VICTORY NICKEL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

DATED NOVEMBER 24, 2021

VICTORY NICKEL INC.
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For The Three and Nine Months Ended September 30, 2021

The following discussion of the results of operations, financial condition and cash flows of Victory Nickel Inc. ("Victory Nickel" or the "Company") prepared as of November 24, 2021 consolidates management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended September 30, 2021, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 (the "Condensed Interim Consolidated Financial Statements") and the notes thereto, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Certain information and discussion included in this management's discussion and analysis ("MD&A") constitutes forward-looking information. Readers are encouraged to refer to the cautionary notes contained in the section Forward-Looking Statements at the end of this MD&A.

Readers are also encouraged to consult the audited consolidated financial statements for the years ended December 31, 2020 and 2019 (the "2020 Audited Financial Statements"). The Condensed Interim Consolidated Financial Statements and the 2020 Audited Financial Statements are available at www.sedar.com and at the Company's website www.victorynickel.ca. All amounts disclosed are in United States dollars ("US$" or "US dollars") unless otherwise stated as Canadian dollars ("CAD$") or Australian dollars ("AU$"). All tabular amounts are in thousands of US dollars.

Common shares of the Company trade on the Canadian Securities Exchange ("CSE") under the symbol NI.

COMPANY OVERVIEW

The Company was formed on February 1, 2007 as an exploration and development mineral resources company primarily engaged in the acquisition, exploration, evaluation and development of nickel projects and associated products in Canada.

As at January 1, 2021, Victory Nickel owned 100% of four advanced sulphide nickel projects: the Minago, Lynn Lake (under option to Corazon Mining Ltd. ("Corazon"), an Australian public company (ASX: CZN)) and Mel projects in Manitoba, and the Lac Rocher project in Québec.

On February 9, 2021, Victory Nickel sold its Minago nickel property in northern Manitoba to Silver Elephant Mining Corp. ("Silver Elephant" or the "Secured Lender") under the terms of the asset purchase agreement ("APA"). This transaction benefitted the Company as follows:

- the amount of secured debt on the balance sheet was substantially decreased and became non-interest bearing;
- the cash position was enhanced through the completion of a CAD $1 million private placement financing on closing;
- further liquidity of $5 million was secured in the form of Silver Elephant common shares to be received over the course of 2021, along with the potential receipt of additional Silver Elephant shares contingent on the future performance of the nickel price;
- and the Company retained a right of first refusal on the Minago frac sand resource.

More details are included below, in *Going Concern* and elsewhere in this MD&A.

The Company's decision to enter the frac sand business was initially based on the need to generate cash flow and the desire to highlight the value of frac sand, which can be sold into the oil & gas industry, as a co-product at its Minago nickel project in Manitoba. Based on the Minago Feasibility Study ("FS"), approximately 11 million tonnes of frac sand exist within the Minago pit footprint. The pit footprint represents only a small portion of the Minago property. Under the APA, Victory Nickel retained a right of first refusal on the frac sand resource at Minago.

Since 2014, Victory Nickel, and its wholly-owned subsidiary Victory Silica Ltd. ("Victory Silica"), has been a producer and supplier of frac sand from its frac sand plant (the "7P Plant") located near Seven Persons, Alberta, approximately 18 kilometres southwest of Medicine Hat, Alberta. Frac sand is used as a proppant to enhance recovery from oil and gas wells. The 7P Plant comprises a wash plant with a nominal capacity of approximately 120,000 tons per annum ("tpa") and a fully-operational dry plant with a nominal capacity of 500,000 tpa.

To ensure supply of a variety of sand products, the Company entered into an option to acquire a 100% interest in a frac sand land package totalling over 300 acres in Trempeleau County, Wisconsin, USA (the "Bear Coulee Property"). The option is valid for six months from receipt of permits with two equivalent extensions available under certain circumstances. Prior to production the Company will be required to pay $40,000 per annum as an advance royalty on the initial 20,000 tons of sand production. If the Bear Coulee Property is put into production, the Company will be required to pay a royalty of $2.00 per ton of frac sand sold from the property. In February 2015, the Company announced that a resource estimate of approximately 11 million tons of sand has been completed by Summit Envirosolutions Inc. on the Bear Coulee Property and was incorporated into a National Instrument 43-101 technical report.

Further to the strategy of providing a full suite of sand products, in October 2018 the Company entered into an option agreement (the "Exploration and Option Agreement") with Short Grass Ranches Ltd (the "Owner") giving the Company the option to mine frac sand from one of the Owner's properties (the "Short Grass Property"). Under the terms of the Exploration and Option Agreement, the Company had a 180-day period to evaluate the Short Grass Property and exercise its right to develop a commercial frac sand mine (the "Option"). On April 5, 2019, the Owner was notified of the exercise of the Option.

On February 6, 2020, Victory Silica executed an agreement (the "Non-Metallic Mineral Rights Agreement") with the Owner to develop a commercial frac sand mine. The initial term of the Non-Metallic Mineral Rights Agreement is for five years with the ability to extend for additional five-year terms and will pay the Owner a royalty for net frac sand sold from the Short Grass Property. The Non-Metallic Mineral Rights Agreement gives the Company the potential to produce in-basin domestic sand which has grown in popularity in North America as a means for the Company's customers and potential customers to reduce their overall frac cost. Any sand mined from the Short Grass Property would be trucked to the 7P Plant for processing and sale alongside existing inventory.

GOING CONCERN

The Condensed Interim Consolidated Financial Statements have been prepared using Generally Accepted Accounting Principles ("GAAP") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at September 30, 2021, the Company had a working capital deficiency of $9,934,000, calculated as current assets less current liabilities, a decrease from a working capital deficiency of $13,445,000 as at December 31, 2020 mainly due to the restructuring of the secured debt upon the sale of Minago as discussed below. At September 30, 2021, the current loans and borrowings and accrued interest of $11,166,000 were the largest factor in the Company's working capital deficiency.

Following the sale of Minago, restructuring of the secured debt (see details below) and the success in generating $5,750,000 in liquidity, the Company announced it had engaged a financial advisor to assist the Company with restructuring options related to the Company's unsecured debt which includes promissory convertible notes (outstanding and restructured, in default since 2016), trade payables and monies owed to related parties. At this time, it is unclear what steps will be required to restructure the existing debt, but could include investment in the frac sand business to broaden the product offerings to increase competitiveness, investment in the Company's nickel properties, further asset sales or alternative sources of financing such as issuing additional debt or equity. There are no assurances that the Company will be able to restructure its remaining unsecured debt and there is no certainty as to what further steps, if any, the debtors, or the Company, will take.

On February 9, 2021, Silver Elephant (or the "Secured Lender") acquired 100% of the secured debt owed by Victory Nickel (the "Secured Debt"). Upon the sale of the Minago property to Silver Elephant, the Secured Debt was restructured in accordance with the APA as follows:

- A credit of $6,675,000 against the balance of the Secured Debt and other loans with the previous secured lender, owed by Victory Nickel;
- The balance of the Secured Debt is non-interest bearing;
- The balance of the Secured Debt will mature on February 9, 2026 and will automatically be extended in 5-year increments; and
- A credit on the remainder of the balance owing under the Secured Debt, upon receipt of an independent economic study in respect of the Minago project proving positive net present value.

Per guidelines from the province of Alberta, the 7P Plant is considered an essential service and is therefore able to continue operations; the Company intends to continue to operate the 7P Plant for the foreseeable future. Throughout the evolution of the COVID-19 pandemic, the Company's head office personnel in Toronto have been working remotely and all staff in Ontario and Alberta has complied with applicable provincial and federal regulations and guidelines. The

Company will continue to monitor the COVID-19 situation and adapt as necessary.

Management continues to advance its program to supplement existing sand inventory with domestic Canadian "in-basin" sand supply. Given the current situation as it relates to COVID-19, the timeline to development and sand production from the Short Grass Property, defined below, remains to be determined.

During 2020 and into 2021, the Company cut non-essential costs in an effort to reduce operating losses and deferred payments wherever possible. To date, management and the board of directors have reduced and/or deferred salaries and director fees until business recovers, but there is no certainty that this will continue. Management salary reductions and/or deferrals put the Company at risk of being unable to retain key personnel.

In addition to the above liquidity issues, the Company is subject to the risks and challenges experienced by other companies at a comparable stage. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing or to complete corporate transactions to meet the minimum capital required to successfully fund its projects and operating expenses.

None of the Company's mining projects have commenced commercial production and, accordingly, the Company is dependent upon debt or equity financings, the optioning and/or sale of resource or resource-related assets or interests, exploration results which have the potential for the discovery of economically-recoverable reserves and resources, and/or the ability to generate sufficient cash flow from its other operating activities for its funding. Development of the Company's current nickel mining projects to the production stage will require significant financing. Given the current economic climate and the Company's existing liquidity challenges, the ability to raise sufficient funds will be difficult.

Should the Company not be able to overcome the risks described in this section, the carrying value of the Company's assets would be subject to material adjustment and, in addition, other adjustments may be necessary to the Condensed Interim Consolidated Financial Statements should such adverse events impair the Company's ability to continue as a going concern as contemplated under GAAP. There is no certainty that the Company will be able to generate sufficient cash to fund its activities including debt servicing, project expenditures and corporate costs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ significantly from the going concern basis.

OUTLOOK

As announced in the Company's June 30, 2021 financial statements (August 27, 2021 press release), Victory Nickel has crafted a proposal to restructure its unsecured debt. This proposal has been circulated to an initial group of creditors representing the majority of the class to solicit feedback. Management is cautiously optimistic with regard to these discussions that are continuing. There can be no assurance a restructuring will be successfully completed. The Company will provide updates on the process as appropriate.

Victory Nickel remains committed to the previously disclosed objectives:

1. The restructuring of the unsecured debt remains the Company's top priority with the objective of cleaning up the balance sheet to the benefit of all stakeholders;

2. All unsecured creditors with legally enforceable claims will be treated equally, offered the same restructuring proposal with no priority given to any one creditor in the class;

3. The skeletal Management and Board will be maintained until the debt restructuring has been completed. Liquidity is to be safeguarded. Specifically, it is worthwhile noting that the first tranche of Silver Elephant shares have been tradable since early June 2021 and not one share has been sold as of this date. Decisions to move the Company forward are pending until the restructuring is completed. The focus is on maintaining the asset base and generating cash from frac sand sales to cover, in part, the Company's burn rate.

Victory Nickel reiterates the belief that all stakeholders will be in a better position by having Management direct the crystallization of the Company's liquidity rather than allowing a bankruptcy and insolvency or restructuring ("CCAA") scenario to occur.

As always, we appreciate the continued support of our shareholders, lenders and suppliers.
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RESULTS OF OPERATIONS

For the three months ended September 30, 2021	Corporate	Exploration and Development	Frac Sand	Total	September 30, 2020
Revenues	$ -	$ -	$ 117	**$ 117**	$ 56
Cost of goods sold	-	-	(119)	**(119)**	(74)
Gross loss	-	-	(2)	**(2)**	(18)
Operating expenses					
General and administrative	(123)	(2)	(54)	**(178)**	(222)
Amortization of property, plant and equipment	-	-	(107)	**(107)**	(108)
Writedow n of exploration and evaluation projects	-	-	-	**-**	(8)
Operating loss	(123)	(2)	(163)	**(287)**	(356)
Finance income	12	-	-	**12**	-
Finance costs	(287)	-	-	**(287)**	(962)
Net finance loss	(275)	-	-	**(275)**	(962)
Net loss for the period	$ (398)	$ (2)	$ (163)	**$ (562)**	$ (1,318)

For the nine months ended September 30, 2021	Corporate	Exploration and Development	Frac Sand	Total	September 30, 2020
Revenues	$ -	$ -	$ 318	**$ 318**	$ 364
Cost of goods sold	-	-	(359)	**(359)**	(468)
Gross loss	-	-	(41)	**(41)**	(104)
Operating expenses					
General and administrative	(549)	(10)	(169)	**(728)**	(585)
Amortization of property, plant and equipment	-	-	(320)	**(320)**	(325)
Writedow n of exploration and evaluation projects	-	(8)	-	**(8)**	(16)
Operating loss	(549)	(18)	(530)	**(1,097)**	(1,030)
Finance income	2,815	-	-	**2,815**	131
Finance costs	(2,156)	-	-	**(2,156)**	(1,990)
Net finance income	659	-	-	**659**	(1,859)
Net income (loss) for the period	$ 110	$ (18)	$ (530)	**$ (438)**	$ (2,889)

Overall
For the three and nine months ended September 30, 2021, the Company had a net loss of $562,000 and $438,000 or loss of $0.00 and $0.00 per share (September 30, 2020 – net loss of $1,318,000 and $2,889,000 or a loss of $0.01 and $0.02 per share), respectively. The following narrative discusses the relevant operations of the Frac Sand and Exploration and Development segments first, and then addresses the corporate segment.

Frac Sand Segment
The Company holds inventory in excess of 8,000 tons as at September 30, 2021 (December 31, 2020 – 11,000 tons) at various stages of the process and made sales of 1,230 and 4,402 tons of various grades of frac sand during the three and nine months ended September 30, 2021 (September 30, 2020 – 598 and 4,440 tons), respectively, by drawing down inventories and/or brokering sand, generating a gross loss of $2,000 and $41,000 (September 30, 2020 – $18,000 and $104,000), respectively.

Revenues
The Company recognized revenue on frac sand sales during the three and nine months ended September 30, 2021

aggregating $117,000 and $318,000, or $95.12 and $72.24 per ton, on frac sand sales (September 30, 2020 - $56,000 and $364,000 or $93.65 and $81.98 per ton), respectively. Revenue includes freight for sales delivered to certain customers at certain times.

Cost of goods sold

The cost of goods sold includes the cost of sand purchased from third-parties, the cost of delivery to the 7P Plant including handling and trans-loading costs and the operating cost to wash, dry and screen the sand. Cost of goods sold may also include sand purchased from third parties. These costs are capitalized as a component of inventory on a normalized basis and are charged to cost of goods sold when title to the product passes to the customer. Cost of goods sold may also include any write-down or recovery of impairment of inventory values to the lower of cost or net realizable value.

The cost of goods sold was $119,000 and $359,000 during the three and nine months ended September 30, 2021 (September 30, 2020 - $74,000 and $468,000), respectively. The 7P Plant continues to operate on an as-needed basis, resulting in higher operating costs per ton of product produced than what is expected on a continuous operating basis. The Company has reduced manpower to a level sufficient to start production as demand returns on a consistent basis.

Costs per ton are per dry ton, unless otherwise stated.

Gross profit (loss)

The 7P Plant generated a gross loss during the three and nine months ended September 30, 2021 and 2020 due to the factors noted above.

General and administrative and other costs

General and administrative costs for the frac sand segment amounted to $54,000 and $169,000 for the three and nine months ended September 30, 2021 (September 30, 2020 - $59,000 and $172,000), respectively. These costs include salaries, administration and logistics management. The Company reduced manpower and overhead as noted above.

Amortization of property, plant and equipment of $107,000 and $320,000 was recorded for the three and nine months ended September 30, 2021 (September 30, 2020 - $108,000 and $325,000), respectively, for items in use at the 7P Plant.

Net loss

All of the above items combined to produce a net loss for the frac sand segment of $163,000 and $530,000 for the three and nine months ended September 30, 2021 (September 30, 2020 – $185,000 and $601,000), respectively.

Exploration and Development Segment

For the three and nine months ended September 30, 2021, the Company recorded an impairment of $nil and $8,000 on its exploration and evaluation projects (September 30, 2020 - $8,000 and $16,000), respectively.

Corporate Segment

The corporate component of net income or loss for the three and nine months ended September 30, 2021 was a loss of $398,000 and income of $110,000 (September 30, 2020 – net loss of $1,122,000 and $2,264,000), including operating expenses of $123,000 and $549,000 (September 30, 2020 - $160,000 and $405,000) and net finance costs of $275,000 and net finance income of $659,000 (September 30, 2020 – net finance costs of $962,000 and $1,859,000), respectively.

General and administrative expenses were $123,000 and $549,000 during the three and nine months ended September 30, 2021 (September 30, 2020 - $160,000 and $405,000), respectively. These costs include statutory costs incurred as a public company, general investor relations expenses, consulting, health benefits, salaries and director costs. During the nine months ended September 30, 2021, a bonus of CAD$200,000 was agreed to be paid to previous management for recognition completing the sale of Minago.

Net finance income (costs)

The Company considers financing activities to be part of the Corporate segment.

Finance income was $12,000 and $2,815,000 for the three and nine months ended September 30, 2021 (September 30, 2020 - $nil and $131,000), respectively. During the nine months ended September 30, 2021, a gain on the present value discount of the remaining Secured Debt upon restructuring for $2,803,000 was recorded. In the prior comparative period, finance income was due to the net gain on foreign exchange.

Finance costs were $287,000 and $2,156,000 for the three and nine months ended September 30, 2021 (September 30, 2020 - $962,000 and $1,990,000), respectively, representing the Company's most significant expense. Cash and accrued interest expense were $335,000 and $1,113,000 for the three and nine months ended September 30, 2021 (September 30, 2020 - $810,000 and $1,943,000), respectively. The decrease in interest expense during 2021 compared with 2020, was due to the restructuring of the Secured Debt as discussed above. The Company also received shares of Silver Elephant during the first and second quarter of 2021, resulting in a change in value of the shares for the three and nine months ended September 30, 2021, for a net increase of $87,000 and a net decrease of $788,000, respectively. Non-cash amortization of the present value discount on the restructured remaining balance of the Secured Debt during the three and nine months ended September 30, 2021 was $103,000 and $255,000, respectively.

The Company has several tranches of Promissory Convertible Notes issued. There are several elements of finance costs associated with these notes: accrued and cash-settled interest expense and embedded derivatives. The embedded derivatives are calculated using the Black-Scholes option-pricing methodology and are a function of share price, the conversion price, risk-free interest rate, length of time to expiry and share price volatility as well as the US dollar exchange rate for loans denominated in US dollars, but convertible using a Canadian dollar price. At January 1, 2021, all notes have passed their maturity. As such, all discounts and embedded derivatives have been fully amortized. The conversion rights have expired. During the three and nine months ended September 30, 2020, the amortization of the embedded derivatives on the Promissory Convertible Notes amounted to $nil and $47,000, respectively.

Income tax expense (recovery)

The Company does not allocate income taxes between segments. The Company has significant deferred tax assets that do not meet the criteria for recognition and as a result, did not record a tax recovery. Certain components of finance income and finance costs are not taxable, and their volatility has an apparent effect on the effective income tax rate.

Other comprehensive income

Other comprehensive income ("OCI") for the three and nine months ended September 30, 2021 relates to the net change in fair value of financial assets of $1,000 and $2,000 (September 30, 2020 - $nil and $nil), respectively. These changes are a result of the net market value changes and/or gain or loss in the sale of the Company's marketable securities valued through OCI.

Deferred tax asset

Deferred income tax assets and liabilities arise from temporary differences between the carrying value of the balance sheet items and their corresponding tax values, as well as for the benefit of losses available to be carried forward to future years for tax purposes that are considered probable to be realized. The deferred tax amount reflects a rate of 27% (September 30, 2020 – 27%).

SUMMARY OF QUARTERLY RESULTS

Selected financial information for each of the last eight quarters is as follows:

(in thousands of United States dollars)

Fiscal year 2021/2020	3rd Quarter		2nd Quarter		1st Quarter		4th Quarter	
Sales	$	117	$	75	$	126	$	86
Gross loss	$	(2)	$	(5)	$	(34)	$	(368)
General and administrative	$	(178)	$	(351)	$	(199)	$	(211)
Net finance income (costs)	$	(275)	$	(1,001)	$	1,935	$	(948)
Net income (loss)	$	(562)	$	(1,464)	$	1,588	$	(3,255)
Total comprehensive income (loss)	$	(561)	$	(1,464)	$	1,589	$	(3,254)
Income (loss) per share - basic and diluted	$	(0.00)	$	(0.01)	$	0.01	$	(0.03)
Fiscal year 2020/2019	**3rd Quarter**		**2nd Quarter**		**1st Quarter**		**4th Quarter**	
Sales	$	56	$	51	$	257	$	54
Gross (loss) profit	$	(18)	$	(58)	$	(28)	$	(343)
General and administrative	$	(222)	$	(208)	$	(155)	$	(224)
Net finance costs	$	(962)	$	(535)	$	(362)	$	(785)
Net loss	$	(1,318)	$	(913)	$	(658)	$	(1,545)
Total comprehensive loss	$	(1,318)	$	(913)	$	(658)	$	(1,555)
Loss per share - basic and diluted	$	(0.01)	$	(0.01)	$	(0.01)	$	(0.02)

The gross profit or loss includes cost of goods sold, which contain operating costs for a full period despite production being at less-than-full capacity. During the last quarter of 2020, the Company recorded an impairment on inventory to net realizable value and an impairment on the valuation of its Mine Property and Development project. Net finance income and costs have fluctuated period-over-period, due to restructuring of the Secured Debt.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had a working capital deficiency of $9,934,000, compared with $13,445,000 as at December 31, 2020. The decrease in the working capital deficiency is mainly due to the restructuring of the secured debt upon the sale of Minago as discussed above.

During March 2021, the Company engaged Grant Thornton Limited as its financial advisor to assist the Company with restructuring options related to the Company's unsecured debt.

Participating Interest

Pursuant to a participating interest loan (the "Participating Interest") with Nuinsco Resources Limited (or the "Lender"), the Lender converted its outstanding balance into a limited participating interest (the "Conversion"), whereby the Lender is entitled to receive a share of cash flows earned from the sale of frac sand from the 7P Plant. The Conversion constituted payment of the loan in full. This obligation will be settled through a 52.16% participation in net operating cash flows from the frac sand business after recoupment of capital costs for phase one and pre-operating expenses. The participation is capped at CAD$7,667,124 provided the Company proceeds with phase two (see FRAC SAND SEGMENT below for a description of phases one, two and three), otherwise the cap is approximately CAD$10,222,831. Distributions under the Participating Interest terms are calculated based on operating cash flow after recovery of capital and pre-operating costs and take into account working capital. Given the operating losses incurred since 2014, it is not likely that any payments will be made on the participating interest. As a result, at September 30, 2021, the carrying value of the Participating Interest was $1,000, compared with $1,000 at December 31, 2020. Any change in value is recorded through Finance Income or Cost in the statement of operations. The Company will continue to reassess the carrying value of the Participating Interest as circumstances warrant.

Secured Debt

On January 1, 2021, the Secured Debt was $10,009,000 with interest of 14.8% per annum payable in arrears. Prior to the restructuring of the Secured Debt on February 9, 2021 (as detailed below), accrued interest on the Secured Debt and other loans amounted to $1,556,000.

Upon restructuring of the Secured Debt, the remaining balance is $5,381,000 and is non-interest bearing. The remaining balance of the Secured Debt is carried at its present value based on 5 years to maturity and a discount rate of 14.8%.

On February 9, 2021, Silver Elephant acquired 100% of Victory Nickel's Secured debt, upon sale of the Minago property, and restructured the Secured Debt in accordance with the APA as follows:

- A credit of $6,675,000 against the balance of the Secured Debt and other loans with the previous secured lender, owed by Victory Nickel;
- The balance of the Secured Debt is non-interest bearing;
- The balance of the Secured Debt will mature on February 9, 2026 and will automatically be extended in 5-year increments; and
- A credit on the remainder of the balance owing under the Secured Debt, upon receipt of an independent economic study in respect of the Minago project proving positive net present value.

Promissory Convertible Notes

During 2016, the Company announced that it had restructured a portion of its debt through private placements of common shares and Promissory Convertible Notes, in settlement of current indebtedness to certain of its unsecured lenders and trade creditors.

The Company has not made any interest payments due on its Promissory Convertible Notes, which has resulted in the Company defaulting on these notes.

Promissory Convertible Note Holders

The Promissory Convertible Notes have the following terms:

- A maturity date of July 31, 2018 or January 31, 2020;
- An interest rate of 7% per annum, payable annually or at any time in cash or in common shares valued at market, at the option of the Company;
- Convertible at CAD$0.25 per share, at the option of the holder, in which the conversion rights expired on July 31, 2018 or January 31, 2020; and
- Holders of the Promissory Convertible Notes will also receive one common share purchase warrant for every four common shares acquired upon conversion of the Promissory Convertible Notes, with an exercise price of CAD$0.50 per share, exercisable for a five-year period from the date of conversion.

Debt Owed to Directors and Management

Current and previous directors and management deferred payment, until January 31, 2020, of all outstanding debt and director fees accumulated up to July 31, 2019. As a result, the long-term debt of $398,000 owed to current and previous directors and management is comprised of a portion of the restructured debt owed to current and previous directors and management amounting to CAD$224,000, and unpaid director fees incurred by current and previous directors during 2016, 2017, 2018 and the first half of 2019 totalling CAD$283,000.

Outstanding Note

During 2016, all of the then holders of promissory convertible notes participated in the Debt Restructuring Agreement except for the one holder of the Outstanding Note of $3,000,000. In March 2016, the Company announced that it had received notice that the holder of the Outstanding Note had filed a statement of claim concerning non-payment of principal and interest. The Company has reviewed the statement of claim with legal counsel to assess its impact on the Company and has concluded that there is no significant impact on the status of the Company's debt. Pursuant to the terms of the Secured Debt, the Company is prevented from making payments under outstanding unsecured debt until the Secured Debt is repaid. As a result, the Company has not paid interest accrued on the Outstanding Note. The Outstanding Note matured in July 2016 and the Company has been unable to repay the amounts owing and interest payments due. This has resulted in the Company defaulting on the Outstanding Note.

Cash Flows During the Period

Cash as at September 30, 2021 was held with major Canadian banks. For the nine months ended September 30, 2021, the Company used cash of $613,000 through operating activities (September 30, 2020 – generated cash of $5,000).

During the nine months ended September 30, 2021, net cash used by investing activities was $8,000 (September 30, 2020 –$222,000). During the comparative period, the Company incurred $206,000 on mine property and development activities.

The Company received $838,000 from net financing activities during the nine months ended September 30, 2021 (September 30, 2020 - $299,000), mainly due to the issuance of 40,000,000 common shares to Silver Elephant for CAD$1,000,000 and receipts of current loans from the previous lender of the Secured Debt.

The Company's activities during the nine months ended September 30, 2021 provided cash of $217,000 (September 30, 2020 –$82,000).

Other Potential Sources of Cash Flow

The APA provides additional consideration to Victory Nickel, subsequent to the date of this MD&A, which includes:

- $1,000,000 Silver Elephant common shares issuable by December 31, 2021; and
- An agreement to issue Victory Nickel CAD$2,000,000 Silver Elephant commons shares, upon the price of nickel exceeding US$10.00 per pound for 30 consecutive business days on or before December 31, 2023.

The Company also has over 8,000 tons of sand in inventory as at September 30, 2021. The Company has eliminated all discretionary costs that should not have a negative impact on its ability to resume production. Staffing, salaries and director fees have been previously reduced or accrued and deferred where possible.

REPORTING SEGMENT

The Company is engaged in the exploration, evaluation and development of properties for the mining and production of nickel and associated products. The Company also produces frac sand for the oil and gas industry in Canada and the northern US. The Company has three reporting segments: Corporate, Exploration and Development, and Frac Sand. The Corporate segment supports all of the Company's activities.

Senior management makes decisions with respect to exploration and development by considering exploration and development potential and results on a project basis. The Company's projects are all located in Canada.

The frac sand segment is managed and operated by Victory Silica's executives and employees although the business and operating assets are part of Victory Nickel. The segment is located in Canada.

The following table provides additional information on the Company's total segment assets:

		September 30, 2021		December 31, 2020
Canada				
Corporate	**$**	**6,045**	$	1,643
Exploration and evaluation		**3,430**		3,430
Frac sand		**1,486**		1,932
Held for sale assets		**-**		11,471
Intersegment elimination		**(1,513)**		(1,481)
Total Assets	**$**	**9,448**	$	16,995

EXPLORATION AND DEVELOPMENT ACTIVITIES

Paul Jones is a "qualified person" as defined under NI-43-101 and has approved the preparation of the information relating to the material mineral projects of the Company described herein.

EXPLORATION AND EVALUATION ACTIVITIES

For the three and nine months ended September 30, 2021, the Company incurred $nil and $8,000 exploration expenditures on its E&E projects (September 30, 2020 – $8,000 and $16,000). Expenditures have been reduced due to the tight equity markets and management's focus on the frac sand business.

Nickel

Lac Rocher

Lac Rocher, with year-round access, is located in northwestern Québec and has measured (0.29 million tonnes grading 1.23% Ni) and indicated (0.51 million tonnes grading 1.05% Ni) resources of 0.80 million tonnes grading 1.12% nickel, at a 0.5% nickel cutoff, for approximately 20 million pounds of in-situ nickel located between surface and 125 vertical metres. Additional inferred resources total 0.44 million tonnes grading 0.65% Ni. Mineralization remains open to the southwest. The breakeven price of nickel per pound in the Lac Rocher PEA was US$9.74 with copper at US$3.65 with an exchange of CAD$0.95 / US$1.00.

The Lac Rocher property is subject to a discovery incentive plan (the "DIP") to reward certain individuals involved in the discovery of Lac Rocher with a 2% net smelter royalty ("NSR") for mines that were discovered on certain properties prior to the expiry of the DIP. The NSR is payable only on revenues earned after recovery of all development costs for any mine on the property. The terms of the DIP provide the Company with a right of first refusal on any proposed disposition of the NSR. In addition, the DIP contains put/call provisions under which the Company may be required to purchase, or may exercise an option to purchase, the NSR at the value of its discounted cash flows, as defined therein. The Lac Rocher property is the only property subject to the DIP. As the Lac Rocher property is not yet in production, no royalties are currently payable. No work has been conducted on site since December 2009.

Mel Project

The 100% owned Mel project is located on the Thompson Nickel Belt, just north of Thompson, Manitoba and remains underexplored.

Mel has an indicated resource of 4.3 million tonnes grading 0.88% nickel (approximately 83 million pounds in-situ nickel) and an additional inferred resource of one million tonnes grading 0.84% nickel (approximately 19 million pounds in-situ nickel) and offers significant exploration upside as well as near-term production potential.

The re-evaluation of the Mel dataset has been completed for both the drill hole data on the Mel deposit and the considerable drilling (111 drill holes) conducted on the claims portion of the property. The study has included reinterpretation of the geological context in order to evaluate new or under-tested target areas for future work that can be incorporated into further, more refined, modelling of the Mel resource. No fieldwork has been conducted since 2011.

Under the terms of the Mel option agreement with Vale, Vale must mill ore from the Mel project at cash costs plus 5% subject to capacity availability and metallurgy. Furthermore, in accordance with the terms of the agreement with Vale, they are entitled to a 10% royalty on "distributable earnings" as defined in the agreement. Distributable earnings is defined as net revenue less operating expenses, before federal and provincial income taxes, after provincial mining taxes and less aggregate pre-production capital but before depreciation.

Lynn Lake

The Lynn Lake property is located in the historic mining town of Lynn Lake in northern Manitoba, about 320km by road northwest of the Thompson mining camp. The property is the former Sherritt Gordon Mines Limited ("Sherritt") mine site known as the Lynn Lake A Mine and Farley Mine, comprised of 13 mining claims, 14 mining claim leases and 2 mineral leases covering an area of 2,170.26 hectares. The property was operated by Sherritt from 1953 to 1976 with reported production of 22.2 million tons at an average grade of 1.023% nickel and 0.535% copper.

The Lynn Lake nickel property covers approximately 600 ha in northern Manitoba. In November 2014, the Company announced that it had optioned Lynn Lake to Corazon. Under the terms of the option agreement, subject to any required regulatory approvals, Corazon can acquire a 100% interest in Lynn Lake by issuing to Victory Nickel, 40,000,000 Corazon shares upon closing and incurring AU$3,500,000 in exploration expenditures or payments (in cash or Corazon shares at Corazon's option) to Victory Nickel before December 19, 2019. In April 2015, the Company received 40,000,000 shares of Corazon valued at $192,000 as part of the option agreement. These shares were subsequently sold. On January 14, 2020, the Company received an interim report from Corazon, indicating that over AU$3,500,000 in exploration expenditures has been incurred. The Company is currently in the process of reviewing the interim report.

If the terms of the option are determined to not have been met, Corazon shall either pay to the Company (in cash or in Corazon shares, at the discretion of Corazon) the difference between AU$3,500,000 and the amount spent by Corazon on Lynn Lake or elect to return the property to the Company. If the terms of the option are met, Victory Nickel will retain a 1.5% net smelter royalty on production from Lynn Lake and receive a payment of AU$1,000,000 (in cash or Corazon shares at Corazon's option) within 30 days of the commencement of ore processing activities.

FRAC SAND SEGMENT

As explained above, the frac sand segment is managed and operated by Victory Silica, although the business and operating assets are part of Victory Nickel. The Company's frac sand segment is located in Canada although initially sand as raw material was imported from the United States. As customer demand has changed, the Company has purchased domestic (Canadian) sand from suppliers near to the 7P Plant and has also brokered frac sand to generate revenue.

With the Bear Coulee (Wisconsin) and Short Grass Ranch (Alberta) properties (see discussion below), the Company has the potential to provide both import and domestic sand to customers should market demand dictate. At the present time, the Company is focused on evaluating the development of, and production from, the Short Grass Ranch property as this product is better suited to current market demand.

Bear Coulee Property
In October 2014, the Company entered into an option to acquire a 100% interest in a frac sand land package totaling over 300 acres in Trempeleau County Wisconsin, USA (the "Bear Coulee Property"). The option agreement provides for a cash payment of $10,000 on signing of the agreement (paid in 2014), a second cash payment on delivery of permits (which has not yet been completed) and a third cash payment on exercise of the option. The option is valid for six months following receipt of permits with two equivalent extensions available under certain circumstances. Prior to production, the Company will be required to pay $40,000 per annum as advance royalties on the initial 20,000 tons of sand production. Once the Bear Coulee Property is in production, the Company will be required to pay a royalty of $2.00 per ton of frac sand sold from the property.

In February 2015, the Company announced the completion of a National Instrument 43-101 technical report describing a resource estimate of approximately 11 million tons of frac sand on the Bear Coulee Property.

Short Grass Property
In October 2018, Victory Silica entered into the Exploration and Option Agreement with Short Grass Ranches Ltd. giving the Company the option to mine frac sand from the Short Grass Property, located in Alberta, Canada, approximately 52 kilometres from the 7P Plant.

Under the terms of the Exploration and Option Agreement, the Company had a 180-day period to evaluate the Short Grass Property. The Company completed third-party testing of sand resources on the Short Grass Property. In April 2019 the Company notified the Owner of its exercise of the Exploration and Option Agreement.

On February 6, 2020, Victory Silica executed the Non-Metallic Mineral Rights Agreement with the Owner to develop a commercial frac sand mine. The initial term of the Non-Metallic Mineral Rights Agreement is for five years with the ability to extend for additional five-year terms and will pay the Owner a royalty for net frac sand sold from the Short Grass Property. The Non-Metallic Mineral Rights Agreement gives the Company the potential to produce in-basin domestic sand which has grown in popularity in North America as a means for the Company's customers and potential customers to reduce their overall frac cost. Any sand mined from the Short Grass Property would be trucked to the 7P Plant for processing and sale alongside existing inventory.

The Short Grass Property has a high-quality sand deposit, is well-located and gives the Company the opportunity to access new customers in evolving markets.

HELD FOR SALE ASSET

As announced on October 30, 2020, the Company has engaged Red Cloud Securities Inc. ("Red Cloud") on an exclusive basis as its financial advisor to manage the sale process of Minago on behalf of the Company to improve the capital structure of the Company. The firm was paid a retainer fee of CAD$50,000. Upon receipt of non-binding offers, the firm and the Company evaluated potential opportunities and structures that could improve the Company's capital structure and allow the Company to move forward to the benefit of all stakeholders.

On February 9, 2021, Victory Nickel sold its Minago nickel property in northern Manitoba to Silver Elephant. The total fee of CAD$400,000 payable to Red Cloud for the completion of the sale process, less the retainer already paid, is due over three tranches as follows; CAD$250K paid upon closing of the transaction, CAD$64,000 due August 31, 2021 and

CAD $36,000 due December 31, 2021. As part of the APA, Victory Nickel was reimbursed by Silver Elephant for CAD$200,000 of the fee charged by Red Cloud. The Company also incurred an additional CAD$59,000 in legal costs associated with the sale of Minago.

TRANSACTIONS WITH RELATED PARTIES

Related Party Balances and Transactions for Services

Short-term benefits provided by the Company to key management personnel include salaries, directors' fees, statutory contributions and paid sick leave as well as non-monetary benefits such as medical care. The Company may also issue options and common shares as part of the stock option plan and the share bonus plan.

Balances with related parties are shown in the following table:

(in thousands of United States dollars)	*Note*		**September 30, 2021**		December 31, 2020
Balances Outstanding					
Debt due to (current and previous) key management personnel	*11*	**$**	**398**	$	398
Other payables and accrued liabilities due to key management personnel			**551**		1,026
		$	**949**	$	1,424

Key management personnel compensation is comprised of:

(in thousands of United States dollars)	**Three months ended**				**Nine months ended**			
		September 30, 2021		September 30, 2020		**September 30, 2021**		September 30, 2020
Short-term employee benefits	**$**	**71**	$	115	**$**	**195**	$	344
	$	**71**	$	115	**$**	**195**	$	344

On April 30, 2021, the Company announced that Sean Stokes resigned as Interim CEO, Acting CFO and Corporate Secretary effective April 30, 2021. Cynthia Thomas, Executive Chair, has assumed the responsibilities on an interim basis. During the nine months ended September 30, 2021, previous management was compensated a bonus of CAD$200,000 in recognition of completing the sale of Minago.

OUTSTANDING SHARE DATA

As at November 24, 2021, the Company had 138,178,867 common shares issued and outstanding. In addition, there were 10,950,000 stock options outstanding with a weighted average exercise price of CAD$0.049.

As at the date of this report, November 24, 2021, Silver Elephant holds 10,722,000 shares of Victory Nickel, representing 7.76% of the Company's issued and outstanding shares on a non-diluted basis.

CORPORATE GOVERNANCE

Disclosure Controls and Procedures

The Company's Interim Chief Executive Officer and Interim Chief Financial Officer (the "Certifying Officer"), is responsible for designing a system of disclosure controls and procedures, or causing them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed in reports filed with or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and that material information relating to the Company is made known to them with respect to financial and operational conditions to allow timely decisions regarding required disclosure. Such controls are facilitated by the small size of the Company's senior management team and their access to material information.

Internal Control over Financial Reporting

The Company's Certifying Officer is responsible for designing a system of internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian GAAP. Management of the Company was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures. The result of the inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information. All statements, other than statements of historic fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow, costs, economic return, net present value, mine life and financial models, mineral resource estimates, potential mineralization, potential mineral resources, timing of possible production, the Company's development plans and objectives and the ability of the Company to restructure its debt with the relevant lenders and the ability of the Company to pay future interest and other payments in connection with such debts) constitute forward-looking information

The forward-looking information contained in this MD&A reflects the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from current expectations, including, but not limited to, an unwillingness of the Company's lenders to refinance the Company's debts on terms favourable to the Company or at all and the ability of the Company to continue selling frac sand. Additionally, if the Company is unable to restructure its debts, obtain additional financing and/or continue generating revenue through the sale of frac sand, the Company may be required to curtail activities and/or liquidate its assets or the Company's creditors may seek to seize its assets. For a discussion in respect of risks and other factors that could influence forward-looking events, please refer to the factors discussed in the Company's MD&A for the year ended December 31, 2020, under the heading "Risk Factors". These factors are not and should not be construed as being exhaustive.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from estimates and assumptions; uncertainties relating to the availability and costs of financing needed in the future; failure to establish estimated mineral resources; fluctuations in commodity prices and currency exchange rates; inflation; recoveries being less than those indicated by the test work carried out to date (there can be no assurance that recoveries in small scale laboratory tests will be duplicated in large tests under on - site conditions or during production); changes in equity markets; operating performance of facilities; environmental and safety risks; delays in obtaining or failure to obtain necessary permits and approvals from government authorities ; unavailability of plant, equipment or labour; inability to retain key management and personnel; changes to regulations or policies affecting the Company's activities in exploration and development and the frac sand processing business; the uncertainties involved in interpreting geological data; and the other risks disclosed under the heading "Risks and Uncertainties" and elsewhere. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

November 24, 2021