NORTH AMERICAN NICKEL

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

(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 and Risk 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 auditor's report 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

May 13, 2020

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

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, 2019 and 2018, the related consolidated statements of comprehensive loss, changes in equity and cash flows, for the years ended December 31, 2019, 2018 and 2017, 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 at December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019, 2018 and 2017, 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. The Company requires additional funds to meet its obligations and the costs of its operations. 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

We have served as the Company's auditor since 2005
Vancouver, Canada
May 13, 2020

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, 2019	December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash		1,098	339
Short term investments	4	-	2,500
Receivables and other current assets	5	161	133
Due from related party	10	95	-
TOTAL CURRENT ASSETS		**1,354**	**2,972**
NON-CURRENT ASSETS			
Equipment	6	28	35
Exploration and evaluation assets	7	38,633	64,479
Advance	10	24	-
Reclamation deposit	7	-	14
TOTAL NON-CURRENT ASSETS		**38,685**	**64,528**
TOTAL ASSETS		**40,039**	**67,500**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	8, 10	519	556
Flow through share premium	8, 9	89	-
TOTAL CURRENT LIABILITIES		**608**	**556**
TOTAL LIABILITIES		**608**	**556**
EQUITY			
Share capital - preferred	9	591	591
Share capital – common	9	89,006	87,947
Reserve	9	4,175	7,749
Deficit		(54,341)	(29,343)
TOTAL EQUITY		**39,431**	**66,944**
TOTAL LIABILITIES AND EQUITY		**40,039**	**67,500**

Nature of Operations (Note 1)
Commitments (Note 12 and 16)
Subsequent Events (Note 18)

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

Approved by the Board of Directors on May 13, 2020

"signed"	"signed"
Keith Morrison Director	Doug Ford Audit Committee Chair

NORTH AMERICAN NICKEL

Consolidated Statements of Comprehensive Loss

(Expressed in thousands of Canadian dollars)

	Notes	Year ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
EXPENSES				
General and administrative expenses	10, 17	(2,145)	(2,340)	(2,375)
Property investigation		(214)	(216)	-
Amortization	6	(12)	(14)	(25)
Share-based payments	9	-	(317)	(504)
		(2,371)	**(2,887)**	**(2,904)**
OTHER ITEMS				
Interest income		26	74	32
Impairment for exploration and evaluation assets	7	(26,510)	-	-
Foreign exchange loss		(4)	(209)	(7)
		(26,488)	**(135)**	**25**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(28,859)**	**(3,022)**	**(2,879)**
Basic and diluted weighted average number of common shares outstanding on a post-consolidation basis		**79,152,786**	**71,824,814**	**46,592,964**
Basic and diluted loss per share		**(0.36)**	**(0.04)**	**(0.06)**

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 Shares on post-consolidation basis	Share Capital	Preferred Stock	Reserve	Deficit	Total Equity
BALANCE AT DECEMBER 31, 2016		**36,858,189**	**62,315**	**591**	**2,767**	**(23,972)**	**41,701**
Net and comprehensive loss		-	-	-	-	(2,879)	(2,879)
Share capital issued through private prospectus	9	14,503,083	10,877	-	-	-	10,877
Share capital issued through private placement	9	4,098,255	3,074	-	-	-	3,074
Share issue costs	9	-	(588)	-	39	-	(549)
Value allocated to warrants	9	-	(2,080)	-	2,080	-	-
Expired warrants	9	-	-	-	(18)	18	-
Forfeited/expired options	9	-	-	-	(283)	283	-
Share-based payments	9	-	-	-	504	-	504
BALANCE DECEMBER 31, 2017		**55,459,527**	**73,598**	**591**	**5,089**	**(26,550)**	**52,728**
Net and comprehensive loss		**-**	**-**	**-**	**-**	(3,022)	(3,022)
Share capital issued through private placement	9	23,333,333	17,500	**-**	**-**	-	17,500
Share issue costs	9	-	(579)	**-**	**-**	-	(579)
Value allocated to warrants	9	-	(2,572)	**-**	2,572	-	-
Expired warrants	9	-	-	-	(48)	48	-
Forfeited/expired options	9	-	-	-	(181)	181	-
Share-based payments	9	-	-	-	317	-	317
BALANCE AT 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	9	9,597,931	1,728	**-**	**-**	-	1,728
Flow-through share premium	9	-	(89)	**-**	**-**	-	(89)
Share capital issued as earn-in	9	300,000	51	**-**	**-**	-	51
Share issue costs	9	-	(344)	**-**	**-**	-	(344)
Value allocated to warrants	9	-	(287)	-	287	-	-
Expired warrants	9	-	-	-	(2,080)	2,080	-
Forfeited/expired options	9	-	-	-	(1,781)	1,781	-
BALANCE AT DECEMBER 31, 2019		**88,690,791**	**89,006**	**591**	**4,175**	**(54,341)**	**39,431**

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)

	Notes	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
OPERATING ACTIVITIES				
Loss for the year		(28,859)	(3,022)	(2,879)
Items not affecting cash:				
Amortization		12	14	25
Share based payments		-	317	504
Interest income		(26)	(74)	(16)
Write-off exploration and evaluation assets	7	26,510	-	-
Changes in working capital	11	11	21	(95)
Other:				
Interest received		36	80	32
Net cash used in operating activities		**(2,316)**	**(2,664)**	**(2,429)**
INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets		(780)	(14,566)	(11,385)
Short-term investments		2,500	-	200
Advance		(24)	-	-
Purchase of equipment		(5)	-	(20)
Net cash provided by (used in) investing activities		**1,691**	**(14,566)**	**(11,205)**
FINANCING ACTIVITIES				
Proceeds from issuance of common shares		1,728	17,500	13,951
Direct financing costs		(344)	(329)	(549)
Net cash provided by financing activities		**1,384**	**17,171**	**13,402**
Change in cash equivalents for the year		759	(59)	(232)
Cash and cash equivalents, beginning of the year		339	398	630
Cash and cash equivalents, end of the year		**1,098**	**339**	**398**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (the "Company" or "NA Nickel") 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, Canada and United States. 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 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. 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.

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.

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued 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 impact on the Company is not currently determinable but management continues to monitor the situation.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 13, 2020. The discussion in notes to the financial statements is stated in Canadian dollars except amounts in 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, are disclosed in Note 3.

Effective October 4, 2019, the Company completed a share consolidation of the Company's issued and outstanding common shares whereby for every ten (10) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share exists without par value.

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted in these financial statements and retrospectively to reflect the Company's 10-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

(c) Basis of consolidation

These 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 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 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 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
Short term investments	FVTPL
Other receivable	Amortized cost
Trade payables	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 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 statements of comprehensive loss.

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 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.

(Expressed in Canadian dollars)

(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 statement of comprehensive income 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%

New Standards, Interpretations and Amendments Effective This Year:

IFRS 16 - "Leases"

IFRS 16 replaces current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on the balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets, however this exemption can only be applied by lessees. The standard applies to annual periods beginning on or after January 1, 2019. The adoption of this standard did not result in any impact to the Company's financial statements as the Company has not entered into any lease arrangements.

IFRIC 23 – "Uncertainty over Income Tax Treatments"

In June 2017, the IFRS Interpretations Committee of the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments (IFRIC 23). The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of these interpretations did not result in any impact to the Company's financial statements.

Accounting standard 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 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 financial statements are:

(a) Recoverability of Exploration and Evaluation Assets

The ultimate recoverability of the exploration and evaluation assets of $38,633,309 carrying value at December 31, 2019, 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. At the end of December 31, 2019, the Company recorded a significant write-down of its Greenland exploration and evaluation asset of $26,499,159 resulting in the total remaining book value of $38,633,309 in exploration and evaluation assets.

(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 does not have any significant restoration obligations as at December 31, 2019 and 2018.

(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 9 of the 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.

4. SHORT-TERM INVESTMENTS

Short-term investments are comprised of a highly liquid Canadian dollar denominated guaranteed investment certificate with an initial term to maturity greater than ninety days, but not more than one year, that is readily convertible to a contracted amount of cash. The counter-party is a Canadian financial institution. During the year ended December 31, 2019, the instrument was yielding an annual interest rate range of 1.25% (December 31, 2018 - 1.55%).

5. RECEIVABLES AND OTHER CURRENT ASSETS

A summary of the receivables and other current assets as of December 31, 2019 is detailed in the table below:

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

	December 31, 2019	**December 31, 2018**
Sales taxes receivable	62	75
Interest receivable	-	10
Other current assets	99	48
	161	133

Other current assets are comprised of prepaid expenses and amounts receivable.

(Expressed in Canadian dollars)

6. EQUIPMENT

The table below sets out costs and accumulated depreciation as at December 31, 2019 and 2018:

	Exploration Equipment	Computer Equipment	Computer Software	Total
Cost				
Balance – December 31, 2017 and 2018	**67**	**10**	**136**	**213**
Additions	-	5	-	5
Balance – December 31, 2019	**67**	**15**	**136**	**218**
Accumulated Amortization				
Balance – December 31, 2017	**38**	**8**	**118**	**164**
Amortization	5	1	8	14
Balance – December 31, 2018	**43**	**9**	**126**	**178**
Amortization	5	3	4	12
Balance – December 31, 2019	**48**	**12**	**130**	**190**
Carrying Amount				
As at December 31, 2018	24	1	10	35
As at December 31, 2019	**19**	**3**	**6**	**28**

7. 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**	**Enid Creek**	**Lingman Lake**	**Section 35 Property**	**Maniitsoq Property**	**Total**
Acquisition								
Balance, December 31, 2018	288	222	42	-	-	8	42	602
Acquisition costs – cash	10	8	-	83	14	3	-	118
Balance, December 31, 2019	298	230	42	83	14	11	42	720
Exploration								
Balance, December 31, 2018	1,431	209	22	-	-	-	62,215	63,877
Administration	1	1	-	-	-	-	12	14
Corporate social responsibility	2	1	-	-	-	-	-	3
Property maintenance	7	7	-	-	-	-	17	31
Drilling	32	-	12	15	5	-	197	261
Environmental, health and safety	-	-	-	-	-	-	8	8
Geology	24	14	1	15	6	-	140	200
Geophysics	1	1	4	3	2	-	28	39
Helicopter charter aircraft (recovery)	-	-	-	-	-	-	(21)	(21)
Infrastructure	-	-	-	-	-	-	11	11
Write-off	-	-	-	-	-	(11)	(26,499)	(26,510)
	67	24	17	33	13	(11)	(26,107)	(25,964)
Balance, December 31 ,2019	1,498	233	39	33	13	(11)	36,108	37,913
Total, December 31, 2019	**1,796**	**463**	**81**	**116**	**27**	**-**	**36,150**	**38,633**

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

	Canada			US	Greenland	
	Post Creek Property	Halcyon Property	Quetico Claims	Section 35 Property	Maniitsoq Property	Total
Acquisition						
Balance, December 31, 2017	278	214	-	6	36	534
Acquisition costs – cash	10	8	42	2	6	68
Balance December 31, 2018	288	222	42	8	42	602
Exploration						
Balance, December 31, 2017	1,138	187	-	-	48,635	49,960
Administration	2	2	1	-	486	491
Corporate social responsibility	1	1	-	-	58	60
Environment, health And safety	-	-	-	-	135	135
Property maintenance	2	2	-	-	18	22
Drilling expenses	219	-	-	-	4,270	4,489
Camp operations	-	-	-	-	2,943	2,943
Helicopter charter aircraft	-	-	-	-	4,138	4,138
Geology	40	17	20	-	662	739
Geophysics	29	-	1	-	824	854
Infrastructure	-	-	-	-	31	31
Technical studies	-	-	-	-	15	15
	293	22	22	-	13,580	13,917
Balance December 31, 2018	1,431	209	22	-	62,215	63,877
Total, December 31, 2018	**1,719**	**431**	**64**	**8**	**62,257**	**64,479**

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, 2019 (December 31, 2018 - $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, 2019, the Company incurred exploration expenditures totalling $66,877 (December 31, 2018 - $292,565) 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, 2019 (December 31, 2018 - $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, 2019, the Company incurred $23,367 (December 31, 2018 - $21,603) in exploration and license related expenditures on the Halcyon Property.

Quetico

On April 26, 2018, the Company acquired the right to certain mineral claims known as Quetico located within the Sudbury Mining District of Ontario. The Company incurred total acquisition and exploration related costs of $64,256 during the year ended December 31, 2018.

The Company had no minimum required exploration commitment for the years ended December 31, 2019 and 2018 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.

By the second anniversary of the recording of a claim and by each anniversary thereafter, a minimum of $400 worth of exploration activity per claim unit must be reported to the Provincial Recording Office. 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 and consecutively thereafter. Payments cannot be banked to be carried forward for future use. The total annual work requirement for Quetico project after April 26, 2020 is $324,000 should the Company maintain the current size of the claims.

During the year ended December 31, 2019, the Company incurred $18,175 (December 31, 2018 - $64,256) in exploration and license related expenditures on the Quetico Property.

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 exploration related costs of $27,376.

Loveland (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 is as follows:

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

	Acquisition costs	Exploration expenditures
Within 5 days of TSXV approval (received on October 24, 2019)	$25 cash (paid) and 300 post-consolidated common shares (issued)	-
On or before September 25, 2020	$100 cash	Aggregate of at least $500
On or before September 25, 2021	$200 cash	Aggregate of at least an additional $1,000
On or before September 25, 2022	$300 cash	Aggregate of at least an additional $1,000
On or before September 25, 2023	$400 cash	Aggregate of at least an additional $1,000
On or before September 25, 2024	$500 cash	Aggregate of at least an additional $1,000

In the event that the Company is unable to fund sufficient exploration expenditures, the Company may pay the required balance in cash by the relevant date. The Company may also, prior to the 5th anniversary date, accelerate its funding of exploration expenditures by paying in advance and in lieu of incurring the required exploration expenditure.

During the year ended December 31, 2019, the Company incurred acquisition and exploration related costs of $115,537.

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 2019 year, 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 refund of a $13,016 (US $10,000) reclamation deposit held by the Department of Natural Resources in Michigan. The reclamation deposit was reallocated to receivables at December 31, 2019 and received subsequent to year end.

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 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, 2019, the Company spent in aggregate of $390,443 (December 31, 2018 - $13,586,237) in exploration and license related expenditures on the Maniitsoq Property, which is comprised of the Sulussugut, Ininngui and Carbonatite Licenses.

IFRS 6 requires management to assess the exploration and evaluation assets for impairment. Accordingly, management believed that facts and circumstances exist to suggest that the carrying amount of the Maniitsoq Property exceeds its recoverable amount. As a result, management determined the Maniitsoq Property should be impaired by $26,499,159 and its recoverable amount is $36,149,667. 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 Licence & 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 provides for renewal of the Sulussugut License until 2020.

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. The accumulated exploration credits held at the end to December 31, 2015, of DKK 100,303,710 (approximately $19,067,735) can be carried forward until 2019. Under the terms of the second license period, there was no required minimum exploration expenditures for the year ended December 31, 2018. As of December 31, 2019, the Company has spent $55,960,762 on exploration costs for the Sulussugut License.

The Company had minimum required exploration commitment of DKK 44,755,600 approximately $8,905,514 for the year ended December 31, 2019 and available credits of DKK 326,111,805 (approximately $66,950,764) at the end of December 31, 2018. During the year ended December 31, 2019, the Company had approved exploration expenditures of DKK 1,724,248 (approximately $343,125) which results in a total cumulative surplus credit of DKK 283,080,453 (approximately $56,333,010). The credits may be carried forward until December 31, 2021. The Company has no exploration commitment for 2020 year.

During the year ended December 31, 2019, the Company spent a total of $228,925 (December 31, 2018 - $10,794,837) in exploration and license related expenditures on the Sulussugut License.

To December 31, 2019 and 2018, 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. 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, 2019, the Company has not used the procedure for the license.

The Company had minimum required exploration commitment of DKK 5,510,400 for the year ended December 31, 2019. As of December 31, 2019, the Company has spent $5,158,454 on exploration costs for the Ininngui License and exceeded the minimum requirement with a total cumulative surplus credits of DKK 30,281,852 (approximately $6,026,089). The credits may be carried forward until December 31, 2021. The Company has no exploration commitment for 2020 year.

During the year ended December 31, 2019, the Company spent a total of $37,537 in exploration and license related expenditures, (December 31, 2018 - $1,422,917).

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, 2019 being the second year.

The Company had a minimum required exploration obligation of DKK 267,320, approximately $53,192 for the year ended December 31, 2019. As of December 31, 2019, the Company has spent $1,486,940 on exploration costs for the Carbonatite License. To December 31, 2019, the Company's expenditures exceeded the minimum requirement and the Company has a total surplus credit of DKK 10,496,522 (approximately $2,088,808). The credit from 2018 may be carried forward until December 31, 2022 and the credit from 2019 may be carried forward until December 31, 2023. The Company has no exploration commitment for 2020 year.

During the year ended December 31, 2019, the Company spent a total of $123,981 in exploration and license related expenditures, (December 31, 2018 - $1,369,482).

Ikertoq License

During the period ended December 31, 2018, the Company was granted an exploration license, (the "Ikertoq License") by the BMP of Greenland and spent total of $132,679 in exploration and license related expenditures. The license was later relinquished and the costs were expensed as at December 31, 2018.

8. TRADE PAYABLES AND ACCRUED LIABILITIES

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

	December 30, 2019	**December 31, 2018**
Trade payables	310	477
Amounts due to related parties (Note 10)	169	1
Accrued liabilities	40	78
	519	556

9. 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

2019

Effective October 4, 2019, the Company completed a share consolidation of the Company's issued and outstanding common shares whereby for every ten (10) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share exists without par value. Share capital outstanding prior to the share consolidation was 787,928,500 common shares and 78,792,860 on a post-consolidation basis.

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted retrospectively to reflect the Company's 10-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

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 post-consolidation common shares at fair value of $51,000 (note 7).

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 will be subject to a hold period expiring 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 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, 2019, the Company expended $Nil in eligible exploration expenditures and, accordingly, the flow-through liability was not reduced.

Sentient Executive GP IV Limited ("Sentient") and Contemporary Amperex Technology Limited ("CATL") have historically subscribed to private placements of the Company. At December 31, 2019, Sentient beneficially owns, or exercises control or direction over 36,980,982 shares (2018 - 36,980,982 on a post-consolidation basis) constituting approximately 41.70% (2018 - 46.93%) of the currently issued and outstanding shares of the Company. At December 31, 2019, CATL beneficially owns, or exercises control or direction over approximately 22,944,444 (2018 – 20,000,000) constituting approximately 25.87% (2018 - 25.38%) of the currently issued and outstanding shares of the Company. As per the subscription agreement, CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

As at December 31, 2019, the Company has 88,690,791 common shares issued and outstanding, (December 31, 2018 – 78,792,860) on a post-consolidation basis.

2018

On April 19, 2018, the Company closed a non-brokered private placement equity financing of 233,333,333 units (23,333,333 on a post-consolidation basis) at a price of $0.075 per unit ($0.75 per unit on a post-consolidation basis) and raised aggregate gross proceeds of $17,500,000. Each unit consists of one common share and one-half of one 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 $0.12 ($1.20 on a post-consolidation basis) for a period of 24 months from its date of issuance. The Company incurred total share issuance costs of $578,800, of which $250,000 was recorded in trade payables at December 31, 2018. The Company allocated a $2,571,514 fair value to the warrants issued in conjunction with the private placement. 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 1.91% and an expected volatility of 94.26%.

2017

On June 8, 2017, the Company closed a brokered placement, through a prospectus, of units for total gross proceeds of $10,877,317. The Company issued 14,503,083 units at a price of $0.75 per unit on a post-consolidation basis. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $1.20 on a post-consolidation basis until June 8, 2019. The Company paid share issuance costs of $533,727 and also issued 196,509 agent's warrants, exercisable at $0.75 per warrant on a post-consolidation basis until June 8, 2019. The Company allocated a $1,499,662 fair value to the warrants issued in conjunction with the private placement and $61,682 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 0.71% and an expected volatility of 98.60%. The Company also granted the agent an overallotment option for a period of 30 days, which expired unexercised. The fair value of overallotment option of $38,166 was recorded as a share issuance cost and was determined on a pro-rata basis using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 30 days, expected dividend yield of 0%, a risk-free interest rate of 0.71% and an expected volatility of 66.6%.

On August 15, 2017, the Company closed a non-brokered private placement of units for total proceeds of $3,073,684. The Company issued 4,098,255 units at a price of $0.75 per unit on a post-consolidation basis. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at an exercise price of $1.20 on a post-consolidation basis until August 15, 2019. The Company allocated a $518,631 fair value to the warrants issued from the private placement. Direct financing costs totalled $16,426 resulting in net proceeds to the Company of $3,057,259. 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 1.23% and an expected volatility of 98.64%.

(Expressed in Canadian dollars)

b) Preferred shares issued and outstanding

As at December 31, 2019, December 31, 2018 and December 31, 2017, there are 590,931 series 1 preferred shares outstanding on a post-consolidation basis.

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, 2019, December 31, 2018 and December 31, 2017 on a post-consolidation basis is as follows:

	December 31, 2019		**December 31, 2018**		**December 31, 2017**	
	Number Outstanding	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of year	25,797,283	1.20	17,617,541	1.20	9,598,204	1.50
Issued	3,984,731	0.25	11,666,666	1.20	9,497,172	1.20
Cancelled / expired	(14,130,617)	1.20	(3,486,924)	1.20	(1,477,835)	3.00
Outstanding, end of year	15,651,397	0.96	25,797,283	1.20	17,617,541	1.20

At December 31, 2019, 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)**
11,666,666	April 19, 2020*	1.20	0.22
3,984,731	December 18, 2021	0.25	0.51
15,651,397			0.73

**Subsequently expired, unexercised.*

d) Stock options

(Expressed in Canadian dollars)

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, 2019, December 31, 2018 and December 31, 2017 on a post-consolidation basis is as follows:

	December 31, 2019		**December 31, 2018**		**December 31, 2017**	
	Number Outstanding	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**	**Number Outstanding**	**Weighted Average Exercise Price ($)**
Outstanding, beginning of year	2,594,550	1.80	2,072,050	2.30	1,283,300	3.00
Issued	-	-	642,500	1.20	913,750	1.20
Cancelled / expired	(464,000)	4.23	(120,000)	1.80	(124,000)	2.40
Outstanding, end of year	2,130,550	1.51	2,594,550	1.80	2,072,050	2.30

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

During the year ended December 31, 2018, the Company granted 6,425,000 incentive stock options (642,500 on a post-consolidation basis) to employees, directors and consultants with a maximum term of 5 years. All stock options vest immediately and are exercisable at $0.12 per common share ($1.20 on a post-consolidation basis). 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, 2018 amounted to $317,332 and was recorded as a share-based payments expense.

During the year ended December 31, 2017, the Company granted 9,137,500 incentive stock options (913,750 on a post-consolidation basis) to employees, directors and consultants with a maximum term of 5 years. All stock options vest immediately and are exercisable at $0.12 per common share ($1.20 on a post-consolidation basis). 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, 2017 amounted to $504,397 and was recorded as a share-based payments expense.

The fair value of stock options granted and vested during the years ended December 31, 2019, 2018 and 2017 was calculated using the following assumptions:

	December 31, 2019	**December 31, 2018**	**December 31, 2017**
Expected dividend yield	-	0%	0%
Expected share price volatility	-	96.9% - 101%	66.6% - 100.6%
Risk free interest rate	-	2.04% - 2.17%	1.17% - 1.80%
Expected life of options	-	5 years	5 years

Details of options outstanding as at December 31, 2019 on a post-consolidation basis are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price ($)	Weighted average remaining contractual life (years)
90,000	90,000	Feb 3, 2020*	2.75	0.09
45,000	45,000	Oct 5, 2020	2.00	0.76
541,800	541,800	Jan 28, 2021	2.10	1.08
763,750	763,750	Feb 21, 2022	1.20	2.15
50,000	50,000	Dec 20, 2022	1.20	2.97
570,000	570,000	Feb 28, 2023	1.20	3.15
50,000	50,000	May 1, 2023	1.20	3.34
20,000	20,000	May 4, 2023	1.20	3.34
2,130,550	2,130,550			2.08

**Subsequently expired, unexercised.*

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, 2019, the Company transferred $3,860,656 (December 31, 2018 - $229,381) (December 31, 2017 - $301,374) to deficit for expired options and warrants.

There were no share-based payments during the year ended December 31, 2019. During the year ended December 31, 2018, the Company recorded $317,332 (December 31, 2017 - $504,397) of share-based payments to reserves.

10. RELATED PARTY TRANSACTIONS AND PRIVATE COMPANY INVESTMENT

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 8):

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

	December 31, 2019	December 31, 2018
Directors and officers of the Company	38	1
Related company	131	
Total	169	1

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

The following amount due from related party and advancement represent other receivable included in current assets as well as investment in a private company.

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

	December 31, 2019	December 31, 2018
Due from private co	95	-
Advancement	24	-

On September 30, 2019, the Company entered into a Memorandum of Understanding ("MOU") with a private company ("private co") incorporated in Ontario in which certain directors and officers of the Company also hold offices and minority investments.

Concurrent with the MOU, the Company subscribed for 2,400,000 common shares of private co at $0.01, for a total investment of $24,000. The Company's investment will constitute a 9.64% holding in private co and includes a provision that will give the Company the right to nominate two directors to the board of directors of private co. To December 31, 2019, the Company's investment has been classified as an advance as private co has not issued the common shares certificate. Private co will also issue the Company a non-transferable share purchase warrant (the "Warrant"), entitling the Company to purchase common shares of private co up to 15% of the capital of private co upon payment of US $10 million prior to the fifth anniversary of the date of issue. To December 31, 2019, private co has not issued the final form of the Warrant to the Company.

Subsequent to December 31, 2019, the Company entered into a Management and Technical Services Agreement (the "Services Agreement") with private co, whereby the Company will provide certain technical, corporate, administrative and clerical, office and other services to private co during the due diligence stage of the contemplated arrangement. At December 31, 2019, the Company has charged private co and recorded $95,415 in due from the private co (Note 18).

(a) Related party transactions

2019

As of December 31, 2019, Sentient beneficially owns 36,980,982 common shares on a post-consolidation basis constituting approximately 41.70% of the currently issued and outstanding common shares.

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 on a post-consolidation basis 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 chairman is a consultant.

2018

As of December 31, 2018, Sentient beneficially owns 36,980,982 common shares on a post-consolidation basis constituting approximately 46.93% of the currently issued and outstanding common shares. Note 9.

As of December 31, 2018, CATL beneficially owns, or exercises control or direction over approximately 25.38% 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. Note 9.

2017

On August 15, 2017, Sentient subscribed for a total of 3,866,666 units on a post-consolidation basis under the private placement equity financing transaction described in Note 9 for a total net proceeds of $2,900,000. As part of the subscription, Sentient was granted 1,933,333 common share purchase warrants exercisable at $1.20 on a post-consolidation basis until August 15, 2019.

On June 8, 2017, Sentient acquired 9,466,666 units on a post-consolidation basis in the equity financing as described in Note 9 for net proceeds of $7,100,000. As part of the Offering, Sentient was granted 4,733,333 common share purchase warrants exercisable at $1.20 on a post-consolidation basis until June 8, 2019.

(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, 2019	December 31, 2018	December 31, 2017
Geological consulting fees – expensed	136	104	35
Geological consulting fees – capitalized	-	18	178
Management fees – expensed	747	747	749
Salaries - expensed	185	181	128
Share-based payments	-	192	358
Total	**1,068**	**1,242**	**1,448**

11. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in working capital for the year ended December 31, 2019 and 2018 are as follows:

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

	December 31, 2019	December 31, 2018	December 31, 2017
(Increase) decrease in accounts receivables	(126)	84	(162)
Decrease in prepaid expenses	3	19	46
Increase (decrease) in trade payables and accrued liabilities	134	(82)	21
Total changes in working capital	**11**	**21**	**(95)**

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

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

During the year ended December 31, 2018, the Company:

i) transferred $229,381 from reserve to deficit;
ii) recorded $250,000 of share issuance costs in trade payables; and
iii) recorded $186,304 in accrued exploration and evaluation expenditures.

During the year ended December 31, 2017, the Company:

i) transferred $300,784 from reserve to deficit;
ii) recorded $39,000 in fair value of options to share issuance costs;
iii) recorded $61,682 in fair value of agent's warrants to share issuance costs; and
iv) recorded $767,404 in accrued exploration and evaluation expenditures.

12. COMMITMENTS AND CONTINGENCIES

The Company has certain commitments to meet the minimum expenditures requirements on its mineral exploration assets it has interest in.

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: $30,951 per month effective June 2018.

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 short-term investments are held at highly-rated financial institutions and earn guaranteed fixed interest rate and thus are not subject to significant changes in interest payments.

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 cash equivalents 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, 2019 was 1.3016 USD to CAD, 1.4597 EUR to CAD and 0.1954 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 $27,879 credit note (2018 - $9,475) and $3,858 in USD currency (2018 - $78,806).

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 and cash equivalents and short-term investments at highly-rated financial institutions.

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, 2019:

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

As at December 31, 2019	**Less than 1 year**	**1 - 2 years**	**2 - 5 years**	**Total**
Trade and accrued liabilities	608	-	-	608
	608	**-**	**-**	**608**

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 and cash equivalents.
(All amounts in table are expressed in thousands of Canadian dollars)

	As at December 31,		
	2019	**2018**	**2017**
Equity	39,431	66,944	52,728
Current liabilities	608	556	969
	40,039	67,500	53,697
Cash and cash equivalents	(1,098)	(339)	(398)
Short-term investments	-	(2,500)	(2,500)
	38,941	**64,661**	**50,799**

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 six 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

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being that of the acquisition, exploration and development of mineral properties in three geographic segments being Canada, Greenland and United States (Note 7). The Company's geographic segments are as follows:

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

	December 31, 2019	December 31, 2018
Equipment		
Canada	9	11
Greenland	19	24
Total	**28**	**35**

	December 31, 2019	December 31, 2018
Exploration and evaluation assets		
Canada	2,483	2,214
Greenland	36,150	62,257
United States	-	8
Total	**38,633**	**64,479**

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, 2019	Year ended December 31, 2018
Net loss	$ (28,859)	$ (3,022)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(7,792)	(816)
Permanent differences and other	7,063	62
Effect of change in tax rates	-	(132)
Change in valuation allowance	729	886
Net deferred income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

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

		Year ended December 31, 2019		Year ended December 31, 2018
Exploration and evaluation assets	$	98	$	65
Loss carry-forwards		4,484		3,823
Share issuance costs		261		293
Cumulative eligible capital		-		34
Equipment		200		98
		5,042		4,313
Valuation allowance		(5,042)		(4,313)
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
2030	$	696	$	-	$	-	$	-
2031		517		-		-		-
2032		645		-		-		-
2033		847		-		-		-
2034		1,484		-		-		-
2035		2,141		-		-		-
2036		2,213		-		-		-
2037		2,637		-		-		-
2038		2,656		-		-		-
2039		2,715		-		-		-
No expiry		-		57		50,575		912
	$	16,551	$	57	$	50,575	$	912

Flow-through shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended December 31, 2019, the Company received $400,440 from the issue of flow-through shares and has incurred $1,238 of eligible expenditures during the year ended December 31, 2019.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at December 31, 2019, the Company has renounced $399,202 of the proceeds from flow-through shares and is committed to expend the proceeds on qualifying exploration expenditures.

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, 2019	December 31, 2018	December 31, 2017
Consulting fees	286	373	343
Professional fees	182	142	129
Management fees	745	733	715
Investor relations	32	187	239
Filing fees	94	79	106
Salaries and benefits	586	474	439
General office expenses	220	352	404
Total	**2,145**	**2,340**	**2,375**

18. SUBSEQUENT EVENTS

a) On January 1, 2020, the Company entered into a Services Agreement with private co (Note 10). The Company will charge private co for expenses incurred and has the right to charge a 2% administrative fee on third party expenses. The Company will invoice private co on a monthly basis and payment shall be made by private co 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 private co within 90 days provided the Company no longer owns at least 10% of the outstanding common shares of private co. At December 31, 2019, the Company has charged private co and recorded $95,415 in due from related party, which was invoiced on December 31, 2019. If private co defaults on making payments, the outstanding balance shall be treated as a loan to private co, 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 private co will be first applied to accrued interest and then principle of the invoice.

   The Company subsequently subscribed for an additional 1,686,749 common shares at $0.02, for an additional investment of $33,735. The Company's total investment amounts to $57,735 and will constitute a 11.37% holding in private co. The Company did not issue the aforementioned promissory note, but rather, the additional investment was netted against the amount due from private co, and the remaining balance of $61,680 was subsequently received. The Company has not been issued common share certificates for its additional investment.

b) 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 DKK 21,900.

c) On February 24, 2020, the Company granted incentive stock options to certain directors, officers, employees and consultants of the Company to purchase up to 6,650,000 common shares in the capital of the Company pursuant to the Company's stock option plan. All of the options are exercisable for a period of five years at an exercise price of $0.16 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fourth Quarter and Full Year Ended December 31, 2019

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of North American Nickel Inc. ("North American Nickel" or the "Company") is designed to enable the reader to assess material changes in the financial condition of the Company between December 31, 2019 and December 31, 2018, and the results of operations for the three and twelve months ended December 31, 2019 (**"Q4 2019" and "FY 2019"**, respectively) and December 31, 2018 (**"Q4 2018" and "FY 2018"**, respectively). The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the fiscal years ended December 31, 2019 and 2018. In this MD&A, references to the Company are also references to North American Nickel and its wholly-owned subsidiary.

The financial statements, and the financial information contained in this MD&A were prepared in accordance with *International Financial Reporting Standards* ("IFRS*").*

All amounts in the discussion are expressed in Canadian dollars and in Danish Kroners ("DKK"). All amounts in tables are expressed in thousands of Canadian dollars and in thousands of Danish Kroners where applicable, except per share data and unless otherwise indicated.

This MD&A contains forward-looking information within the meaning of Canadian securities legislation (see "*Forward-looking Information*" below for full discussion on the nature of forward-looking information). Information regarding the adequacy of cash resources to carry out the Company's exploration and development programs or the need for future financing is forward-looking information. All forward-looking information, including information not specifically identified herein, is made subject to cautionary language at the end of this document. Readers are advised to refer to the cautionary language included at the end of this MD&A under the heading "*Forward-looking Information*" when reading any forward-looking information. This MD&A is prepared in accordance with F1-102F1 and has been approved by the Company's board of directors (the "Board") prior to release.

This report is dated May 13, 2020. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website under the Company's profile at www.sedar.com. Other pertinent information about the Company can be found on the Company's website at www.northamericannickel.com.

Effective October 4, 2019, the Company completed a share consolidation of the Company's issued and outstanding common shares whereby for every ten (10) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share exists without par value.

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted in this discussion, in the consolidated financial statements and retrospectively to reflect the Company's 10-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

Company Overview and Highlights

North American Nickel is an international mineral exploration and resource development company listed on the TSX Venture Exchange ("TSXV") as at May 3, 2011 trading under the symbol NAN. The Company is focused on the exploration and development of a diversified portfolio of nickel-copper-cobalt-precious metals sulphide projects that should be economically feasible assuming conservative long-term commodity prices. The Company's principal asset is its Maniitsoq Property, in Southwest Greenland, a district scale land position.

North American Nickel was incorporated under the laws of the Province of British Columbia, Canada, by filing of Memorandum and Articles of Association on September 20, 1983, under the name Rainbow Resources Ltd.

Since 2011 the Company has continued the advancement of its camp scale Maniitsoq Project in Southwest Greenland and the Post Creek Property in Sudbury, Ontario. The 2018 exploration and drilling program at its Maniitsoq project was completed in September with a total 14,287 metres of drilling, representing an increase of 5,520 metres from the previous program in 2017. The drilling was focused on testing a geochemical strategy within several of the main Maniitsoq intrusions and has confirmed the presence of melanorite and re-affirmed the significance of the high magnesium oxide (MgO) control on NiS mineralization.

The Company's Post Creek project has been held as an asset since 2010 because of its prospective location. The Company has been exploring the project with a combination of geophysics, prospecting, trenching, mapping. A two-hole drill program was completed in 2018 with the objective of assessing magnetic and electromagnetic anomalies within a corridor of breccias and quartz diorite extending radially away from the Whistle Offset and to provide a platform for downhole geophysics. Base metal massive sulphide-type high-grade zinc with silver mineralization were discovered.

In early 2018, NAN initiated a strategy to assemble a diversified portfolio of highly prospective nickel-copper-cobalt projects that were located in countries with the Rule-of-Law and that should demonstrate sustainable economics assuming conservative long-term commodity prices. As a result of this work, NAN has acquired 3 new projects in Ontario which include: the Lingman Nickel Project, covering a portion of the Archean age Lingman Lake Greenstone Belt and the Quetico Nickel Project which is known to host intrusions with Ni-Cu-Co-PGM mineralization related to a late 2690 Ma Archean magmatic event. Most recently, the Company entered into an agreement to earn a 100% interest in the Loveland Nickel property in the Timmins area of Ontario.

On October 2, 2019, the Board of Directors and Management completed a consolidation of the Company's issued and outstanding common shares on the basis of ten pre-consolidation shares for one post-consolidated share.

On December 18, 2019, the Company completed a bought deal private placement issuing of 2,224,666 flow-through common shares of the Company at a price of $0.18 per FT Share and 7,373,265 common share units at a price of $0.18 per Unit for gross proceeds of $1,727,627.58.

Maniitsoq Nickel-Copper-PGM Project, Southwest Greenland

The Greenland properties currently being explored for nickel-copper-cobalt-PGM sulphide by the Company have no mineral resources or reserves. The Maniitsoq project is centered 100 kilometres north of Nuuk, the capital of Greenland which is a safe, stable, mining-friendly jurisdiction. The centre of the project is located at 65 degrees 18 minutes north and 51 degrees 43 minutes west and has an arctic climate. It is accessible year-round either by helicopter or by boat from Nuuk or Maniitsoq, the latter located on the coast approximately 15 kilometres to the west. The deep-water coastline adjacent to Maniitsoq is typical of Greenland's southwest coast which is free of pack ice with a year-round shipping season. The optimum shipping conditions are due to the warming Gulf Stream flowing continuously past the south west coastline of Greenland. There is no infrastructure on the property; however, the Seqi deep water port and a quantified watershed for hydropower are located peripheral to the project.

The Maniitsoq property is centred on the 75 kilometre by 15 kilometre Greenland Norite Belt which hosts numerous high-grade nickel-copper sulphide occurrences associated with mafic and ultramafic intrusions. Between 1995 and 2011, various companies carried out exploration over portions of the project area. The most extensive work was carried out by Kryolitselskabet Øresund A/S Company ("KØ") who explored the project area from 1959 to 1973. KØ discovered numerous surface and near surface nickel-copper sulphide occurrences and this work was instrumental in demonstrating the nickel prospectivity of the Greenland Norite Belt.

The Company acquired the Maniitsoq project because it has potential for the discovery of significant magmatic sulfide deposits in a camp-scale belt. The company believed that modern, time-domain, helicopter-borne electromagnetic (EM) systems would be more effective at detecting nickel sulphide deposits in the rugged terrain of Maniitsoq than previous, older airborne fixed wing geophysical surveys available to previous explorers. In addition, modern, time domain surface and borehole EM systems could be used to target mineralization in the sub-surface.

The Maniitsoq property consists of four exploration licenses, Sulussagut No. 2011/54 and Ininngui No. 2012/28 comprising 2,689 and 296 square kilometres, respectively and the recently acquired Carbonatite property No. 2018/21 (63 km^2) and the Ikertoq property No. 2018/31 (33 km^2):

Sulussugut License – 2011/54

Effective August 15, 2011, the Company was granted an exploration license, No. 2011/54 (the "Sulussugut License"), by the Bureau of Minerals and Petroleum ("BMP") of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Sulussugut License was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year providing the Company meets the terms of the license, which includes that specified eligible exploration expenditures must be made. The application for another 5-year term on the Sulussugut License was submitted to the Greenland Mineral License & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2019 being the nineth year.

The Greenland MLSA for the year 2019 has adjusted the minimum required exploration expenditures to DKK 44,755,600. The annual license fee on the Sulussugut License for year 9 and forward is approximately DKK 41,000.

Details of required work expenditures and accrued work credits are tabulated and given below:
Table 1: Sulussugut License – 2011/54 *(All amounts in table are expressed in thousands of DKK)*

Exploration Commitment		2014	2015	2016	2017	2018	2019
Fixed amount		313	317	-	650	659	656
4841 km^2 of DKK 1.460 per km^2							
4841 km^2 of DKK 1.490 per km^2							
3336 km^2 of DKK 7.760 per km^2							
2689 km^2 of DKK 7.830 per km^2		21,055					
2689 km^2 of DKK 7.940 per km^2			21,351				
2689 km^2 of DKK 16.260 per km^2				-	43,723		
2689 km^2 of DKK 16.500 per km^2						44,369	
2689 km^2 of DKK 16.400 per km^2							44,100
Exploration obligation		21,368	21,668	-	44,374	-	44,755
Approved exploration expenditures		55,509	59,150	61,109	85,094	79,604	1,724
Exploration obligation		(21,368)	(21,668)	-	-	-	(44,755)
Credit from previous year		28,681	62,822	100,304	161,413	246,507	326,111
Total Credit	DKK	62,822	100,304	161,413	246,507	326,111	283,080
Average Annual Rate DKK to CAD		0.1968	0.1901	0.1969	0.1968	0.2053	0.1990

The accumulated exploration credits held at the end of 2019, DKK 283,080,453 (approximately $56,333,010) can be carried forward as follows:

Carry forward period:

a) DKK 203,476,089 from 2017 until December 31, 2021

b) DKK 79,604,364 from 2018 until December 31, 2021

The Company has fulfilled the minimum exploration requirements and the Sulussugut License area was not reduced in 2019.

Ininngui License - 2012/28

Effective March 4, 2012, the Company was granted an additional exploration license, No. 2012/28 (the "Ininngui License"), by the BMP of Greenland for exclusive exploration rights over an area near Ininngui, Greenland. The Ininngui License is contiguous with the Sulussugut License. The Ininngui License was valid for 5 years until June 30, 2017. The application for another 5-year term on the Ininngui License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective March 14, 2017, with December 31, 2019 being the eighth year.

Details of required work expenditures and accrued work credits are tabulated and given below.

Table 2: Ininngui License - 2012/28 *(All amounts in table are expressed in thousands of DKK)*

Exploration Commitment		2014	2015	2016	2017	2018	2019
Fixed amount		313	318	323	-	659	656
142 km^2 of DKK 1.490 per km^2							
265 km^2 of DKK 1.550 per km^2							
265 km^2 of DKK 7.830 per km^2		2,075					
296 km^2 of DKK 7.940 per km^2			2,350				
296 km^2 of DKK 8.080 per km^2				2,392			
296 km^2 of DKK 8.080 per km^2							
296 km^2 of DKK 16.500 per km^2					-	4,884	
296 km^2 of DKK 16.400 per km^2							4,854
Exploration obligation		2,388	2,668	2,715	-	-	5,510
Total Credits Available							
Approved exploration expenditures		5,470	6,276	6,790	9,367	10,465	283
Exploration obligation		(2,388)	(2,668)	(2,715)	-	-	(5,510)
Credit from previous year		4,902	7,984	11,592	15,667	25,044	35,509
Total Credit	DKK	7,984	11,592	15,667	25,044	35,509	30,282
Average Annual Rate DKK to CAD		0.1968	0.1901	0.1969	0.1968	0.2053	0.1990

Carry forward period:

a) **DKK 19,816,698** from 2017 until December 31, 2021
b) **DKK 10,465,154** from 2018 until December 31, 2021

The Company has fulfilled the minimum exploration requirements and the Ininngui License area was not reduced in 2019. The annual license fee on the Ininngui License for year 8 and forward is approximately DKK 41,000.

For both licenses, future required minimum eligible exploration expenses will be adjusted each year on the basis of the change to the Danish Consumer Price Index.

For both licenses, at the expiration of the second license period (years 6-10), the Company may apply for a new 3-year license for years 11 to 13. Thereafter, the Company may apply 3 times for additional 3-year licenses for a total of 9 additional years. The Company will be required to pay additional license fees and will be obligated to incur minimum eligible exploration expenses for such years.

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, 2019 being the second year.

Details of required work expenditures and accrued work credits are tabulated and given below.

Table 3: - Carbonatite License 2018/21 *(All amounts in table are expressed in thousands of DKK)*

Exploration Commitment	**2017**	**2018**	**2019**
Fixed amount	-	165	164
63 km^2 of DKK 1.650 per km^2		104	
63 km^2 of DKK 1.640 per km^2			103
Exploration obligation	-	269	267
Approved exploration expenditures	-	10,099	934
Exploration obligation		-	(267)
Credit from previous year	-	-	9,830
Total Credit DKK	-	9,830	10,497
Average Annual Rate DKK to CAD		0.2053	0.1990

Carry forward period:

a) **DKK 9,830,021** from 2018 until December 31, 2022
b) **DKK 666,501** From 2019 until December 31, 2023

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.

Ikertoq License – 2018/31

The Company was granted a second exploration license, No. 2018/31 (the "Ikertoq License") on May 4, 2018 in an area approximately 110 km north of the Mannitsoq project. The license was subsequently relinquished due to no further plans to carry out exploration work.

Exploration and Development Activities during YTD 2019

In 2019, The Company had planned to return to Maniitsoq and other regional target areas to continue our systematic exploration program. Unfortunately, the Company was not successful in completing a treasury financing within the lead-time required for the logistical planning in Greenland. The initial 2019 work program for Maniitsoq project has been postponed to the 2020 summer season subsequent to a successful financing capable of supporting an integrated exploration programs.

The Company reported its remaining results from the 2018 exploration program on the Maniitsoq property in April 2019. Details are provided below. Holes drilled in 2018 are referenced in Figures 1 and 2 in Exploration and Development Activities section under *"2018 Exploration Activities"*.

Hydropower assessment of watershed 06.H was continued with the emplacement of devices to measure the seasonal variability of water levels in Lake Taserssuatsiaq and to provide a framework for further surveys over the next 3-5 years.

A prospecting permit for west Greenland was awarded by the Greenland government.

Fossilik

Detailed geological, geochemical, and geophysical investigations were undertaken to provide the framework to drill test the P-058 sulphide zone and the keel zone of the large Fossilik intrusion. The melanorite keel area is interpreted to be the primary source of high-grade mineralization previously identified in the P-058, P-059, and P-004 zones at the southwest margin of the intrusion. Historic exploration established a strong empirical relationship between the highest grades and tenors of magmatic sulphide mineralization and the distribution of high magnesium oxide (MgO) norite rocks, termed melanorite. Geochemical and geophysical data point to the importance of dense melanoritic bodies with elevated levels of MgO and chromium (Cr) as the principal repository of known magmatic sulphide mineralization. The high conductive signature of heavy disseminated, breccia, and massive sulphide mineralization makes this type of mineralization an exceptionally good target for deep-penetrating surface electromagnetic surveys (EM).

Holes MQ-18-161, 173 and 184 totaling 2,626.7 m were drilled within the southwest area of the intrusion and hole MQ-18-158 tested the margin of the main Fossilik Intrusion adjacent to the P-058 mineral zone. Holes MQ-18-158, drilled to a depth of 797 m and -161 did not intersect any significant mineralization. Assay results for holes MQ-18-173 and MQ-18-184 are given in Table 5.

The 2018 work program did not identify significant mineralization in the keel structure of the Fossilik intrusion however the potential for a discovery at depth remains open, and the most prospective keel portion lies below the bottom of drill hole MQ-18-173.

Table 5: Assay Results, P-058 Fossilik Intrusion.

Hole Number		From (m)	To (m)	Core Length (m)	Ni %	Cu %	Co %	S %	Pt g/t	Pd g/t	Au g/t	MgO %
MQ-18-173		893.05	894.10	1.05	0.26	0.06	0.01	1.21	0.04	0.01	0.02	19.91
MQ-18-184		543.00	547.20	4.20	0.31	0.09	0.01	1.52	0.04	0.01	0.04	18.30
Including		546.70	547.20	0.50	1.07	0.31	0.04	5.47	0.12	0.03	0.11	19.53
MQ-18-184		751.00	755.10	4.10	0.28	0.09	0.01	0.97	0.03	0.01	0.04	22.88

Imiak Hill

Four heavily deformed intrusions with gravity and IP anomalies were drill tested in 2018 at Imiak Hill. G-017, G-025, G-026, and G-036 by seven holes for a total of 3,499.8 m.

G-017 was tested by holes MQ-18-170 and 178 for 1,230.8 m to evaluate melanorite outcrop associated with a gravity high. No significant nickel or copper sulphide mineralization was intersected.

G-025 occurs on the western edge of the IHC and consists of discontinuous outcrops of melanorite. Hole MQ-18-176 undercut previous historic surface grab samples with values of up to 0.79% nickel and 0.42% copper. The hole was drilled to a depth of 516 m and intersected a thick interval of melanorite with maximum values of 0.54% nickel and 0.19% copper between 115.15 m to 121.0 m.

G-026 is located west of the Imiak Hill zone and was tested with holes MQ-18-165, -166 and -179 totaling 1,174 m. Hole MQ-18-165 was abandoned shortly after casing and restarted as 166 but failed to encounter melanorite or nickel enrichment. Hole MQ-18-179 tested a chargeability high and resistivity low and intersected low MgO noritic rocks with 0.43% Ni and 0.13% Cu over 7.0 m from 382m to 389m, and 0.56% Ni and 0.17% Cu between 399.45 m to 402 m.

G-036 is interpreted to be a possible faulted and displaced continuation of the mafic intrusive host to the Imiak Hill mineral zone. The intrusion, which may represent the keel of the system, is marked by a gravity high. Borehole MQ-18-160 was drilled to a depth of 579 m and intersected a thick sequence of melanorite with 0.37% Ni and 0.19% Cu over 1.65 m at 93.35 m.

Spotty Hill P-055

Hole MQ-18-157 tested a gravity anomaly within a melanorite keel 300 m down-plunge of known mineralization for 778 m. Previous drill hole intercept values included 1.35% Ni and 0.26% Cu over 7.8 m from hole MQ17-143. Sub-economic values of 0.27% Ni and 0.07% Cu over 4.63 m from 527.8 m to 532.43 m were intersected. BHEM results were negative.

P-030/P-031/P-032

The P-030-032 target area is located in the southern portion of the Greenland Norite Belt and is a two km long, northeast-striking norite intrusion with surface gossans that assay up to 2.26% Ni, 0.67% Cu and 0.33g/t PGM's. The intrusion was tested by holes MQ-18-181, MQ-18-186 and MQ-18-188. DDH MQ-18-181 intersected 0.86% Ni and 0.19% Cu between 194.10 m and 196.80 m. A systematic increase in MgO concentrations with depth suggests the primary keel of the intrusion extends below the depth of drilling.

MQ-18-188 tested the P-031 noritic intrusion northeast of the P-032 sulphide zone that had assay results of up to 0.49% Ni, 0.22% Cu and a combined PGM content of 0.7g/t. This hole was shut down early in melanorite at a depth of 672 m due to the termination of the 2018 exploration program. Based on MgO contents the keel of the intrusion occurs at depths below current drilling.

MQ-18-186 was completed to a depth of 417 m to test if mineralized melanorite extended below the near-surface P-030 mineral zone. The hole failed to intercept and a follow-up BHEM survey did not identify any anomalies.

Pingo

Three holes totaling 1,017 m were drilled to evaluate the melanoritic Pingo dyke located approximately 23 km northwest of the Imiak Hill Complex. The melanoritic intrusion has an interpreted strike of >7 km and varies in width from 35 to 165 m. Historic surface grab samples collected along the intrusion returned values of 0.78% Ni and 0.26% Cu; 0.74% Ni and 0.34% Cu; and 0.78% Ni and 0.23% Cu**.**

Hole MQ-18-183 indicates that the gossanous melanorite exposed at surface extends to depth. BHEM did not identify strongly conductive plates in association with the intrusion.

Hole MQ-18-187 encountered noritic rocks underneath the surface outcrop of mineralized melanorite. The weakly conductive BHEM plates modelled from this hole point back towards the surface gossan and 3D modeling indicates the mineralized segment of the dyke has been tested for a conductive target satisfying an economic threshold above ~400 m depth. The VTEM airborne geophysical response does not provide a focus for further evaluation of the strike-extent of the dyke.

Other Noritic Instructions

P-005: MQ-18-164 was drilled to a depth of 122 m to evaluate a previously identified VTEM anomaly modelled with a 252 Siemen conductance plate. The hole intersected weak but high nickel tenor stringer sulphide mineralization and returned a best value of 0.27% Ni and 0.22% Cu with 1.51% S over 1 m. Follow up BHEM indicates an off-hole anomaly below the drill hole, indicating that the bulk of the mineralization potentially lies at depth.

P-012: MQ-18-159 targeted a near surface 400 Siemen conductance surface pulse EM anomaly and a historic 1483 Siemen off-hole anomaly, modelled from DDH MQ-15-093. The 329 m borehole intersected stringer/vein sulphide mineralization in mafic gneiss from 24.20 to 30.85 m with a best assay of 0.22% Ni, 0.14% Cu over 0.60 m.

P-293: Two holes, MQ-18-180 and 182 were drilled for 338 m to evaluate a set of known VTEM anomalies 2 km north east of the Mikissoq sulphide zone. Both holes intersected norite with associated barren sulphide mineralization.

Qeqertaasaq Carbonatite Complex

Two holes were drilled to follow up on potential nickel sulphide targets in the Qeqertaasaq Carbonatite Complex (QCC). DDH MQ-18-168 and 169 totaled 553 m and targeted EM anomalies detected during the 2018 surface EM program. MQ-18-168 encountered thin veins of barren pyrite and pyrrhotite. DDH MQ-18-169 intersected a 30 m thick interval of conductive magnetite. Four short drill holes totaling 752 m targeted the concentric radiometric high developed at the periphery of the carbonatite intrusion where historic grab samples from the fenite zone contained elevated tantalum and niobium concentrations. DDH MQ-18-171, the easternmost hole, returned the highest niobium values of 3218 ppm over 0.9 m and 3376 ppm over 0.3 m. The highest tantalum values occur in the northern part of the QCC with hole MQ-18-172 returning values of 166 ppm tantalum over 0.5 m and 163 ppm tantalum over 0.15 m. Mineralization occurs along narrow irregularly shaped veins and segregations in association with fenitized basement rocks.

Outlook - Exploration and Development for 2020-2023

Management is recommending a three-year exploration plan for Maniitsoq with the objective of maximizing the potential value of the asset while extending the period that the Company maintains control of the project. The impact of Covid-19 will prevent the planning and execution of field work in Greenland. The Greenland Government is considering eliminating the expenditure requirements for 2020. Management will assess the situation with the expectation of implementing the three-year plan starting in 2021.

2020 – Apply the Company's cumulative knowledge to Maniitsoq and other areas of Western Greenland and identify the geoscience data gaps to effective targeting.

– Continue the assessment of hydropower development within watershed 06.H.

2021 - Acquire the additional required geoscience data and additional properties of merit; conduct test drilling if any priority targets are identified and drill ready.

2022 – Execute a major drill campaign of prioritized targets.

This three-year plan will allow for the generation of priority drill targets while drawing down on the three years of exploration credits (Table 1 & 2). The drilling expenditure in 2023 would extend the Company's 100% ownership of the Maniitsoq project until 2025.

Exploration History

The Company undertook numerous exploration activities and completed various mineralogical studies during the period from 2012 to 2016, including 9,596 metres of drilling in 2016. A National Instrument 43-101 was completed on the Maniitsoq property in March 2016 and QEMSCAN mineralogical analyses on drill core samples documenting favourable liberation and recovery characteristics for Maniitsoq mineralization was reported in April 2016.

Exploration program for the year 2017 commenced in May with the opening of the exploration base camp at Puiattoq Bay and was completed in September. The objective was step-out drilling at the Imiak Hill Complex (IHC), Fossilik and P-013SE, to advance one or more areas to the delineation drilling stage for 2018 (Figures 1 and 2). Infrastructure, environmental baseline studies and ongoing corporate social responsibility initiatives were also undertaken. 11,000 metres of diamond drilling were targeted for 2017 building on 2015 and 2016 exploration results. Borehole gyro, electromagnetic (BHEM), optical tele-viewer and physical properties surveys, surface electromagnetic and Induced Polarization ("IP") geophysical surveys, mapping, prospecting, sampling, structural geological studies and 3D modeling accompanied drilling.

Twenty-three drill holes totalling 8,767 metres were completed to test mineralized zones and geophysical targets. The 2017 program of drilling on the mineral zones of the IHC and Fossilik areas indicate that the plunging zones of mineralization in the IHC and Fossilik areas extend to depth, but these zones do not increase significantly in width and/or lateral extent, and they are often offset by shallow fault zones. Some of the zones are open and untested at depth, so there is some possibility that these zones link to more extensive zones of mineralization, but the strategy of following these zones with drilling and borehole geophysics was reconsidered as an outcome of the 2017 program of work.

Based on field mapping, prospecting and re-examination of exploration results, the high-MgO parts of the larger Norite Province Intrusions with proximal zones of mineralization (e.g. P-004, P-058, Imiak Hill Complex occurrences) were identified as a possible source for the high nickel grade and tenor mineralization. The larger melanorite (> ~12.5 wt MgO) domains have the capacity to host more extensive zones of breccia and semi-massive sulphide mineralization in association with disseminated sulfides. Although the intrusions are extensively modified by deformation and metamorphism, the contacts and keels of the larger bodies provided focus to next phase of exploration work.

2018 Exploration Activities

Exploration work in 2018 focussed on targeting the outer contacts and keels of differentiated intrusions containing significant amounts of melanorite. Work was prioritized intrusions at Fossilik, the Imiak Hill Complex, P-030, P-032, P-008 and Pingo which are believed to have good potential to host economic accumulations of Ni-Cu-Co-PGM sulfide mineralization. Exploration in 2018 utilized:

- Surface electromagnetic surveys targeting of the melanorite "keel" structures which may contain larger sulfide accumulations from which the known mineral zones were structurally detached;
- A targeted 12,500 metres of diamond drilling, including borehole electromagnetic (BHEM) surveys, and
- Mapping, prospecting, sampling, structural geological studies and 3D modeling

Systematic analysis of geochemical data indicates that melanorites are an important host to disseminated sulphide mineralization and this rock type also hosts thick zones of breccia and semi-massive sulphides. The known mineral lenses at P-004, P-058, and Spotty Hill are adjacent to under-explored intrusions containing melanorite. The melanorite keels of large mineralized intrusions such as Fossilik and target G-025 therefore represent an important geological environment to explore for large tonnage, high grade mineralization.

Figure 1-2 summarizes 2018 drill targets and drill holes including the location of P-008 and the newly identified mineral zone.

The 2018 exploration program commenced in June and was completed in September with 14,288 m of drilling that targeted the roots of large intrusions with thick intervals of melanorite. The total meterage is an increase of 5,521 m from the 2017 program and surpassed the initial planned program of 12,500 m.

A small but important intrusion comprising melanorite at the P-008 target south of Fossilik (Figure 1) was identified. Two holes (MQ-18-162, MQ-18-163) were drilled to test the surface EM target and both intersected significant sulphide mineralization. A third hole, MQ-18-167, followed-up on holes MQ-18-162 and MQ-18-163 and indicate that the zone is more extensive at depth and extends into the footwall at the north wall of the intrusion. A BHEM survey has identified further targets at depth that were tested with DDH MQ-18-177. This hole deviated and was drilled outside of the plunge of the mineralization. Selected drill and assay results are summarised in Table 4.

Melanorite is the host for the majority of the highest-grade nickel mineralization comprising heavily disseminated, net-textured, breccia and massive sulphide mineralization. Targeting of these holes was accomplished using optimized deep-penetrating surface electromagnetic methods including borehole EM surveys to target the melanorite and keel zones of prioritized intrusions at Fossilik, P-030-31-32, P-008, Pingo and in the footprint of the Imiak Hill Complex (Figure 2). The extensive program of work has generated the data and samples required to add significant value to the Maniitsoq database and provides a basis to refine future exploration strategies.

Figure 1. Location of 2018 drill targets.

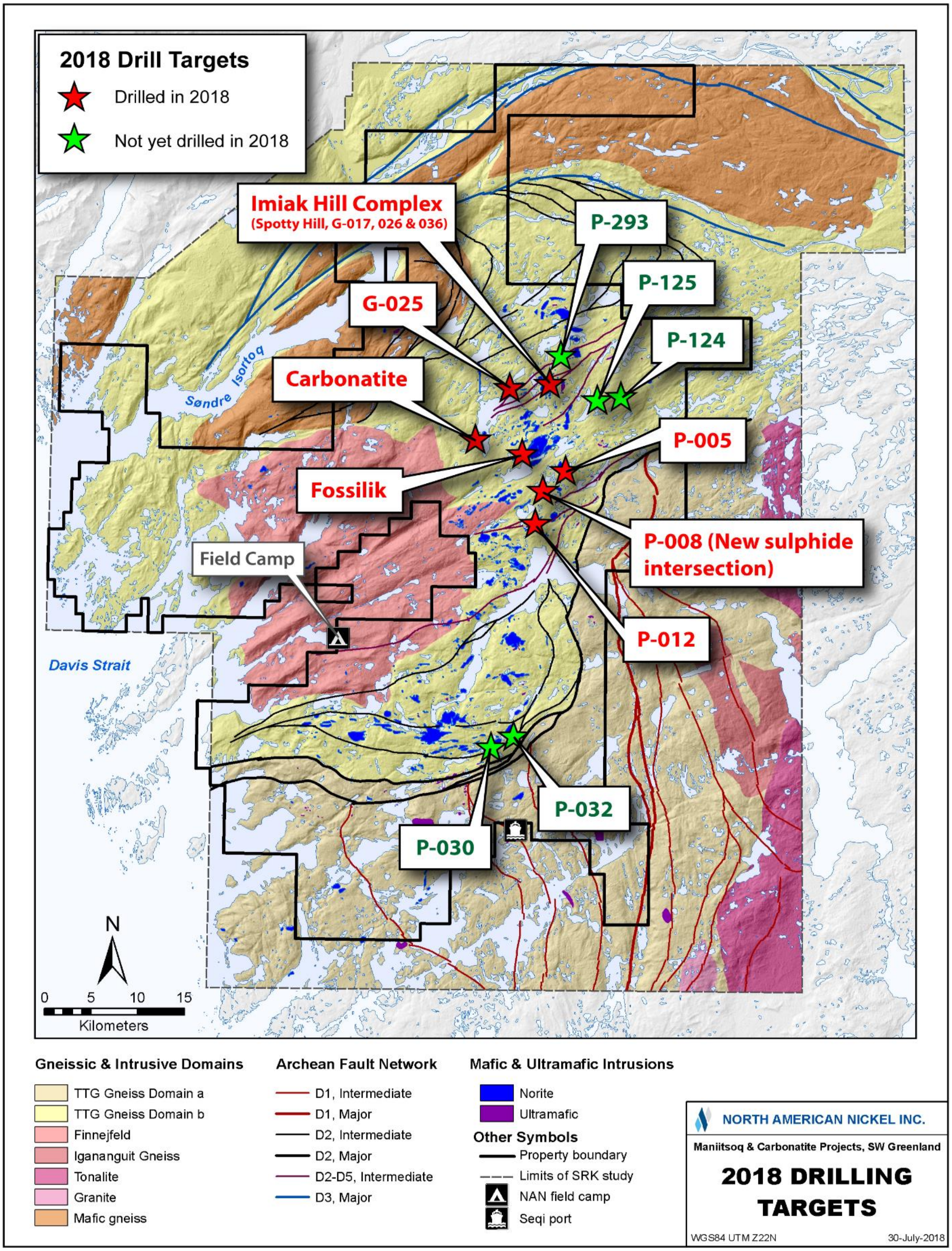


Figure 2. Location of 2018 drilling.

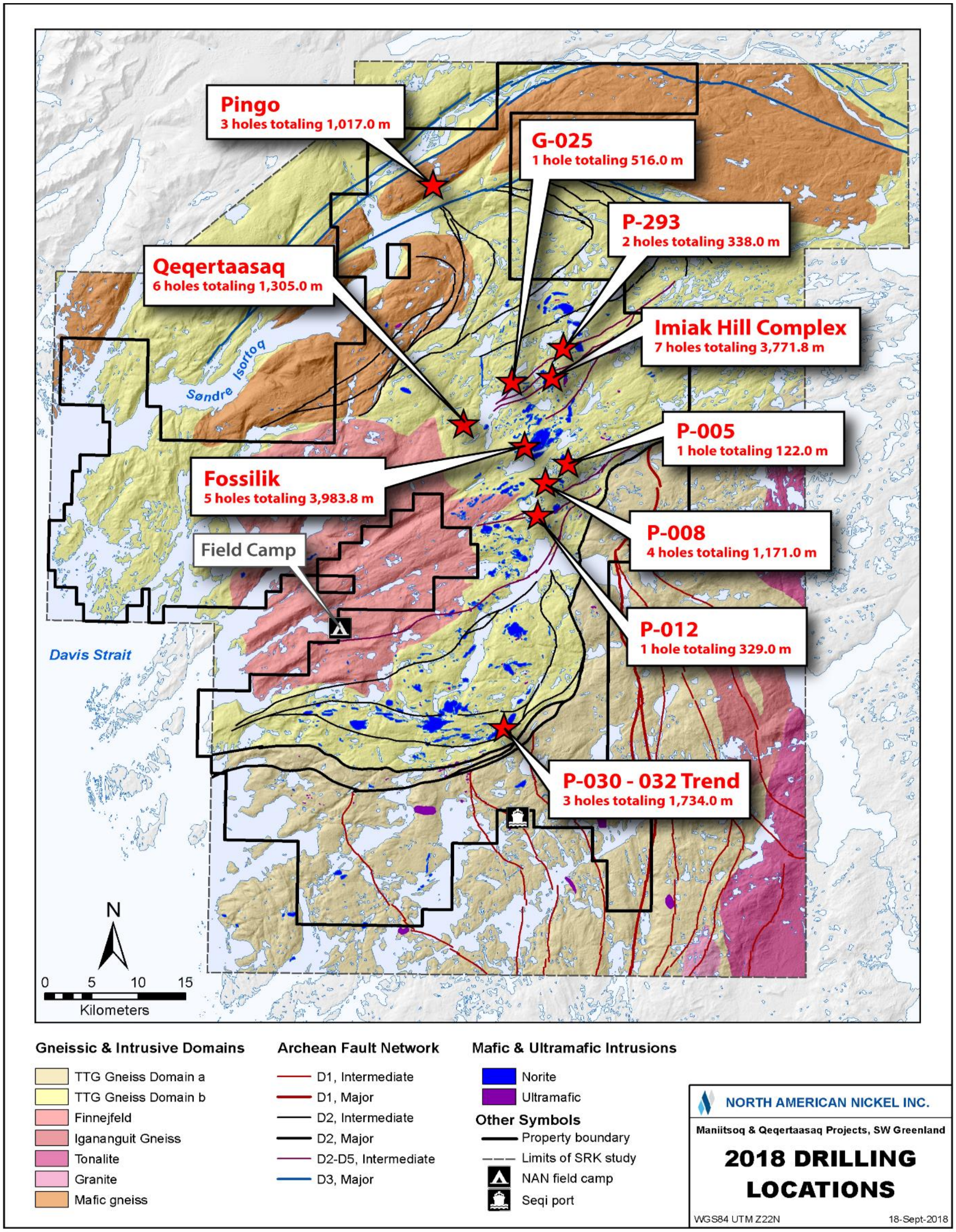


Table 4. Summary of drill and assay results, MQ-18-167.

Target	*Drill Hole*	*Location*	*Intercept*
P-008	MQ-18-167	Fossilik	7.50m @ 1.26% nickel, 0.24% copper, 0.05% Co and 0.47 g/t Pt+Pd+Au including 5.10m @ 1.68% nickel, 0.29% copper, 0.06% cobalt and 0.63 g/t Pt+Pd+Au

Drilling and electromagnetic (EM) data have indicated a 335-metre dip-extent to the P-008 mineralization that remains open down dip and along strike. It comprises high tenor (6.5-7.7% nickel), strongly conductive high-grade remobilized sulphide and, less conductive disseminated to blebby sulphide that is typical of the Maniitsoq style of mineralization.

Carbonatite and Ikertoq

On May 4, 2018 the Company was awarded an exploration license (2018/21; "Carbonatite") over a highly prospective block of ground to the west of the Fossilik Intrusion in an area which has very limited nickel exploration and contains the Qeqertassaq carbonatite complex. The work program for 2018 has consisted of compilation, field work, surface sampling for geochemistry, surface EM work in areas with possible norite-associated mineralization modified by the carbonatite complex and drilling to evaluate the potential for strategic metals (niobium, tantalum, and rare earth elements) in areas outside of the focus areas of historic drilling.

Compilation work and re-interpretation of historic data for the 15 km2 Qeqertassaq Carbonatite Complex, part of the Greenland Norite Belt, was commenced on September 10. The purpose was to identify norite-hosted nickel sulphide targets and focus exploration on the potential for rare and strategic metals. Ground EM surveys were undertaken over targets identified from a 1995 GEOTEM airborne survey. Two drill holes for a total of 553 m were drilled to test resultant conductive responses for potential nickel targets intersected stringers of barren pyrrhotite within a carbonate-magnetite host rock in association with a thick interval of magnetite. A surface rock sampling and drilling program was initiated to assess the strategic metal potential for pyrochlore-hosted tantalum and niobium. A total of 284 rock samples were collected from a zone of elevated tantalum and niobium correlated with historic airborne radiometric and magnetic anomalies at the margin of the Qeqertassaq Carbonatite Complex. Four holes were also drilled for a total of 1,305 m to assess this zone. A report on the strategic metal potential of the Qeqertassaq carbonatite was commissioned, and emphasis was placed on understanding the upside potential of the light rare earth element vein system, the niobium mineralization, and the potential for tantalum mineralization is association with soeviite series rocks.

A second new exploration license (2018/31; "Ikertoq") was awarded to the Company on May 4, 2018 in an area approximately 110 km north of the Maniitsoq project. This area was intermittently explored by KØ A/S Company, Greenland Gold Resources and Northern Shield Resources. A program of field work was undertaken in July of 2018 centered on the differentiated ultramafic Ikertoq Intrusion and within the footprint of potential ultramafic rocks identified as a result of processing of a Worldview-2 satellite image of the license. The high Ni-tenor sulphide mineralization associated with the center of the Ikertoq Intrusion was shown to be related to localized veins of coarse-grained late felsic micaceous pegmatites that have locally incorporated nickel to form pentlandite. No evidence of primary magmatic concentrations of nickel-cobalt sulfide were found either in association with the Ikertoq Intrusion or in association with the colour anomalies identified from the Worldview-2 satellite image. As of December 31, 2018, the license was relinquished due to no further plans to carry exploration work.

CSR, Environment and Infrastructure

Hydropower Development **–** A watershed prospecting license for the assessment and development of hydropower resources at Maniitsoq was awarded by the Ministry of Industry, Labour, Trade and Energy of the Greenland Government in March 2017. The two-year license provides for the exclusive right to assess and develop potential hydropower resources with an option for a three-year extension. EFLA Consulting Engineers completed a feasibility analysis of hydropower development within watershed 0.6H in January 2018. The analysis of hydropower within watershed 0.6H identifies two subordinate watersheds 7038-001 F03 and 7038-001 F04 with the capacity to supply a 12 MW base load and an 18 MW maximum load and generate 96 GWh per annum for the Maniitsoq Project. The two watersheds included in this assessment have the capacity to supply the required hydroelectricity at an installed cost of $5.621 USD/kW and $5.049 USD/kW respectively at a CAPEX of between $101.2 and $90.9 million USD respectively. Operating expenses are 1-2% of CAPEX. Both watersheds encapsulate or are close to priority nickel sulphide mineralized zones and the Seqi Port.

Corporate Social Responsibility - The 2018 program for Corporate Social Responsibility was completed on August 24 with community presentations in Sisimiut, Maniitsoq, Atammik and Napasoq and presentations to the Mineral Licencing and Safety Authority and the Ministry of Industry and Energy of the Greenland government in Nuuk. The National Association for Hunters and Fishers (KNAPF) also located in Nuuk was updated on 2018 exploration activities. The Company renewed its support for the annual Greenland mineral hunt.

Environmental Surveys – Sampling to establish baseline geochemical values for low total dissolved solids freshwaters, fauna and flora was continued in areas of active exploration and in the area of watershed 0.6H. Watershed survey area surveys were undertaken in support of ongoing hydropower assessments that are ongoing. All surveys have been undertaken by qualified personnel of Golder Associates (Copenhagen). Final reports have been received for both environmental surveys and weather station databases. Weather stations have been removed from the field as sufficient data has been acquired to prepare a model for wind-related particulate dispersion in the Maniitsoq area.

Tailings Facility - Discussions were held with the MLSA and the Greenland Department of Nature, Environment and Energy regarding the process for selecting and developing a tailings facility to support nickel mining and milling activities. This process is required to be undertaken as part of the submission of an exploitation license for extraction of nickel ore.

Canada Nickel Projects - Sudbury, Ontario

Post Creek Property

The Company entered into an option agreement in April 2010, subsequently amended in March 2013, to acquire rights to Post Creek Property located within the Sudbury Mining District of Ontario. On August 1, 2015, the company has completed the required consideration and acquired 100% interest in the property. The Company is obligated to pay advances on the NSR of $10,000 per annum, which will be deducted from any payments to be made under the NSR.

The property is located 35 kilometres east of Sudbury in Norman, Parkin, Alymer and Rathburn townships and consists of 39 unpatented mining claims in two separate blocks, covering a total area of 912 hectares held by the Company. The center of the property occurs at UTM coordinates 513000mE, 5184500mN (WGS84, UTM Zone 17N). The Post Creek property lies adjacent to the Whistle Offset Dyke Structure which hosts the past–producing Whistle Offset and Podolsky Cu-Ni-PGM mines. Post Creek lies along an interpreted northeast extension of the corridor containing the Whistle Offset Dyke. Offset Dykes and Footwall deposits account for a significant portion of all ore mined in the Sudbury nickel district and, as such, represent favourable exploration targets. Key lithologies are Quartz Diorite related to Offset Dykes and Sudbury Breccia associated with Footwall rocks of the Sudbury Igneous Complex which both represent potential controls on mineralization.

Outlook – Exploration and Development for 2020-2021

The objective of further compilation work on the Post Creek Project was to provide a basis for prospecting and sampling of parts of the property that have received incomplete historic exploration. The targets comprised radial and concentric offset dykes of the Sudbury Igneous Complex which are known to be associated with high grade Cu-Au-PGE sulfide mineralization.

2020 – Two targets in the southern part of the Post Creek Property were flagged for prospecting: 1. The footprint around a quartz diorite boulder which is slightly different in texture and composition to the main stripped outcrop of quartz diorite; 2. A grab sample from a gossan in a zone of Sudbury Breccia yielded 0.276g/t Au and 2.62% Cu, but no significant Ni, Pt, or Pd. Neither of these target domains has a response in historic IP, VTEM, or surface EM. The chalcopyrite mineralization sits within the main breccia belt that extends NNE of Whistle and controls the Podolsky Deposit, so it warrants follow-up with prospecting and sampling.

2021 – Prospect and search for mineralization and/or quartz diorite on parts of the Post Creek Properties that remain overlooked by previous exploration. Complete geophysical surveys over prospective target areas, and conduct test drilling if any priority targets are identified and drill ready.

This two-year plan will allow for the generation of priority drill targets while drawing down on the available exploration credits. The work expenditure in 2021 would extend the Company's 100% ownership of the Post Creek Project into 2025 and beyond.

Exploration History
(All drill intercepts described in this section refer to core lengths not true widths)

Previous operators completed geological, geophysical and Mobile Metal Ion soil geochemical surveys. Highlights of this work included:

- A drill intersection returning 0.48% copper, 0.08% nickel, 0.054 grams/tonne palladium, 0.034 grams/tonne platinum and 0.020 grams/tonne gold over a core length of 0.66 metres; and
- A grab sample from broken outcrop which returned 0.83% nickel, 0.74% copper, 0.07% cobalt, 2.24 grams/tonne Pt and 1.05 grams/tonne Pd.

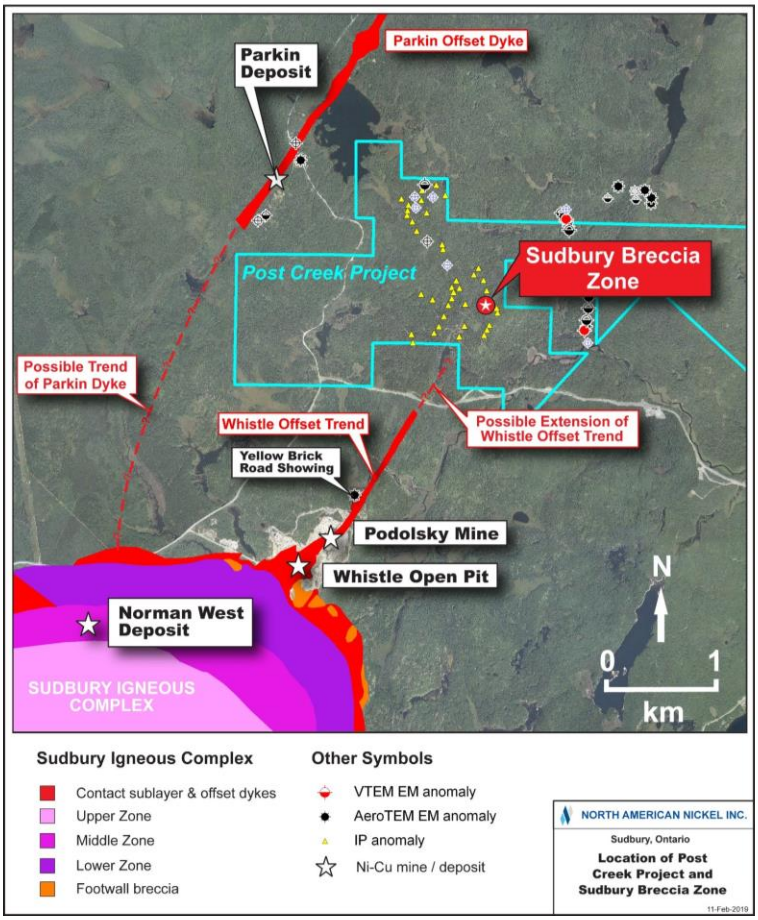
A NI 43-101 compliant Technical Report was completed by Dr. Walter Peredery, formerly of INCO, in 2011 and subsequently accepted by the Securities Commission.
During the period of 2011 to 2016, the Company carried out exploration programs comprising ground geophysics (magnetics and electromagnetics), diamond drilling (1,533 metres in 7 drill holes), borehole electromagnetic surveys, georeferencing of selected claim posts, prospecting, trenching, geological mapping, sampling and petrographic studies. This work has identified new occurrences of Quartz Diorite dyke and Sudbury Breccia, both of which are geologically significant lithologies known to host ore deposits associated with the Sudbury structure. Ground traverses, trenching and mapping carried out in 2016 outlined a Sudbury Breccia belt of at least 300 metres by 300 metres in size which lies along the same trend at the Whistle Offset Dyke located on KGHM property to the southwest. These findings support the potential for the Post Creek property to host both Footwall and Offset Dyke type deposits.

In 2017, the Company initiated support for a two-year MITAC project whereby an M.Sc. student will be carrying out field and laboratory study aimed at understanding the mineral resource potential of the Post Creek Property.

2018 Exploration Activities

A two-hole drill program was completed in 2018 and reported in 2019 with the objectives of assessing magnetic and electromagnetic anomalies within a corridor of breccias and quartz diorite extending radially away from the Whistle Offset and to provide a platform for downhole geophysics (Figure 3).

Figure 3. Location of the Post Creek Project and the Sudbury Breccia Zone.



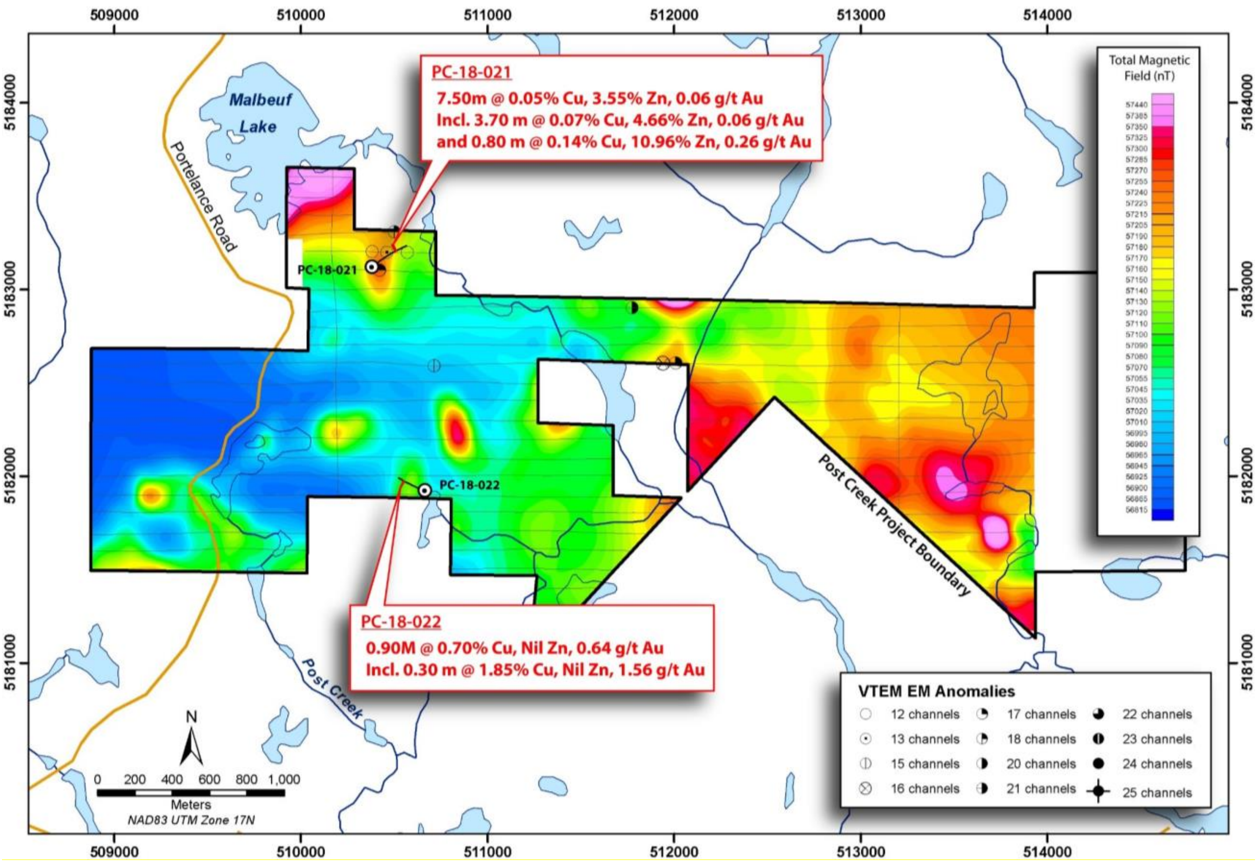
Hole PC-18-21 was drilled beneath an outcrop of quartz diorite to establish the depth extent of the dyke and hole PC-18-22 tested the breccia belt immediately to the north of the Whistle Offset Dyke (Figure 4). Both drill holes encountered a thick sequence of mafic volcanic rocks however quartz diorite, partially melted country rocks or Footwall-style mineralization were not encountered. DDH PC-18-21 did intersect a thick interval of volcanogenic massive sulphide-type sphalerite mineralization including:
7.50 m @ 3.55% zinc and 0.82 ppm silver including

- 3.70 m @ 4.66% zinc and 0.58 ppm silver and
- 0.8 m @ 10.96% zinc and 3.05 ppm silver

Multiple BHEM anomalies were detected both north and south of the zinc mineralization and are potential drill targets for volcanogenic massive sulfide mineralization.

Hole PC-18-022 tested the possible strike extension of the Whistle Offset in a broad corridor of Sudbury Breccia and was collared in an area of anomalous copper values in outcrop within a well-defined ground magnetic anomaly. A thick sequence of mafic volcanic rocks overprinted with locally developed shear and breccia zones were intersected. One of the shear zones hosted vein-type chalcopyrite mineralization. A strongly magnetic, highly altered ultramafic unit is responsible for the observed magnetic anomaly.

Figure 4. Location of the Post Creek VTEM magnetic and electromagnetic (EM) anomalies, 2018 drill holes and significant assay results.



Corporate Social Responsibility

The Company has established excellent working relationships with the Wahnapitae First Nation ("WFN") at Capreol (Ontario) commencing with a community presentation in May and followed up with ongoing contact with the Resource and Environmental officer. Prior to the initiation of drilling all drill sites and access routes to drill sites were reviewed by the WFN and no issues were identified. A post-drilling review of the drill sites indicated no problems related to drilling. The relationship with WFN continues to develop positively. In 2019 North American Nickel financially supported the 2019 Pow-Wow celebration held at Capreol. Prospecting and exploration on the property is planned and will include assistance of casual labour hired from the WFN community.

Halcyon Property

As at the date of this MD&A, the company holds 100% interest in Halcyon Property and is obligated to pay advances on the NSR of $8,000 per annum, which will be deducted from any payments to be made under the NSR.

The property is located 35 km northeast of Sudbury in the Parkin and Aylmer townships, and consists of 53 unpatented mining claims for a total of 864 hectares. It is readily accessible by paved and all-weather gravel road. Halcyon is adjacent to the Post Creek property and is approximately 2 km north of the producing Podolsky Mine of FNX Mining. Previous operators on the property defined numerous conductive zones based on induced polarization (I.P.) surveys with coincident anomalous Mobile Metal Ions soil geochemistry. Base and precious metal mineralization have been found in multiple locations on the property but follow-up work was never done. The former producing Jon Smith Mine (nickel-copper-cobalt-platinum) is situated 1 km North of the property.

Outlook – Exploration and Development for 2020-2021

The objective of further compilation work on the Halcyon Project was to provide a basis for prospecting and sampling of parts of the property that have received incomplete historic exploration. The targets comprised radial and concentric offset dykes of the Sudbury Igneous Complex which are known to be associated with high grade Cu-Au-PGE sulfide mineralization.

2020 – The Halcyon portion of the property has 2 priority areas flagged for follow-up in 2020, viz: 1. Possible Sudbury type quartz diorite in historic drill core associated with IP chargeability and B horizon soil Cu-Ni anomalies; 2. Two areas with minimal historic work that rest on the corridor projection of the Milnet Fault Offset of the Parkin QD with no EM or IP coverage. In these target areas, NAN will be prospecting for mineralization and/or radial/concentric offsets dykes located along stratigraphic horizons similar to those controlling the inflexion in the Parkin Offset at the historic Milnet Deposit.

2021 – Prospect and search for mineralization and/or quartz diorite on parts of the Halcyon Property that remain overlooked by previous exploration. Complete geophysical surveys over prospective target areas, and conduct test drilling if any priority targets are identified and drill ready.

This two-year plan will allow for the generation of priority drill targets while drawing down on the available exploration credits. The work expenditure in 2021 would extend the Company's 100% ownership of the Halcyon Project into 2025 and beyond.

Exploration History

During the period 2011 to 2016, the Company carried out a small amount of exploration including ground geophysics (magnetics and electromagnetics), diamond drilling (301 metres in 1 drill hole), a borehole electromagnetic survey, georeferencing of selected claim posts, prospecting, geological mapping, sampling and petrographic studies. The single hole located on the southeast corner of the property was drilled with the purpose of providing geological information and to provide a platform for borehole pulse EM ("BHPEM"). No anomalies were detected although quartz diorite breccia and partial melt material with 2-3% disseminated pyrrhotite and chalcopyrite was intersected over short core lengths. The property is strategically located adjacent to the Company's Post Creek property, located immediately to the south, where occurrences of both quartz diorite and Sudbury Breccia have been identified.

Work completed on the property during the year ending December 31, 2016 consisted of geological traverses, prospecting and sampling and was carried out on the southern portion of the Halcyon Property. This program was carried out concurrently with similar work on the Post Creek Property. Assay, whole rock and thin section samples were collected for analysis and study. Results have been received and compiled.

In November 2016, a georeferencing program was completed involving the acquisition of DGPS coordinates for claim posts for selected claims.

Quetico Property

During FY 2018, the Company acquired 809 claims known as Quetico located within the Sudbury Mining District of Ontario. The Company incurred total acquisition and exploration related costs of $64,256. Cells were acquired to assess (i) the Quetico Sub-province corridor, which hosts intrusions with Ni-Cu-Co-PGM mineralization related to a late 2690 Ma Archean magmatic event, and (ii). the Neoproterozoic (1100 Ma MCR) magmatic event and related intrusions. Three clusters of claims cells, labeled Quetico South, East and West cover magnetic features interpreted to represent small differentiated intrusions. The review of government geological and geophysical data, and historic assessment file data was completed in 2019 and recommendations for additional exploration work were prepared. An application has been lodged with the Mining Lands Administration of the Ontario Government to extend the tenure of the claim blocks due to impact from COVID-19 on implementation of exploration work.

Outlook – Exploration and Development for 2020-2021

2020 – The long-lived Quetico structural corridor controls a number of Mid-Continent Rift-related mafic-ultramafic intrusions formed during an early phase of rifting that is known to be prospective for small heavily mineralized intrusions such as Eagle and Tamarack. The Eastern Quetico claim block is located adjacent to the Current Lake Property where differentiated mafic-ultramafic intrusions in cross-linking structures of the Quetico Fault control the distribution of mineralization in the Current

Lake Deposit and other mineralized intrusions. MCR-aged peridotites and possible prospective reverse-polarity mafic intrusions on NAN ground next to Current Lake. Compilation work has identified peridotites with similar geochemical signature to the Current Lake Intrusion on the Eastern claim group. A program of prospecting, sampling and geochemical analysis will be completed in 2020.

2021 – Subject to the identification of mineralization and/or ultramafic intrusive rock bodies in the eastern claim block, NAN will revisit plans design to complete an airborne VTEM survey which was designed to identify coincident EM responses in association with the magnetic response expected from differentiated mafic-ultramafic intrusions in the Quetico structural zone.

Subject to the extension of the original Quetico claims, this two-year plan will allow for the generation of priority drill targets while drawing down on the available exploration credits. The work expenditure in 2020 and 2021 will extend the Company's 100% ownership of the East Quetico Project into 2025 and beyond.

Lingman Lake Property

The Company digitally staked 188 cells/claims known as Lingman Lake on April 15, 2019. The property occurs about 65 km South East of Red Sucker Lake First Nation and about 35 km southwest of Sachigo Lake First Nation, approximately 650 km northwest of Thunder Bay. The Company incurred total acquisition and exploration related costs of $26,453. The Lingman Nickel Project, covers a portion of the Archean age Lingman Lake Greenstone Belt that includes tholeiitic-komatiitic rocks and sulphide facies iron formation. Historic field work has identified ultramafic rocks with elevated nickel and copper in grab samples. A 2011 VTEM survey shows a strong magnetic response over 13 km in strike length with numerous coincident magnetic/EM anomalies that are untested. The compilation of historic data has been completed and the Company is preparing plans for an initial program of field work to evaluate the Ni-Cu-Co and precious metal sulphide potential.

Loveland (Enid Creek) Nickel Property

The Loveland Nickel Property is located 30 km northwest of Timmins and has year-round access. The property is underlain by a mineralized differentiated mafic-ultramafic complex that is host to the historic Enid Creek showing. Recent analyses of a historic drill sample by the Ministry of Northern Development and Mines in Ontario returned 2.74% Ni, 1.3% Cu, 1.66ppm Pd. A VTEMMAX survey completed in 2017 identified several new and untested conductors. One of the targets extends for 950 m in strike length and is located to the southeast along strike from the known mineralization. The exploration target is high grade nickel mineralization located in a depression or embayment structure at the base of the intrusion.

On September 25, 2019, the Company entered into earn in agreement with International Explorers and Prospectors Inc. whereby the Company may acquire a 100% interest in the Loveland Nickel. Consideration for the acquisition is $1,525,000 in cash, 300,000 post-consolidation common shares and $4,500,000 in work commitments over a 5-year period. The TSX Venture Exchange approved the transaction for filing on October 24, 2019. The 300,000 common shares were issued subsequent to the quarter as a purchase consideration with a value of $60,000.

During YTD 2019, the Company incurred acquisition related costs of $82,560.

<u>US Nickel Project - Michigan</u>

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 2019 year, 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 refund of a $13,016 (US $10,000) reclamation deposit held by the Department of Natural Resources in Michigan. The reclamation deposit was reallocated to receivables at December 31, 2019 and received subsequent to year end.

Project Pipeline

Due to long term nickel market forecasts indicating a supply deficit developing, the Company believes that it is a good time to acquire nickel exploration and development projects that could be developed assuming conservative long-term nickel prices. The company maintains a nickel project generation activity focusing on high prospectivity projects in counties with the Rule of Law and reasonable development economics.

In the context of rising nickel prices and positive developments in the electric vehicle market, the Company will look to enhance shareholder value by aggressively expanding its nickel sulphide project pipeline. The Company's staff are proceeding with compilation work on prospective geological environments related to North American Archean craton margins where structural space controls the development of mafic-ultramafic intrusions. The objective of this work is to identify underexplored or unexplored open system intrusions where large zones of high-grade sulphide mineralization are controlled within the footprints of very small intrusions. The development of a Moroccan-based subsidiary company is proceeding and will provide an opportunity to assess nickel sulphide potential throughout the country.

Financial Capability

The Company is an exploration and development stage entity and has not yet achieved profitable operations. The business of the Company entails significant risks. The recoverability of amounts shown for mineral property costs is dependent upon several 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.

At the end of FY 2019, the Company had working capital of $746,049 (FY 2018 - $2,416,411) and reported accumulated deficit of $54,340,875 (FY 2018 - $29,343,420). The Company will require additional funds to continue its planned operations and meet its obligations.

As at December 31, 2019, the Company had $1,097,856 in available cash, cash equivalents and short-term investments (December 31, 2018— $2,838,669). There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures, the Company will need to raise additional capital through the issuance of equity or other available financing alternatives to continue funding its operating, exploration and evaluation activities, and eventual development of the mineral properties. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

On December 18, 2019, the Company closed a non-brokered private placement equity financing for gross proceeds of $1,727,628.

Annual Summary

The annual summary is set out in the following table. The amounts are derived from the consolidated financial statements prepared under IFRS.

All amounts in table are expressed in thousands of CDN dollars, except per share amounts

	2019	2018	2017
Net loss	28,859	3,022	2,879
Basic and diluted loss per share	0.36	0.04	0.06
Share capital	89,006	87,947	73,598
Common shares issued	88,690,791	78,792,850	55,459,517
Weighted average shares outstanding	79,152,786	71,824,814	46,592,964
Total assets	40,039	67,500	53,697
Investment in exploration and evaluation assets	780	14,708	11,385

Results of Operations

Net loss of $28,859,111 in FY 2019 was higher by $25,837,256 compared to a loss of $3,021,855 in FY 2018. The higher loss in FY 2019 was mainly driven by impairment of exploration and evaluation assets and lower interest income offset by lower foreign exchange loss, lower property investigation costs and lower general and administrative expenses during FY 2019, compared to FY 2018.

Total Assets

Total assets during FY 2019 decreased by a net of $27,461,005 from the end of FY 2018. The decrease is mainly attributed to a decrease in exploration and evaluation assets of $25,845,727, decrease in cash and cash equivalents and short-term investments of $1,741,187, and decrease in equipment of $6,955, offset by an increase in receivables and other current assets of $122,818 and increase to advances of $24,000.

Investment in Exploration and Evaluation Assets

Investment in exploration and evaluation assets relates to the Greenland property and properties in Ontario. During FY 2019, the Company spent a total of $645,774 in cash additions to exploration and evaluation assets, of which $390,443 related to Greenland and $255,331 to other properties located in Canada. The company also paid $51,000 in non-cash consideration for acquisition related costs. At the end of December 31, 2019, the Company recorded a significant write-down of its Greenland exploration and evaluation asset of $26,499,159 resulting in the total remaining book value of $38,633,309 in exploration and evaluation assets.

Quarterly Results of Operations

All amounts in table are expressed in thousands of CDN dollars, except per share amounts	**2019 4th quarter**	**2019 3rd quarter**	**2019 2nd quarter**	**2019 1st quarter**
Statement of Loss				
Interest income	-	4	4	18
Net loss	27,007	649	643	560
Net loss per share - basic and diluted	0.34	0.01	0.01	0.01
Statement of Financial Position				
Cash, cash equivalents and short-term investments	1,098	325	1,036	1,847
Total assets	40,039	65,452	66,102	66,768
Net assets	39,431	65,092	65,741	66,384
Share capital	89,597	88,538	88,538	88,538
Common shares issued	88,690,791	78,792,850	78,792,850	78,792,850
Weighted average shares outstanding	80,220,829	78,792,850	78,792,850	78,792,850

All amounts in table are expressed in thousands of CDN dollars, except per share amounts	**2018 4th quarter**	**2018 3rd quarter**	**2018 2nd quarter**	**2018 1st quarter**
Statement of Loss				
Interest income	22	31	21	-
Net loss	814	645	725	838
Net loss per share - basic and diluted	0.01	0.01	0.01	0.02
Statement of Financial Position				
Cash, cash equivalents and short-term investments	2,839	5,372	14,773	859
Total assets	67,500	69,391	71,078	52,444
Net assets	66,944	67,763	68,658	52,177
Share capital	87,947	88,543	88,793	73,598
Common shares issued	78,792,850	78,792,850	78,792,850	55,459,517
Weighted average shares outstanding	78,792,850	78,792,850	73,921,055	55,459,517

Three Months Ended December 31, 2019, and December 31, 2018

A net loss of $27,006,530 in Q4 2019 compared to a net loss of $814,050 in Q4 2018 resulted in an increased loss of $26,192,480 quarter-over-quarter and was due to the following events with write down of mineral property cost being the most significant:

- Exploration and evaluation assets were written off by $26,510,552 in Q4 2019 compared to a $nil amount in Q4 2018. The impairment is mainly related to Greenland mineral property of $26,499,159 with remaining balance of $11,393 relating to relinquishment of Michigan lease.

- Interest income was $nil in Q4 2019 compared to $22,311 in Q4 2018.

The higher loss in Q4 2019 was offset by the following lower expenditures in Q4 2019 compared to Q4 2018:

- Foreign exchange loss totaled $2,060 in Q4 2019 and was lower by $37,592 compared to a foreign exchange loss of $39,652 in Q4 2018.

- General and administrative costs of $508,460 in Q4 2019 were lower by $130,815 compared to $639,275 expenses in Q4 2018. Higher general and administrative expenses in Q4 2018 mainly related to salaries and benefits, consulting fees, travel costs and general office expenses and were attributed to property investigation activities.

- Property investigation costs were negative $17,146 due to the reclassifications and were lower by $170,976 in Q4 2019 compared to $153,830 in Q4 2018.

Fiscal Year Ended December 31, 2019, and December 31, 2018

The Company incurred a net loss of $28,859,111 in FY 2019 compared to a net loss of $3,021,855 in FY 2018 resulting in an increased loss of $25,837,256 (year-over-year). The higher loss in FY 2019 was due to the following events with write down mineral property cost being the most significant:

- Exploration and evaluation assets were written off by $26,510,552 in FY 2019 compared to a $nil amount in FY 2018. The write off is mainly related to Greenland mineral property of $26,499,159 with remaining balance of $11,393 relating to relinquishment of Michigan lease.

- Interest income of $25,839 in FY 2019 was lower by $48,539 compared to interest income of $74,378 in FY 2018.

The increased loss in FY 2019 was decreased by the following lower expenditures during FY 2019 compared to FY 2018:

- Share-based payments was $nil during FY 2019 compared to $317,332 during FY 2018. The costs in FY 2018 resulted from stock options issuance.

- Property investigation costs were $214,458 and were lower by $1,677 in FY 2019 compared to $216,135 in FY 2018.
- Amortization expense of $11,624 during FY 2019 was lower by $2,009 compared to $13,633 amount during FY 2018.
- General and administrative costs of $2,145,052 in FY 2019 were lower by $195,431 compared to $2,340,483 expenses in FY 2018. Higher general and administrative expenses during FY 2018 mainly related to investor relations, travel costs, consulting fees and general office expenses and were attributed to the financing transaction completed in FY 2018.
- Foreign exchange loss totaled $4,263 in FY 2019 and was lower by $204,386 compared to a foreign exchange loss of $208,649 in FY 2018. The higher foreign exchange loss in FY 2018 was attributed to drilling operations in Greenland.

Liquidity, Capital Resources and Going Concern

Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options and warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt and the securing of joint venture partners where appropriate.

The Company's principal requirements for cash over the next twelve months will be to fund the ongoing exploration costs at its mineral properties, general corporate and administrative costs and to service the Company's current trade and other payables.

On December 18, 2019, the Company closed a non-brokered private placement equity financing for gross proceeds of $1,727,628. The offering consisted of the issuance of 2,224,666 flow-through common shares of the Company at a price of $0.18 per flow-through share and 7,373,265 units of the Company. 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 the share for a period of 24 months following the closing date at a price of $0.25. All Securities issued pursuant to this offering will be subject to a hold period expiring April 19, 2020. The Company incurred total share issuance costs of $343,639. The Company allocated a $286,662 fair value to the warrants issued in conjunction with the private placement. The fair value of warrants was determined on a pro-rata basis 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%.

The net proceeds from the sale of the units will be used for general corporate and working capital purposes.
This financing transaction improved the liquidity and increased the capital resources of the Company.

Working Capital

As at December 31, 2019, The Company had working capital of $746,049 (December 31, 2018 - $2,416,411), calculated as total current assets less total current liabilities. The decrease in working capital is mainly due to a decrease in cash and cash equivalents and short-term investments.

Going Concern

As at December 31, 2019 the Company had accumulated losses totaling $54,340,875. The continuation of the Company is dependent upon the continued financial support of shareholders, its ability to raise capital through the issuance of its securities, and/or obtaining long-term financing.

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and exploration of mineral properties.

The 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 pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Contractual Obligations and Contingencies

Post Creek

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of $10,000 per annum. During YTD 2019, the Company paid $10,000 which will be deducted from any payments to be made under the NSR.

Halcyon

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of $8,000 per annum. During YTD 2019, the Company paid $8,000 which will be deducted from any payments to be made under the NSR.

Flow-through shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended December 31, 2019, the Company received $400,440 from the issue of flow-through shares and has incurred $1,238 of eligible expenditures during the year ended December 31, 2019.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at December 31, 2019, the Company has renounced $399,202 of the proceeds from flow-through shares and is committed to expend the proceeds on qualifying exploration expenditures.

The Company had no contingent liabilities as at December 31, 2019.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at December 31, 2019.

Financial Instruments

All amounts in table are expressed in thousands of CDN dollars	**Fair Value at December 31, 2019**	**Basis of Measurement**	**Associated Risks**
Cash and cash equivalents	1,098	Loans and receivables	Credit and foreign exchange
Receivable and other current assets	256	Loans and receivables	Credit, foreign exchange
Trade, payables and accrued liabilities	519	Amortized cost	Foreign exchange

Loans and receivables— Cash and cash equivalents, accounts receivables and other current assets, trade, other payables and accrued liabilities mature in the short term and their carrying values approximate their fair values.

Future Accounting Standards and Pronouncements

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018 the International Accounting Standards Board ("IASB") issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards (the Amendments) to update references in IFRS Standards to previous versions of the Conceptual Framework. Both documents are effective from January 1, 2020 with earlier application permitted.

Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks. The Company does not intend to adopt the Amendments in its financial statements before the annual period beginning on January 1, 2020.

IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to International Accounting Standard ("IAS") 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective January 1, 2020.

The adoption of these amendments is not expected to have a material effect on the Company's financial statements.

Risk and Uncertainties

The business of the Company entails significant risks that may have a material and adverse impact on the future operations and financial performance of the Company and the value of the common shares of the Company. These risks that are widespread risks associated with any form of business and specific risks associated with involvement in the exploration and mining industry. Hence, investment in the securities of the Company should be considered highly speculative. An investment in the securities of the Company should only be undertaken by persons who have sufficient financial resources to enable them to assume such risks.

The following is a general description of all material risks and uncertainties:

- The Company has negative operating cash flows and might not be able to continue as a going concern;
- The Company will require additional funding in the future and no assurances can be given that such funding will be available on the terms acceptable to the Company or at all;
- The speculative nature of resource exploration and development projects;
- The uncertainty of mineral resource estimates and the Company's lack of mineral reserves;
- The Company's ability to successfully establish mining operations and profitable production;
- Operations of the Company are carried out in geographical areas that are subject to various other risk factors;
- The economic uncertainty of operating in a developing country such as PNG, such as the availability of local labour, local and outside contractors and equipment when required to carry out the Company's exploration and development activities;
- Other foreign operations risks; potential changes in applicable laws and government or investment policies;
- The Company is not insured against all possible risks;
- Environmental risks and hazards;
- The title of the Company's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers and other defects, and the risk of obtaining a mining permit and the successful renewal of currently pending renewal applications;
- The commodity prices may affect the Company's value, changes in and volatility of commodity prices and its hedging policies;
- Increased competition in the mineral resource sector;

- The Company may have difficulty recruiting and retaining key personnel;
- Currency fluctuations risk;
- Repatriation of earnings, no assurances that Greenland or any other foreign country that the Company may operate in the future will not impose restrictions on repatriation of earnings to foreign entities;
- No production revenues;
- Stock exchange prices;
- Conflicts of interest;
- Ability to exercise statutory rights and remedies under Canadian securities law;
- Enforceability of foreign judgements;
- Unforeseen litigation;
- The Company's future sales or issuance of common shares;
- Risk of suspension of public listing due to failure to comply with local securities regulations;
- The Company's auditors have indicated that U.S. reporting standards would require them to raise a concern about the company's ability to continue as a going concern;
- Risk of fines and penalties; and
- Risk of improper use of funds in local entity.

Share Capital Information

As of the date of this MD&A the following number of common shares of the Company and other securities of the Company exercisable for common shares of the Company are outstanding:

Securities	Common shares on exercise on post-consolidation basis
Common shares	88,690,791
Preferred shares	65,659
Stock options	8,690,550
Warrants	3,984,731
Fully diluted share capital	**101,431,731**

Disclosure Controls and Procedures

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

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

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

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and

ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Caution Regarding Forward Looking Statements

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

Additional Information

Additional information about the Company and its business activities is available under the Company's profile on the Canadian SEDAR website at www.sedar.com.

Qualified Person and Technical Information

The scientific and technical information contained in this MD&A was prepared by or under the supervision of and reviewed and approved by Peter C. Lightfoot, PhD, P. Geo, the qualified person for the Company under National Instrument 43-101. Dr. Lightfoot is a "**Qualified Person**" as defined by NI 43-101. Dr. Lightfoot verified the data underlying the information in this MD&A.

For further information relating to the Maniitsoq Project in southwest Greenland, please see the technical report titled *Updated Independent Technical Report for the Maniitsoq Nickel-Copper-Cobalt-PGM Project, Greenland"* dated March 17, 2017 prepared by SRK Consulting (US) Inc. which is available under the Company's issuer profile on SEDAR at www.sedar.com as well as the company website at www.northamericannickel.com