluses, with the remaining 65% used to repay the non-recourse Construction Debt and related interest. On January 1, 2020, the Company reduced its Operating Debt by \$17.2 million, which represented the Company's share of operating surpluses for the previous 12 months.

Following repayment of the Company's Operating and Construction Debt owed to MCC Ramu, Conic's ownership interest in the Ramu Mine, and attributable nickel and cobalt production, will automatically increase to 11.3% at no cost to Conic. Additionally, when the Company has repaid the Operating and Construction Debt, the Company will have the option to purchase an additional 9.25% interest in the Ramu Mine at market value, which if exercised would take the Company's interest to 20.55%.

These borrowings represent the Company's 8.56% share of principal repayments (capped to a specified development threshold of \$2.1 billion) and interest repayments made by MCC Ramu to third party lenders on behalf of the Company, plus any accumulated interest charged by MCC Ramu. The amount classified as current represents that portion of the loan expected to become repayable within 12 months of year end. The borrowings, under the Operating Debt and Construction Debt, bear an interest rate of 5.05% annually. At December 31, 2019, the balances consisted of the following:

	As at December 31, 2019
Non-recourse operating debt - current	\$ 17,212,094
Non-recourse construction debt - current	-
Non-recourse operating debt – non-current	28,874,526
Non-recourse construction debt – non-current	77,656,137
	\$ 123,742,757

Subsequent to year end, MCC Ramu NiCo Limited confirmed that the Company's debt repayment from the mine's operating surpluses for 2019 was \$17,212,094 and the repayment would be applied to the borrowings on January 1, 2020 as follows:

	Operating debt			Construction debt			Total Loans Balance (\$)
	Interest (\$)	Repayment (\$)	Balance (\$)	Interest (\$)	Repayment (\$)	Balance (\$)	
January 1, 2018			45,510,845			70,210,825	115,721,670
December 31, 2018	2,251,688	(3,940,855)	43,821,678	3,628,876	0	73,839,701	117,661,379
December 31, 2019	2,264,942	0	46,086,620	3,816,436	0	77,656,137	123,742,757
January 1, 2020	0	(17,212,094)	28,874,526	0	0	77,656,137	106,530,663

Royalty and Streaming

The Company has built up a material portfolio of royalties and is actively pursuing further streaming and royalty acquisitions, and discussions with additional potential streaming counterparties are ongoing. Streaming opportunities will continue to be the Company's primary focus that could potentially provide the Company with material near-term cash flow, exposure to long life and low-cost operating mines and direct leverage to the nickel and cobalt price with exploration and production upside. The Company believes its current portfolio of eleven royalties provide shareholders with long-term optionality on the price of nickel and cobalt. Investors are cautioned that in respect of the Company's eleven royalties, there is no guarantee that (i) the applicable mineral properties will ever be placed into production or (ii) that material quantities of cobalt or nickel will be contained in product extracted from the property.

Current Royalties

As at the date of this MD&A, the Company's royalties consisted of the following:

Royalty Name	Owner	Property Location	Stage	Primary Metal(s)	Royalty Type and %	Stream ROFR
Dumont Nickel Project	RNC Minerals	Quebec	Advanced/ Development	Ni-Co	1.75% NSR	No
Turnagain Project	Giga Metals Corporation	British Columbia	Exploration	Ni-Co	2.0% NSR	Yes
Flemington Project	Australian Mines Ltd.	Australia	Exploration	Ni-Co-Sc	1.5% GRR	No
Nyngan Project	Scandium International Mining Corp.	Australia	Advanced/ Development	Sc-Ni-Co	1.7%GRR	No
Triangle Property	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	Yes
Rusty Lake Property	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	Yes
Professor & Waldman Properties ⁽¹⁾	New Found Gold Corp. (formerly Palisade Resources Corp.)	Ontario	Exploration	Co-Ag	2% Co NSR	Yes
North Canol Properties ⁽¹⁾	Golden Ridge Resources Ltd.	Yukon	Exploration	Ag-Pb-Zn-Co	2% Co NSR	Yes
Sunset Mineral Property	Three Individuals	British Columbia	Exploration	Cu-Zn-Co	2% Co NSR	Yes

(1) Strategically located in the established Abitibi mining camp, Dumont is a shovel-ready open pit mine and contains one of the largest undeveloped nickel and cobalt reserves. An updated feasibility study released by RNC Minerals in June 2019 envisions a 30-year life-of-mine initially producing 33,000 tonnes per annum ("tpa") of nickel and ramping up to 50,000 tpa of nickel by year 8 with life-of-mine C1 cash costs of \$3.22/lb. Dumont is fully permitted and is in close proximity to roads, rail, airport and a low-cost power supply. The Dumont Nickel-Cobalt Royalty is a life-of-mine 1.75% NSR royalty with a repurchase option on 0.375% of the NSR royalty for \$15 million, exercisable in July 2020.

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- (2) Located in British Columbia, Canada, Turnagain is a nickel-cobalt deposit which is 100% owned by Giga Metals Corporation and is among the world's largest undeveloped nickel-cobalt sulphide deposits. Turnagain ore is ideally suited to be refined into cobalt and Class 1 nickel required by battery manufacturers globally. Engineering studies are underway with a goal of having the project shovel-ready by 2021. The Turnagain Royalty is a 2.0% NSR royalty on all future metal production from the Turnagain Nickel-Cobalt Project. Under the terms of the royalty agreement, Giga Metals Corporation has a onetime repurchase option to repurchase 0.5% of the 2.0% royalty (resulting in a 1.5% remaining royalty) by paying the Company \$20 million in cash and by providing notice to the Company at least 30 days prior to the fifth (5th) anniversary.
- (3) Located 370 km west of Sydney, New South Wales, Australia, Flemington is in a politically stable and mining-friendly jurisdiction. The large-scale nickel cobalt deposit represents an important undeveloped source of cobalt and nickel. The project is currently under option by Australian Mines Ltd. The Flemington Royalty is a life-of-mine 1.5% GRR.
- (4) Located 500 km north-west of Sydney, New South Wales, Australia, Nyngan is in a politically stable and mining-friendly jurisdiction. Nyngan is fully permitted and construction ready and is the world's first scandium-only mine development project. It is 100% owned by Scandium International Mining. The Nyngan Royalty is a life-of-mine 1.7% GRR.
- (5) Two separate mineral properties to which a Co NSR applies.

Selected Annual Financial Information

	For the Period June 25, 2019 to December 31, 2019
Total Revenue	\$nil
Net Loss	(\$339,857)
Basic Loss per share	(\$0.01)
Diluted Loss per share	(\$0.01)
	As at December 31, 2019
Total Assets	\$191,100,115
Non-Current Liabilities	\$106,581,663
Distributions declared per share	\$nil

Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters prepared in accordance with IFRS is as follows:

Three Months Ended	Net Revenues ⁽¹⁾ (\$)	Net Income or (Loss)		
		Total ⁽¹⁾ (\$)	Per Share - Basic ⁽¹⁾ (\$)	Per Share - Diluted ⁽¹⁾ (\$)
2019-December 31	-	(339,857)	(0.01)	(0.01)
2019-September 30	-	(nil)	(nil)	(nil)
2019-June 30	-	(nil)	(nil)	(nil)

- (1) The Company was incorporated on June 25, 2019 and only became operational on October 25, 2019, as such there is limited quarterly information available.

Results of Operations

For the period June 25, 2019 to December 31, 2019

The Company realized a net loss of \$339,857 during the period ended December 31, 2019, which resulted from the following significant items:

- During the period ended December 31, 2019, the Company recognized \$1,875,557 for its share of operating profit from the Ramu Mine. This represents the 8.56% share of profit from the Ramu Mine for the period from October 25, 2019 to December 31, 2019.
- During the period ended December 31, 2019, financing costs totaled \$1,034,657. The financing costs relate to interest charges related to the Ramu Mine loans.
- During the period ended December 31, 2019, general and administrative totaled \$224,607. General and administrative include office expenses, insurance, and administrative costs for the Highlands Pacific operations.
- During the period ended December 31, 2019, salaries and fees totaled \$272,603. Salaries and fees includes remuneration for both the parent company and Highlands for employees, officer and directors.
- During the period ended December 31, 2019, the Company recorded \$245,383 for unrealized loss on marketable securities. This loss represents the movement in the fair value of the marketable securities during the period.
- During the period ended December 31, 2019, the Company recorded share-based compensation of \$103,456, which consisted of the vesting and revaluation of RSUs. The RSU Plan requires TSX-V and disinterested shareholder approval and as such, the Company revalues the RSUs at each period end reporting date using the market value of common shares. Once the date of grant under IFRS has been established, the Company will revise the earlier estimate so that the amounts recognized for services received in respect of the grant are based on the grant date fair value of the RSUs.

Liquidity and Financial Position

As of December 31, 2019, the Company had working capital of \$13,002,683, which includes cash and cash equivalents of \$4,438,341 and marketable securities of \$1,111,333, which management believes is adequate to fund its business strategy for the foreseeable future. However, the Company currently has no assets that generate cash flow. The Company's ability to meet its obligations and execute its business strategy depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, public offerings of its shares, the exercise of stock options and short term or long term loans.

There is no assurance that the Company will be able to access equity funding at the times and in the amounts required to meet the Company's obligations and fund activities. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funding going forward.

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Cash flows

Operating Activities

Cash used in operating activities was \$561,659 for the period ended December 31, 2019 and resulted from operating expenses during the normal course of business, an increase in accounts payable and an increase in amounts receivable and other assets.

Investing Activities

Cash provided by investing activities for the period ended December 31, 2019 was \$5,000,000 from cash received from Pala Investments Limited and Highlands Pacific Limited on the completion of the Transaction.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board.

Remuneration of key management personnel of the Company was as follows:

	For the period June 25, 2019 to December 31, 2019 (\$)
Salaries and fees ⁽¹⁾⁽²⁾	205,228
Share based compensation	103,456
Total	308,684

⁽¹⁾ Management fees and salaries paid to the executive officers and directors for their services.

⁽²⁾ Included in accounts payable and accrued liabilities are fees owing to officers and directors of \$15,433 as at December 31, 2019.

Share Capital

As of the date of this MD&A, the Corporation has 83,465,472 common shares outstanding.

As of the date of this MD&A, the Company is committed to grant 2,350,000 RSUs and 4,090,000 stock options.

Both the RSUs and the stock options are subject to TSX- V and disinterested shareholder approval.

Off-Balance Sheet Arrangements

As at the date of this MD&A, the Company did not have any off-balance sheet arrangements.

Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

Level 2: Valuations based on directly or indirectly observable inputs for the asset or liability, other than quoted Level 1 prices, such as quoted interest rates or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not observable, such as discounted cash flow methodologies based on internal cash flow forecasts.

As of December 31, 2019, the Company's financial instruments consist of cash, amounts receivable, marketable securities, accounts payable and accrued liabilities and non-recourse debt. Cash is stated at amortized cost. Marketable securities are measured at fair value and classified within Level 1. The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying amounts because of the short-term nature of these instruments. The non-recourse debt is stated at amortized cost, the fair value is not materially different to the carrying amounts, as the interest payable is close to current market rates.

Financial risks

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss due to a counter-party's inability to meet its obligations under a financial instrument or contractual agreement that will result in a financial loss to the Company. The Company's credit risk exposure includes the carrying amounts of cash and amounts receivable. To limit the credit risk exposure on its cash, the Company holds all its cash in credit worthy financial institutions. The Company believes no impairment is necessary in respect of amounts receivable from MCC Ramu NiCo Limited and other receivables as balances are monitored on a regular basis with the result that exposure to bad debts is insignificant.

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Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Financial liquidity represents the Company's ability to fund future operating activities. The Company may generate cash from the sale of additional equity securities, as well as through debt financing. The Company plans to fund its ongoing operations with its existing cash balance. Although the Company may enter into commitments to acquire royalties and direct interests in mineral properties those commitments are normally funded by use of the Company's available cash and are contingent on its ability to raise funds through the sale of additional equity securities or debt financing. The Company's accounts payable and accrued liabilities are due within the next 12 months. The non-recourse debt is due as follows: \$17,212,094 within the next 12 months and \$106,530,663 after 12 months, however this loan is repayable from the Company's share of the Ramu Nickel Mine's operating surplus.

Market risk

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate fluctuations as a result of its cash deposits and borrowings.

Cash deposits, which in turn earn interest income, are subject to the movement of interest rates and the Company does not enter into long-term deposits. The Company has AUD\$76,963 on deposit at rates ranging between 1.27% and 2.45%.

The rate of the Company's long-term borrowings is 5.05%. As at December 31, 2019, the Company has estimated that for a 1% decrease or increase in the interest rate, all other variables remaining constant, the result would be a decrease or increase in net loss before taxes of \$1,200,000.

(b) Foreign currency risk

Foreign currency risk arises from transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's functional currency is United States dollars. The Company incurs expenses in Canadian dollars, Australian dollars, and Papua New Guinea Kina. As at December 31, 2019, the Company had approximately CAD\$143,000 of net liabilities, AUD\$265,000 and PGK\$66,000 of net assets. As at December 31, 2019, the Company has estimated that a 10% decrease or increase in the value of the Canadian and Australian dollars, all other variables remaining constant, the result would be a decrease or increase in net loss before taxes of \$13,145.

(c) Price risk

The Company is exposed to commodity price risk. This arises from the sale of nickel and cobalt that is priced on, or benchmarked to, open market exchanges. The products are sold by MCC Ramu Nico Limited as sales agent on behalf of the Company at prevailing market prices such as the London Metal Exchange (LME) and Metal Bulletin (MB). The products, predominantly nickel and cobalt, are provisionally priced, that is the selling price is determined preceding the month of shipment followed by an adjustment using the average price of the month of shipment after delivery to the customers. As at December 31, 2019, contracts for the physical delivery of commodities are carried in the statement of financial position at their realized prices. Derivative commodity contracts may be used to align realised prices to manage risk exposure although at the date there were no derivative commodity contracts being used.

The Company is also exposed to price risk with respect to the share prices of its marketable securities. The value of the Company's investment in Minerva Intelligence Inc. ("Minerva") and Giga Metals Corp. ("Giga") may be adversely affected by a decline in share prices of Minerva and Giga. As at December 31, 2019, the Company estimated that a 5% decrease or increase in the share prices of Minerva and Giga, all other variables remaining constant, would result in a corresponding decrease or increase in net loss before taxes of \$55,500.

Key Sources of Estimation Uncertainty and Critical Accounting Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, the areas which require management to make significant judgments, estimates and assumptions in determining carrying amounts are:

Carrying amount of the Ramu Nickel Mine

The Company, on each reporting date, considers whether there is any objective evidence that its net investment in the Ramu Nickel Mine has suffered any impairment. The assessment often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, operating costs, capital costs and production rates. The impairment testing for the current year for the Company's interest in the Ramu Nickel Mine, has been based on a real discount rate of 12.5%, proven and probable reserves, long term nickel prices of \$7.06 - \$8.33/lb and cobalt prices of \$20.14 - \$23.90/lb, and operating costs consistent with operator plans and historical data.

Deferred taxes

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

Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or an asset may require the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 – Business Combinations. Based on an assessment of the relevant facts and circumstances, the Company concluded that the spin-out transaction on October 25, 2019 did not meet the definition of a business and the transaction has been accounted for as an asset acquisition.

Impairment of royalty contracts

Assessment of impairment of royalty contracts at the end of each reporting period requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that give rise to the requirement to conduct a formal impairment test on the Company's royalty contracts. Indicators which could trigger an impairment test include, but are not limited to, a significant change in operator reserve and resource estimates, industry or economic trends, current or forecast commodity prices, and other relevant operator information with respect to the underlying mineral resource properties.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

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

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

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

Risk Factors

Overview

An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business. Investments in companies involved in commodities, such as the Company, involve a significant degree of risk, and commodities prices are also subject to significant volatility, which affects the economic viability of the Company. We have no history of earnings, a limited business history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. We are in the "start-up" phase of our business. Our operations are not sufficiently established such that we can mitigate the risks associated with our planned activities. Anyone investing in the Company must rely on the ability, expertise, judgement, discretion, integrity, and good faith of the management of the Company.

The risks and uncertainties described below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties of which the Company is not aware or that the Company currently believes to be immaterial may also adversely affect the Company's business, financial condition, results of operations or prospects. If any of the possible events described below occur, the Company's business, financial condition, results of operations or prospects could be materially and adversely affected.

This MD&A also contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this MD&A. See "Forward Looking Statements."

General Risk Factors:

New diseases and epidemics (such as Covid19) may adversely impact the Company's business

In December 2019, a novel strain of coronavirus known as Covid19 surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. Covid19 was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The speed and extent of the spread of Covid19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. To date, a number of governments have declared states of emergency and have implemented restrictive measures such as travel bans, quarantine and self-isolation. If the operation of the Company's joint-venture Ramu Mine is disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and stock price. See "Covid19" above.

In addition, the Chinese market is a significant source of global demand for commodities, including nickel, cobalt and copper. A sustained slowdown in China's growth or demand, or a significant slowdown in other markets, could have an adverse effect on the price and/or demand for nickel and cobalt produced at the Company's joint-venture Ramu Mine. Covid19 and efforts to contain it may have a significant effect on Chinese commodity prices and demand, and potentially broader impacts on the Company's supply chain or the global economy, which could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial position. While governmental agencies and private sector participants will seek to mitigate the adverse effects of Covid19, and the medical community is seeking to develop vaccines and other treatment options, the efficacy and timing of such measures is uncertain.

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Finally, the actual and threatened spread of Covid19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of Company's stock price. The extent to which Covid19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning Covid19 and the actions required to contain or treat its impact, among others.

Liquidity Concerns and Future Financing Requirements

We have no source of operating revenue. We may require additional financing in order to fund our business plan. Our ability to arrange such financing in the future will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to arrange additional financing on terms satisfactory to us, or at all. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and Shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, we may not be able to operate our businesses at their maximum potential, to expand, to take advantage of other opportunities, or otherwise remain in business.

Volatility of Share Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include global macroeconomic developments, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in the price of nickel or cobalt will not occur. As a result of any of these factors, the market price of the shares at any given point in time may not accurately reflect the long-term value of the Company.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Company.

Market for the shares

There can be no assurance that an active market for the shares will develop or be sustained. If an active public market for the shares does not develop, the liquidity of a purchaser's investment may be limited and the share price may decline.

The Forward-Looking Statements May Prove to be Inaccurate

This MD&A contains forward-looking statements, including, without limitation, the forward-looking statements listed in "Cautionary Note Regarding Forward-Looking Statements". By their nature, forward-looking statements involve numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. The factors discussed in this section and the section entitled "Forward Looking Statements" should therefore be weighed carefully and prospective investors should not place undue reliance on the forward-looking statements provided in this MD&A.

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No History

While our management has expertise and comparable operating experience, the Company itself has no history of operations in the nickel or cobalt industry, and there can be no assurance that our business will be successful or profitable or that we will be able to successfully execute our business model and growth strategy. If we cannot execute our business model and growth strategy, it may result in a material and adverse effect on our profitability, results of operation and financial condition.

Future Acquisitions

As part of our business strategy, we may seek to grow by acquiring companies and/or assets or establishing joint ventures that we believe will complement our current or future business. Acquisition transactions involve inherent risks, including but not limited to: accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates; ability to achieve identified and anticipated operating and financial synergies; unanticipated costs; diversion of management attention from existing business; potential loss of our key employees or key employees of any business acquired; unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and decline in the value of acquired properties, companies or securities. Any one or more of these factors or other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on our financial condition. We may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for our business. We cannot guarantee that we can complete any acquisition we pursue on favourable terms, or that any acquisitions completed will ultimately benefit our business.

Uncertainty of Additional Funding

There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business activities and may result in a material and adverse effect on our profitability, results of operation and financial condition. The Company will require new capital to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that such additional capital will be raised through the issuance of additional equity, which will result in dilution to Shareholders.

Lack of Liquidity in Project Investments

Some of the projects in which the Company may invest may be thinly traded and some may have no market at all. There are no restrictions on the investment of the Company's assets in illiquid securities. It is possible that the Company may not be able to sell portions of such positions without facing substantially adverse prices. If the Company is required to transact in such securities before its intended investment horizon, the performance of the Company could suffer.

Expansion of the Business Activities Outside Areas of Expertise

The Company's operations and expertise are currently focused on the acquisition and management streams, and royalties, or rights to or interest in nickel or cobalt interests. In the future, we may pursue acquisitions outside this area, including acquiring and/or investing in, producing, developing or exploration-stage resource projects. Expansion of the Company's activities into new areas would present challenges and risks that it has not faced in the past. If the Company does not manage these challenges and risks successfully, it may have a material adverse effect on its profitability, results of operation and financial condition.

Market Events and General Economic Conditions May Adversely Affect our Business, Industry and Profitability

Adverse events in global financial markets can have profound impacts on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and valuation. Specifically, the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity; the volatility of nickel, cobalt and other metal prices would impact our revenues, profits, losses and cash flow; continued recessionary pressures could adversely impact demand for the Company's assets; the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities. These factors could have a material adverse effect on our financial condition and operating results.

Foreign Exchange Rates

While the Company maintains its accounting records, reports its financial position and results, pays certain operating expenses in United States dollars, the Company also pays other operating expenses and has its shares listed on an exchange in Canadian dollars. Accordingly, fluctuation in the US currency exchange rate relative to the Canadian currency could negatively impact the value of the shares. Investment in equity securities denominated in a currency other than United States currency will be affected by the changes in the value of the United States dollar in relation to the value of the currency in which the security is denominated. Because exchange rate fluctuations are beyond our control, there can be no assurance that such fluctuations will not have an adverse effect on the Company's operations or on the trading value of the shares.

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Regulatory Change

We may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Company.

Litigation

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If such disputes arise and we are unable to resolve these disputes favourably, it may have a material and adverse effect on the Company's profitability or results of operations and financial condition.

Leverage

The Company may use financial leverage by borrowing funds against the assets of the Company. The use of leverage increases the risk to the Company and subjects the Company to higher current expenses. Also, if the value of the Company's assets drops to the loan value or less, Shareholders could sustain a total loss of their investment.

Conflicts of Interest

Certain of the Company's Directors may also serve as directors or officers, or have significant shareholdings in, other companies involved in the metals industry and, to the extent that such other companies may participate in ventures in which the Company may participate in, or in ventures which the Company may seek to participate in, the Directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where Directors and officers have an interest in other companies, such other companies may also compete with us for the acquisition of metals, royalties, streams or other investments. Such conflicts of the Directors and officers may result in a material adverse effect on our profitability, results of operation and financial condition.

Management Experience and Dependence on Key Personnel and Employees

The Company is dependent upon the continued availability and commitment of its key management, whose contributions to immediate and future operations of the Company are of significant importance. The loss of any such members could negatively affect business operations. From time to time, the Company will also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. The number of persons skilled in the acquisition of metals, royalties, streams and interests in the metals industry is limited, and competition for such persons can be intense. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of such success. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition. The Company does not intend to maintain "key man" insurance for any members of its management.

Specific Risks Related to Royalties:

Rights of Third Parties

Some royalty interests may be subject to: (i) buy-down right provisions pursuant to which an operator may buy-back all or a portion of the royalty; (ii) pre-emptive rights pursuant to which parties have the right of first refusal or first offer with respect to a proposed sale or assignment of the royalty; or (iii) claw back rights pursuant to which the seller of a royalty has the right to re-acquire the royalty. Holders of these rights may exercise them such that certain royalty interests would not be available for acquisition.

Costs May Influence Return to Royalty Holder

Net profit royalties, equity interests and similar interests allow the operator to account for the effect of prevailing cost pressures on the project before calculating a royalty. These cost pressures include costs of labour, equipment, electricity, environmental compliance, and numerous other capital, operating and production inputs. Such costs will fluctuate in ways the royalty holder will not be able to predict and will be beyond the control of such holder, and can have a dramatic effect on the revenue payable on these royalties and other interests. Any increase in the costs incurred by the operators on the applicable properties will likely result in a decline in the royalty revenue received by the royalty holder. This, in turn, will affect overall revenue generated by the royalty holder which may have a material adverse effect on its profitability, financial condition, and results of operation.

Dependence on Third Party Property Owners and Operators

Cash flows derived from royalties are based on operations by third parties. These third parties will be responsible for determining the manner in which the relevant properties subject to the royalties are exploited, including decisions to expand, continue or reduce production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. As a holder of royalties or other interests, the Company will have little or no input on such matters. The interests of third party owners and operators and those of the Company on the relevant properties may not always be aligned. As an example, it will, in almost all cases, be in the interest of the Company to advance development and production on properties as rapidly as possible in order to maximize near-term cash flow, while third party owners and operators may, in many cases, take a more cautious approach to development as they are at risk on the cost of development and operations. The inability of the Company to control the operations for the properties in which it has a royalty or other interest may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Limited Access to Data and Disclosure

As a holder of royalties and other non-operator interests, the Company neither serves as the mine owner or operator, and in almost all cases the Company has no input into how the operations are conducted. As such, the Company has varying access to data on the operations or to the actual properties themselves. This could affect its ability to assess the value of the royalties or enhance their performance. This could also result in delays in cash flow from that anticipated by the Company based on the stage of development of the applicable properties covered by its royalties. The Company's royalty payments may be calculated by the payors in a manner different from the Company's projections and the Company may or may not have rights of audit with respect to such stream and royalty interests. In addition, some royalties may be subject to confidentiality arrangements which govern the disclosure of information with regard to royalties and as such the Company may not be in a position to publicly disclose non-public information with respect thereto. The limited access to data and disclosure regarding the operations of the properties in which the Company has an interest, may restrict its ability to assess the value or enhance its

performance which may have a material adverse effect on the Company's profitability, results of operation and financial condition.

Royalties May not be Honoured by Operators of a Project

Royalties are largely contractually based. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. To the extent grantors of royalty and other interests do not abide by their contractual obligations, the Company may be forced to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly, and as with all litigation, no guarantee of success can be made. Should any such decision be determined adversely to the Company, it may have a material adverse effect on the Company's profitability, results of operations and financial condition.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements. In particular, this MD&A contains forward-looking statements pertaining to the following:

- the impact of the ongoing novel coronavirus disease outbreak (Covid19) on the business, operations, financial results and prospects of the Company;
- future debt levels, financial capacity, liquidity and capital resources;
- anticipated future sources of funds to meet working capital requirements;
- future capital expenditures and contractual commitments;
- expectations respecting future financial results;
- expectations regarding benefits of certain transactions and capital investments;
- the Company's objectives, strategies and competitive strengths;
- future development activities, including acquiring streams, royalties, and direct interests in mineral properties containing nickel and cobalt;
- the Company's growth strategy;
- expectations with respect to future opportunities;
- expectations with respect to the Company's financial position;
- the Company's capital expenditure programs and future capital requirements;
- capital resources and the Company's ability to raise capital; and
- industry conditions pertaining to the nickel and cobalt industry and in the industries in which nickel and cobalt are used.

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With respect to forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things:

- market prices of nickel and cobalt;
- future global economic and financial conditions;
- future commodity prices, demand for nickel and cobalt and the product mix of such demand and levels of activity in the battery metals industry and in such other areas in which the Company may operate, and supply of nickel and cobalt and the product mix of such supply; and
- the accuracy and veracity of information and projections sourced from third parties respecting, among other things, future industry conditions and demand for nickel and cobalt.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and included elsewhere in this MD&A, including:

- risks associated with new diseases, epidemics and pandemics, including the effects and potential effects of the global Covid19 pandemic;
- volatility in market prices and demand for nickel and cobalt;
- effects of competition and pricing pressures;
- risks related to interest rate fluctuations and foreign exchange rate fluctuations;
- changes in general economic, financial, market and business conditions in the industries in which nickel and cobalt are used;
- changes in the technologies pertaining to the use of nickel and cobalt;
- alternatives to and changing demand for nickel and cobalt;
- potential conflicts of interests;
- actual results differing materially from management estimates and assumptions;
- commodity price hedging instruments; and
- the other factors discussed under "*Risk Factors*".

This list of factors should not be construed as exhaustive.

Additional Information

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