NORTH AMERICAN NICKEL INC.

Consolidated Financial Statements

For the Year Ended December 31, 2016

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of North American Nickel Inc.

We have audited the accompanying consolidated financial statements of North American Nickel Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of North American Nickel Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that cast substantial doubt about North American Nickel Inc.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 18, 2017

NORTH AMERICAN NICKEL INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		$ 630,482	$ 524,923
Short-term investments	7	2,700,000	2,300,000
Receivables	8	26,283	65,367
Prepaid expenses and deposits		114,374	41,711
Total current assets		3,471,139	2,932,001
Non-current assets			
Property, plant and equipment	9	54,400	93,328
Exploration and evaluation assets	10	38,341,869	29,703,848
Reclamation deposit	10	14,327	-
Total non-current assets		38,410,596	29,797,176
Total assets		$ 41,881,735	$ 32,729,177
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11, 14	$ 181,348	$ 249,604
Total current liabilities		181,348	249,604
SHAREHOLDERS' EQUITY			
Share capital - preferred	13	590,931	590,931
Share capital - common	13	62,315,003	50,574,095
Reserve	12, 13	2,766,591	5,134,560
Deficit		(23,972,138)	(23,820,013)
Total shareholders' equity		41,700,387	32,479,573
Total liabilities and equity		$ 41,881,735	$ 32,729,177

Nature of continuance of operations (Note 1)
Subsequent events (Note 19)

APPROVED BY THE DIRECTORS:

"Keith Morrison" , Director
Keith Morrison

"Doug Ford", Director
Doug Ford

The accompanying notes are an integral part of these consolidated financial statements.

NORTH AMERICAN NICKEL INC.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Year Ended December 31, 2016	Year Ended December 31, 2015
Expenses			
Amortization	9	$ 41,979	$ 72,675
Consulting	14	218,465	193,065
Filing fees		76,588	32,733
Investor relations		221,195	203,702
General and administrative	14	168,591	168,721
Management fees	14	755,686	603,953
Professional fees	14	127,780	197,790
Property investigation and port development	14	15,316	163,571
Salaries and benefits	14	290,458	232,626
Share-based payments	13, 14	308,464	258,567
Travel and accommodation		162,134	156,692
Loss before other items		(2,386,656)	(2,284,094)
Other items:			
Finance fee	12	(95,238)	-
Interest income		27,674	36,916
Interest on capital contribution loan	12	(264,452)	-
Foreign exchange loss		(158,037)	(141,791)
Total comprehensive loss for the year		$ (2,876,709)	$ (2,388,970)
Loss per common share - basic and diluted		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		269,778,932	188,384,506

The accompanying notes are an integral part of these consolidated financial statements.

NORTH AMERICAN NICKEL INC.

Consolidated Statement of Changes In Shareholders' Equity

(Expressed in Canadian Dollars)

For the years ended December 31, 2016 and 2015

	Notes	Number of shares	Share capital	Preferred Stock	Reserve	Deficit	Total
Balance at December 31, 2014		169,964,679	$ 42,677,187	$ 590,931	$ 5,199,706	$ (21,715,130)	$ 26,752,694
Net and comprehensive loss		-	-	-	-	(2,388,970)	(2,388,970)
Share capital issued - private placement	13	29,054,079	6,391,897	-	-	-	6,391,897
Share-based payments	13	-	-	-	258,567	-	258,567
Forfeited/expired stock options	13				(284,087)	284,087	-
Stock options exercised	13	1,149,000	172,350	-	(57,450)	-	114,900
Warrants exercised	13	7,461,748	1,566,967	-	-	-	1,566,967
Share issue costs	13, 14	-	(234,306)	-	17,824	-	(216,482)
Balance at December 31, 2015		207,629,506	50,574,095	590,931	5,134,561	(23,820,013)	32,479,573
Net and comprehensive loss		-	-	-	-	(2,876,709)	(2,876,709)
Share capital issued - private placements	13	160,000,000	12,000,000	-	-	-	12,000,000
Finance fee	12, 13, 14	952,380	95,238	-	-	-	95,238
Capital contribution on issuance of loan	12, 13	-	-	-	264,452	-	264,452
Capital contribution reallocation on settlement of loan	12, 13	-	264,452	-	(264,452)	-	-
Forfeited/expired stock options	13	-	-	-	(911,321)	911,321	-
Share-based payments	13	-	-	-	308,464	-	308,464
Share issue costs	13, 14	-	(618,782)	-	48,151	-	(570,631)
Expired warrants	13	-	-	-	(1,813,263)	1,813,263	-
Balance at December 31, 2016		368,581,886	$ 62,315,003	$ 590,931	$ 2,766,591	$ (23,972,138)	$ 41,700,387

The accompanying notes are an integral part of these consolidated financial statements.

NORTH AMERICAN NICKEL INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2016	Year Ended December 31, 2015
OPERATING ACTIVITIES		
Loss for the year	$ (2,876,709)	$ (2,388,970)
Items not affecting cash		
Amortization	41,979	72,675
Share-based payments	308,464	258,567
Finance fee	95,238	-
Interest expense on loan	264,452	-
Interest Income	(27,674)	(36,916)
	(2,194,250)	(2,094,644)
Changes in non-cash working capital items:		
Receivables	36,361	(37,348)
Prepaid expenses and deposits	(72,663)	(20,312)
Trade payables and accrued liabilities	(15,758)	(110,503)
Other:		
Interest received	30,397	65,324
Cash used in operating activities	(2,215,913)	(2,197,483)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(8,604,243)	(9,023,331)
Trade payables in the prior year for exploration and evaluation expend	(86,276)	-
Reclamation deposit	(14,327)	-
Short-term investments	(400,000)	3,700,000
Purchase of equipment	(3,051)	(137,662)
Cash used in investing activities	(9,107,897)	(5,460,993)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares	12,000,000	6,391,897
Share issuance costs	(570,631)	(216,482)
Proceeds from exercise of warrants	-	1,566,967
Proceeds from exercise of options	-	114,900
Cash provided by financing activities	11,429,369	7,857,282
Increase in cash during the year	105,559	198,806
Cash at beginning of year	524,923	326,117
Cash at end of year	$ 630,482	$ 524,923

Supplemental cash flow information (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (the "Company") was incorporated on September 23, 1983, under the laws of the Province of British Columbia, Canada. The head office, principal address and records office of the Company are located at PO Box 63623 Capilano, North Vancouver, British Columbia, Canada, and V7P 3P1. The Company's common shares trade on the TSX Venture Exchange ("TSX-V") 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 consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements were approved by the board of directors on April 18, 2017.

Statement of compliance with International Financial Reporting Standards
The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of these financial statements.

Basis of preparation and functional currency
These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Basis of consolidation
These consolidated financial statements include the accounts 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.

Subsidiaries are controlled by the Company. Control exists when the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control is lost.

Intercompany transactions and balances between the Company and its subsidiary are eliminated in full on consolidation.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Exploration and evaluation assets (cont'd)

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

The Company has classified cash, short-term investments and receivables as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

The Company has classified its trades payable as other financial liabilities. Subsequent to initial recognition, trades payable are measured at amortized cost using the effective interest rate method.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

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.

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.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Share-based payments (cont'd)

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.

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.

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 income and 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%

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company has not early adopted the following new standard and is currently assessing the impact that it will have on its future financial statements.

New standard IFRS 9 "Financial Instruments"
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Other 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.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgements and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates.

Critical Accounting Estimate

The following is the key estimate and assumption uncertainty that has a significant risk of resulting in a material adjustment within the next financial year.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining an appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 13.

4. USE OF ESTIMATES AND JUDGEMENTS (cont'd)

Critical Judgments Used in Applying Accounting Policies

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, 2016.

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 significant doubt upon the Company's ability to continue as a going concern those uncertainties are disclosed.

Exploration and evaluation expenditures
The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events for exploration and evaluation asset impairment are defined in *IFRS 6 Exploration and Evaluation of Mineral Resources* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of loss in the period the new information becomes available.

Income taxes
The Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that future taxable profits will be available against which they can be utilized.

5. CAPITAL MANAGEMENT

The Company manages its capital structure, which consists of share and working capital, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size and nature of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not exposed to externally imposed capital requirements.

6. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

All financial instruments are measured in the statement of financial position at amortized cost. The carrying amount of the Company's financial instruments approximate their fair value due to the short term maturity of these instruments.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk
Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash, short-term investments and receivables. Cash and short-term investments are held with one reputable Canadian chartered bank and are closely monitored by management. Financial instruments included in receivables consist primarily of GST recoverable from the Canadian government and interest earned on investments. Management believes that the credit risk concentration with respect to financial instruments included in cash, short-term investments and receivables is minimal.

b) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company held cash of $630,482 (2015 - $524,923), and short-term investments of $2,700,000 (2015 - $2,300,000) and had current liabilities of $181,348 (2015 - $249,604). All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

c) Market Risk
i) Interest Rate Risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company had cash balances and short-term investments, and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit worthiness of its banks. Interest rate risk is minimal.

6. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (cont'd)

ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company operates in Canada and Greenland and a portion of exploration and evaluation assets are incurred in US dollars, Euros and Danish Krones. Consequently, the Company is exposed to foreign currency risk.

The Company's Canadian dollar equivalent of financial assets and liabilities that are denominated in Danish Krones consist of accounts payable of $23,086 (2015 - $3,029).

iii) 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.

7. 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. At December 31, 2016, the instrument was yielding an annual interest rate of 1.10% - 1.20% (2015 - 0.90% - 1.20%). The fair market value of the Company's short-term investment approximates its carrying value at the balance sheet dates.

8. RECEIVABLES

	December 31, 2016	December 31, 2015
Sales taxes receivable	$ 17,038	$ 53,732
Interest receivable	8,911	11,635
Other receivable	334	-
	$ 26,283	$ 65,367

Expressed in Canadian Dollars

9. EQUIPMENT

	Exploration Equipment	Computer Equipment	Computer Software	Total
Cost:				
At December 31, 2015	$ 46,674	$ 7,141	$ 135,881	$ 189,696
Additions	-	3,051	-	3,051
At December 31, 2016	$ 46,674	$ 10,192	$ 135,881	$ 192,747
Amortization:				
At December 31, 2015	$ 27,668	$ 3,592	$ 65,108	$ 96,368
Charge for the year	3,801	2,791	35,387	41,979
At December 31, 2016	$ 31,469	$ 6,383	$ 100,495	$ 138,347
Net book value:				
At December 31, 2016	$ 15,205	$ 3,809	$ 35,386	$ 54,400

	Exploration Equipment	Computer Equipment	Computer Software	Total
Cost:				
At December 31, 2014	$ 46,674	$ -	$ 5,360	$ 52,034
Additions	-	7,141	130,521	137,662
At December 31, 2015	$ 46,674	$ 7,141	$ 135,881	$ 189,696
Amortization:				
At December 31, 2014	$ 18,333	$ -	$ 5,360	$ 23,693
Charge for the year	9,335	3,592	59,748	72,675
At December 31, 2015	$ 27,668	$ 3,592	$ 65,108	$ 96,368
Net book value:				
At December 31, 2015	$ 19,006	$ 3,549	$ 70,773	$ 93,328

Expressed in Canadian Dollars

10. EXPLORATION AND EVALUATION ASSETS

	Canada		United States	Greenland	
	Post Creek Property	Halcyon Property	Section 35 Property	Maniitsoq Property	Total
Acquisition					
Balance, December 31, 2015	$ 258,000	$ 198,000	$ -	$ 11,497	$ 467,497
Acquisition costs - cash	10,000	8,000	2,656	8,942	29,598
Balance, December 31, 2016	268,000	206,000	2,656	20,439	497,095
Exploration					
Balance, December 31, 2015	1,005,504	147,650	-	28,083,197	29,236,351
Administration	-	-	-	131,808	131,808
Camp costs	-	-	-	2,160,232	2,160,232
Charter aircraft	-	-	-	2,472,235	2,472,235
Corporate social responsibility	-	-	-	62,736	62,736
Drilling expenses	573	-	-	1,799,029	1,799,602
Environment, health and safety	-	-	-	1,690	1,690
Geology	77,529	25,524	-	857,990	961,043
Geophysics	-	-	-	953,818	953,818
Remote sensing	-	-	-	67,903	67,903
Technical studies (recovery)	1,188	132	-	(3,964)	(2,644)
	1,084,794	173,306	-	36,586,674	37,844,774
Total, December 31, 2016	**$ 1,352,794**	**$ 379,306**	**$ 2,656**	**$ 36,607,113**	**$ 38,341,869**

Expressed in Canadian Dollars

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

	Canada		Greenland	
	Post Creek Property	**Halcyon Property**	**Maniitsoq Property**	**Total**
Acquisition				
Balance, December 31, 2014	$ 238,000	$ 179,000	$ 11,497	$ 428,497
Acquisition costs - cash	20,000	19,000	-	39,000
Balance, December 31, 2015	258,000	198,000	11,497	467,497
Exploration				
Balance, December 31, 2014	976,009	118,233	19,095,015	20,189,257
Administration	-	-	231,500	231,500
Assay and sampling	-	-	187,774	187,774
Camp costs	-	-	1,945,505	1,945,505
Charter aircraft	-	-	2,712,656	2,712,656
Claim and assessment fees	458	686	1,135	2,279
Consulting services	26,976	8,200	1,328,844	1,364,020
Drilling expenses	-	-	542,346	542,346
Equipment and supplies	335	20,531	201,430	222,296
Equipment rental	-	-	12,747	12,747
Environment, health and safety	-	-	4,300	4,300
Geophysics	-	-	1,229,367	1,229,367
Licenses and fees	-	-	9,180	9,180
Shipping and printing costs	-	-	110,061	110,061
Survey costs	-	-	33,659	33,659
Storage	-	-	8,422	8,422
Technical studies	-	-	79,020	79,020
Telephone	-	-	681	681
Travel and accommodation	1,726	-	349,555	351,281
	1,005,504	147,650	28,083,197	29,236,351
Total, December 31, 2015	**$ 1,263,504**	**$ 345,650**	**$ 28,094,694**	**$ 29,703,848**

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

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

Post Creek

On December 23, 2009, the Company executed a letter of intent whereby the Company has an option to acquire a mineral claim known as the Post Creek Property located within the Sudbury Mining District of Ontario, and paid a non-refundable deposit of $7,500.

On April 5, 2010 and as amended on March 12, 2013, the Company entered into an option agreement to acquire a 100% interest in the Post Creek Property, subject to certain net smelter return royalties ("NSR") and advance royalty payments. To December 31, 2015, the Company has completed the required consideration and acquired its interest in the Post Creek Property. Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of $10,000 per annum, totalling $10,000 during the year ended December 31, 2016 (paid) (2015 - $5,000), the total of which will be deducted from any payments to be made under the NSR.

During the year ended December 31, 2016, the Company incurred exploration expenditures totalling $79,290 (2015 - $29,495) on the Post Creek Property.

Halcyon

On April 5, 2010 and as amended on March 12, 2013, the Company entered into an option agreement to acquire rights to Halcyon Property, subject to certain NSR and advance royalty payments. To December 31, 2015, the Company has completed the required consideration and acquired its interest in the Halcyon Property. Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of $8,000 per annum, totalling $8,000 (paid) during the year ended December 31, 2016 (2015 - $4,000), the total of which will be deducted from any payments to be made under the NSR.

During the year ended December 31, 2016, the Company incurred $25,656 (2015 - $29,417) in exploration expenditures on the Halcyon Property.

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 licence period (years 6-10), and the Company may apply for a further 3-year licence for years 11 to 13. Thereafter, the Company may apply for additional 3-year licences 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.

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

Maniitsoq (cont'd)

Sulussugut License

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 (Danish Krones ("DKK") 31,400) upon granting of the Sulussugut License. The Sulussugut License was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year. The application for another 5 year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2016 being the sixth year.

To December 31, 2015, under the terms of the preliminary license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately CDN $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 can be carried forward until 2019. Under the terms of the second license period, the Company has no minimum required exploration for the year ended December 31, 2016. As of December 31, 2016, the Company has spent $33,873,399 on exploration costs for the Sulussugut License (2015 - $26,115,831).

The Company was obligated to pay a licence fee of $7,982 (DKK 40,400) during the year ended December 31, 2016. The license fee provides for renewal of the Sulussugut License until 2010.

Under the terms of the preliminary Sulussugut License the Company was obligated to reduce the area of the license by at least 30%, which was accomplished.

During the year ended December 31, 2016, the Company had approved exploration expenditures of DKK 61,109,484 (approximately CDN $12,032,457) which puts the total carried credits for the Sulussugut License at DKK 161,413,194 (approximately CDN $31,381,838).

Ininngui License

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 is valid for 5 years until December 31, 2016, with December 31, 2012 being the first year. The Ininngui License is contiguous with the Sulussugut License.

To December 31, 2016, the Company's expenditures exceeded the minimum requirement and the Company has a surplus of DKK 15,677,358 (approximately CDN $3,044,289), and the Company was granted a credit for the excess, which may be used towards future expense requirements on the Ininngui License until years 2018 DKK 2,611,317, 2019 DKK 6,276,098 and 2020 DKK 6,789,943, and should the Company be granted an extension on the exploration license. The required minimum exploration expenditures on the Ininngui License for year 5, ending December 31, 2016 is DKK 2,714,680 (approximately CDN $534,520). As of December 31, 2016, the Company has spent $2,721,257 on exploration costs for the Ininngui License (2015 - $1,967,366).

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 to December 31, 2016, the Company has not used the procedure for the license.

Expressed in Canadian Dollars

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

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 require an annual rental fee at a rate of US $3.00 per acre for years 1-5 and at a rate of US $6.00 per acre for years 6-10. The Company shall pay a minimum royalty at a rate of US $10.00 per acre for the 11th year onwards, with an increase of an additional US $5.00 per acre per year up to a maximum of US $55.00 per acre per year. A production royalty of between 2% - 2.5% is payable from production of minerals and/or mineral products from an established mining operation area. The Company paid the first year rental fee and the required reclamation deposit of $14,327 (US $10,000). The Department of Natural Resources shall annually review the level of the reclamation deposit and shall require the amount to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

11. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2016	December 31, 2015
Trade payables	$ 133,289	$ 164,057
Amounts due to related parties (Note 14)	2,000	24,026
Accrued liabilities	46,059	61,521
	$ 181,348	$ 249,604

12. LOAN PAYABLE

On April 22, 2016, the Company issued a term note to Sentient Executive GP IV Limited ("Sentient") and received a loan of $4,500,000 (the "Loan"). The Loan was due on April 30, 2017 and was made on an interest free basis. Sentient is a significant shareholder of the Company.

Following the guidance of IFRS 13 "Fair Value Measurements" and IAS 39 "Financial Instruments: Recognition and Measurement," the Company discounted the Loan at an interest rate of 15% per annum, being the estimated market rate. Accordingly, upon issuance, the Company recorded an amount of $264,452 to reserves, which was to be amortized as interest expense over the term of the Loan.

Under the terms of the Loan, Sentient had the right, at its option, to require early pre-payment in the event that, during the term of the Loan, the Company successfully completed an issuance of common shares to third parties for gross proceeds of not less than $2,000,000. In the event the maximum offering amount is raised, being $12 million, Sentient was required to be repaid the full loan of $4,500,000. During the year ended December 31, 2016, the Company closed private placements (Note 13), which triggered full repayment of the Loan. The Company repaid the Loan and, accordingly, the full amount of $264,452 was reallocated to share capital on settlement and recorded on the statement of comprehensive loss as interest expense.

The Company also issued Sentient 952,380 common shares, at a fair value of $95,238, as a finance fee for advancing the Loan.

13. SHARE CAPITAL

a) 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.

b) Common shares issued and outstanding

Year ended December 31, 2016:

On April 28, 2016 the Company issued 952,380 common shares at a fair value of $95,238, as a finance fee (Note 12).

On July 21, 2016, the Company closed a private placement of 92,668,907 units at a price of $0.075 per unit for gross proceeds of $6,950,168. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase an additional common share at a price of $0.12 per share until July 21, 2018. Share issuance costs of $570,631 were incurred in connection with the private placement. The Company also issued 1,203,695 agent's warrants, exercisable at $0.075 per warrant until July 21, 2018. The Company allocated a fair value of $48,151 to the agent's warrants under 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 0.57% and an expected volatility of 91.06%. The Company also granted the agent an overallotment option, which expired unexercised.

On September 12, 2016, the Company closed a private placement and issued 67,331,093 units at a price of $0.075 per unit for gross proceeds of $5,049,832. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase an additional common share at a price of $0.12 per share until September 12, 2018.

Year ended December 31, 2015:

The Company issued 1,149,000 common shares for stock options exercised at $0.10 per share for proceeds of $114,900. The Company reallocated $57,450 from share-based payments reserve to share capital upon exercise.

The Company issued 7,461,748 common shares for warrant exercises at $0.21 per share for proceeds of $1,566,967.

On July 20, 2015, the Company closed a private placement of 29,054,079 units at a price of $0.22 per unit for proceeds of $6,391,897. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase an additional common share at a price of $0.30 per share until July 20, 2017. Share issuance costs of $216,482 were incurred in connection with the private placement. The Company also issued 251,370 broker's warrants, exercisable at $0.30 per warrant until July 20, 2017. The Company allocated a fair value of $17,824 to the broker's warrants under 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 0.42% and an expected volatility of 89.61%.

Expressed in Canadian Dollars

13. SHARE CAPITAL (cont'd)

c) Preferred shares issued and outstanding

At December 31, 2016, there are 590,931 (2015 – 590,931) series 1 preferred shares outstanding.

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

i) dividends shall be paid at the discretion of the directors;
ii) the holders of the preferred shares are not entitled to vote except at meetings of the holders of the preferred shares, where they are entitled to one vote for each preferred share held;
iii) the shares are convertible at any time after 6 months from the date of issuance, upon the holder serving the Company with 10 days written notice; and
iv) the number of the common shares to be received on conversion of the preferred shares is to be determined by dividing the conversion value of the share, $1 per share, by $0.90.

d) Warrants

A continuity schedule of outstanding common share purchase warrants at December 31, 2016 is as follows:

	December 31, 2016		**December 31, 2015**	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	27,738,344	$ 0.49	25,137,030	$ 0.47
Issued	81,203,692	0.12	14,778,344	0.12
Cancelled/ Expired	(12,960,000)	0.71	(4,715,282)	0.21
Exercised	-	-	(7,461,748)	0.21
Outstanding, end of year	95,982,036	$ 0.15	27,738,344	$ 0.49

At December 31, 2016, 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 (in years)
14,778,344	July 20, 2017		$ 0.30	0.55
46,334,451	July 21, 2018	*	$ 0.12	1.55
1,203,695	July 21, 2018		$ 0.075	1.55
33,665,546	September 12, 2018	*	$ 0.12	1.70
95,982,036				1.45

* The warrants are subject to an acceleration clause such that if the volume-weighted average trading price of the Company's common shares on the TSX-V exceeds $0.18 per common share for a period of 10 consecutive trading days at any date before the expiration date of such warrants, the Company may, at its option, accelerate the warrant expiry date to within 30 days. To December 31, 2016, the Company's common shares have not met the criterion for acceleration.

Expressed in Canadian Dollars

13. SHARE CAPITAL (cont'd)

e) Stock options

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

The changes in stock options during the year ended December 31, 2016 are as follows:

	December 31, 2016			December 31, 2015		
	Number Outstanding		Weighted Average Exercise Price	Number Outstanding		Weighted Average Exercise Price
Outstanding, beginning of year	9,872,500	$	0.37	12,548,000	$	0.31
Granted	6,058,000		0.21	1,350,000		0.25
Cancelled/ Expired	(3,107,500)		0.34	(2,876,500)		0.11
Exercised	-		-	(1,149,000)		0.10
Outstanding, end of year	12,823,000	$	0.30	9,872,500	$	0.37

During the year ended December 31, 2016, the Company granted 6,058,000 incentive stock options to employees, directors and consultants with a maximum term of 5 years. All stock options were fully vested during the year. The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The granting of these options resulted in a stock-based compensation expense of $283,158. The Company recorded a further $25,306 in stock-based compensation for previously issued stock options that vested during the year.

During the year ended December 31, 2015, the Company granted 1,350,000 incentive stock options to employees, directors and consultants with a maximum term of 5 years. Of the total, 200,000 options granted to a consultant vest 25% every 3 months and all other options vested immediately The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The granting of these options resulted in a stock-based compensation expense of $231,603. The Company recorded a further $26,964 in stock-based compensation for previously issued stock options that vested during the year.

The fair value of stock options granted and vested during the year ended December 31, 2016 was calculated using the Black-Scholes options pricing model with the following weighted-average assumptions:

	December 31, 2016	December 31, 2015
Expected dividend yield	0%	0%
Expected share price volatility	110.60% - 113.17%	157.90% - 170.53%
Risk-free interest rate	0.68% - 0.79%	0.64% - 0.79%
Expected life of options	5 years	5 years

Expressed in Canadian Dollars

13. SHARE CAPITAL (cont'd)

e) Stock options (cont'd)

Details of options outstanding as at December 31, 2016 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price	Weighted Average remaining contractual life (in years)
1,240,000	1,240,000	August 13, 2017	$ 0.24	0.06
150,000	150,000	January 15, 2018	$ 0.15	0.01
200,000	200,000	April 22, 2018	$ 0.15	0.02
150,000	150,000	July 29, 2018	$ 0.20	0.02
200,000	200,000	September 30, 2018	$ 0.37	0.03
2,440,000	2,440,000	July 9, 2019	$ 0.62	0.48
200,000	200,000	August 27, 2019	$ 0.32	0.04
100,000	100,000	September 26, 2019	$ 0.26	0.02
350,000	350,000	November 5, 2019	$ 0.21	0.08
1,000,000	1,000,000	December 19, 2019	$ 0.22	0.23
900,000	900,000	February 3, 2020	$ 0.275	0.22
450,000	450,000	October 5, 2020	$ 0.20	0.13
5,443,000	5,443,000	January 28, 2021	$ 0.21	1.73
12,823,000	12,823,000			3.07

f) 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, 2016, 1,275,000 stock options (2015 – Nil) and 12,960,000 warrants (2015 – Nil) expired unexercised. Accordingly, the Company transferred $2,724,584 (2015 - $Nil) from the reserve to deficit.

The Company initially recorded an amount of $264,452 to the reserve, which was amortized as interest expense over the term of the Loan and reallocated to share capital upon settlement (Note 12).

Expressed in Canadian Dollars

14. RELATED PARTY TRANSACTIONS

Related party balances - The following amounts due to related parties are included in trade payables and accrued liabilities (Note 11):

	December 31, 2016	December 31, 2015
Directors and officers of the Company	$ 2,000	$ 8,100
Companies controlled by directors of the Company	-	15,926
	$ 2,000	$ 24,026

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

Related party transactions –

During the year ended December 31, 2016, the Company recorded $15,885 (2015 - $35,794) in rent and utilities expense to VMS Ventures Inc. a company that was a significant shareholder and related through common directors, which is included in general and administrative expense.

During the year ended December 31, 2016, the Company recorded $346,768 (2015 - $216,895) in fees charged by a legal firm in which the Company's chairman is a consultant. The fees have been allocated as $91,825 (2015 - $182,305) in legal fees and $254,943 (2015 - $34,590) in share issuance costs.

During the year ended December 31, 2016, one significant shareholder acquired 120,428,939 (2015 – 25,448,503) common shares. The common shares were acquired as to 952,380 common shares (2015 – Nil) at a fair value of $95,238 (2015 – $Nil) as a finance fee (Note 12) and 119,476,559 (2015 – 25,448,503) common shares as part of the private placements at a price of $8,960,742 (2015 - $5,124,010) (Note 13).

At December 31, 2016, Sentient holds more than 50% of the Company's issued and outstanding common shares.

Related party transactions - Key management personnel compensation:

	Year ended December 31, 2016	Year ended December 31, 2015
Geological consulting fees - expensed	$ 5,370	$ 72,104
Geological consulting fees - capitalized	44,010	94,039
Management fees - expensed	755,686	546,962
Property investigation - expensed	1,081	-
Salaries - expensed	102,788	77,333
Stock-based compensation	186,170	35,794
	$ 1,095,105	$ 826,232

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2016, the Company:

i) recorded $264,452 to reserves, which was subsequently reallocated to share capital and amortized as interest expense over the term of the Loan (Note 12);
ii) transferred $2,724,584 from reserve to deficit (Note 13);
iii) recorded $48,151 in fair value of agent's warrants to share issuance costs (Note 13); and
iv) recorded $33,778 in accrued exploration and evaluation expenditures.

During the year ended December 31, 2015, the Company:

i) transferred $284,087 from reserve to deficit (Note 13); and
ii) recorded $86,276 in accrued exploration and evaluation expenditures.

16. COMMITMENTS

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) Management fees: $27,083 per month effective December 2014.

ii) COO fees: $10,000 per month effective January 2015 to May 2015.

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

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.

Expressed in Canadian Dollars

17. 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 10). The Company's geographic segments are as follows:

	December 31, 2016	December 31, 2015
Equipment		
Canada	$ 39,196	$ 74,322
Greenland	15,204	19,006
	$ 54,400	$ 93,328
Exploration and evaluation assets		
Canada	$ 1,732,100	$ 1,609,154
Greenland	36,607,113	28,094,694
United States	2,656	-
	$ 38,341,869	$ 29,703,848

18. INCOME TAXES

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

	Year ended December 31, 2016	Year ended December 31, 2015
Net loss	$ (2,876,709)	$ (2,388,970)
Statutory tax rate	26.0%	26.0%
Expected income tax recovery at the statutory tax rate	(747,944)	(621,132)
Permanent differences and other	(79,769)	6,308
Change in valuation allowance	827,713	614,824
Net deferred Income tax recovery	$ -	$ -

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

	December 31, 2016	December 31, 2015
Exploration and evaluation assets	$ 13,673	$ 10,604
Loss carry-forwards	2,365,726	1,660,698
Share issuance costs	174,995	66,293
Cumulative eligible capital	32,372	32,372
Equipment	90,775	79,861
	2,677,541	1,849,828
Valuation allowance	(2,677,541)	(1,849,828)
Net deferred tax asset	$ -	$ -

Expressed in Canadian Dollars

18. INCOME TAXES (cont'd)

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	$ 695,500	$ -	$ -	$ -
2031	517,383	-	-	-
2032	645,332	-	-	-
2033	847,020	-	-	-
2034	1,484,420	-	-	-
2035	2,140,932	-	-	-
2036	2,711,646	-	-	-
No expiry	-	56,712	38,408,785	673,059
	$ 9,042,233	$ 56,712	$ 38,408,785	$ 673,059

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2016:

a) the Company granted 8,137,500 incentive stock options to certain directors, officers, employees and consultants of the Company at a price of $0.12 per common share for a period of 5 years;

b) the Company entered into a Drilling Contract (the "Contract"), on March 25, 2017, for services set to commence on or after June 1, 2017. A break fee of $200,000 is payable by the Company, if the Company elects to terminate the Contract prior to June 1, 2017; and

c) the Company filed a preliminary short form prospectus in connection with a proposed marketed offering of units of the Company for gross proceeds of up to $15,000,000. The offering will be priced in the context of the market with the specifics of the offering to be determined at the time of pricing.

NORTH AMERICAN NICKEL INC.

Management Discussion and Analysis
For the Year Ended December 31, 2016

Preliminary Information

This Management's Discussion and Analysis ("MD&A") contains information up to and including April 18, 2017.

The following MD&A of North American Nickel Inc. (the "Company") should be read in conjunction with the audited financial statements for the year ended December 31, 2016 and the related notes contained therein. It should be noted that the audited financial statements for the year ended December 31, 2016 were prepared in accordance with International Financial Reporting Standards ("IFRS").

All financial information in this MD&A related to 2016 have been prepared in accordance with International financial reporting standards ("IFRS"), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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.

Description of Business

The Company is a mineral exploration and resource development company engaged in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing, developing or disposing of the properties, when the evaluation is complete. The Company is currently focusing its resources in conducting exploration programs on its Maniitsoq Property, in Greenland, Sudbury, Ontario nickel properties being Post Creek and Halcyon and Section 35 being a property in the United States.

Company History

North American Nickel Inc. (the "Company") 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. The company's name was changed to Widescope Resources Ltd. on May 1, 1984, and to Gemini Technology Inc. on September 17, 1985. In conjunction with a reverse split of its common shares on a five-old for one-new basis, the Company adopted the name International Gemini Technology Inc., effective September 23, 1993. The Company's name was changed to Widescope Resources Inc., effective July 12, 2006. Effective April 19, 2010, the Company's shareholders approved a special resolution to reorganize the Company's capital structure by consolidating in a reverse stock split the existing common shares on the basis of every 2 old shares being equal to 1 new share and concurrently increasing the authorized capital of the Company from 100,000,000 common shares without par value to an unlimited number of common shares without par value. Also, effective this date, the Company's name was changed to North American Nickel Inc. to reflect its new focus. All references to common shares, stock options, warrants and weighted average number of shares outstanding in this discussion and the accompanying consolidated financial statements retroactively reflect the share consolidation unless otherwise noted.

In April 2010, the Company initiated a series of actions to realign its focus into the field of nickel exploration in the prolific nickel belts around Sudbury, Ontario and Thompson, Manitoba. Concurrently, the directors of the Company appointed new senior management to oversee the daily operations of the Company.

On May 3, 2011, the Company's listing application was conditionally accepted by the TSX-V Venture Exchange. On May 30, 2011, the common shares of the Company began trading under the symbol "NAN".

On August 15, 2011, the Company was granted an exploration license by the Bureau of Minerals and Petroleum of Greenland for exclusive exploration rights over an area totalling 4,841 square kilometres located near Sulussugut, Greenland.

On March 4, 2012, the Company was granted an additional exploration license by the Bureau of Minerals and Petroleum of Greenland for exclusive exploration rights over an area covering a total of 142 square kilometres license and located near Ininngui, Greenland.

On January 19, 2015, the Company signed an exclusivity agreement with Minelco AS ("Minelco") to acquire the deep water Seqi Port (the "Port"). A report was prepared summarizing environmental due diligence and preliminary assessment of reindeer by Golder Associates – INUPLAN in and around the Port and upon further review, the decided to not pursue the Seqi Port assignment.

Trend Analysis

The business of the Company entails significant risks. Any analysis of the trend of the Company's activities would reveal this and there is nothing to suggest that these trends will change.

The recoverability of amounts shown for mineral property costs 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. As of December 31, 2016, the Company had working capital of $3,289,791 (December 31, 2015 - $2,682,397) and a deficit of $23,972,138 (December 31, 2015 - $23,820,013). The Company will require additional funds in order to continue its planned operations and meet its obligations.

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 to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to manage its capital.

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 interests in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources are available to do so. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

Resource Properties

All technical information in this document has been reviewed by Patricia Tirschmann, P. Geo, the qualified person for the Company under National Instrument 43-101.

Maniitsoq, Greenland:

The Greenland properties currently being explored for nickel-copper-copper-PGM sulphides by the Company are exploration properties without 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 artic 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 deepwater 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 Irminger current, a tributary of the warming Gulf Stream flowing continuously past the south west coastline of Greenland. There is no infrastructure on the property; however, the Seqi deepwater pier and a quantified watershed for hydropower are located peripheral to the project.

The Maniitsoq property consists of two exploration licences, No. 2011/54 and No. 2012/28 comprising 2,689 and 296 square kilometres, respectively. The 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 a number of surface and near surface nickel-copper sulphide occurrences and this work was instrumental in proving the nickel prospectivity of the Greenland Norite Belt.

The Company acquired the Maniitsoq project because it 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.

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 Company paid a license fee of $5,742 (Danish Krones ("DKK") 31,400) upon granting of the Sulussugut License. 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 Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2016 being the sixth year.

Under the terms of the Sulussugut License the Company was obligated to reduce the area of the license by at least 30% (1,452 square kilometres) by December 31, 2013. The Company completed this prior to year-end 2013

The Greenland MLSA for the year 2016 has adjusted the minimum required exploration expenditures to zero. The accumulated exploration credits held at the end of 2016, DKK 161,413,194 (approximately CDN $31,381,838) can be carried forward until 2019 DKK 41,153,864 and until 2020 DKK 120,259,330. There will be an annual licence fee on the Sulussugut License for year 6 and forward of approximately DKK 40,400. Details of required work expenditures and accrued work credits are tabulated and given below.

Sulussugut License - 2011/54

Exploration commitment		**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Fixed amount		145,600	148,800	310,400	313,200	317,500	-
4841 km2 of DKK 1.460 per km2		7,067,860					
4841 km2 of DKK 1.490 per km2			7,213,090				
3336 km2 of DKK 7.760 per km2				25,887,360			
2689 km2 of DKK 7.830 per km2					21,054,870	-	-
2689 km2 of DKK 7.940 per km2						21,350,660	-
Exploration Obligation		7,213,460	7,361,890	26,197,760	21,368,070	21,668,160	-
Total Credits Available							
Approved exploration expenditures		8,489,457	23,615,611	37,348,783	55,509,353	59,149,846	61,109,484
Exploration obligation		(7,213,460)	(7,361,890)	(26,197,760)	(21,368,070)	(21,668,160)	-
Credit from previous year		-	1,275,997	17,529,718	28,680,741	62,822,024	100,303,710
Total credit	DKK	1,275,997	17,529,718	28,680,741	62,822,024	100,303,710	161,413,194
Average Annual Rate DKK to CAD		0.1847	0.1726	0.1834	0.1968	0.1901	0.1969

Carry forward period:

a) **DKK 41,153,864** from 2014 until December 31, 2019

b) **DKK 59,149,846** from 2015 until December 31, 2020

c) **DKK 61,109,484** from 2016 until December 31, 2020

On the first 5 year license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately CDN $15,808,386) between the years ended December 31, 2011 to 2015 by incurring $26,115,831 on the Sulussugut License.

In 2016, there was no exploration commitment. The Company completed approved expenditures for 2016 of DKK 61,109,484 (approximately CDN $12,032,457). With a credit from 2014 of DKK 41,153,864 (approximately CDN $8,099,080) and a credit from 2015 of DKK 59,149,846 (approximately CDN $11,250,301), a commitment of $nil left the Company with excess credits of DKK 161,413,194 (approximately CDN $31,381,838).

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 covering a total of 142 square kilometres near Ininngui, Greenland. The Ininngui License is contiguous with the Sulussugut License. The Company paid a license fee of DKK 32,200 upon granting of the Ininngui License. The Ininngui License was valid for 5 years until December 31, 2016, with December 31, 2012 being the first year. 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 3, 2017, with December 31, 2017 being the sixth year.

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

Ininngui License - 2012/28

Exploration commitment		2012	2013	2014	2015	2016
Fixed amount		148,800	155,200	313,200	317,500	323,000
142 km2 of DKK 1.490 per km2		211,580				
265 km2 of DKK 1.550 per km2			410,750			
265 km2 of DKK 7.830 per km2				2,074,950		
296 km2 of DKK 7.940 per km2					2,350,240	
296 km2 of DKK 8.080 per km2						2,391,680
Exploration Obligation		360,380	565,950	2,388,150	2,667,740	2,714,680
Total Credits Available						
Approved exploration expenditures		2,871,899	2,965,890	5,470,428	6,276,098	6,789,943
Exploration obligation		(360,380)	(565,950)	(2,388,150)	(2,667,740)	(2,714,680)
Credit from previous year		-	2,511,519	4,911,459	7,993,737	11,602,095
Total credit	DKK	2,511,519	4,911,459	7,993,737	11,602,095	15,677,358
Average Annual Rate DKK to CAD		0.1726	0.1834	0.1968	0.1901	0.1969

Carry forward period:

a) **DKK 2,611,317** from 2014 until December 31, 2018
b) **DKK 6,276,098** from 2015 until December 31, 2019
c) **DKK 6,789,943** from 2016 until December 31, 2020

On the first 5 year license, the Company completed the exploration requirements of an estimated minimum of DKK 8,696,900 (approximately CDN $1,634,669) between the years ended December 31, 2012 to 2016 by incurring $2,722,022 on the Ininngui License.

In 2016 there was an exploration commitment of DKK 2,714,680 (approximately CDN $534,520). The Company completed approved expenditures for 2016 of DKK 6,789,943 (approximately CDN $1,336,940). With a credit from 2015 of DKK 11,602,095 (approximately CDN $2,241,870) and commitment of DKK 2,714,680 for 2016, it leaves the Company with excess credits of DKK 15,677,358 (approximately CDN $3,044,289).

The required minimum exploration expenditures on the Ininngui License for year 5, ending December 31, 2016 was based on an annual approximation of DKK 2,714,680 (approximately CDN $534,520). The Ininngui License area was not reduced in 2016.
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.

Should the Company not incur the minimum eligible exploration expenses on either 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 to December 31, 2012, the Company has not used the procedure for either license.
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.

For both licenses, at the expiration of the second licence period (years 6-10), the Company may apply for a new 3-year licence for years 11 to 13. Thereafter, the Company may apply for additional 3-year licences 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.

In conjunction with the granting of the Sulussugut License, on August 12, 2011, the Company entered into an arm's length Intellectual Property and Data Acquisition Agreement (the "IP Acquisition Agreement") with Hunter Minerals Pty Limited ("Hunter") and Spar Resources Pty Limited ("Spar"). Pursuant to the IP Acquisition Agreement, Hunter and Spar agreed to sell the IP Rights to the Company in consideration for the Company paying $300,000 in cash ($150,000 to each of Hunter and Spar which is paid) and the issuing of 12,960,000 share purchase warrants, 6,480,000 to each of Hunter and Spar exercisable for a period of five years expiring on August 30, 2016. The warrants were exercisable at the following prices, 4,750,000 of the warrants are at a price of $0.50 per share, 4,750,000 of the warrants are at a price of $0.70 per share and 3,460,000 of the warrants are at a price of $1.00 per share. The warrants were subject to an accelerated exercise provision in the event the Company relinquished its interests in the Maniitsoq Licenses or any other mineral titles held within a defined area of interest without receiving consideration for such relinquishment. The granted warrants were recorded at a fair value of $1,813,263 using the Black-Scholes option-pricing model. As of August 30, 2016 the warrants expired unexercised and the Company has reversed the fair value of $1,813,263 to deficit. The Company also granted to each of Hunter and Spar or their designates a 1.25% net smelter returns royalty, subject to rights of the Company to reduce both royalties to a 0.5% net smelter returns royalty upon payment to each of Hunter and Spar (or their designates) of $1,000,000 on or before the 60th day following a decision to commence commercial production on the mineral properties. On August 30, 2011 the Company issued 200,000 common shares at $0.14 per share for a value of $28,000 as a finder's fee on the Greenland project.

Performance Summary

NOTE: All drill intercepts described in this section refer to core lengths not true widths.

During the period 2012-2015:
In 2011, a helicopter-borne time domain electromagnetic (SKYTEM) survey totaling 2,217 line-kilometres was completed. Geophysical interpretation of 2011 data was completed. Condor Consulting completed three dimensional Maxwell models for 25 anomalies defined by the 2011 airborne surveys. Three of these were selected for follow-up prior to the first drill program on the property.

In 2012, a helicopter-borne time domain electromagnetic (VTEM) survey totaling 3,612 line-kilometers was flown and preliminary interpretation was completed August 13, 2012. A total of 1,551m of drilling in 9 drill holes was completed as well as ground follow-up of VTEM targets.

The intersection of high grade nickel – copper mineralization at Imiak Hill was announced in November, 2012. The mineralization intersected by hole MQ-12-001 averaged 1.36% nickel, 0.52% copper and 0.05% cobalt over 16.41 meters including 5.12 meters at 2.20% nickel, 0.55% copper and 0.07% cobalt. The mineralization in MQ-12-002 averaged 0.55% nickel, 0.20% copper and 0.02% cobalt over 66.08 meters and included 14.18 meters at 1.33% nickel, 0.38% copper and 0.04% cobalt. A new discovery of shallow nickel-copper-PGE mineralization at Spotty Hill, located 1.5 kilometres east of Imiak Hill, was announced in December and included 123.94 meters averaging 0.81% nickel, 0.21% copper, 0.03% cobalt and 0.26 g/t platinum+ palladium+gold.

Assay and geochemical analyses from the 2012 drilling program were completed in January 2013 and confirmed significant nickel + copper + cobalt + PGE mineralization at Imiak Hill and Spotty Hill.

In 2013, the Company completed an exploration program comprising 4,266 metres of drilling in 25 drill holes, borehole electromagnetic surveys, 972 line-kilometres of VTEM surveying, channel sampling and ground follow-up of VTEM and geological targets.

Results from a QEMSCAN (Quantitative Evaluation of Materials by Scanning Electron Microscopy) study for three samples of mineralized drill core at Imiak Hill and Spotty Hill were announced in June. Results indicated that nickel was hosted primarily in pentlandite and that good recovery of nickel and copper was possible.

In August and September of 2013, the intersection of semi-massive to massive sulphides was announced for holes MQ-13-026 and MQ-13-028 at Imiak Hill and for hole MQ13-029 at Imiak North (now known as "Mikissoq"). Mikissoq is located 1 kilometre northeast of Imiak Hill and 1.3 kilometres northwest of Spotty Hill and these three closely spaced mineralized zones are referred to as the Imiak Hill Complex (IHC).

Assay results for Imiak Hill, Mikissoq and Spotty Hill were announced during October and November, 2013 and included:

Imiak Hill:

MQ-13-019	1.53% nickel, 0.43% copper and 0.06% cobalt over 8.68 metres
MQ-13-024	2.67% nickel, 0.39% copper and 0.09% cobalt over 14.90 metres including 5.03% nickel, 0.30% copper and 0.16% cobalt over 5.23 metres
MQ-13-026	3.25% nickel, 0.48% copper and 0.11% cobalt over 25.51 metres including 4.31% nickel, 0.62% copper and 0.14% cobalt over 18.62 metres
MQ-13-028	3.19% nickel, 1.14% copper and 0.11% cobalt over 24.75 metres

Mikissoq:

MQ-13-027	0.71% nickel, 0.31% copper and 0.01% cobalt over 24.98 metres
MQ-13-029	4.65% nickel, 0.33% copper and 0.13% cobalt over 9.99 metres

Spotty Hill:

MQ-13-022	0.68% nickel, 0.28% copper, 0.02% cobalt and 0.32 g/t platinum+palladium+gold over 20.07 metres

A new near-surface discovery within the Fossilik norite intrusion situated approximately 9 kilometres from the IHC was announced in September, 2013. Hole MQ-13-018 intersected 0.59% nickel, 0.18% copper, 0.02% cobalt and 0.21 g/t platinum+palladium+gold over 32.19 metres including 4.53 metres averaging 1.06% nickel, 0.23% copper, 0.04% cobalt, 0.33 g/t platinum+palladium+gold. A new discovery at target P-13 was also announced in November 2013 and included an intercept from hole MQ-13-032 averaging 0.44% nickel, 0.20% copper over 6.51 metres in DDH MQ-13-032.

In 2014, the Company completed an exploration program comprising 8,773 metres of drilling in 39 drill holes and one hole extension, borehole electromagnetic surveys, 87 line-kilometres of surface electromagnetic surveying, collection of 936 stations of gravity data over two areas and ground follow-up of VTEM and geological targets. Surface electromagnetic surveys identified new anomalies at the IHC and Fossilik areas and gravity surveys were found to be potentially effective in outlining noritic intrusions in the subsurface. Structural geological mapping was completed at the IHC and Fossilik areas during July and August.

In August, 2014, an intercept averaging 3.07% nickel and 0.53% copper over 11.03 metres in hole MQ-14-037 at Imiak Hill was announced.

In September 2014, assay results for mineralization intersected at the P-058 target in the Fossilik area and the P-149 ("Pingo") regional target included:

MQ-14-054:	1.72% nickel and 0.26% copper over 5.58 metres (P-058 target at Fossilik)
MQ-14-041:	0.36% nickel, 0.17% copper and 0.15 g/t platinum+palladium+gold over 23.2 metres including
	3.31% nickel, 0.61% copper and 0.27 g/t platinum+palladium+gold over 0.5 metres (Pingo)

In October 2014, assay results were received for two Spotty Hill holes that intersected disseminated and semi-massive sulphides:

Hole MQ-14-062	2.98% nickel, 0.59% copper, 0.10% cobalt and 0.86 g/t platinum+ palladium+ gold over 8.55 metres
Hole MQ-14-065	1.69% nickel, 0.34% copper, 0.05% cobalt and 0.50 g/t platinum+ palladium+ gold over 10.6 metres

Drilling and assay results at target P-013 were announced in November 2014 and included:

P-030:

MQ-14-070	0.63% nickel, 0.20% copper and 0.18 g/t platinum+ palladium+ gold over 20.1 metres

P-053:

MQ-14-071	0.85% nickel, 1.80% copper and 0.56 g/t platinum+ palladium+ gold over 0.24 metres

Imiak Hill:

MQ-14-072	2.51% nickel and 0.77% copper over 16.35 metres

Mikissoq:
MQ-14-073 0.63% nickel and 0.18% copper over 61.35 metres

Drilling in 2014 identified a mylonite zone at depth at Imiak Hill which appears to have truncated and/or displaced the mineralization at a vertical depth of approximately 200 metres.

On March 2, 2015, the Company announced high nickel recoveries utilizing SGS Canada Inc. QEMSCAN (Quantitative Evaluation of Minerals by Scanning Electron Microscopy) on its regional targets. Pentlandite was found to be the main nickel-bearing mineral in each sample with nickel contents ranging from 90.1 to 93.1%. Potential recoveries ranged from 96.1 to 97.2% based on liberation, association and exposed characteristics of crushed samples that were stage pulverized to 90% passing 150µm.

In 2015, the Company completed an exploration program comprising 5,655 metres of drilling in 30 drill holes, borehole electromagnetic surveys, 6,696 line-kilometres of VTEM surveying, 62 line-kilometres of surface electromagnetic surveying, collection of 490 stations of gravity data over one area, acquisition of Worldview-3 spectral satellite-borne date over the entire property and ground follow-up of VTEM, geological and remote sensing targets.

In September, October and November, 2015 the Company announced several new nickel sulphide intersections including:
Spotty Hill:
MQ-15-075: 1.06% nickel, 0.24% copper and 0.31 g/t platinum + palladium + gold over 15.55 metres including 1.77% nickel, 0.23% copper and 0.46 g/t platinum + palladium + gold over 6.0 metres These results extended the mineralization by 80m in down plunge direction.

P-058 (Fossilik):
MQ-15-077: 0.55% nickel and0.27% copper over 21.5 metres

P-059 (Fossilik):
MQ-15-078: 1.16% nickel, 1.00% copper and 0.27 g/t platinum + palladium + gold over 12.15 metres

P-013:MQ-15-079: 1.03% nickel and 0.39% copper over 10.65 metres
MQ-15-094: 0.57% nickel and 0.15% copper over 25.10 metres and 0.94% nickel and 0.44% copper over 11.95 metres

P-053:MQ-15-082: 1.98% nickel and 0.62% copper over 23.70 metres

P-032:
MQ-15-090: 0.79% nickel and 0.27% copper over 13.8 metres

During the year ended December 31, 2016:

On March 30, 2016, the Company filed National Instrument 43-101 Technical Report on the Maniitsoq property.

On April 11, 2016, the Company reported the results of QEMSCAN mineralogical analyses from drill core announcing the potential for high nickel recoveries from Maniitsoq mineralization, similar to results from previous studies.

In 2016, the Company completed an exploration program comprising 9,596 metres of drilling in 30 drill holes and two drill hole extensions, borehole electromagnetic surveys, 13 line-kilometres of surface electromagnetic surveying, 53 line-kilometre of surface induced polarization (IP) surveying and ground follow-up of VTEM, geological and remote sensing targets.

On September 20, 2016, the company announced the first assay results from the 2016 drilling program. Three drill holes from the P-053 target intersected nickel-copper sulphide mineralization which extended the area of known mineralization to the east and down plunge and also indicated the potential for a second mineralized zone. Highlights included:

MQ-16-104: 2.42% nickel, 0.09% copper and 0.12 g/t platinum + palladium + gold over 1.25 metres
MQ-16-106: 0.65% nickel and 0.25% copper over 20.05 metres including 1.17% nickel, 0.33% copper and 0.12 g/t platinum + palladium + gold over 6.55 metres
MQ-16-107: 1.10% nickel, 0.19% copper and 0.11 g/t platinum + palladium + gold over 3.45 metres

On October 12, 2016, the Company announced the intersection high grade remobilized massive and breccia sulphide veins in two drill holes at the P-058 target in the Fossilik area which have extended the mineralized zone by 150 metres in a down-dip direction:

MQ-16-105: 3.41% nickel, 0.28% copper, 0.10% cobalt and 0.13 g/t Platinum + palladium + gold over 10.2 metres including:

4.85% nickel, 0.29% copper, 0.14% cobalt and 0.13 g/t platinum + palladium + gold over 4.1 metres

MQ-16-111: 3.93% nickel, 0.25% copper, 0.10% cobalt and 0.09 g/t platinum + palladium + gold over 3.06 metres

On October 26, 2016, the Company announced the discovery of a new zone of nickel-copper sulphide mineralization at the P-013 SE target. Hole MQ-16-109 intersected high grade remobilized sulphides averaging 2.88% nickel, 0.80% copper, 0.06% cobalt and 0.46 g/t platinum + palladium + gold over 13.35 metres.

On October 31, 2016, the Company announced the discovery of a new zone of norite-hosted nickel and copper mineralization at Mikissoq. The mineralization is located approximately 130 metres below previously intersected shallow mineralization and was intersected over a dip extent of 105 metres in three holes completed on the same section:

MQ-16-113: 0.81% nickel and 0.36% copper over 53.25 metres including
2.56% nickel and 0.37% copper over 5.15 metres

MQ-16-117: 1.08% nickel and 0.54% copper over 74.05 metres including
1.84% nickel and 0.64% copper over 13.65 metres

MQ-16-118: 0.51% nickel and 0.25% copper over 47.0 metres including
1.03% nickel and 0.32% copper over 15.0 metres

On November 16, 2016, the Company announced drilling results from Spotty Hill at the IHC. Hole MQ-16-121 intersected stringer sulphide mineralization averaging 1.59% Ni, 0.30% Cu and 0.66 g/t Pt+Pd+Au over 4.75 metres. This intersection is located approximately 115 metres down plunge of existing mineralization and represents an expansion of the Spotty Hill mineralized system. Borehole electromagnetic (BHEM) surveys also identified new moderate to high conductance off-hole anomalies which are untested. A gradient array Induced Polarization (IP) survey defined a northwest trend of elevated chargeability over 1.8 kilometres, extending from G-004 through Spotty Hill to Mikissoq. These results, coupled with the new discovery at Mikissoq, indicate the strong exploration potential for this trend of norite-pyroxenite stratigraphy within the IHC area.

In December 2016, the Company announced results of drilling, IP surveying and surface sampling in the P-030-032 and Fossilik areas. Highlights included:

P-030-032:

- Gradient IP chargeability anomalies coincident with two kilometre long P-030-032 norite intrusion
- Surface grab sample at P-094 target containing 2.26% nickel, 0.67% copper and 0.33 g/t platinum + palladium + gold
- New drill intersection discovery of norite hosted nickel-copper sulphides at P-094 where hole MQ-16-124 returned 0.54% nickel and 0.16% copper over 8.0 metres

Fossilik Area:

- Intersection of high grade stringer and vein sulphides including 3.05% nickel and 0.22% copper over 0.5 metres in hole MQ-16-131 confirms continuity of P-058 mineralization from near surface to a vertical depth of 350 metres
- Gradient IP chargeability anomalies coincident with Fossilik intrusion
- Surface grab samples returning values of up to 2.36% nickel, 0.41% copper and 0.71 g/t platinum + palladium

In late 2016, the Company signed an agreement for QEMSCAN Mineralogy on four samples from Maniitsoq.

Activities Contemplated in the Future:

The success of the 2016 drilling program has expanded several key areas of nickel-copper sulphide mineralization including Mikissoq and Spotty Hill at the Imiak Hill Complex and P-058 in the Fossilik area. The Company plans to focus on further step-out drilling and expansion of these areas in 2017.

The Company is currently in the process of developing the following infrastructure.
Hydroelectric Power Development - North American Nickel's application to the MLSA for a prospecting licence for a watershed adjacent to the Maniitsoq project was submitted to the Greenland government on September 16, 2016. The application requested approval for the Company to begin the collation of available hydrologic, cultural, social and environmental data to assist in the design of future data gathering on the ground. In the absence of an approval from the MLSA a second application was submitted October 25, 2016 requesting a temporary or limited approval that would permit data collection to commence. The Ministry of Industry, Labour, Trade and Energy (MILT) responded with a lengthy application which was completed and returned to MILT on February 2, 2017. The application is pending.

Tailings Facility - Discussions were held with the MLSA and the Greenland Department of Nature, Environment and Energy in regards to 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 licence for extraction of nickel ore. The location of the tailings facility and the process to assess a suitable site for tailings disposal/storage must be undertaken subsequent to the delineation of a mineable nickel deposit thereby avoiding long distance transport of tailings. The development of a tailings facility is considered as a component of an Environmental Impact Assessment. The process includes the determination of the scope of disposal (underground or surface), the selection of several potential tailings sites and the review of these sites for their suitability in terms of environmental impact. Review is done by external advisors to the Greenland government and may include environmental consultants or experts from Aarhuis University (Denmark). Subsequent to public consultation a white paper is produced which will identify any issues that need addressing by the Company. Following this is an abandonment plan to produce the best possible environmental solution.

Corporate Social Responsibility for Greenland

The Company has completed presentations to the communities bordering the Maniitsoq project, including Nuuk, Napasoq, Maniitsoq and Sisimiut. Regional associations (Arctic Business Councils, Fishers and Hunters association and the Greenland Employers Association) and community meetings have been updated with regards to the Company's exploration progress and upcoming plans.

A compilation of expenditures and suppliers of goods and services made by the Company in Greenland since 2012 has been prepared by Xploration Services in preparation for presentation to members of the Town Council of Maniitsoq and Sisimiut. These councils requested the database and a summary of the Company's hiring practices of Greenlanders since 2011. The hiring records have been compiled and forwarded to the town councils. The expenditures compilation for the goods and services sector will demonstrate the details of the Company's expenditures in the goods and services sector and underscore the fact that 60% of all funds raised for the project are spent on Greenlandic companies.

Sudbury, Ontario nickel properties:

Post Creek Property

On December 23, 2009, the Company executed a letter of intent whereby the Company has an option to acquire the mineral claim known as the Post Creek Property located within the Sudbury Mining District of Ontario. The Company paid a non-refundable deposit of $7,500. On April 5, 2010, the Company entered into an option agreement to acquire rights to Post Creek Property. On March 12, 2013, the Post Creek Property Option Agreement was amended, in order to acquire 100% working interests in the property, subject to certain net smelter return royalties ("NSR") and advance royalty payments the Company agreed to the following amended consideration, which has been met, cash payments totalling $137,500 and the issuance of 1,000,000 common shares. The Company has exercised its option on Post Creek and as of August 1, 2015, 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 Whistle Offset Dyke trend. 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 deposits.

Performance Summary

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 2011 to 2016, the Company carried out exploration programs comprising ground geophysics (magnetics and electromagnetics), diamond drilling (1,533 metres in 7 drillholes), 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.

During the year ended December 31, 2016:

Work completed on the property for the year ending December 31, 2016 consisted of geological traverses, prospecting, sampling and trenching carried out in May and June. Selected assay, whole rock and thin section samples were collected for analysis and study. Results have been received and are being compiled.

A final report on an NSERC project completed on the Post Creek Property was received in March 2016 and confirmed the identification of Quartz Diorite ("Post Creek Quartz Diorite" or "CJ Quartz Diorite") in surface trenches. The authors were unable to verify if the exposed Quartz Diorite represented an extension of the Whistle Offset Dyke or a separate new Offset Dyke, but favored the latter. Regardless, the confirmation of Quartz Diorite has significant implications for the exploration potential of the property.

In October 2016, three trenches exposed earlier in 2016 were mapped in detail and identified abundant Sudbury Breccia, locally containing disseminated sulphides. The Sudbury Breccia exposed in the trenches and nearby outcrops are interpreted to be part of a larger Sudbury Breccia belt which is at least 300 metres by 300 metres in size. The breccia belt lies approximately along the projected trend of the Whistle Offset Dyke located on KGHM property to the southwest.

In November 2016 a georeferencing program was completed involving the acquisition of DGPS coordinates for claim posts for selected claims. This work will potentially qualify for assessment work credits.

Activities contemplated in the future

The Company plans to file assessment work carried out in 2016.The Company is also planning to review and synthesize all newly obtained data to formulate a work plan aimed at defining the overall extents footwall breccia zones and quartz diorite dykes and identifying geological and/or geophysical drill targets.

Halcyon Property

On April 5, 2010, the Company entered into an option agreement to acquire rights to Halcyon Property. On March 12, 2013, the Halcyon Property Option Agreement was amended. In order to acquire up to a 100% working interest in the property, subject to certain net smelter return royalties ("NSR") and advance royalty payments the Company agreed to the following amended consideration, which has been met, cash payments totalling $120,000 and the issuance of 700,000 common shares. Further, commencing on the amended date of August 1, 2015, if the Company exercises its option, the Company will be 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.

Performance Summary

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 drillhole), 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 bore hole 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 new occurrences of both Quartz Diorite and Sudbury Breccia have been identified.

During the year ended December 31, 2016:

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. Selected assay, whole rock and thin section samples were collected for analysis and study. Results have been received and are being compiled.

In November 2016 a georeferencing program was completed involving the acquisition of DGPS coordinates for claim posts for selected claims. This work will potentially qualify for assessment work credits.

Activities contemplated in the future

Further work of the Halcyon Property will be rationalized with work programs on the adjacent Post Creek Property.

Michigan, United States:

Section 35 Property –
On January 4, 2016, the Company made and 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 require an annual rental fee at a rate of US $3.00 per acre for years 1-5 and at a rate of US $6.00 per acre for years 6-10. The Company shall pay a minimum royalty at a rate of US $10.00 per acre for the 11^{th} year onwards, with an increase of an additional US $5.00 per acre per year up to a maximum of US $55.00 per acre per year. A production royalty of between 2% - 2.5% is payable from production of minerals and/or mineral products from an established mining operation area. The Company paid the first year rental fee and the required reclamation deposit of $14,327 (US $10,000). The Department of Natural Resources shall annually review the level of the reclamation deposit and shall require the amount to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

During the year ended December 31, 2016:

There was no work performed during the year ending December 31, 2016.

Activities contemplated in the future

A surface time-domain Electromagnetic survey planned has been deferred until 2017 and will be contingent on the submission and approval of work permits.

Selected Financial Information

The Company's consolidated financial statements for the year ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the audited Financial Statements and should be read in conjunction with those statements.

	For the year ended		
	December 31, 2016	**December 31, 2015**	**December 31, 2014**
Financial Results			
Net loss	$ 2,876,709	$ 2,388,970	$ 3,741,007
Basic loss per share	0.01	0.01	0.02

As at:	**December 31, 2016**	**December 31, 2015**	**December 31, 2014**
Balance Sheet Data			
Share capital	$ 62,905,934	$ 51,165,026	$ 43,268,118
Common shares issued	368,581,886	207,629,506	169,964,679
Weighted average shares outstanding	269,778,932	188,384,506	157,986,561
Total assets	$ 41,881,735	$ 32,729,177	$ 27,050,038
Net assets	41,770,387	32,479,573	26,752,694
Exchange rates (US$ to CDN$) period average	1.3248	1.2785	1.1046

Results of Operations

Year Ended December 31, 2016 compared with Year Ended December 31, 2015

For the year ended December 31, 2016, the Company incurred a net loss of $2,876,709 compared to a net loss of $2,388,970 for the year ended December 31, 2015. The increase of $487,739 in net loss is a result of an increase in management fees by $208,724 as a result of reclassifying the presidents fees which are higher due to a fulltime position and having a change in the number of directors resulting in a change in fees paid out, salaries and benefits increased by $57,832 as a result of taking of fulltime vs part time employee and vacation time paid out, filing fees increase by $43,855 due to filing a 43-101 and the financings. The investor relations costs increased by $17,493 as a result of the Wood Mackenzie agreement offset by less trade shows being attended. All these increases are offset by a decrease of $70,010 in professional fees, a decrease of $31,591 in consulting fees, and property investigation costs are down $148,255 along with an increase in share-based payment amount of $49,897. Other items that increased was the fee generated on the advance of the loan of $95,238, the interest expense generated on the loan of $264,452, interest income decreased by $9,242 and the foreign exchange loss increased by $16,246.

The Company shared office space with VMS Ventures Inc. up to April 2016 with the rent split at 40% for the Company and some general and administrative costs split at 50%. During the year 2015, the Company started consolidating its own business functionality and as a result some employee's status went from part-time to full-time positions. The Company maintains its exploration staff as full-time employees with most of the cost being directly related to a project expense and the balance as a general and administrative cost. For the current year ending December 31, 2016 general and administrative costs remained similar with administrative costs decreasing slightly as a result of the office restructuring.

As at December 31, 2016, total assets increased compared to December 31, 2015 due to $8,638,021 spent on capital expenditures related to the exploration program and the financings generating a higher cash position. As at December 31, 2016 share capital increased as a result of the financings raising $12,000,000 and issuing 160,000,000 units with share issue costs of

$618,782 and issuing 952,380 common shares as a fee on the loan with a fair value of $95,238. The Company paid an agent fee equivalent to 1,203,695 warrants at $0.075 with a fair value of $48,151 As at December 31, 2015, share capital increased since December 31, 2014 due to the Company closing a private placement of 29,054,079 units for net proceeds of $6,157,591, having 1,149,000 stock options exercised for net proceeds of $172,350 and having 7,461,748 warrants exercised for net proceeds of $1,566,967. As at December 31, 2015, total assets increased by $5,679,139 since December 31, 2014 as a result of capital expenditure purchases of $137,662 mainly computer software and spending $9,086,094 on the exploration properties and raising funds through a private placement.

Selected Financial Data Quarterly

	Three months ended			
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Net loss	$ (629,750)	$ (701,038)	$ (857,074)	$ (688,847)
Basic loss per share	0.00	0.00	0.00	0.00

	Three months ended			
	December 31, 2015	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**
Net loss	$ (539,487)	$ (656,013)	$ (485,464)	$ (708,006)
Basic loss per share	0.00	0.00	0.00	0.00

Balance Sheet Data

As at:	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Share capital	$ 62,905,934	$ 62,802,173	$ 51,260,264	$ 51,165,026
Common shares issued	368,581,886	368,581,886	208,581,886	207,629,506
Weighted average shares outstanding	269,778,932	236,604,218	207,959,176	207,629,506
Total assets	$ 41,881,735	$ 43,030,780	$ 36,548,343	$ 32,129,452
Net assets (liabilities)	$ 41,700,387	$ 42,405,717	$ 31,394,709	$ 31,998,063

As at:	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**
Share capital	$ 51,165,026	$ 51,224,376	$ 44,807,995	$ 43,893,265
Common shares issued	207,629,506	207,629,506	177,476,427	172,955,855
Weighted average shares outstanding	188,384,506	181,759,174	172,577,183	171,280,855
Total assets	$ 32,729,177	$ 33,471,660	$ 27,868,064	$ 27,076,635
Net assets)	$ 32,479,573	$ 33,121,035	$ 27,359,357	$ 26,922,125

During the three months ended September 30, 2016 the Company issued 160,000,000 common shares raising $12,000,000 with share issue costs of $618,782. The Company reported in the Capital Contribution Reserve for interest on the loan, which $4.5M was repaid in September 2016, and in the three-month period ending September 30, 2016 a total of $136,849 was booked to the P&L for interest on the loan.

During the three months ended June 30, 2016 the Company issued 952,380 common shares to Sentient as a fee for advancing the loan of $4.5 million. The fee is reported at a fair value of $95,238. The Company setup a Capital Contribution Reserve for interest on the loan which in the three-month period $127,603 was booked to the P&L. The Company reported $31,194 in share-based payments for some stock options that vested in the period. The Company filed a 43-101 report which incurred fees of $15,830.

During the three months ended March 31, 2016, the Company granted stock options reporting $207,336 in share-based payment and reported an increase of $56,000 in management fees and an increase of $47,455 in salaries.

During the three months ended September 30, 2015, the Company granted stock options reporting $319,015 in share-based payment. The Company also closed a private placement increasing share capital by $6,621,941. During the current three-month period, the Company reported $102,733 was used on property investigation and the port development and reported a share-based payment amount of $56,259 for the fair value of broker's warrants granted in the private placement. During the current three month period the Company had 1,099,000 stock options exercised for net proceeds of $109,900.

During the three months ended June 30, 2015, the Company reported $7,965 in share-based payment as a result of vested options. During the three-month period ended June 30, 2015, there was an increase in legal fees of $53,617, an increase in consulting fees of $29,784 as a result of corporate development meetings which was the reason for the increase in travel of $18,939. As well in the three-month period ending June 30, 2015, there was $27,856 spent on the port development. During the three months ended June 30, 2015, the Company received $949,320 for some warrant exercises at $0.21 per share.

During the three months ended March 31, 2015, the Company reported a share-based payment of $238,194 and reported an increase of $82,250 in management fees and an increase of $51,790 in corporate travel. An increase of $43,288 was reported in general and administrative due to relocating to the new office space.

Liquidity

As at December 31, 2016, the Company had accumulated losses totaling $23,972,138. The Company had working capital of $3,289,791 at December 31, 2016. 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, as well as obtaining long-term financing when the company concludes an appropriate merger or acquisition agreement.

On April 22, 2016, the Company entered into a term loan with Sentient Executive GP IV Limited ("Sentient") and received an advance of $4,500,000. The loan is due on April 30, 2017 and has been made on an interest free basis. Sentient is to be paid 952,380 common shares, which is the equivalent value of 2.2% of the principal amount of the loan, as a fee for advancing the loan. The fee was booked at a fair value of $95,238. The loan is subject to early pre-payment in the event that, during the term of the loan, the Company completes a private placement of gross proceeds of $2,000,000 or more. On July 21, 2016, the Company closed its market offering of units of the Company for total gross proceeds of $6,950,168 and on September 12, 2016, the Company closed a non-brokered private placement for gross proceeds of $5,049,831.98 which being the maximum offering amount raised, Sentient was repaid the full loan of $4.5 million.

The Company discounted the loan with the interest not being charged by Sentient using an interest rate of 15% per annum and an amount of $264,452 to a Capital Contribution Reserve. This amount was amortized over 143 days since the Company raised $6,950,168 in an offering and closed a non-brokered private placement for $5,049,832. The amount of $264,452 in interest expense was recorded on the profit and loss statement for the period.

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.

Capital Management

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 Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to manage its capital.

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.

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the year.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables and trade payables and accrued liabilities. Cash and cash equivalents are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded in income. Receivables are designated as loan receivables and trade payables, are designated as other financial liabilities and recorded at amortized cost. Marketable securities are available for sale with the unrealized gain or loss recorded in other comprehensive income.

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable (supported by little or no market activity).

Cash and cash equivalents are stated at fair value and are classified as Level 1 of the fair value hierarchy. The fair values of accounts receivables and trade payables approximate carrying value because of the short-term nature of these instruments.

The fair value of available for sale investments are determined based on a market approach reflecting the closing price of each security at the closing balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the security, and therefore available for sale securities are classified within Level 1 of the fair value hierarchy.

Financial Instrument Risk Factors

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Credit Risk
The Company's credit risk is primarily attributable to cash, short-term investments and amounts receivable. Cash and cash equivalents, and short-term investments are held with one reputable Canadian chartered bank which is closely monitored by management. Financial instruments included in amounts receivable consist primarily of HST/GST recoverable from the Canadian government. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, short-term investments and amounts receivable is minimal.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company held cash and a short-term investment totaling $3,330,482 (December 31, 2015 - $2,824,923) and had current liabilities of $181,348 (December 31, 2015 - $249,604). All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

i) Interest Rate Risk
The Company had cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. As of December 31, 2016, the Company had non-interest bearing accounts with one Canadian chartered bank.

ii) Foreign Currency Risk
The Company is exposed to the financial risk related to fluctuations of foreign exchange rates. The Company operates in Canada and Greenland and a portion of exploration and evaluation assets are incurred in US dollars, Euros and Danish Krones ("DKK"). Foreign currency risk is considered low as the majority of transactions are settled and reported in Canadian dollars.

iii) 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.

Accounting Standards Not Yet Effective

Other 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.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Additional Disclosure for Venture Issuers Without Significant Revenue

The business of the Company entails significant risks, and an 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, which can adversely affect the business and in turn the financial results, ultimately affecting the value of an investment the Company:

The Company has no significant revenues.
The Company has limited funds.
There is no assurance that the Company can access additional capital.
There is no assurance that the Company will be successful in its quest to find a commercially viable quantity of mineral resources.
The Company has a history of operating losses and may have operating losses and a negative cash flow in the future.
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.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Property Contractual Obligations

Post Creek

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of $10,000 per annum, totalling $10,000 (paid) during the year ended December 31, 2016, YTD amount paid $15,000 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, totalling $8,000 (paid) during the year ended December 31, 2016, YTD amount paid $12,000 which will be deducted from any payments to be made under the NSR.

Related Party Transactions

Related party transactions were in the normal course of business and have been recorded at the exchange amount which is the fair value agreed to between the parties. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

During the year ended December 31, 2016, the Company recorded $102,401 (December 31, 2015 - $216,895) in legal fees charged by a legal firm in which the Company's chairman is a consultant.

During the year ended December 31, 2016, the Company recorded $15,885 (December 31, 2015 - $34,156) in rent and utilities expense to VMS Ventures Inc.

Key Management Personnel

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the year ended December 31, 2016 and December 31, 2015 are as follows:

	Year ended December 31, 2016	**Year ended December 31, 2015**
Geological consulting fees - expensed	$ 5,370	$ 72,104
Geological consulting fees - capitalized	44,010	94,039
Management fees – expensed	755,686	546,962
Property investigation – expensed	1,081	-
Salaries - expensed	102,788	77,333
Stock-based compensation	186,170	35,794
	$ 1,095,105	$ 826,232

Transactions with Sentient

On April 22, 2016, the Company issued a term note to Sentient Executive GP IV Limited and received an advance of $4.5 million. The loan is due on April 30, 2017 and was made on an interest free basis. Sentient was issued 952,380 common shares as a fee for advancing the loan at a fair value of $95,238. Under the terms of the loan, Sentient has the right at its option to require early pre-payment in the event that, during the term of the loan, the Company successfully completes an issuance of common shares to third parties for gross proceeds of not less than $2 million. In the event the maximum offering amount is raised, being $12 million, Sentient is required to be repaid the full loan of $4.5 million. Since the maximum offering amount of $12 million was raised Sentient was repaid the entire loan in September 2016.

On July 21, 2016, the Company closed an equity financing which Sentient Executive GP IV, Limited's participation in the offering was for a total of 52,145,466 units at $0.075 per unit for $3,910,910 and on September 12, 2016 the Company closed a non-brokered private placement which Sentient Executive GP IV, Limited's was issued 67,331,093 units at $0.075 per unit for $5,049,932 and now beneficially owns 223,143,155 common shares of the Company and 70,209,744 warrants.

Share Capital Data

The following table sets forth the Company's share capital data as at April 18, 2017

Common Shares	
-issued & outstanding	368,581,886
Preferred Shares	
-issued & outstanding	590,931
Options	
-issued & outstanding	20,960,500
Warrants	
-issued & outstanding	95,982,036
Fully Diluted	486,115,353

Further Information

Additional information about the Company is available at the Canadian disclosure website www.sedar.com