PACIFIC COAST NICKEL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED: OCTOBER 31, 2009
DATE OF THE REPORT: DECEMBER 18, 2009

INTRODUCTION

This management discussion and analysis ("MD&A") of financial position and results of operations of Pacific Coast Nickel Corp. (the "Company") is prepared as at December 18, 2009 and should be read in conjunction with the interim consolidated statements for the period ended October 31, 2009 and annual consolidated financial statements for the years ended July 31, 2009 and 2008. The Company prepares and files its financial statements and notes in Canadian ("CDN") dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information related to the Company is available at www.sedar.com and at www.pacificcoastnickel.com.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. Management has evaluated the Company's disclosure controls and procedures and internal controls over financial reporting and has concluded that they were effective at October 31, 2009. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The audit committee meets with management to review the financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under RISK AND UNCERTAINTIES section in this MD&A. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

OVERALL PERFORMANCE

Description of Business

The Company was incorporated under the Business Corporations Act of British Columbia on April 5, 2006 and was classified as a Capital Pool Company as defined in TSX Venture Exchange Policy 2.4. The principal business of the Company was the identification and evaluation of a Qualifying Transaction and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

On March 12, 2007, the Company entered into an agreement to acquire Pacific Coast Nickel Corp. ("PCNC"), a private company developing the Big Nic nickel project in British Columbia (the "Transaction"). The Transaction closed on July 10, 2007.

Pursuant to the Transaction, the Company issued to the shareholders of PCNC an aggregate of 17,525,000 common shares to acquire all of the issued and outstanding shares of PCNC. Concurrently with the closing of the Transaction, the Company undertook a partially brokered private placement to raise $2,680,000 through the sale of 4,200,000 common shares at $0.40 per share and 2,000,000 flow-through common shares at $0.50 per share.

The Transaction constituted the Company's "Qualifying Transaction", and upon completion resulted in the listing of the Company as a "Tier 2 Mining Issuer". At the close of the Transaction, the Company changed its name to Pacific Coast Nickel Corp. and adopted the year end of PCNC as its own as the private company was the accounting acquirer in the Transaction.

SELECTED ANNUAL INFORMATION

The annual information for the years ended July 31, 2009, 2008, and 2007 and the quarters ended October 31, 2009 and 2008 are as follows:

	3 Months Ended October 31, 2009	3 Months Ended October 31, 2008	Year Ended July 31, 2009	Year Ended July 31, 2008	Year Ended July 31, 2007
Revenue	$Nil	$Nil	$Nil	$Nil	$Nil
Interest Income	$10,428	$13,010	$21,428	$97,651	$4,592
Net Loss	$(69,722)	$(64,630)	$(321,696)	$(1,506,866)	$(851,908)
Net Loss Per Share	(0.00)	(0.00)	$(0.01)	$(0.04)	$(0.05)
Total Assets	$2,028,129	$2,355,607	$2,099,195	$2,580,628	$4,022,110
Long Term Liabilities	$Nil	$Nil	$Nil	$Nil	$Nil
Dividends	$Nil	$Nil	$Nil	$Nil	$Nil

RESULTS OF OPERATIONS

For the three month period ended October 31, 2009, the Company incurred a net loss of $69,722 compared to a net loss of $64,630 in the prior period. The total loss was comparable to the prior three month period however there were some notable differences as compared to the prior period. The company recorded stock based compensation in the period of $46,252 as compared to $Nil in the prior period. The company recorded $Nil mineral property write-downs in the current period, as compared to $18,454 in the prior comparable period and the Company recorded $20,000 in consulting fees as compared to Nil in the prior period. Consulting fees would be comparable with the prior period salaries and wages however the Company incurred a one time payout fee of $11,000 related to one of its terminated consultants. Other significant differences as compared to the prior period; the Company recorded an unrealized gain of $4,334 related to its marketable securities as compared to an $8,746 unrealized loss in the prior period. The company also began incurring director fees during the quarter which resulted in an $3,750 expenditure as compared to Nil in the prior period.

Canada

Big Nic and Devils Lake

During the year ended July 31, 2008, the Company wrote off its capitalized exploration expenses on the Big Nic and Devil's Lake properties as there were significant cash payments and share issuances due in the next 14 months and exploration results did not justify these payments at that time. This left the Company with only the Burwash property located within Canada.

Burwash

The Burwash property is located 8km from the Alaska Highway and adjoins the Wellgreen nickel deposit, a property which has been extensively explored since its discovery in 1952. Pursuant to an option agreement (the "Agreement") dated May 14, 2008, and amended on December 9, 2008, the Company entered into an option agreement (the "Agreement") to acquire up to a 75% interest in the Burwash Property located in the Yukon Territory as follows:

The Company may acquire a 50% interest by:

(a) making the following payments to the Optionor:

(i) $25,000 upon the execution of this Agreement (paid);
(ii) an additional $25,000 on or before March 31, 2009 (paid);
(iii) an additional $30,000 on or before March 31, 2010; and
(iv) an additional $50,000 on or before March 31, 2011

(b) issuing the following common shares to the Optionor:

(i) 100,000 upon the execution of the agreement (issued);
(ii) an additional 100,000 shares on or before March 31, 2009 (issued);
(iii) an additional 150,000 shares on or before March 31, 2010; and

c) incurring the following expenditures on the property by December 1, 2010:

(i) $400,000 on or before December 1, 2008 (incurred);
(ii) an additional $1,000,000 on or before December 1, 2010; and
(iii) an additional $1,600,000 on or before December 1, 2011;

The Company may acquire an additional 10% interest by providing the Optionor with a positive bankable feasibility study in respect of the property on or before March 31, 2013 and an additional 15% interest by providing all of the funding required to put the Property into commercial production on or before March 31, 2016.

The Company conducted an exploration program on the Burwash property during the 2008 summer season and during the 2009 summer halted all exploration work so as to monitor the fallout of the financial crisis that began in the fall of 2008. At October 31, 2009, $528,391 had been spent on the Burwash property including acquisition costs. Assay results are available on the Company's website. The company continues to monitor the companies that have staked claims along the belt that contains the Burwash property. The Company may seek to extend the time frame for its expenditure requirements with its optionor.

Uruguay

The Company incorporated a wholly-owned subsidiary in Uruguay, Pacific Nickel Sudamerica SA, for the purposes of conducting a low budget review of several properties with demonstrated nickel potential. At October 31, 2009 $500,534 had been spent on the Uruguay properties. Expenditures have consisted of reviews of existing data, setting up of an office and consulting staff in Uruguay and site visits by our geological consultants based in the area. The Company's goal was to acquire several properties as a result of this work. During fiscal 2009 the Company applied for and acquired 5 prospecting licences for properties it had reviewed. The company has no future obligations or expenditures requirements related to the Uruguayan properties.

Similar to the Burwash property the Company halted all exploration work on the Uruguayan property to monitor the fall out of the financial and economic crisis. In the coming quarters the Company intends to lay out its exploration program for the summer of 2010.

Outlook

During the 2009 summer the Company and its technical staff began a global search for precious metal properties with a focus on properties in Africa. The company will continue to assess available properties and develop an exploration budget for the 2010 exploration season for its existing properties.

SUMMARY OF QUARTERLY RESULTS

The quarterly results of Pacific Coast Nickel Corp. are as follows:

	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009
(a) Net sales or total revenues	$0	$0	$0	$0
(b) Loss before extraordinary items				

- total - per share undiluted - per share diluted	$(69,722) $(0.00) $(0.00)	$(111,240) $(0.01) $(0.01)	$(62,264) $(0.00) $(0.00)	$(72,551) $(0.00) $(0.00)
(c) Net Loss				
- total - per share undiluted - per share diluted	$(69,722) $(0.00) $(0.00)	$(111,240) $(0.01) $(0.01)	$(62,264) $(0.00) $(0.00)	$(72,551) $(0.00) $(0.00)

	October 31, 2008	July 31, 2008	April 30, 2008	January 31, 2008
(a) Net sales or total revenues	$0	$0	$0	$0
(b) Loss before extraordinary items				
- total - per share undiluted - per share diluted	$(64,630) $(0.00) $(0.00)	$(1,478,045) $(0.04) $(0.04)	$75,525 $0.00 $0.00	$(28,705) $(0.00) $(0.00)
(c) Net Loss				
- total - per share undiluted - per share diluted	$(64,630) $(0.00) $(0.00)	$(1,478,045) $(0.04) $(0.04)	$75,525 $0.00 $0.00	$(28,705) $(0.00) $(0.00)

FOURTH QUARTER

Quarterly results for the period ended October 31, 2009 are consistent with previous quarters throughout the year with the exception of the fourth quarter ending July 31, 2009 which contained an additional write-down related to the Big Nic, Devil's Lake and Arizona properties totalling $56,893.

LIQUIDITY

The Company has financed its operations to date through the issuance of common shares. Over the short term the Company will continue to seek capital through the issuance of equity as existing properties are developed and as new properties are identified. Over the long term the Company will consider the issuance of debt to advance property development. Currently the Company has sufficient capital to conduct further exploration on its existing properties or to make possible property acquisitions. The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	October 31, 2009	July 31, 2009	July 31, 2008	July 31, 2007
	$	$	$	$
Working capital	942,152	974,153	1,607,665	3,178,812
Deficit	(2,028,129)	(2,802,866)	(2,481,170)	(974,304)

The Company's working capital has continued to decrease since the year ended July 31, 2007 as the Company has conducted exploration work on its mineral properties.

Cash used in operating activities for the period ended October 31, 2009 was $27,734 compared to $46,076 during the period ended October 31, 2008. Cash used in investing activities for the period ended October 31, 2009 was $61,393 compared to $584,050 during the period ended October 31, 2008. Cash provided by financing activities for the period ended October 31, 2009 was $Nil compared to $Nil during the period ended October 31, 2008.

CAPITAL RESOURCES

Following the close of its Qualifying Transaction and private placement during fiscal 2007 the Company had $3,680,000 in capital resources to carry out its proposed business plan.

At October 31, 2009, the Company had $968,211 (July 31, 2009 - $1,037,242) in cash and cash equivalents to continue its business plan. All of the Company's cash equivalents are on deposit with Canadian banks and brokerage houses as redeemable GIC's or redeemable mutual funds. None of the Company's cash is invested in asset backed commercial paper. The Company has spent $1,000,000 in exploration expenditures that qualify as CEE in order to satisfy the renunciation made in connection with the flow through financing in July 2007.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

TRANSACTIONS WITH RELTED PARTIES

During the period ended October 31, 2009, the Company was charged the following expenses by related parties:

- Wages of $nIL (2008 - $11,635)
- Consulting fees $20,000 (2008 – Nil)
- Directors fees of $3,750 (2008 - $Nil)
- Accounting fees of $7,500 (2008 -$8,250)
- Rent of $2,850 (2008 - $2,250)
- Geological consulting fees of $Nil (2008 - $7,750)

At October 31, 2009, accounts payable and accrued liabilities included $3,750 – (July 31, 2009 - $8,970) due to related parties.

PROPOSED TRANSACTIONS

The Company is reviewing a number of potential property acquisitions in addition to conducting further exploration work on its properties. The search for additional properties is global in nature. As the company conducts exploration work on its existing properties and if an acquisition is made appropriate disclosures will be made.

CRITICAL ACCOUNTING ESTIMATES

Equipment

The Company has adopted amortization policies, which, in the opinion of management, are reflective of the estimated useful lives and abandonment cost, if any, of its assets. The Company has not yet recorded any amounts in respect of impairment, as none of these costs has been identified.

Mineral Properties

In addition, the Company will be capitalizing costs related to the development and furtherance of its resource properties. The recovery of those costs will be dependent on the ability of the Company to discover and develop economic reserves and then to develop such reserves in an economic fashion. Management believes that costs capitalized in respect of its projects are not impaired and no adjustments to carrying values are required at this time.

Stock-Based Compensation

The Company uses the Black-Scholes valuation model in calculating stock-based compensation expense. The model requires that estimates be made of stock price volatility, option life, dividend yield and risk free interest rate and the ensuing results could vary significantly if changes are made in these assumptions.

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective August 1, 2008, The Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”).

Section 1535

Section 1535 “Capital Disclosures”, applies to all entities regardless of whether they have financial instruments or are subject to external capital requirements. This new section establishes standards for disclosing information about an entity’s capital and how it is managed. Disclosure requirements pertaining to this section are contained in Note #16

Section 1400

Section 1400 “Going Concern” provides revised guidance on management’s responsibility to assess and disclose the Company’s ability to continue as a going concern. The adoption of this standard had no significant impact on these consolidated financial statements.

Section 3862 & 3863

Section 3862 “Financial Instruments – Disclosures” outlines the disclosure requirements for financial instruments and non-financial derivatives and places increased emphasis on disclosure regarding concentrations of market risk, credit risk and liquidity risk associated with both recognized and unrecognized financial instruments and how these risks are managed. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges (See Note #15). Section 3863“Financial Instruments – Presentation” is required to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

RECENT ACCOUNTING PRONOUNCEMENTS

Goodwill and intangible assets

In February 2008, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Intangible Assets”, and Section 3450, “Research and Development Costs”. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Company’s interim and annual consolidated financial statements commencing August 1, 2009. There is an immaterial impact of the new standard on the Company’s financial statements.

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently. The Company does not expect that the adoption of this standard will have a material impact on the Company’s financial statements.

International Financial Reporting Standards (“IFRS”)

In January 2006, the AcSB adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

OTHER ITEMS

Common Shares — October 31, 2009 and December 18, 2009

	Number of Shares	Amount
Issued:	34,744,000	$ 3,618,875

Stock Options — December 18, 2009

Number	Weighted Average Exercise Price	Expiry
275,000	$ 0.16	January 7, 2013
200,000	0.15	May 27, 2013

1,000,000	0.10	August 7, 2014
75,000	0.10	September 17,2014
750,000	0.10	November 14, 2014
3,150,000	$ 0.36	

Warrants October 31, 2009 and December 18, 2009

Number	Weighted Average Exercise Price	Expiry
Nil	$ 0.00	-
Nil	$ 0.00	

RISKS AND UNCERTAINTIES

The Company has incurred losses since inception and as of October 31, 2009 had an accumulated deficit of $2,872,587. The Company expects to report substantial net losses for the foreseeable future. The Company has not paid any cash or other dividends on its common stock and does not expect to pay any dividends, as all available funds will be invested primarily to further its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

Dilution

The Company has limited financial resources and has financed its operations through the sale of common shares. The Company will need to continue its reliance on the sale of such securities for future financing resulting in dilution to the Company's existing shareholders.

Capital Risk

The amount of financial resources available to the Company to invest for the enhancement of shareholder value is dependent upon the size of the treasury, profitable operations, and the ability of the Company to issue common shares or obtain debt financing. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

RISKS AND UNCERTAINTIES (cont'd…)

Dependence on Key Personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting professional personnel is time consuming, expensive and competitive. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

General Risk Associated with the Mining Industry

The Company is engaged in the exploration and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit. Management attempts to mitigate its exploration risk by maintaining a diversified portfolio, our strategy of joint ventures with other companies on a number of properties is a factor which balances risk while at the same time allowing properties to be advanced.

Management believes that climate change will have minimal effect on its current operations except that the length of field seasons may be affected to a minor extent. Management does however expect government regulation to increase as greater scrutiny is directed towards mining and its affects on climates and local environments. Management will monitor the trends as they develop and relevant literature to determine whether there are future effects on operations.

Foreign Currency Risk

The Company intends to continue business in South America and may conduct business in other foreign jurisdictions. In addition, prices of commodities mined are primarily quoted in US dollars as are the costs of development and equipment expenditures. Recent fluctuations in the Canadian dollar will have an impact on the mining industry and we will continue to be mindful of the effects on the Company of currency fluctuations.

SUBSEQUENT EVENTS

On November 6, 2009, the Company cancelled 1.6 million stock options and issued 750,000 stock options to officers and directors of the Company. The options are for a period of 5 years and allow the holder to purchase shares in the Company at a price of $0.10. Any shares issued on the exercise of these stock options are subject to a 4 month hold period from the date of grant.

PACIFIC COAST NICKEL CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(An Exploration Stage Company)

OCTOBER 31, 2009

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PACIFIC COAST NICKEL CORP. (An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2009 AND JULY 31, 2009

	October 31 2009	July 31 2009
ASSETS		
Current		
Cash and cash equivalents	**$ 866,935**	$ 993,088
Marketable securities	**101,276**	44,149
Amounts receivable	**4,417**	9,116
Prepaid expenses	**13,983**	19,855
	986,611	1,066,208
Exploration deposit (Note 5)	**410**	408
Equipment (Note 6)	**12,183**	13,196
Mineral properties (Note 7)	**1,028,925**	1,019,383
	$ 2,028,129	$ 2,099,195
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	**$ 44,458**	$ 92,055
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	**3,618,875**	3,618,875
Contributed surplus (Note 9)	**1,237,383**	1,191,131
Deficit	**(2,872,587)**	(2,802,866)
	1,983,671	2,007,140
	$ 2,028,129	$ 2,099,195

Nature and Continuance of Operations (Note 1)
Commitments (Note 12)

APPROVED ON BEHALF OF THE BOARD:

"Michael Sweatman" Director *"John Icke"* Director

PACIFIC COAST NICKEL CORP. (An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
FOR THE THREE MONTHS ENDED OCTOBER 31, 2009 AND 2008

	2009	2008
EXPENSES		
Office and miscellaneous	**$ 15,470**	$ 16,606
Professional fees	**7,500**	14,427
Salaries and wages	**845**	11,365
Consulting fees	**20,000**	-
Transfer agent and filing fees	**5,578**	5,332
Foreign exchange	**1,342**	-
Director fees	**3,750**	-
Investor relations	**-**	2,710
Stock-based compensation	**46,252**	-
Loss before other items	**$ (100,737)**	$ (50,440)
OTHER ITEMS		
Interest income	**10,428**	13,010
Write-down of mineral properties	**-**	(18,454)
Unrealized gain (loss) on marketable securities	**4,334**	(8,746)
Renouncement recovery	**16,253**	-
Net loss and comprehensive loss	**$ (69,722)**	$ (64,630)
Deficit, beginning of year	**$ (2,802,865)**	$ (2,481,170)
Deficit, end of year	**$ (2,872,587)**	$ (2,545,800)
Basic and diluted loss per share	**$ (0.00)**	**$ (0.00)**
Weighted average number of shares outstanding	**34,744,000**	**33,644,000**

PACIFIC COAST NICKEL CORP. (An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2009 AND 2008

	2009	2008
OPERATING ACTIVITIES		
Net loss	**$ (69,722)**	$ (64,630)
Items not affecting cash:		
Write-down of mineral properties	**-**	18,454
Stock-based compensation	**46,252**	-
Unrealized gain on marketable securities	**(4,334)**	-
Amortization	**70**	100
	(27,734)	(46,076)
Changes in non-cash working capital:		
Amounts receivable	**4,699**	1,503
Prepaid expenses	**5,872**	15,178
Accounts payable and accrued liabilities	**(47,597)**	(160,391)
	(64,760)	(189,786)
INVESTING ACTIVITIES		
Increase in mineral properties	**(9,542)**	(542,106)
Decrease (Increase) in exploration deposit	**(2)**	-
Acquisition of marketable securities	**(51,849)**	(41,944)
	(61,393)	(584,050)
Net increase (decrease) in cash	**$ (126,153)**	$ (773,836)
Cash and cash equivalents, beginning of period	**$ 993,088**	$ 2,211,728
Cash and cash equivalents, end of period	**$ 866,935**	$ 1,437,892

Non-cash Transactions (Note 11)

1. NATURE AND CONTINUANCE OF OPERATIONS

Pacific Coast Nickel Corp. (the "Company") was incorporated under the Business Corporations Act of B.C. on April 5, 2006. The Company was classified as a Capital Pool Company ("CPC") as defined in TSX Venture Exchange ("TSX-V") Policy 2.4. On July 10, 2007, the Company completed its qualifying transaction and began trading under the symbol NKL. The Company is now a mineral exploration company.

Exploration Stage and Going Concern

The Company is in the exploration stage and no revenues have been earned to date from its operations.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. The Company has accumulated losses of $2,872,587 to October 31, 2009. The Company's ability to continue as a going concern is dependent upon the Company obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective August 1, 2008, The Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

Section 1535

Section 1535 "Capital Disclosures", applies to all entities regardless of whether they have financial instruments or are subject to external capital requirements. This new section establishes standards for disclosing information about an entity's capital and how it is managed. Disclosure requirements pertaining to this section are contained in Note #16

Section 1400

Section 1400 "Going Concern" provides revised guidance on management's responsibility to assess and disclose the Company's ability to continue as a going concern. The adoption of this standard had no significant impact on these consolidated financial statements.

Section 3862 & 3863

Section 3862 "Financial Instruments – Disclosures" outlines the disclosure requirements for financial instruments and non-financial derivatives and places increased emphasis on disclosure regarding concentrations of market risk, credit risk and liquidity risk associated with both recognized and unrecognized financial instruments and how these risks are managed. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presentation, and Section 3865, Hedges (See Note #15). Section 3863"Financial Instruments – Presentation" is required to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the

2. ADOPTION OF NEW ACCOUNTING STANDARDS (cont'd…)

classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the company will realize its assets and liabilities in the normal course of business. The interim consolidated statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statement for the year ended July 31, 2009. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended July 31, 2009. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries PCNC Holdings Corp., Pacific Coast Nickel Corp. USA and Pacific Nickel Sudamerica Sociedad Anonima, Uruguay. All significant inter-company balances and transactions have been eliminated.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Goodwill and intangible assets

In February 2008, the Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard became effective for the Company's interim and annual consolidated financial statements commencing August 1, 2009. There is no material impact of the new standard on the Company's financial statements.

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-Controlling Interests" which replace CICA Handbook Sections 1581 "Business Combinations" and 1600 "Consolidated Financial Statements". Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning on or after January 1, 2011. Early adoption of these Sections is permitted and all three Sections must be adopted concurrently. The Company does not expect that the adoption of this standard will have a material impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS")

In January 2006, the AcSB adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS"). On February 13, 2008, the AcSB confirmed that the standards will become effective for all publicly accountable enterprises in interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

5. EXPLORATION DEPOSIT

At October 31, 2009, cash equivalents included $410 (July 31, 2009 - $408) held by the operator of the Burwash Property (Note 7) exploration program.

6. EQUIPMENT

	Cost	Accumulated Amortization	Net Book Value **October 31, 2009**	Net Book Value July 31, 2009
Computer equipment	$ 1,572	$ 707	**$ 865**	$ 936
Exploration equipment	23,304	11,986	**11,318**	12,260
	$ 24,876	$ 12,693	**$ 12,183**	$ 13,196

7. MINERAL PROPERTIES

	July 31, 2008 $	Expenditures $	Written-off $	July 31, 2009 $	Expenditures $	October 31, 2009 $
Big Nic, Canada						
Exploration costs						
Consulting	-	5,853	(5,853)	-	-	-
Field expenses	-	3,858	(3,858)	-	-	-
Wages	-	1,887	(1,887)	-	-	-
Assays and reports	-	12,503	(12,503)	-	-	-
	-	24,101	(24,101)	-	-	-
Devils Lake, Canada						
Exploration costs						
Assays and reports	-	-	-	-	-	-
Field expenses	-	-	-	-	-	-
Consulting	-	700	(700)	-	-	-
	-	700	(700)	-	-	-

7. MINERAL PROPERTIES (cont'd…)

	July 31, 2008 $	Expenditures $	Written-off $	July 31, 2009 $	Expenditures $	Written-off $	Oct 31, 2009 $
Burwash, Canada							
Acquisition costs	33,500	28,000	-	61,500	-	-	61,500
Exploration costs							
Amortization	-	6,323	-	6,323	467	-	6,790
Assays	-	6,764	-	6,764	-	-	6,764
Consulting	13,292	31,582	-	44,874	-	-	44,874
Drilling	7,798	177,654	-	185,452	-	-	185,452
Field expenses	14,972	71,861	-	86,833	-	-	86,833
Government fee	-	2,690	-	2,690	-	-	2,690
Labour	28,183	105,305	-	133,488	-	-	133,488
	64,245	402,179	-	466,424	467	-	466,891
	97,745	430,179	-	527,924	467	-	528,391
La Paz County, USA							
Acquisition costs	19,022	-	(19,022)	-	-	-	-
Research	11,914	1,156	(13,070)	-	-	-	-
	30,936	1,156	(32,092)	-	-	-	-
Sarandi del Yi, Durazno, Uruguay							
Acquisition costs	7,048	-	-	7,048	-	-	7,048
Exploration costs					-	-	-
Amortization	-	1,782	-	1,782	475	-	2,257
Assays	-	16,634	-	16,634	-	-	16,634
Rental	-	6,059	-	6,059	(6,059)	-	-
Field expenses	8,490	61,313	-	69,803	2,808	-	72,611
Consulting	61,025	170,076	-	231,101	10,463	-	241,564
Legal	20,180	24,175	-	44,355	-	-	44,355
Mapping	7,556	13,204	-	20,760	-	-	20,760
Property fees	-	11,066	-	11,066	(508)	-	10,558
Stock-Comp.	18,000	-	-	18,000	-	-	18,000
Travel	18,343	46,508	-	64,851	1,896	-	66,747
	133,594	350,817	-	484,411	9,075	-	493,486
	140,642	350,817	-	491,459	9,075	-	500,534
	269,323	806,953	(56,893)	1,019,383	9,542	-	1,028,925

7. MINERAL PROPERTIES (cont'd…)

Big Nic Property

Pursuant to an agreement dated December 31, 2004, the Company was granted an option to acquire a 100% interest in 49 mineral claims known as the Big Nic Property located in the New Westminster Mining Division of British Columbia. At July 31, 2008, the Company abandoned its interest in the Big Nic Property. At July 31, 2009 the company wrote off mineral property acquisition and exploration costs totalling $24,101 (2008 - $1,423,788).

Devils Lake Property

On December 6, 2007, the Company was granted the option to acquire a 100% interest in the Devils Lake Property located in the New Westminster Mining Division of British Columbia. At July 31, 2008, the Company abandoned its interest in the Devils Lake Property. At July 31, 2009 the Company wrote off mineral property acquisition and exploration costs totalling $700 (2008 - $11,019).

Burwash Property

Pursuant to an option agreement (the "Agreement") dated May 14, 2008, and amended on December 9, 2008, the Company entered into an option agreement (the "Agreement") to acquire up to a 75% interest in the Burwash Property located in the Yukon Territory as follows:

The Company may acquire a 50% interest by:

(a) making the following payments to the optionor:

- (i) $25,000 upon the execution of the Agreement (paid);
- (ii) an additional $25,000 on or before March 31, 2009 (paid);
- (iii) an additional $30,000 on or before March 31, 2010; and
- (iv) an additional $50,000 on or before March 31, 2011

(b) issuing the following common shares to the optionor:

- (i) 100,000 shares upon the execution of the agreement (issued);
- (ii) an additional 100,000 shares on or before March 31, 2009 (issued);
- (iii) an additional 150,000 shares on or before March 31, 2010;

(c) incurring the following expenditures on the property by December 1, 2010:

- (i) $400,000 on or before December 1, 2008 (incurred);
- (ii) an additional $1,000,000 on or before December 1, 2010; and
- (iii) an additional $1,600,000 on or before December 1, 2011;

The Company may acquire an additional 10% interest by providing the optionor with a positive bankable feasibility study in respect of the property on or before March 31, 2013.

The Company may acquire an additional 15% interest by providing all of the funding required to put the Property into commercial production on or before March 31, 2016.

La Paz County Property, Arizona, U.S.A.

The Company has staked certain lode mining claims in La Paz County, Arizona. At July 31, 2009, the Company abandoned its interest in La Paz County Property. At July 31, 2009 the Company wrote off mineral exploration costs totalling $32,092.

7. MINERAL PROPERTIES (cont'd…)

Prospecting Licences, Uruguay

The Company has received five prospecting licences in Uruguay and has begun an exploration program on these properties. To date the Company has spent $500,534 on the properties and intends to continue exploration work.

8. SHARE CAPITAL

Common Shares

Authorized:
Unlimited number of common shares without par value

Issued:	Number		Amount
Balance – July 31, 2008	34,644,000	$	3,615,875
Shares issued for mineral properties	100,000		3,000
Balance – July 31, 2009 and October 31, 2009	34,744,000	$	3,618,875

During the year ended July 31, 2009, the Company issued 100,000 common shares at a fair value of $3,000 for payment of the Burwash property.

Escrow

At October 31, 2009, there were 5,873,700 common shares held in escrow. The Company will release 2,936,850 shares January 10, 2010 and July 10, 2010.

Warrants

At October 31, 2009, there were Nil (2008 – 715,000) warrants outstanding enabling holders to acquire common shares.

Description	Number	Weighted Average Exercise Price
Balance – July 31, 2008	715,000	$ 0.32
Cancelled	(715,000)	0.32
Balance – July 31, 2009 and October 31, 2009	Nil	$ -

Stock Options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as of the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors.

8. SHARE CAPITAL (cont'd…)

The following table summarizes the stock option plan transactions to October 31, 2009:

	Number	Weighted Average Exercise Price	Expiry
Outstanding, July 31, 2008	3,037,500	$0.47	
Cancelled	(325,000)	$0.60	July 16, 2012
Cancelled	(200,000)	$0.60	July 20, 2012
Cancelled	(300,000)	$0.15	June 18, 2013
Cancelled	(137,500)	$0.16	June 18, 2013
Outstanding, July 31, 2009	2,075,000	$0.50	
Granted	1,000,000	$0.10	August 7, 2014
Granted	75,000	$0.10	September 17, 2014
Outstanding, October 31, 2009	3,150,000	$0.36	

At October 31, 2009, all 3,150,000 outstanding options were exercisable and had a weighted average remaining contractual life of 3.5 years. Any shares issued on the exercise of these stock options are subject to a 4 month hold period from the date of grant.

Price	Number Outstanding	Number Exercisable	Expiry Date
$0.60	1,600,000	1,600,000	July 16, 2012
$0.15	200,000	200,000	May 27, 2013
$0.16	275,000	275,000	January 7, 2013
$0.10	1,000,000	1,000,000	August 7, 2014
$0.10	75,000	75,000	September 17, 2014
	3,150,000	3,150,000	

During the period ended October 31, 2009, the Company granted 1,075,000 options to directors, officers and consultants of the Company which vested on the date of grant. The Company expensed $46,252 in stock-based compensation related to the granting of these options. The weighted average grant date fair value of the share purchase option granted in the period was $0.10 per option and was estimated on the grant dates using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair value of options were as follows:

	2009
Expected dividend yield	0.00%
Expected volatility	202%
Risk-free interest rate	2.45%
Expected term in years	5 years

9. CONTRIBUTED SURPLUS

The following table summarizes the Company's contributed surplus:

Balance – July 31, 2007		1,062,800
Fair value of options granted		128,331
Balance – July 31, 2008 & July 31, 2009	$	1,191,131
Fair value of options granted		46,252
Balance – October 31, 2009	$	1,237,383

10. RELATED PARTY TRANSACTIONS

During the period ended October 31, 2009, the Company was charged the following expenses by directors or officers of the Company or by companies with directors or officers in common with the Company:

Wages of $Nil (2008 - $11,365)

Consulting fees of $20,000 (2008 – $Nil)

Directors fees of $3,750 (2008 - $Nil)

Accounting fees of $7,500 (2008 - $8,250)

Rent of $2,850 (2008 - $2,250)

Geological consulting fees of $Nil (2008 - $7,750)

These fees were recorded at their exchange amount, which is the amount agreed upon by the transacting parties on terms and conditions similar to non-related entities. At October 31, 2009, accounts payable and accrued liabilities include $3,750 (July 31, 2009 - $8,970) due to related parties of the Company.

11. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

During the period ended October 31, 2009:

a) The Company capitalized amortization on equipment of $467 to mineral properties.

During the period ended October 31, 2008:

a) The Company capitalized amortization on equipment of $2,455 to mineral properties.

12. COMMITMENTS

The Company is required to make cash payments, issue shares, and incur exploration expenditures in order to acquire an interest in the Burwash Property as described in Note 7.

13. SEGMENTED INFORMATION

The Company operates in to geographic areas as follows:

	October 31, 2009	July 31, 2009
Mineral Properties		
Canada	**$ 528,391**	$ 527,924
Uruguay	**500,534**	491,459
	$ 1,028,925	$ 1,019,383

14. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to the current period's presentation. Such reclassification is for presentation purposes only and has no effect on previously-reported results.

15. FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable and accounts payable and accrued liabilities. The fair values of cash and cash equivalents and accounts payable approximate their carrying values because of their current nature. The fair value of marketable securities is determined directly by reference to quoted market prices.

The Company is exposed to certain risks through the use of financial instruments, including market risk (currency risk, interest rate risk and commodity and equity risk), credit risk, and liquidity risk. The Company manages its exposure to risk through the identification and analysis of risks faced by the Company, setting appropriate risk limits and controls, and monitoring those risk and adherence to the limits and controls that are established. Risk management is carried out by senior management under the approval of the Board of Directors. Risk management practices are reviewed regularly by senior management and the Audit Committee to reflect changes in market conditions and the Company's activities.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices. The Company does not actively trade in marketable securities however it does hold marketable securities. As of October 31, 2009 the Company had $101,276 invested in marketable securities and it regularly monitors the investments it makes.

15. FINANCIAL INSTRUMENTS (cont'd…)

Other significant components of market risk are noted as follows:

i. Currency risk:

The Company has operations in both Canada and in Uruguay and is exposed to foreign exchange risk due to fluctuations in the Argentinean Peso. Foreign exchange arises from purchase transactions as well as financial assets and liabilities denominated in the Argentinean Peso. The Company's reporting and functional currency is Canadian dollars.

As at October 31, 2009, the Company has an immaterial amount of cash and cash equivalents and accounts payable and accrued liabilities in Argentinean Peso. The company currently does not use any foreign exchange contracts to hedge this currency risk.

ii. Interest rate risk:

The Company is exposed to interest rate risk on its cash and cash equivalents. It is in management's opinion that the Company is not exposed to significant interest risk.

iii. Commodity and equity risk:

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Credit risk:

Credit risk is the risk of financial loss associated with a counterparty's inability to fulfil its payment obligations.

The Company does not currently generate any revenues from sales to customers nor does it hold derivative type instruments that would require a counterparty to fulfil a contractual obligation. The Company does not have any asset-backed commercial instruments.

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The company places its cash and cash equivalents with high credit quality financial institutions and its amount receivable are generally owed by government agencies. It is managements opinion that the company is not exposed to significant credit risk..

Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligation. The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flow to ensure that there is sufficient capital in order to meet short term obligations. It is managements opinion that the company is not exposed to significant liquidity risk.

16. MANAGEMENT OF CAPITAL:

The Company considers the following to comprise its capital:

	October 31, 2009	July 31, 2009
Share capital	3,615,875	3,618,875
Contributed surplus	1,237,383	1,191,131
Deficit	(2,872,587)	(2,802,866)
Total Capital	1,980,671	2,007,140

The Company is not subject to any externally imposed capital requirements and its objectives when managing capital are as follows:

a) To ensure that the Company maintains the level of capital necessary to meet its future operational requirements and to ensure capital requirements will be sufficient to discharge current liabilities.

b) To allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new properties and to develop its existing properties;

c) To give shareholders sustained growth in shareholder value by increasing shareholders' equity; and

d) To maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by raising capital through equity financings

17. SUBSEQUENT EVENTS

On November 6, 2009, the Company cancelled 1.6 million stock options and issued 750,000 stock options to officers and directors of the Company. The options are for a period of 5 years and allow the holder to purchase shares in the Company at a price of $0.10. Any shares issued on the exercise of these stock options are subject to a 4 month hold period from the date of grant.