NORTH AMERICAN NICKEL

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

(In accordance with International Financial Reporting Standards ("IFRS") and stated in thousands of Canadian dollars, unless otherwise indicated)

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements, and the notes thereto, of North American Nickel Inc., and its subsidiary have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management, in discharging these responsibilities, maintains a system of internal controls designed to provide reasonable assurance that its assets are safeguarded, only valid and authorized transactions are executed and accurate, timely and comprehensive financial information is prepared. However, any system of internal controls over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors, principally through the Audit Committee, is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities.

The consolidated financial statements have been audited by Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, Licensed Public Accountants, who were appointed by the shareholders to examine the consolidated financial statements and provide an independent auditor’s opinion thereon. The report of the independent registered public accounting firm outlines the scope of their examination and their opinion on the consolidated financial statements. Dale Matheson Carr-Hilton LaBonte LLP has full and free access to the Board of Directors.

"signed"
Keith Morrison
President and Chief Executive Officer

"signed"
Sarah Zhu
Chief Financial Officer

April 25, 2022

Report of Independent Registered Public Accounting Firm (PCAOB ID1173)

To the shareholders and the board of directors of North American Nickel Inc.

Opinion on the Consolidated Financial Statements
We have audited the accompanying consolidated statements of financial position of North American Nickel Inc. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of comprehensive loss, changes in equity and cash flows, for the years ended December 31, 2021, 2020 and 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated revenues since inception, has incurred losses in developing its business, and further losses are anticipated. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in this regard are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and (that): (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Critical Audit Matter	How the Matter was Addressed in the Audit
Valuation of exploration and evaluation assets Refer to Note 6 – Exploration and Evaluation Assets The principal considerations for our determination that performing procedures relating to the valuation of the exploration and evaluation asset is a critical audit matter is due to the high degree of judgment management made to assess whether indicators of impairment exist on the Company's exploration and evaluation assets, specifically, related to the Company's ability and intention to continue to explore the exploration and evaluation assets. As a result, a high degree of auditor effort was involved when performing procedures to evaluate whether management appropriately identified impairment indicators.	The matter was addressed as follows - • Obtained an understanding of key controls associated with evaluating exploration and evaluation assets for indicators of impairment. • Assessed management's conclusions and internal and external factors that may be considered indicators of impairment and compared these to management's assessment of impairment. • Assessed the Company's right to perform exploration activities on its exploration and evaluation assets, including that the rights are in good standing. • Evaluated the Company's ability and intent to undertake significant exploration activity on its exploration and evaluation assets. • Evaluated the associated disclosures in the consolidated financial statements.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2005
Vancouver, Canada
April 25, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

NORTH AMERICAN NICKEL

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Notes	December 31, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS			
Cash		1,973	308
Receivables and other current assets	4	75	59
Due from related party	9	199	55
TOTAL CURRENT ASSETS		**2,247**	**422**
NON-CURRENT ASSETS			
Equipment	5	16	21
Exploration and evaluation assets	6	39,099	39,103
Advance	9	-	50
Investment	9,10	321	48
TOTAL NON-CURRENT ASSETS		**39,436**	**39,222**
TOTAL ASSETS		**41,683**	**39,644**
LIABILITIES			
Trade payables and accrued liabilities	7, 10	480	362
Provision for restoration obligation	6, 12	-	267
TOTAL LIABILITIES		**480**	**629**
EQUITY			
Share capital - preferred	8	591	591
Share capital – common	8	93,451	89,627
Reserve	8	4,252	2,096
Deficit		(57,091)	(53,299)
TOTAL EQUITY		**41,203**	**39,015**
TOTAL LIABILITIES AND EQUITY		**41,683**	**39,644**

Nature of Operations (Note 1)
Commitments (Note 6 and 12)
Subsequent Events (Note 18)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved by the Board of Directors on April 25, 2022

"signed" "signed"

Keith Morrison, Director

Douglas Ford, Audit Committee Chair

NORTH AMERICAN NICKEL

Consolidated Statements of Comprehensive Loss

(Expressed in thousands of Canadian dollars)

	Notes	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
EXPENSES				
General and administrative expenses	9, 10, 17	(1,159)	(1,238)	(2,145)
Property investigation	6	(26)	(47)	(214)
Amortization	5	(5)	(7)	(12)
Share-based payments	8	(2,531)	(969)	-
		(3,721)	**(2,261)**	**(2,371)**
OTHER ITEMS				
Interest income		-	-	26
Reversal of flow-through share premium	8	-	89	-
Impairment of exploration and evaluation assets	6	(99)	(438)	(26,510)
Foreign exchange loss		(7)	(1)	(4)
Equity loss on investment	9	(169)	(130)	-
		(275)	**(480)**	**(26,488)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,996)**	**(2,741)**	**(28,859)**
Basic and diluted weighted average number of common shares outstanding		**122,376,897**	**96,521,169**	**79,152,786**
Basic and diluted loss per share		**(0.03)**	**(0.03)**	**(0.36)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

NORTH AMERICAN NICKEL

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

	Notes	Number of Shares	Share Capital	Preferred Stock	Reserve	Deficit	Total Equity
BALANCE DECEMBER 31, 2018		**78,792,860**	**87,947**	**591**	**7,749**	**(29,343)**	**66,944**
Net and comprehensive loss		-	-	-	-	(28,859)	(28,859)
Share capital issued through private placement	8	9,597,931	1,728	-	-	-	1,728
Share issue costs	8	-	(344)	-	-	-	(344)
Flow-through share premium	8	-	(89)	-	-	-	(89)
Share capital issued as earn-in	8	300,000	51	-	-	-	51
Value allocated to warrants	8	-	(287)	-	287	-	-
Expired warrants	8	-	-	-	(2,080)	(2,080)	-
Forfeited/expired options	8	-	-	-	(1,781)	1,781	-
BALANCE DECEMBER 31, 2019		**88,690,791**	**89,006**	**591**	**4,175**	**(54,341)**	**39,431**
Net and comprehensive loss						(2,741)	(2,741)
Share capital issued through private placement	8	21,142,857	1,480	-	-	-	1,480
Share issue costs	8	-	(124)	-	-	-	(124)
Value allocated to warrants	8	-	(735)	-	735	-	-
Expired warrants	8	-	-	-	(2,572)	2,572	-
Share-based payments	8	-	-	-	969	-	969
Forfeited/expired options	8	-	-	-	(1,211)	1,211	-
BALANCE AT DECEMBER 31, 2020		**109,833,648**	**89,627**	**591**	**2,096**	**(53,299)**	**39,015**
Net and comprehensive loss		-	-	-	-	(3,996)	(3,996)
Share capital issued through private placement	8	8,290,665	1,990	-	-	-	1,990
Share issue costs	8	-	(90)	-	-	-	(90)
Value allocated to warrants	8	-	(495)	-	495	-	-
Exercised options	8	500,000	112	-	-	-	112
Exercised options fair value	8	-	92		(92)	-	-
Exercised warrants	8	12,580,314	1,641	-	-	-	1,641
Exercised warrants	8	-	574	-	(574)	-	-
Expired warrants	8	-	-	-	(106)	106	-
Share-based payments	8	-	-	-	2,531	-	2,531
Forfeited/expired options	8	-	-	-	(98)	98	-
BALANCE AT DECEMBER 31, 2021		**131,204,627**	**93,451**	**591**	**4,252**	**(57,091)**	**41,203**

The accompanying notes are an integral part of these Consolidated Financial Statements.

NORTH AMERICAN NICKEL

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
OPERATING ACTIVITIES			
Loss for the year	(3,996)	(2,741)	(28,859)
Items not affecting cash:			
Amortization	5	7	12
Share-based payments	2,531	969	-
Interest income	-	-	(26)
Reversal of flow-through share premium	-	(89)	-
Impairment of exploration and evaluation assets	99	438	(26,510)
Equity loss on investment	169	130	-
Changes in working capital	(282)	(46)	11
Other:			
Interest received	-	-	36
Net cash used in operating activities	**(1,474)**	**(1,332)**	**(2,316)**
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation assets	(122)	(635)	(780)
Short-term investments	-	-	2,500
Investment	(392)	(121)	-
Advance	-	(50)	(24)
Purchase equipment	-	-	(5)
Net cash provided by (used in) investing activities	**(514)**	**(806)**	**1,691**
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	1,990	1,472	1,728
Share issuance costs	(90)	(124)	(344)
Proceeds from exercise of warrants and options	1,753	-	-
Net cash provided by financing activities	**3,653**	**1,348**	**1,384**
Change in cash for the year	1,665	(790)	759
Cash, beginning of the year	308	1,098	339
Cash, end of the year	**1,973**	**308**	**1,098**

Supplemental cash flow information (Note 11)

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (the "Company") was incorporated on September 23, 1983, under the laws of the Province of British Columbia, Canada. The primary mailing office is located at 3400 – 100 King Street West, PO Box 130, Toronto, Ontario, M5X 1A4 and the records office of the Company is located at 666 Burrard Street, Suite 2500, Vancouver BC V6C 2X8. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "NAN".

The Company's principal business activity is the exploration and development of mineral properties in Greenland and Canada, as well as in Botswana through its participation in Premium Nickel Resources ("Premium Nickel"). The Company has not yet determined whether any of these properties contain ore reserves that are economically recoverable. The recoverability of carrying amounts shown for exploration and evaluation assets is dependent upon a number of factors including environmental risk, legal and political risk, the existence of economically recoverable mineral reserves, confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and development, and to attain sufficient net cash flow from future profitable production or disposition proceeds.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations and its ability to raise additional capital. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These uncertainties cast substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The exploration and evaluation properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. Although the Company has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

The coronavirus COVID-19 declared as a global pandemic in March 2020 continued throughout the 2020 year and to date. This contagious disease outbreak, which continues to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company is closely monitoring the impact of the pandemic on all aspects of its business and COVID-19 has delayed the Company's ability to conduct major fieldwork on projects.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 25, 2022. The related notes to the consolidated financial statements are presented in Canadian dollars except amounts in the tables are expressed in thousands of Canadian dollars.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The Company's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of Preparation

These consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of any financial assets and financial liabilities where applicable. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements and, are disclosed in Note 3.

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, North American Nickel (US) Inc. which was incorporated in the State of Delaware on May 22, 2015.

Consolidation is required when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

(e) Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are initially capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are generally recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts, events and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company may occasionally enter into farm-out arrangements, whereby it will transfer part of an interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for in profit.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the consolidated statement of comprehensive loss/income.

(f) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

(g) Impairment of assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs and for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent the loss reverses gains previously recognized in other comprehensive loss/income.

(h) Financial instruments

In accordance with IFRS 9, the Company's accounting policy is as follows:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial assets and liabilities:

Financial asset/ liability	Classification
Cash	FVTPL
Other receivable	Amortized cost
Trade payables	Amortized cost
Advance	Amortized cost

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial asset and the transfer qualifies for derecognition.

Financial liabilities

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of comprehensive loss.

(i) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

(j) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it arises in a business combination, or from items recognized directly in equity or other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the asset and liability method of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a flow-through share premium liability is recognized and the liability will be reversed as eligible expenditures are made. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability.

(k) Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is recognized over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these non-vesting and market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also recognized over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in share-based payments reserve, until exercised. Upon exercise shares are issued from treasury and the amount reflected in share-based payments reserve is credited to share capital along with any consideration paid.

(l) Share capital

The Company's common shares, preferred shares and share warrants shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital.

(m) Flow-through shares

Resource expenditure deductions for income tax purposes related to exploratory activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the period is disclosed separately as flow- through share proceeds, if any.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financing expense until qualifying expenditures are incurred.

(n) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives. The depreciation and amortization rate applicable to each category of equipment is as follows:

Equipment	Depreciation rate
Exploration equipment	20%
Computer software	50%
Computer equipment	55%

(o) Equity investment

Investments in entities over which the Company has a significant influence, but not control, are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interest, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to zero and additional losses are not provided for unless the Company is committed to provide financial support to the investee.

(p) Accounting standards and amendments issued but not yet effective

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

IAS 16 - "Property, Plant and Equipment"

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendment is not currently applicable.

IAS 1 – "Presentation of Financial Statements"

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's financial statements.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that can affect reported amounts of assets, liabilities revenues and expenses and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's historical experience and on other assumptions believed to be reasonable under the circumstances. However, different judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

(a) Recoverability of Exploration and Evaluation Assets

The ultimate recoverability of the exploration and evaluation assets with a carrying value of $39,099,000 at December 31, 2021, is dependent upon the Company's ability to obtain the necessary financing and permits to complete the development and commence profitable production at its projects, or alternatively, upon the Company's ability to dispose of its interests therein on an advantageous basis. A review of the indicators of potential impairment is carried out at least at each period end.

Management undertakes a periodic review of these assets to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount of the assets is made. An impairment loss is recognized when the carrying value of the assets is higher than the recoverable amount and when mineral license tenements are relinquished or have lapsed. In undertaking this review, management of the Company is required to make significant estimates of, among other things, discount rates, commodity prices, availability of financing, future operating and capital costs and all aspects of project advancement. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the assets. During the year ended December 31, 2021, the Company recorded write-off of its Quetico claims of $71,466 and Lingman Lake of $27,657. During the year ended December 31, 2020, the Company recorded a write-off of its Loveland Nickel property of $437,897.

(b) Restoration Provisions

Management's best estimates regarding the restoration provisions are based on the current economic environment. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual restoration provisions will ultimately depend on future market prices for future restoration obligations. Management has determined that the Company has restoration obligations at December 31, 2021 of $Nil (December 31, 2020 - $267,000) related to its Greenland exploration and evaluation asset.

(c) Valuation of Share-Based Compensation

The Company estimates the fair value of convertible securities such as warrants and options using the Black-Scholes Option Pricing Model which requires significant estimation around assumptions and inputs such as expected term to maturity, expected volatility and expected forfeiture rates. The accounting policies in Note 2(k) and Note 8 of the consolidated financial statements contain further details of significant assumptions applied to these areas of estimation.

(d) Going Concern

Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcome of which is uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast substantial doubt upon the Company's ability to continue as a going concern those uncertainties are disclosed.

(e) Equity investment

Management determines its ability to exercise significant influence over an investee by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policymaking processes, material transactions between the Company and the investee, interchange of managerial personnel, provision of essential technical information and operating involvement.

At December 31, 2021, the Company's percentage holding in its private investee was 10%, with significant influence over the private investee and has used the equity method of accounting for this investment.

4. RECEIVABLES AND OTHER CURRENT ASSETS

A summary of the receivables and other current assets as of December 31, 2021 and 2020 is detailed in the table below:

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020
Sales taxes receivable	22	23
Prepaid expenses	53	36
	75	59

5. EQUIPMENT

The table below sets out costs and accumulated depreciation as at December 31, 2021 and 2020:

	Exploration Equipment	Computer Equipment	Computer Software	Total
Cost				
Balance – December 31, 2019, 2020 and 2021	**67**	**15**	**136**	**218**
Accumulated Amortization				
Balance – December 31, 2019	**48**	**12**	**130**	**190**
Amortization	4	1	2	7
Balance – December 31, 2020	**52**	**13**	**132**	**197**
Amortization	3	1	1	5
Balance – December 31, 2021	**55**	**14**	**133**	**202**
Carrying Amount				
As at December 31, 2020	15	2	4	21
As at December 31, 2021	**12**	**1**	**3**	**16**

6. EXPLORATION AND EVALUATION ASSETS

(All amounts in table are expressed in thousands of Canadian dollars)

	Canada					US	Greenland	
	Post Creek Property	**Halcyon Property**	**Quetico Claims**	**Loveland Nickel (Enid Creek)**	**Lingman Lake**	**Section 35 Property**	**Maniitsoq Property**	**Total**
Acquisition								
Balance, December 31, 2019	298	230	42	83	14	11	42	720
Acquisition costs	10	8	-	-	-	-	4	22
Impairment	-	-	-	(83)	-	-	-	(83)
Balance, December 31, 2020	308	238	42	-	14	11	46	659
Acquisition costs – cash	10	8	-	-	-	-	-	18
Impairment	-	-	(37)	-	(14)	-	-	(51)
Balance, December 31, 2021	318	246	5	-	-	11	46	626
Exploration								
Balance, December 31, 2019	1,498	233	39	33	13	(11)	36,108	37,913
Administration	2	1	-	-	-	-	9	12
Property maintenance	6	5	1	-	-	-	25	37
Drilling	-	-	5	167	-	-	43	215
Geology	21	13	69	83	-	-	56	242
Geophysics	2	-	28	72	-	-	3	105
Helicopter charter aircraft	-	-	-	-	-	-	8	8
Camp site cleanup	-	-	-	-	-	-	267	267
Impairment	-	-	-	(355)	-	-	-	(355)
	31	19	103	(33)	13	-	411	531
Balance, December 31, 2020	1,529	252	142	-	13	-	36,519	38,445
Administration	-	-	-	-	-	-	7	7
Drilling	-	-	-	-	-	-	42	42
Geology	12	12	10	-	-	-	55	89
Geophysics	-	-	1	-	-	-	-	1
Property maintenance	1	1	1	-	-	-	17	20
Infrastructure	-	-	-	-	-	-	13	13
Camp site cleanup	-	-	-	-	-	-	(95)	(95)
Impairment	-	-	(35)	-	(13)	-	-	(48)
	13	13	(23)	-	-	-	39	**28**
Balance, December 31, 2021	1,542	265	119	-	-	-	36,558	38,473
Total, December 31, 2020	**1,837**	**490**	**184**	**-**	**27**	**-**	**36,565**	**39,103**
Total, December 31, 2021	**1,860**	**511**	**124**	**-**	**-**	**-**	**36,604**	**39,099**

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

Post Creek

On December 23, 2009 and as last amended on March 12, 2013, the Company completed the required consideration and acquired the rights to a mineral claim known as the Post Creek Property located within the Sudbury Mining District of Ontario.

Commencing August 1, 2015, the Company is obligated to pay advances on net smelter return royalties ("NSR") of $10,000 per annum. The Company paid the required $10,000 during the year ended December 31, 2021 (December 31, 2020 - $10,000). The total of the advances will be deducted from any payments to be made under the NSR.

During the year ended December 31, 2021, the Company incurred acquisition and exploration expenditures totalling $22,732 (December 31, 2020 - $41,004) on the Post Creek Property.

Halcyon

On December 31, 2015, the Company completed the required consideration of the option agreement and acquired rights to a mineral claim known as the Halcyon Property located within the Sudbury Mining District of Ontario, subject to certain NSR and advance royalty payments.

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of $8,000 per annum. The Company paid the required $8,000 during the year ended December 31, 2021 (December 31, 2020 - $8,000). The total of the advances will be deducted from any payments to be made under the NSR.

During the year ended December 31, 2021, the Company incurred $20,732 (December 31, 2020 - $27,317) in acquisition and exploration expenditures on the Halcyon Property.

Quetico

On April 26 and May 17, 2018, the Company acquired the right to certain mineral claims known as Quetico located within the Sudbury Mining District of Ontario.

The Company had no minimum required exploration commitment for the years ended December 31, 2021 2020 and 2019 as it is not required to file any geoscience assessment work between the initial recording of a mining claim and the first anniversary date of the mining claim and two one-year exclusions were granted as a result of the COVID-19 pandemic.

In April 2020, the Company applied for a one - year exclusion under a COVID-19 relief program offered by the Ontario Ministry of Energy, Northern Development and Mine (ENDM). The one-year exclusion was granted on September 1, 2020, thus adjusting the work requirement due dates to April and May of 2021. The COVID-19 relief program was offered again in 2021, and the Company lodged a second set of applications on March 29, 2021 and April 21, 2021 to extend the tenure of the claim blocks. The additional one-year exclusions were granted on May 14 and May 20, 2021 thus adjusting the work requirement due dates to April and May of 2022.

By the second anniversary of the recording of a claim and by each anniversary thereafter, a minimum of $400 worth of approved exploration activity per claim unit must be reported to the Provincial Recording Office. Alternately, the Company could maintain mining claims by filing an Application to Distribute Banked Assessment Work Credits form before any due date. Payments in place of reporting assessment work may also be used to meet yearly assessment work requirements, provided the payments are not used for the first unit of assessment work. The total annual work requirement for Quetico project after April 26, 2021 is $324,000 should the Company maintain the current size of the claims. Work reports for 2020 were filed and total expenditures of $61,783 were approved on June 4, 2021.

During the year ended December 31, 2021, the Company incurred $11,668 (December 31, 2020 - $102,715) in exploration and license related expenditures on the Quetico Property.

IFRS 6 requires management to assess the exploration and evaluation assets for impairment. Accordingly, at December 31, 2021, management believed that facts and circumstances existed to suggest that the carrying amount of Quetico claims exceeded its recoverable amount. As a result, management determined the Quetico claims should be impaired by $71,466 and its recoverable amount was reduced to $124,348 at the end of December 31, 2021.

Loveland Nickel (Enid Creek) Property

On September 25, 2019, the Company entered into earn in agreement to acquire a 100% interest, subject to a 1% NSR, in certain claims known as the Loveland Nickel (Enid Creek) Property located in Timmins, Ontario. Consideration included acquisition costs of $1,525,000 in cash and the issuance of 300,000 common shares. During the year ended December 31, 2019, the Company paid $25,000 and issued 300,000 common shares at a fair value of $51,000. Exploration expenditures of $4,500,000 were to be incurred over a period ending September 25, 2024.

As of December 31, 2020, the Company incurred an aggregate exploration and acquisition expenditures of $437,897. Based on the results of the exploration program completed in April 2020, management elected not to proceed with further exploration on the property and terminated the agreement. Accordingly, all acquisition and exploration related costs were impaired as at December 31, 2020, totalling $437,897.

Lingman Lake Property

During the year ended December 31, 2019, the Company staked certain mineral claims known as Lingman Lake located northwest of Thunder Bay, Ontario. The Company incurred total acquisition and related costs of $Nil (December 31, 2020 - $Nil) during the year ended December 31, 2021. As at December 31, 2021, management elected not to proceed with further exploration on the property. Accordingly, all acquisition and exploration related costs were impaired as at December 31, 2021, totalling $27,657.

Section 35 Property

On January 4, 2016, the Company entered into a 10-year Metallic Minerals Lease (the "Lease") with the Michigan Department of Natural Resources for an area covering approximately 320 acres. The terms of the Lease required annual rental fees.

At the end of the fiscal year 2019, management of the Company made a decision to relinquish the mineral lease. As a result, all cumulative exploration related costs of $11,393 were written-off as at December 31, 2019. The Company applied and received approval for a refund of a $13,016 (US $10,000) reclamation deposit held by the Department of Natural Resources in Michigan. The reclamation deposit was received during the year ended December 31, 2020.

Maniitsoq

The Company has been granted certain exploration licenses, by the Bureau of Minerals and Petroleum ("BMP") of Greenland for exclusive exploration rights of an area comprising the Maniitsoq Property, located near Ininngui, Greenland. The Maniitsoq Property is subject to a 2.5% NSR. The Company can reduce the NSR to 1% by paying $2,000,000 on or before 60 days from the decision to commence commercial production.

At the expiration of the first license period, the Company may apply for a second license period (years 6-10), and the Company may apply for a further 3-year license for years 11 to 13. Thereafter, the Company may apply for additional 3-year licenses for years 14 to 16, 17 to 19 and 20 to 22. The Company will be required to pay additional license fees and will be obligated to incur minimum eligible exploration expenses for such years.

The Company may terminate the licenses at any time, however any unfulfilled obligations according to the licenses will remain in force, regardless of the termination.

Future required minimum exploration expenditures will be adjusted each year on the basis of the change to the Danish Consumer Price Index.

During the year ended December 31, 2021, the Company spent in aggregate of $133,772 in acquisition and exploration expenditures on the Maniitsoq Property, which is comprised of the Sulussugut, Ininngui, Carbonatite and 2020/05 Licenses.

During the year ended December 31, 2020, the Company has recorded a $267,000 provision for camp site cleanup and restoration obligations. The cost accrued was based on the current best estimate of restoration activities that would be required on the Maniitsoq Property. The Company's provision for future cleanup was based on the level of known disturbance at the reporting date and known requirements. It was not possible to estimate the impact on operating results, if any, and the actual amount of any economic outflow related to this obligation is dependent upon future events and cannot be reliably measured. The Company fulfilled the obligation during the year ended December 31, 2021 and recorded provision recovery of $94,606 since the actual costs incurred were lower than the provision.
IFRS 6 requires management to assess the exploration and evaluation assets for impairment. No facts or circumstances existed at December 31, 2021 and December 31, 2020 to suggest impairment on the Maniitsoq property. The valuation was based on historical drilling results and management's future exploration plans on the Maniitsoq Property. The Company intends to plan and budget for further exploration on the Maniitsoq Property in the future.

Further details on the licenses comprising the Maniitsoq Property and related expenditures are outlined below:

Sulussugut License (2011/54)

(All references to amounts in Danish Kroners, "DKK")

Effective August 15, 2011, the Company was granted an exploration license (the "Sulussugut License") by the BMP of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of $5,742 (DKK 31,400) upon granting of the Sulussugut License. The application for another 5-year term on the Sulussugut License was submitted to the Greenland Mineral License & Safety Authority which was effective on April 11, 2016, with December 31, 2017 being the seventh year. During the year ended December 31, 2016, the Company paid a license fee of $7,982 (DKK 40,400) which provided for renewal of the Sulussugut License until 2020.

During the year ended December 31, 2021, the Company received a license extension, which provides for renewal period until December 31, 2022.

To December 31, 2015, under the terms of a preliminary license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately $15,808,386) between the years ended December 31, 2011 to 2015 by incurring $26,115,831 on the Sulussugut License. As of December 31, 2021, the Company has spent $56,367,505 on exploration costs for the Sulussugut License.

The Company had no minimum required exploration commitment for the year ended December 31, 2021 and available credits of DKK 285,866,733 (approximately $57,026,697) at the end of December 31, 2021. During the year ended December 31, 2021, the Company had approved exploration expenditures of DKK 1,921,180 (approximately $384,236). The credits available from each year may be carried forward for 3 years plus a 2-year extension and expire between December 31, 2022 to December 2024. The Company has no exploration commitment for the 2022 fiscal year.

During the year ended December 31, 2021, the Company spent a total of $104,538 (December 31, 2020 - $117,756) in exploration and license related expenditures on the Sulussugut License and recorded a $54,556 camp site cleanup provision recovery.

To December 31, 2021 and 2020, the Company has completed all obligations with respect to required reduction of the area of the license.

Ininngui License (2012/28)

Effective March 4, 2012, the Company was granted an exploration license (the "Ininngui License") by the BMP of Greenland for exclusive exploration rights of an area located near Ininngui, Greenland. The Company paid a license fee of $5,755 (DKK 32,200) upon granting of the Ininngui License. The Ininngui License was valid for an initial 5 years until December 31, 2016, with December 31, 2012 being the first year. The license was extended for a further 5 years, until December 31, 2021, with December 31, 2017 being the first year. During the year ended December 31, 2021, the Company received a license extension, which provides for a renewal period until December 31, 2023.

The Ininngui License is contiguous with the Sulussugut License.

Should the Company not incur the minimum exploration expenditures on the license in any one year from years 2-5, the Company may pay 50% of the difference in cash to BMP as full compensation for that year. This procedure may not be used for more than 2 consecutive calendar years and as at December 31, 2021, the Company has not used the procedure for the license.

The Company had no minimum required exploration commitment for the year ended December 31, 2021. As of December 31, 2021, the Company has spent $5,221,333 on exploration costs for the Ininngui License and exceeded the minimum requirement with a total cumulative surplus credit of DKK 30,515,237 (approximately $6,087,393). The credits available from each year may be carried forward for 3 years plus a 2-year extension and expire between December 31, 2022 to December 2024. The Company has no exploration commitment for the 2022 fiscal year.

During the year ended December 31, 2021, the Company spent a total of $21,755 (December 31, 2020 - $19,424) in exploration and license related expenditures and recorded a $26,700 camp site cleanup provision recovery.

Carbonatite License (2018/21)

Effective May 4, 2018, the Company was granted an exploration license (the "Carbonatite License") by the BMP of Greenland for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The Company paid a license fee of $6,523 (DKK 31,000) upon granting of the Carbonatite License. The Carbonatite License is valid for 5 years until December 31, 2022, with December 31, 2020 being the third year. During the year ended December 31, 2021, the Company received a license extension, which provides for renewal period until 2024.

The Company had no minimum required exploration obligation for the year ended December 31, 2021. As of December 31, 2021, the Company has spent $1,511,400 on exploration costs for the Carbonatite License. To December 31, 2021, the Company's expenditures exceeded the minimum requirement and the Company has a total surplus credit of DKK 10,577,191 (approximately $2,110,012). The credit available from each year may be carried forward 3 years plus a 1-year extension and expire between December 31, 2023 to December 2024. The Company has no exploration commitment for the 2022 fiscal year.

During the year ended December 31, 2021, the Company spent a total of $7,083 (December 31, 2020 - $6,527) in exploration and license related expenditures and recorded a $13,350 camp site cleanup provision recovery.

West Greenland Prospecting License (2020/05)

On February 18, 2020, the Company was granted new prospective license No. 2020/05, by the BMP of Greenland for a period of 5 years ending December 31, 2024. The Company paid a granting fee of $4,301 (DKK 21,900). There were $396 exploration related costs incurred during the year ended December 31, 2021 (December 31, 2020 - $Nil).

High Atlas Project in Morocco

In 2018, the Company's geologists identified a project opportunity in the high Atlas Mountains of Morocco. There is no modern geophysical coverage and no drilling on the property.

In 2019, the Company signed an MOU with ONHYM (Office National des Hydrocarbons et des Mines), a government entity and single largest current permit holder in Morocco. Through this alliance, the Company was given access to confidential exploration data to develop nickel projects in the High Atlas Region of Morocco. In November and December 2021, the Company lodged applications for five permits in Morocco. In December, three of the five permits were awarded to the Company with the decision on the fourth and fifth permit pending.

During the year ended December 31, 2021, the Company spent a total of $26,652 (December 31, 2020 – $31,630) on the project and recorded it as property investigation expense in the consolidated statements of comprehensive loss.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020
Trade payables	401	290
Amounts due to related parties (Note 10)	33	28
Accrued liabilities	46	44
	480	362

8. SHARE CAPITAL, WARRANTS AND OPTIONS

The authorized capital of the Company comprises an unlimited number of common shares without par value and 100,000,000 Series 1 convertible preferred shares without par value.

a) Common shares issued and outstanding

2021

During the year ended December 31, 2021, the Company issued 13,080,314 common shares on exercise of warrants and options and received $1,641,675 in proceeds from the exercise of 12,580,314 warrants and $112,000 from the exercise of 500,000 options. There were no warrants or options exercised during the year ended December 31, 2020.

As at December 31, 2021, the Company has 131,204,627 common shares issued and outstanding, (December 31, 2020 – 109,833,648).

On April 20, 2021 the Company closed a non-brokered private placement consisting of an aggregate of 8,290,665 units of the Company (the "Units") at a price of $0.24 per unit, for aggregate gross proceeds of $1,989,760. Each unit consists of one common share in the capital of the Company and one half transferable common share purchase warrant ("Warrant") of the Company. Each full Warrant entitles the holder to acquire one common share of the Company within twenty-four (24) months following its issuance date, at a price of $0.35. The warrants are subject to an acceleration clause such that if the closing market price of the common shares on the TSX-V is greater than $0.60 per common share for a period of 10 consecutive trading days at any time after the four-month anniversary of the closing of the placement, the Company may, at its option, accelerate the warrant expiry date to within 30 days.

In connection with the private placement, the Company has paid eligible finders (the "Finders"): (i) cash commission equal to 6% of the gross proceeds raised from subscribers introduced to the Company by such Finders, being an aggregate of $65,830, and (ii) a number of common share purchase warrants (the "Finder Warrants") equal to 6% of the units attributable to the Finders under the private placement, being an aggregate of 274,289 Finder Warrants. Each Finder Warrant entitles the Finder to acquire one common share of the Company for a period of twenty-four (24) months following its issuance date, at an exercise price of $0.35.

The Company allocated a $464,493 fair value to the warrants issued in conjunction with the private placement and $30,735 to agent's warrants. The fair value of warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 1.5 years, expected dividend yield of 0%, a risk-free interest rate of 0.29% and an expected volatility of 132%.

2020

On August 13, 2020, the Company closed the first tranche of its non-brokered private placement equity financing consisting of 15,481,077 units of the Company at a price of $0.07 per unit, for aggregate gross proceeds of $1,083,675. On August 31, 2020, the Company closed the second and final tranche of its non-brokered private placement equity financing consisting of 5,661,780 units of the Company at a price of $0.07 per unit, for aggregate gross proceeds of $396,325. Each unit consists of one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.09 for a period of 24 months from its date of issuance. The warrants are subject to an acceleration clause such that if the closing market price of the common shares on the TSX-V is greater than $0.12 per common share for a period of 10 consecutive trading days at any time after the four-month anniversary of the closing of the placement, the Company may, at its option, accelerate the warrant expiry date to within 30 days.

In connection with the non-brokered private financing, the Company incurred total share issuance costs of $124,222. The Company issued an aggregate of 588,154 common share purchase warrants. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.09 for a period of 24 months from its date of issuance.

The Company allocated a $716,055 fair value to the warrants issued in conjunction with the private placement and $18,547 to agent's warrants. The fair value of warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.28% to 0.31% range and an expected volatility of 158% to 158.53% range.

2019

On October 24, 2019 the TSXV approved the filing of the earn in agreement for the Loveland Nickel Property. As a result, on December 9, 2019, the Company issued 300,000 common shares at fair value of $51,000 (note 6).

On December 18, 2019, the Company closed a non-brokered private placement equity financing of 7,373,265 units at a price of $0.18 and 2,224,666 flow-through common shares at a price of $0.18 and raised aggregate gross proceeds of $1,727,628. Each unit issued consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of $0.25 for a period of 24 months from its date of issuance. All Securities issued pursuant to this offering were subject to a hold period which expired on April 19, 2020. The Company incurred total share issuance costs of $343,639. The Company allocated a $265,217 fair value to the warrants issued in conjunction with the private placement and $21,445 to 298,099 agent's warrants. The fair value of warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.73% and an expected volatility of 147.26%.

On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of $88,987 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of $311,453. To December 31, 2020, the Company expended $400,440 (December 31, 2019 – $Nil) in eligible exploration expenditures and, accordingly, the flow-through liability was reduced to $Nil.

b) Preferred shares issued and outstanding

As at December 31, 2021, December 31, 2020 and December 31, 2019 there are 590,931 series 1 preferred shares outstanding.

The rights and restrictions of the preferred shares are as follows:

i) dividends shall be paid at the discretion of the directors;
ii) the holders of the preferred shares are not entitled to vote except at meetings of the holders of the preferred shares, where they are entitled to one vote for each preferred share held;
iii) the shares are convertible at any time after 6 months from the date of issuance, upon the holder serving the Company with 10 days written notice; and
iv) the number of the common shares to be received on conversion of the preferred shares is to be determined by dividing the conversion value of the share, $1 per share, by $9.00.

c) Warrants

A summary of common share purchase warrants activity during the years ended December 31, 2021, December 31, 2020 and December 31, 2019 is as follows:

(Expressed in Canadian dollars)

	December 31, 2021		December 31, 2020		December 31, 2019	
	Number Outstanding	Weighted Average Exercise Price ($)	Number Outstanding	Weighted Average Exercise Price ($)	Number Outstanding	Weighted Average Exercise Price ($)
Outstanding, beginning of year	25,715,742	0.11	15,651,397	0.96	25,797,283	1.20
Issued	4,419,620	0.35	21,731,011	0.09	3,984,731	0.25
Exercised	(12,580,314)	0.13	-	-	-	-
Cancelled / expired	(1,472,223)	0.25	(11,666,666)	1.20	(14,130,617)	1.20
Outstanding, end of year	16,082,825	0.15	25,715,742	0.11	15,651,397	0.96

At December 31, 2021, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date	Exercise Price ($)	Weighted Average remaining contractual life (years)
10,871,817[1]	August 13, 2022	0.09	0.41
1,204,638 [1]	August 31, 2022	0.09	0.05
4,006,370	April 16, 2023	0.35	0.33
16,082,825			0.79

[1] *The warrants are subject to an acceleration clause such that if the volume-weighted average trading price of the Company's common shares on the TSX-V exceeds $0.12 per common share for a period of 10 consecutive trading days at any date before the expiration date of such warrants, the Company may, at its option, accelerate the warrant expiry date to within 30 days. To December 31, 2021, the Company's common shares have met the criterion for acceleration. The Company, however, has not accelerated the warrant expiry date.*

The average share price at the dates the finders' warrants were exercised was $0.34.

(Expressed in Canadian dollars)

d) Stock options

The Company adopted a Stock Option Plan (the "Plan"), providing the authority to grant options to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the Plan, the exercise price of each option equals the market price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

A summary of option activity under the Plan during the years ended December 31, 2021, December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2021		**December 31, 2020**		**December 31, 2019**	
	Number Outstanding	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of year	7,978,725	0.17	2,130,550	1.51	2,594,550	1.80
Issued	8,178,972	0.37	7,850,000	0.15	-	-
Exercised	(500,000)	0.22	-	-	-	-
Cancelled / expired	(603,100)	0.31	(2,001,825)	1.51	(464,000)	4.23
Outstanding, end of year	15,054,597	0.27	7,978,725	0.17	2,130,550	1.51

During the year ended December 31, 2021, the Company granted an aggregate total of 8,178,972 stock options to employees, directors and consultants with a maximum term of 5 years. All options vest immediately and are exercisable as to 3,185,000 options at $0.32 per share and 4,993,972 options at $0.40 per share. The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The fair value of options granted during the year ended December 31, 2021 amounted to $2,530,706 and was recorded as a share-based payment expense. The weighted average fair value of options granted during the year ended December 31, 2021 is $0.31 per option.

During the year ended December 31, 2020, the Company granted an aggregate total of 7,850,000 stock options to employees, directors and consultants with a maximum term of 5 years. All options vest immediately and are exercisable as to 6,650,000 options at $0.16 per share and 1,200,000 options at $0.09 per share. The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The fair value of options granted during the year ended December 31, 2020 amounted to $969,391 and was recorded as a share-based payment expense.

There were no incentive stock options granted during the year ended December 31, 2019.

The fair value of stock options granted and vested during the years ended December 31, 2021, 2020 and 2019 was calculated using the following assumptions:

	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Expected dividend yield	0%	0%	-
Expected share price volatility	126.4% - 127.8%	121.5% - 125%	-
Risk free interest rate	0.93% - 1.34%	0.39% - 1.21%	-
Expected life of options	5 years	5 years	-

(Expressed in Canadian dollars)

Details of options outstanding as at December 31, 2021 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price ($)	Weighted average remaining contractual life (years)
40,625	40,625	February 21, 2022*	1.20	0.00
35,000	35,000	February 28, 2023	1.20	0.00
5,800,000	5,800,000	February 24, 2025	0.16	1.22
1,200,000	1,200,000	August 19, 2025	0.09	0.29
2,985,000	2,985,000	February 25, 2026	0.32	0.83
4,993,972	4,993,972	October 25, 2026	0.40	1.61
15,054,597	15,054,597			3.95

**Subsequently expired, unexercised.*

The average share price at the dates the options were exercised in 2021 was $0.485.

e) Reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit. During the year ended December 31, 2021, the Company transferred $203,865 (December 31, 2020 - $3,782,706) (December 31, 2019 - $3,860,656) to deficit for expired options and warrants and $666,478 to share capital for exercised warrants and options (December 31, 2020 and 2019 - $Nil).

During the year ended December 31, 2021, the Company recorded $2,530,706 (December 31, 2020 - $969,391) of share-based payments to reserves. There were no share-based payments during the year ended December 31, 2019.

9. INVESTMENT IN PREMIUM NICKEL RESOURCES INC.

On September 30, 2019, the Company entered into a Memorandum of Understanding ("MOU") with Premium Nickel. Pursuant to the MOU, the Company and Premium Nickel set forth their interests in negotiating and acquiring several of the assets of BCL Limited, a private company with operations in Botswana that is currently in liquidation.

Concurrent with the MOU, the Company initially subscribed for 2,400,000 common shares of Premium Nickel at $0.01, for a total investment of $24,000. The Company's initial investment included a provision that gives the Company the right to nominate two directors to the board of directors of Premium Nickel. The Company's initial investment also included Premium Nickel issuing the Company a non-transferable share purchase warrant (the "Warrant"), which entitles the Company to purchase common shares of Premium Nickel, for up to 15% of the capital of Premium Nickel upon payment of US $10 million prior to the fifth anniversary of the date of issue. At December 31, 2019, the Company's investment was recorded as an advance, as the Company had not yet been issued the common share certificate nor the Warrant. The initial common share certificate and Warrant were issued during the year ended December 31, 2020. To December 31, 2020, the Company subscribed for an additional 4,657,711 common shares of Premium Nickel, for a further investment of $154,164. The common shares underlying the investment are restricted ("Restricted") from being traded before such date that is 4 months after the later of (a) the date of issuance and (b) the date at which Premium Nickel becomes a reporting issuer in any province or territory. As of December 31, 2020 the underlying common shares were Restricted. During year ended December 31, 2021, the Company invested an additional $441,446 and as of December 31, 2021, the Company held a 10% equity interest in Premium Nickel (December 31, 2020 – 11.01%)

As of December 31, 2021, the Company was providing the corporate management and technical expertise to Premium Nickel on a contractual basis, had two directors representing the Company on the Board, who were actively participating in the day-to-day activities of Premium Nickel and actively contributing to Premium Nickel's financial and operational strategies.. Accordingly, the Company determined that it has significant influence in Premium Nickel and has used equity accounting for the investment. Premium Nickel's financial information at December 31, 2021 was net assets of $4,770,937 which was comprised primarily of cash, and a total comprehensive loss of $1,688,310 was recorded for the year ended December 31, 2021.

Details of the Company's investment at December 31, 2021 is as follows:

	Investment
Balance, December 31, 2020	48
Reallocation of advance	50
Investment	392
Share of loss of Premium Nickel	(169)
Total	321

On January 1, 2020, the Company entered into a Management and Technical Services Agreement ("the Services Agreement") with Premium Nickel whereby the Company will provide certain technical, corporate, administrative and clerical, office and other services to Premium Nickel during the development stage of the contemplated arrangement. The Company will charge Premium Nickel for expenses incurred and has the right to charge a 2% administrative fee on third party expenses. The Company will invoice Premium Nickel on a monthly basis and payment shall be made by Premium Nickel no later than 15 days after receipt of such invoice. The term of the Service Agreement is for an initial period of 3 years and can be renewed for an additional 1 year period. The Service Agreement can be terminated within 30 days notice, for non-performance, by the Company giving 6 months notice or Premium Nickel within 90 days provided the Company no longer owns at least 10% of the outstanding common shares of Premium Nickel. If Premium Nickel defaults on making payments, the outstanding balance shall be treated as a loan to Premium Nickel, to be evidenced by a promissory note. The promissory note will be payable upon demand and bear interest at a rate equal to the then current lending rate plus 1%, calculated from the date of default. Subsequent payment by Premium Nickel will be first applied to accrued interest and then principle of the invoice. During the year ended December 31, 2021, pursuant to the Services Agreement, the Company charged Premium Nickel $2,370,444 (December 31, 2020 - $647,164) for services and charged, $42,315 (December 31, 2020 - $8,495) in administrative fees, received $2,225,589 (December 31, 2020 – $701,305) and recorded $199,145 in due from Premium Nickel (December 31, 2020 - $54,619). Subsequent to December 31, 2021, the Company received the $199,145 in full from Premium Nickel.

10. RELATED PARTY TRANSACTIONS

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 7):

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	**December 31, 2020**
Directors and officers of the Company	28	21
Related company	5	7
Total	33	28

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amount due from related party and advance represent as well as the investment in Premium Nickel a private company incorporated in Ontario, in which certain directors and officers of the Company also hold offices and minority investments.

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020
Due from related party	199	55
Advance	-	50
Investment	321	48
Total	520	153

(a) Related party transactions

2021

Sentient Executive GP IV Limited ("Sentient") and Contemporary Amperex Technology Limited ("CATL") have historically subscribed to private placements of the Company.

As of December 31, 2021, Sentient beneficially owns 36,980,982 common shares, constituting approximately 28.19% of the currently issued and outstanding common shares of the Company.

As of December 31, 2021, CATL beneficially owns 22,944,444 common shares, constituting approximately 17.49% of the currently issued and outstanding shares of the Company. CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

2020

Sentient Executive GP IV Limited ("Sentient") and Contemporary Amperex Technology Limited ("CATL") have historically subscribed to private placements of the Company.

As of December 31, 2020, Sentient beneficially owns 36,980,982 common shares, constituting approximately 33.66% of the currently issued and outstanding common shares of the Company.

As of December 31, 2020, CATL beneficially owns 22,944,444 common shares, constituting approximately 20.89% of the currently issued and outstanding shares of the Company. CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

During the year ended December 31, 2020, the Company recorded $185,706 in fees charged by a legal firm in which the Company's former chairman is a consultant.

2019

As of December 31, 2019, Sentient beneficially owns 36,980,982 common shares, constituting approximately 41.70% of the currently issued and outstanding common shares of the Company.

On December 18, 2019, CATL subscribed for a total of 2,944,444 units under a bought deal private placement financing transaction described in Note 9 for a total net proceeds of $530,000. As part of the subscription, CATL was granted 1,472,222 common share purchase warrants exercisable at $0.25 until December 18, 2021. As of December 31, 2019, CATL beneficially owns 22,944,444 common shares, constituting approximately 25.87% of the currently issued and outstanding shares of the Company. CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

During the year ended December 31, 2019, the Company recorded $370,127 (2018 - $174,224), (2017 - $244,285) in fees charged by a legal firm in which the Company's former chairman is a consultant.

(b) Key management personnel are defined as members of the Board of Directors and senior officers.

Key management compensation was:

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020	December 31, 2019
Geological consulting fees – expensed	-	5	136
Management fees – expensed	531	478	747
Salaries - expensed	-	182	185
Share-based payments	2,314	756	-
Total	**2,845**	**1,421**	**1,068**

11. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital for the year ended December 31, 2021, 2020 and 2019 are as follows:

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020	December 31, 2019
(Increase) decrease in due from related party	(143)	102	(126)
(Increase) decrease in prepaid expenses	(17)	7	3
(Decrease) increase in trade payables and accrued liabilities	(122)	(155)	134
Total changes in working capital	**(282)**	**(46)**	**11**

During the year ended December 31, 2021, the Company:

i) transferred $203,865 from reserve to deficit;
ii) recorded $67,532 as the net change for accrued exploration and evaluation expenditures;
iii) recorded $94,606 provision recovery for restoration obligation;
iv) reclassed $50,000 from advance to investment;

During the year ended December 31, 2020, the Company:

v) transferred $3,782,706 from reserve to deficit;
vi) recorded $6,506 as the net change for accrued exploration and evaluation expenditures;
vii) recorded $267,000 as a provision for restoration obligation;
viii) reclassed $24,000 from advance to investment;
ix) offset $33,735 from due to related party to investment; and
x) offset $7,500 in trade payables to proceeds from issuance of common stock.

During the year ended December 31, 2019, the Company:

i) transferred $3,860,656 from reserve to deficit;
ii) recorded $171,444 as the net change for accrued exploration and evaluation expenditures;
iii) paid $51,000 as non-cash consideration for exploration and evaluation expenditures; and
iv) recorded $88,987 of flow-through share premium liability.

12. COMMITMENTS AND CONTINGENCIES

The Company has certain commitments to meet the minimum expenditures requirements on its exploration and evaluation assets. Further, the Company has a site restoration obligation with respect to its Greenland exploration and evaluation asset.

Effective July 1, 2014, the Company had changes to management and entered into the following agreements for services with directors of the Company and a company in which a director has an interest:

i) Directors' fees: $2,000 stipend per month for independent directors and $3,000 stipend per month for the chairman of the board, and $2,500 for committee chairmen.

ii) Management fees: $19,106 per month effective January 1, 2020 and $30,951 per month effective June 2018 up to December 31, 2019.

Effectively on June 1, 2018, the Company changed the terms with Keith Morrison, the CEO, from direct employment to contracted consultant and entered into a service agreement with his company.

Each of the agreements shall be continuous and may only be terminated by mutual agreement of the parties, subject to the provisions that in the event there is a change of effective control of the Company, the party shall have the right to terminate the agreement, within sixty days from the date of such change of effective control, upon written notice to the Company. Within thirty days from the date of delivery of such notice, the Company shall forward to the party the amount of money due and owing to the party hereunder to the extent accrued to the effective date of termination.

13. RISK MANAGEMENT

The Company's exposure to market risk includes, but is not limited to, the following risks:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to significant changes in interest rate.

Foreign Currency Exchange Rate Risk

Currency risk is risk that the fair value of future cash flows will fluctuate because of changes in foreign currency exchange rates. In addition, the value of cash and other financial assets and liabilities denominated in foreign currencies can fluctuate with changes in currency exchange rates.

The Company operates in Canada and Greenland and undertakes transactions denominated in foreign currencies such as United States dollar, Euros and Danish Krones, and consequently is exposed to exchange rate risks. Exchange risks are managed by matching levels of foreign currency balances and related obligations and by maintaining operating cash accounts in non-Canadian dollar currencies. The rate published by the Bank of Canada at the close of business on December 31, 2021 was 1.2794 USD to CAD, 1.4462 EUR to CAD and 0.1936 DKK to CAD.

The Company's Canadian dollar equivalent of financial assets and liabilities that are denominated in Danish Krones consist of accounts payable of $6,776 (2020 - $7,349) and $3,032 in USD currency (2020 - $1,798).

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk is primarily associated with liquid financial assets. The Company limits exposure to credit risk on liquid financial assets by holding cash at highly-rated financial institutions. The credit risk associated with due from related party is low as it's solely due from Premium Nickel and the outstanding amount was always settled within 30 days upon invoicing.

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages the liquidity risk inherent in these financial obligations by regularly monitoring actual cash flows to annual budget which forecast cash needs and expected cash availability to meet future obligations.

The Company will defer discretionary expenditures, as required, in order to manage and conserve cash required for current liabilities.

The following table shows the Company's contractual obligations as at December 31, 2021:

(All amounts in table are expressed in thousands of Canadian dollars)

As at December 31, 2021	**Less than 1 year**	**1 - 2 years**	**2 - 5 years**	**Total**
Trade payables and accrued liabilities	480	-	-	480
	480	**-**	**-**	**480**

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern, so that adequate funds are available or are scheduled to be raised to carry out the Company's exploration program and to meet its ongoing administrative and operating costs and obligations. This is achieved by the Board of Directors' review and ultimate approval of budgets that are achievable within existing resources, and the timely matching and release of the next stage of expenditures with the resources made available from capital raisings and debt funding from related or other parties. In doing so, the Company may issue new shares, restructure or issue new debt.

The Company is not subject to any externally imposed capital requirements imposed by a regulator or a lending institution.

In the management of capital, the Company includes the components of equity, loans and borrowings, other current liabilities, net of cash.

(All amounts in table are expressed in thousands of Canadian dollars)

	As at December 31,		
	2021	**2020**	**2019**
Equity	41,203	39,015	39,431
Current liabilities	480	629	608
	41,683	39,644	40,039
Cash	(1,973)	(308)	(1,098)
	39,710	**39,336**	**38,941**

14. FINANCIAL INSTRUMENTS

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

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable either directly or indirectly

Level 3 – Inputs that are not based on observable market data

Cash is measured using level 1.

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being that of the acquisition, exploration and development of mineral properties in two geographic segments being Canada and Greenland (note 6). The Company's geographic segments are as follows:

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020
Equipment		
Canada	4	6
Greenland	12	15
Total	**16**	**21**

	December 31, 2021	December 31, 2020
Exploration and evaluation assets		
Canada	2,495	2,538
Greenland	36,604	36,565
Total	**39,099**	**39,103**

16. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

(All amounts in tables are expressed in thousands of Canadian dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Net loss	$ (3,996)	$ (2,741)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(1,079)	(740)
Permanent differences and other	479	222
Change in valuation allowance	600	518
Net deferred income tax recovery	$ -	$ -

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Exploration and evaluation assets	$ 7,209	$ 7,198
Loss carry-forwards	5,351	4,878
Share issuance costs	84	175
Cumulative eligible capital	-	34
Investment	81	35
Equipment	273	102
	13,022	12,422
Valuation allowance	(13,022)	(12,422)
Net deferred tax asset	$ -	$ -

The tax pools relating to these deductible temporary differences expire as follows:

	Canadian non-capital losses	Canadian net-capital losses	Canadian resource pools	Canadian share issue costs
2022	$ -	$ -	$ -	$ 227
2023	-	-	-	112
2024	-	-	-	43
2030	696	-	-	18
2031	517	-	-	-
2032	645	-	-	-
2033	847	-	-	-
2034	1,484	-	-	-
2035	2,141	-	-	-
2036	2,213	-	-	-
2037	2,637	-	-	-
2038	2,656	-	-	-
2039	2,583	-	-	-
2040	1,682	-	-	-
2041	1,503	-	-	-
No expiry	-	58	65,799	-
	$ 19,604	$ 58	$ 65,799	400

17. GENERAL AND ADMINISTRATIVE EXPENSES

Details of the general and administrative expenses by nature are presented in the following table:

(All amounts in table are expressed in thousands of Canadian dollars)

	December 31, 2021	December 31, 2020	December 31, 2019
Consulting fees	327	194	286
Filing fees	51	43	94
General office expenses	105	74	220
Investor relations	149	54	32
Management fees	433	467	745
Professional fees	94	158	182
Salaries and benefits	-	248	586
Total	**1,159**	**1,238**	**2,145**

18. SUBSEQUENT EVENTS

a) On February 17, 2022, the Company announced that it has executed a non-binding letter of intent ("Non-Binding LOI") providing for a business combination of Premium Nickel and the Company, ("Merger"). Under the policies of TSXV, Premium Nickel is a "Non-Arm's Length Party" of the Company. The Non-Binding LOI will form the basis upon which Premium Nickel and the Company will negotiate one or more definitive agreements governing the proposed Merger. It is currently anticipated that the Merger will be completed by way of a triangular amalgamation involving Premium Nickel, the Company and a wholly-owned subsidiary of the Company to be formed; provided, however that the definitive structure of the Merger will be determined based on further tax and structuring advice to be received prior to the execution of definitive agreements governing the proposed Merger. The company is the Resulting Issuer after the closing of the Merger.

   Proposed Transaction Terms

   The Company currently owns approximately 9.8% of the outstanding common shares of Premium Nickel on a basic, undiluted basis, and a warrant entitling the Company to purchase an additional 15% of the equity in Premium Nickel, on an undiluted basis, for US$10 million, until February 26, 2025 (the "15% Warrant"). While a definitive exchange ratio remains subject to ongoing due diligence, under the terms of the Non-Binding LOI, each common share of Premium Nickel outstanding immediate prior to the closing of the Merger, other than any common share of Premium Nickel held by the Company, would be exchanged for 5.27 common shares of the Resulting Issuer (before giving effect to any Consolidation) and the 15% Warrant and the common shares of Premium Nickel held by the Company would be extinguished. Following completion of the Merger, approximately 25% of the outstanding common shares of the Resulting Issuer are expected to be held by the current shareholders of the Company and approximately 75% of the outstanding common shares of the Resulting Issuer are expected to be held by the current shareholders of Premium Nickel (other than the Company).

   In connection with the proposed Merger, and subject to any required shareholder and regulatory approvals, the Company is expected to seek the requisite shareholder and regulatory approvals to change the name and stock ticker symbol of the Resulting Issuer as part of the Merger to such name and ticker symbol as may be requested by Premium Nickel, acting reasonably, consolidate the common shares of the Resulting Issuer (the "Consolidation") and reconstitute the board of directors of the Resulting Issuer. The Non-Binding LOI provides for an exclusivity period ending at 11:59 p.m. (Toronto time) on April 2, 2022, which has been extended to April 29 by mutual written consent of the parties, to allow parties to complete their due diligence and negotiate definitive agreements for the proposed Merger.

b) On March 3, 2022, the Company entered into a promissory note loan agreement with Premium Nickel, whereby Premium Nickel borrowed US $1,000,000 from the Company and promises to pay back the loan in full on the maturity date, being April 30, 2022. Interest accruing at 10% per annum shall also be paid on maturity date together with the principal amount of the loan. In addition, Premium Nickel agreed to pay the Company a lender fee being 3% of the principal amount, which shall be due and payable to the Company on the maturity date.

c) On April 2, 2022, the Company entered into an agreement with Paradigm Capital Inc. (the "Agent") to act as lead agent and sole bookrunner, on behalf of a syndicate, on a "best efforts" basis, for a private placement offering of subscription receipts of the Company (the "Subscription Receipts") for gross proceeds of $5,000,000 (the "Offering") at a price of $0.48 per Subscription Receipt (the "Issue Price"). On April 8, 2022, the Offering was upsized to total gross proceeds of up to $10,000,320.

   Each Subscription Receipt shall be deemed to be automatically exercised, without payment of any additional consideration and without further action on the part of the holder thereof, into a Resulting Issuer Share. on a one-for one basis, upon satisfaction of the Escrow Release Conditions (as defined below), subject to adjustment in certain events.

   "Escrow Release Conditions" shall mean each of the following conditions, which conditions may be waived in whole or in part jointly by the Company and the Lead Agent:

   i) receipt of all required corporate, shareholder, regulatory and third-party approvals, if any, required in connection with the Offering and the Merger Transaction;

ii) the completion, satisfaction or waiver of all conditions precedent, undertakings, and other matters to be satisfied, completed and otherwise met or prior to the completion of the Merger Transaction (other than delivery of standard closing documentation) have been satisfied or waived in accordance with the definitive agreement relating to the Merger Transaction, to the satisfaction of the Agents acting reasonably (other than the release of the Escrowed Funds);

iii) written confirmation to the Agents from each of the Company and PNR that all conditions of the Merger Transaction have been satisfied or waived, other than release of the Escrowed Funds, and that the Merger Transaction shall be completed without undue delay upon release of the Escrowed Funds;

iv) the common shares of the Resulting Issuer being conditionally approved for listing on the TSXV; and

v) the Company and the Agents having delivered a joint notice and direction to the Escrow Agent, confirming that the conditions set forth in i) to iv) above have been met or waived.

The Offering is expected to close on or about April 28, 2022 (the "Closing Date"), or such other date as the Lead Agent and the Company may mutually agree. on the Closing Date, the proceeds of the Offering will be held in escrow pending the earlier of (i) the satisfaction of the Escrow Release Conditions and (ii) the occurrence of a termination event, of which can be terminated by the Company any time after 120 days following the agreement entered with the Agent or by the Agent upon written notification immediately.