NORTH AMERICAN NICKEL INC.

Consolidated Condensed Interim Financial Statements

Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

Notice to Reader of the Unaudited Consolidated Interim Financial Statements for the nine months ended September 30, 2016

In accordance with National Instrument 51-102, of the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated interim financial statements.

The unaudited consolidated interim financial statements of North American Nickel Inc. (the "Company") for the nine month period ended September 30, 2016 ("Financial Statements') have been prepared by management. The Consolidated Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015, which are available at the SEDAR website at www.sedar.com. The Consolidated Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

NORTH AMERICAN NICKEL INC.
Condensed Consolidated Interim Statement of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Notes	September 30, 2016	December 31, 2015
ASSETS			
Current assets			
Cash	**6**	$ 742,443	$ 524,923
Short-term investments	**7**	4,900,000	2,300,000
Receivables	**8**	94,641	65,367
Prepaid expenses and deposits		168,684	41,711
Total current assets		5,905,768	2,932,001
Non-current assets			
Equipment	**9**	36,239	93,328
Exploration and evaluation assets	**10**	37,088,773	29,703,848
Total non-current assets		37,125,012	29,797,176
Total assets		$ 43,030,780	$ 32,729,177
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	**11**	$ 625,063	$ 249,604
Total liabilities		625,063	249,604
SHAREHOLDERS' EQUITY			
Share capital - preferred	**13**	590,931	590,931
Share capital - common	**13**	62,211,242	50,574,095
Share-based payments reserve	**13**	2,655,890	5,134,560
Capital contribution reserve	**13**	297,740	-
Deficit		(23,350,086)	(23,820,013)
Total shareholders' equity		42,405,717	32,479,573
Total liabilities and shareholders' equity		$ 43,030,780	$ 32,729,177

APPROVED BY THE DIRECTORS:

(signed) ,Director (signed) ,Director
Keith Morrison Doug Ford

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

NORTH AMERICAN NICKEL INC.
Condensed Consolidated Interim Statement of Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)
For the nine months ended September 30, 2016

	Notes	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Expenses					
Amortization	**9**	$ 20,193	$ 19,343	$ 60,140	$ 53,334
Consulting	**14**	26,350	44,603	161,112	139,216
Filing fees		29,376	15,105	62,052	27,787
Investor relations		62,334	18,463	141,281	113,303
General and administrative	**14**	31,186	28,966	136,040	122,366
Management fees	**14**	158,250	131,545	498,750	408,045
Professional fees	**14**	17,131	83,932	79,553	170,376
Property investigation and Port development		-	102,733	14,556	130,950
Salaries and benefits	**14**	72,506	56,156	227,772	163,979
Share-based payments	**13, 14**	-	56,259	238,217	319,015
Travel and accommodation		33,127	13,610	109,577	118,233
Loss before other items		(450,452)	(570,714)	(1,729,049)	(1,766,603)
Other items:					
Fee on advance of loan	**12**	-	-	(95,238)	-
Interest income		10,098	4,669	20,371	31,698
Interest on capital contribution loan	**12**	(170,137)	-	(297,740)	-
Foreign exchange loss		(90,547)	(89,968)	(145,303)	(114,578)
Total comprehensive loss for the period		$ (701,038)	$ (656,013)	$ (2,246,959)	$ (1,849,482)
Loss per common share - basic and diluted		$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		293,271,582	200,323,043	236,604,218	181,759,174

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

NORTH AMERICAN NICKEL INC.

Condensed Interim Consolidated Statement of Changes In Shareholder's Equity

(Expressed in Canadian Dollars - unaudited)

For the nine months ended September 30, 2016

	Notes	Number of shares	Share capital	Preferred Stock	Share-based payments reserve	Capital contribution 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		-	-	-	-	-	(1,849,482)	(1,849,482)
Share capital issued private placement	13	29,054,079	6,391,897	-	-	-	-	6,391,897
Share-based payments	13	-	-	-	265,158	-	-	265,158
Forfeited/expired stock options	12				(83,950)		83,950	-
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
Warrants issued	12	-	-	-	53,856	-	-	53,856
Share issue costs	13	-	(174,956)	-	-	-	-	(174,956)
Balance at September 30, 2015		207,629,506	50,633,445	590,931	5,377,321	-	(23,480,662)	33,121,034
Net and comprehensive loss		-	-	-	-	-	(539,488)	(539,488)
Forfeited/expired stock options		-	-	-	(200,137)		200,137	-
Share-based payments		-	-	-	(60,447)		-	(60,447)
Share issue costs		-	(59,350)	-	17,824	-	-	(41,526)
Balance at December 31, 2015		207,629,506	$ 50,574,095	$ 590,931	$ 5,134,560	$ -	$ (23,820,013)	$ 32,479,573
Net and comprehensive loss		-	-	-	-	-	(2,246,959)	(2,246,959)
Share capital issued private placement	12	160,000,000	12,000,000	-	-	-	-	12,000,000
Shares issued for fee on loan	12	952,380	95,238	-	-	-	-	95,238
Capital contribution interest on loan		-	-	-	-	297,740	-	297,740
Forfeited/expired stock options	14	-	-	-	(2,716,886)	-	2,716,886	-
Stock options issued	13	-	-	-	238,216	-	-	238,216
Share issue costs	12, 13	-	(458,092)	-	-	-	-	(458,092)
Balance at September 30, 2016		368,581,886	$ 62,211,242	$ 590,931	$ 2,655,890	$ 297,740	$ (23,350,086)	$ 42,405,717

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

NORTH AMERICAN NICKEL INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)
For the nine months ended September 30, 2016

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
OPERATING ACTIVITIES				
Loss for the period	$ (701,038)	$ (485,464)	$ (2,246,959)	$ (1,193,470)
Items not affecting cash				
Amortization	20,193	19,131	60,140	33,991
Share-based payments	-	7,965	238,217	262,756
Fees for advance of loan	-	-	95,238	-
Interest expense on loan	170,137	-	297,740	-
Interest Income	(10,098)	(1,749)	(20,371)	(16,846)
	(520,806)	(460,117)	(1,575,995)	(913,569)
Changes in non-cash working capital items:				
Receivables	(37,000)	(3,913)	(34,589)	(22,561)
Prepaid expenses	14,227	(37,989)	(126,973)	(63,665)
Trade payables and accrued liabilities	(28,571)	353,636	391,385	263,495
Loan payable	(4,500,000)	-	-	-
Other:				
Interest received	6,864	51,556	25,687	55,140
Due to related parties	-	561	(15,926)	(52,130)
Cash used in operating activities	(5,065,286)	(96,266)	(1,336,412)	(733,290)
INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets	(4,789,244)	(1,634,633)	(7,384,925)	(1,955,198)
Short-term investments	(1,500,000)	1,700,000	(2,600,000)	2,200,000
Purchase of equipment	-	(44,708)	(3,051)	(137,662)
Cash used in investing activities	(6,289,244)	20,659	(9,987,976)	107,140
FINANCING ACTIVITIES				
Proceeds on issuance of common shares	12,000,000	-	12,000,000	-
Costs of issue of shares	(458,092)	(34,590)	(458,092)	(34,590)
Proceeds from exercise of warrants	-	949,320	-	1,566,967
Proceeds from exercise of options	-	-	-	5,000
Cash provided by financing activities	11,541,909	914,730	11,541,909	1,537,377
Change in cash during the period	187,378	839,123	217,520	911,227
Cash at beginning of period	555,064	398,219	524,923	326,117
Cash at end of period	$ 742,443	$ 1,237,343	$ 742,443	$ 1,237,343

Supplemental cash flow information - (Note 15)

The accompanying notes are an integral part of these 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 PO, 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 condensed 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. 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 condensed consolidated financial statements were approved by the board of directors on November 16, 2016.

Statement of compliance with International Financial Reporting Standards
The condensed 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
These condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

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

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary North American Nickel (US) Inc., which holds title of the Section 35 property lease in Michigan. All significant intercompany transactions have been eliminated.

Foreign currency translation

Foreign currency transactions are translated into 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.

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.

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

Exploration and evaluation assets cont'd
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.

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.

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

Financial instruments (cont'd)

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 trade payable as other financial liabilities. Subsequent to initial recognition, trade 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 group 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.

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.

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

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 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.

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

Share-based payments (cont'd)
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, share warrants and flow-through 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	30%

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 September 30, 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 operations 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 nine months ended September 30, 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 September 30, 2016, the Company held cash of $742,443 (December 31, 2015 - $524,923), and short-term investments of $4,900,000 (December 31, 2015 - $2,300,000) and had current liabilities of $625,063 (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.

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 $430,451 (December 31, 2015 - $3,029) and Euros consist of accounts payable of $7,542.81 (December 31, 2015 Nil).

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 September 30, 2016, the instrument was yielding an annual interest rate of 0.60% - 0.80% (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

	September 30, 2016	December 31, 2015
Sales taxes receivable	$ 87,988	$ 53,732
Interest receivable	6,319	11,635
Other receivable	334	-
	$ 94,641	$ 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 September 30, 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 period	6,988	2,289	50,863	60,140
At September 30, 2016	$ 34,656	$ 5,881	$ 115,971	$ 156,508
Net book value:				
At September 30, 2016	$ 12,018	$ 4,311	$ 19,910	$ 36,240

	Exploration Equipment	Computer Equipment	Computer Software	Total
Cost:				
At December 31, 2014	$ 46,674	$ -	$ 5,360	$ 52,034
Additions	-	7,141	130,522	137,662
At December 31, 2015	$ 46,674	$ 7,141	$ 135,882	$ 189,696
Amortization:				
At December 31, 2014	$ 18,333	$ -	$ 5,360	$ 23,693
Charge for the period	9,335	3,592	59,749	72,676
At December 31, 2015	$ 27,668	$ 3,592	$ 65,109	$ 96,369
Net book value:				
At December 31, 2015	$ 19,006	$ 3,549	$ 70,773	$ 93,327

Expressed in Canadian Dollars

10. EXPLORATION AND EVALUATION ASSETS

	Canada		United States	Greenland	
	Post Creek Property	**Halcyon Property**	**Section 35 Property**	**Maniitsoq Property**	**Total**
Mineral Properties Acquisition					
Balance, December 31, 2015	$ 258,000	$ 198,000	$ -	$ 11,497	$ 467,497
Acquisition costs - cash	10,000	8,000	16,983	-	34,983
Acquisition costs - Shares	-	-	-	-	-
Impairment	-	-	-	-	-
Balance, September 30, 2016	268,000	206,000	16,983	11,497	502,480
Expenditures (recoveries)					
Balance, December 31, 2015	1,005,504	147,650	-	28,083,197	29,236,351
Administration	-	-	-	90,295	90,295
Corporate social responsibility	-	-	-	46,633	46,633
Consulting services	-	-	-	1,105	1,105
Drilling expenses (recovery)	573	-	-	1,137,320	1,137,893
Environment, Health & Safety	-	-	-	1,690	1,690
Geology	54,700	21,169	-	657,338	733,206
Geophysics	-	-	-	813,665	813,665
Camp costs	-	-	-	2,012,077	2,012,077
Helicopter/Charter aircraft	-	-	-	2,472,235	2,472,235
Remote sensing	-	-	-	62,256	62,256
Technical Studies	1,188	132	-	(22,434)	(21,114)
	56,461	21,301	-	7,272,181	7,349,943
Balance, September 30, 2016	1,061,965	168,951	-	35,355,378	36,586,294
Total, Balance September 30, 2016	$ 1,329,965	$ 374,951	$ 16,983	$ 35,366,875	$ 37,088,773

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 (paid) during the nine months ended September 30, 2016,YTD amount paid $15,000 which will be deducted from any payments to be made under the NSR.

During the nine months ended September 30, 2016, the Company incurred exploration expenditures totalling $56,461 (September 30, 2015 - $5,674) 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 nine months ended September 30, 2016, YTD amount paid $12,000 which will be deducted from any payments to be made under the NSR.

During the nine months ended September 30, 2016, the Company incurred $21,301 (September 30, 2015 - $16,008) in exploration expenditures on the Halcyon Property.

Maniitsoq

Effective August 15, 2011, the Company was granted an exploration license (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.

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 2015, DKK 100,303,710 can be carried forward until 2019. There will be an annual licence fee on the Sulussugut License for year 6 and forward of DKK 40,400.

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 $26,110,746 on the Sulussugut License.

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

Maniitsoq (cont'd)

Under the terms of the first Sulussugut License the Company was obligated to reduce the area of the license by at least 30%, which was accomplished by the Company reducing the area by 1,505 square kilometres by December 31, 2013. This amended the minimum required eligible exploration expenditure in 2013 to be DKK 26,197,760 (approximately CDN $4,807,000).

In 2015 the Company did not reduce the Sulussugut License. There was an exploration commitment of DKK 21,668,160 (approximately CDN $4,394,303). The Company completed approved expenditures for 2015 of DKK 59,149,846 (approximately CDN $11,995,589). With a credit from 2014 of DKK 28,680,741 (approximately CDN $5,816,454) and commitment of DKK 21,668,160 leaves the Company with excess credits of DKK 100,303,710 (approximately CDN $20,341,592).

The required minimum exploration expenditures on the Sulussugut License for year 5, ending December 31, 2015 was based on an annual approximation of DKK 21,668,160 (approximately CDN $4,084,000). The Sulussugut License area was not reduced in 2015.

Effective March 4, 2012, the Company was granted an additional 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 September 30, 2016, the Company's expenditures exceeded the minimum requirement and the Company has a surplus of DKK 11,602,095 (approximately CDN $2,187,256), and the Company was granted a credit for the excess, which may be used towards future expense requirements on the Ininngui License until years 2017 DKK 5,325,997 and 2018 DKK 6,276,098 and, should the Company be granted an extension on the exploration license.

In 2015 the Company had approved expenditures of DKK 6,276,098 which is made up of exploration expenditures of DKK 4,184,065 (approximately CDN $848,528) and a general supplement of DKK 2,092,033. The exploration obligation for 2015 was DKK 2,667,740 (approximately CDN $541,018). The Company carried credits at the end of 2015 to be used by 2017 of DKK 5,325,997 and 2018 DKK 6,276,098 for a total available credits of DKK 11,602,095

The required minimum exploration expenditures on the Ininngui License for year 5, ending December 31, 2016 is DKK 2,714,680 (approximately CDN $550,537).

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

Should the Company not incur the minimum exploration expenditures 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, 2015, the Company has not used the procedure for either license.

The Company may apply for an additional 5 year term for either license following year five of the initial licence. At the expiration of the second licence period (years 6-10), the Company may apply for a new 3-year licence

Expressed in Canadian Dollars

10. EXPLORATION AND EVALUATION ASSETS (cont'd)

Maniitsoq (cont'd)

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.

As of September 30, 2016, the Company has spent $32,732,531 on exploration costs for the Sulussugut License (December 31, 2015 $26,110,743) and the Company has spent $2,616,657 on exploration costs for the Ininngui License (December 31, 2015 $1,967,369).

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.

Section 35 Property –
On January 4, 2016, the Company made and entered into a 10 year Metallic Minerals Lease with the Michigan Department of Natural Resources for an area covering approximately 320 acres. The terms of the lease an annual rental fee will be required at a rate of US $3.00 per acre per lease year 1-5 and for the 6-10 years the rate will be US $6.00 per acre per lease year. The Company paid the first year rental fee and the required bond of US $10,000. The Department of Natural Resources shall annually review the level of the performance bond and shall require the amount of the bond to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

11. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2016	December 31, 2015
Trade payables	$ 582,121	$ 164,057
Amounts due to related parties (Note 13)	-	24,026
Accrued liabilities (Note 13)	42,942	61,521
	$ 625,063	$ 249,604

12. LOAN PAYABLE – Contractual Commitment

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. The Company has discounted the loan with the interest not being charged by Sentient using an interest rate of 15% per annum and an amount of $297,740 to a Capital Contribution Reserve. The $297,740 amount was recorded on the profit and loss statement as interest expense during the nine month period since in July 2016 the Company raised $6,950,168 in an offering and in September 2016 closed a non-brokered private placement for $5,049,832 which triggered the repayment of the full loan of $4.5 million.

Expressed in Canadian Dollars

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

Nine month period ended September 30, 2016:

On April 28, 2016 the Company issued to Sentient Executive GP IV Limited 952,380 common shares for a fee on the advance of the loan. The shares were booked at a fair value of $95,238.

On July 21, 2016 the Company issued 92,668,908 units at a price of $0.075 per unit in a market offering for gross proceeds of $6,950,168. The Company reported $458,092 in issuance costs against the raised funds.

On September 12, 2016 the Company closed a non-brokered private placement and issued 67,331,093 units at a price of $0.075 per unit for gross proceeds of $5,049,932.

c) Preferred shares issued and outstanding

At September 30, 2016, there are 590,931 (December 31, 2015 – 590,931) series 1 preferred shares outstanding. In July 2014, 13,794 preferred shares were converted into 15,326 common shares and the par value of $13,794 was transferred to share capital.

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 September 30, 2016 is as follows:

	September 30, 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	79,999,997	0.12	14,778,344	0.30
Cancelled/ Expired	(12,960,000)	0.71	(4,715,282)	0.21
Exercised	-	-	(7,461,748)	0.21
Outstanding, end of period	94,778,341	$ 0.15	27,738,344	$ 0.49

Expressed in Canadian Dollars

13. SHARE CAPITAL (cont'd)

d) Warrants cont'd

At September 30, 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	0.80
46,334,451	July 21, 2018	$	0.12	1.81
33,665,546	September 12, 2018	$	0.12	1.95
-		$	-	-
94,778,341				1.70

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 six months ended September 30, 2016 are as follows:

	September 30, 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)		0.45	(2,876,500)		0.11
Exercised	-		-	(1,149,000)		0.10
Outstanding, end of period	12,823,000	$	0.28	9,872,500	$	0.37

During the nine months ended September 30, 2016, the Company granted 6,058,000 incentive stock options to employees, directors and consultants with a maximum term of 5 years all having vested. 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 $207,336. During the nine months ended September 30, 2016 100,000 granted stock options vested which resulted in a stock-based compensation expense of $30,881.

The fair value of stock options granted and vested during the nine months ended September 30, 2016 was calculated using the Black-Scholes options pricing model with the following weighted-average assumptions:

Expressed in Canadian Dollars

13. SHARE CAPITAL (cont'd)

e) Stock options cont'd

	September 30, 2016	December 31, 2015
Expected dividend yield	0%	0%
Expected share price volatility	88.02%-157.90%	157.90% - 170.53%
Risk-free interest rate	0.728% - 0.924%	0.64% - 0.79%
Expected life of options	5 years	5 years

Details of options outstanding as at September 30, 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	0.87
150,000	150,000	January 15, 2018	$ 0.15	1.29
200,000	200,000	April 22, 2018	$ 0.15	1.56
150,000	150,000	July 29, 2018	$ 0.20	1.83
200,000	200,000	September 30, 2018	$ 0.37	2.00
2,405,000	2,405,000	July 9, 2019	$ 0.62	2.77
35,000	35,000	July 9, 2019	$ 0.62	2.77
200,000	200,000	August 27, 2019	$ 0.32	2.91
100,000	100,000	September 26, 2019	$ 0.26	2.99
350,000	350,000	November 5, 2019	$ 0.21	3.10
1,000,000	1,000,000	December 19, 2019	$ 0.22	3.22
900,000	900,000	February 3, 2020	$ 0.275	3.35
450,000	450,000	October 5, 2020	$ 0.20	4.02
5,443,000	5,443,000	January 28, 2021	$ 0.21	4.32
12,823,000	12,823,000			3.32

f) Share-based payment reserve

The share-based payment 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 nine months ended September 30, 2016 there were 1,275,000 stock options that expired unexercised with $903,622.20 being transferred to deficit and 12,960,000 property warrants expired unexercised with $1,813,264 being transferred to deficit.

Expressed in Canadian Dollars

13. SHARE CAPITAL (cont'd)

g) Contributed capital reserve

The Company has booked an amount of $297,740 calculated on the loan from Sentient of $4,500,000. The rate of interest used was 15% over a 161 day period since the loan was 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. Since the Company has raised $6,950,168 through an offering and closed a non-brokered private placement for $5,049,831 triggering the repayment of the loan.

14. RELATED PARTY TRANSACTIONS

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

	September 30, 2016	December 31, 2015
Directors and officers of the Company	$ 12,921	$ 8,100
Companies controlled by directors of the Company	-	15,926
	$ 12,921	$ 24,026

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

Related party transactions –

During the nine months ended September 30, 2016, the Company recorded $15,885 (September 30, 2015 - $27,683) in rent 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.

Related party transactions - Key management personnel compensation:

	Period ended September 30, 2016	Period ended September 30, 2015
Geological consulting fees - expensed	$ 7,532	$ 94,317
Geological consulting fees - capitalized	47,016	219,275
Management fees - expensed	498,750	342,750
Salaries - expensed	72,500	51,750
Stock-based compensation	136,319	3,121
	$ 762,117	$ 711,214

15. NON-CASH TRANSACTIONS

During the nine months ended September 30, 2016 the Company issued 952,380 common shares to Sentient Executive GP IV Limited for a fee for advancing the loan of $4,500,000 at a fair value of $95,238, which is equivalent value to 2.2% of the principal amount of the loan.

The Company has discounted the loan with the interest not being charged by Sentient using an interest rate of 15% per annum and an amount of $297,740 to a Capital Contribution Reserve. This amount was amortized over 161 days since the Company raised $6,950,168 in an offering and closed a non-brokered private placement for $5,049,831. The amount of $297,740 in interest expense was recorded on the profit and loss statement for the period.

Expressed in Canadian Dollars

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: Effective June 2014 the Company had changes to management and the fees for interim CEO were $6,000 per month and effective December 2014 a permanent CEO was in place for a fee of $27,083 per month until settlement of restricted share units are issued at which time the monthly fee will be $20,833.

ii) COO fees: $10,000 per month, as amended effective January 1, 2015. This was terminated effective May 31, 2015

iii) Effective July 2014, four independent directors collect a monthly stipend of $2,000 each and effective November 2014 the chairman of the board will collect a monthly stipend of $3,000. Effective July 1 2016 two of the independent directors resigned.

Effective October 1, 2015, an independent director came on board and will collect a monthly stipend of $2,000.

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.

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:

	September 30, 2016	December 31, 2015
Equipment		
Canada	$ 24,221	$ 74,322
Greenland	$ 12,018	19,006
	$ 36,239	$ 93,328
Exploration and evaluation assets		
Canada	$ 1,704,916	$ 1,609,154
Greenland	35,366,874	28,094,694
United States	16,983	-
	$ 37,088,773	$ 29,703,848

NORTH AMERICAN NICKEL INC.

Management Discussion and Analysis
For the Nine Months Ended September 30, 2016

Preliminary Information

This Management's Discussion and Analysis ("MD&A") contains information up to and including November 16, 2016.

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, 2015 and the related notes contained therein. It should be noted that the audited financial statements for the year ended December 31, 2015 were prepared in accordance with International Financial Reporting Standards ("IFRS").

All financial information in this MD&A related to 2015 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 deepwater Seqi Port (the "Port"). Minelco granted to the Company the right to proceed with a due diligence process on the Port and to negotiate exclusively with Minelco in relation to this transaction according to the terms set out in the agreement. During the exclusivity period, Minelco provided the Company with access to its facilities, personnel, books, records and documents to allow the Company to conduct the due diligence process for the purpose of evaluating the transaction and use its commercially reasonable efforts to provide all documents and information requested by the Company. On March 31, 2015, Minelco and the Company signed an assignment agreement for the Port. Under the terms of the agreement, Minelco will transfer to the Company all its rights, title, and interest in and to the Port. The assignment will, subject to the assumption of closure obligations of DKK 6,000,000 by the Company, be made free of charge with no consideration payable by the Company to Minelco. To date, the Company has completed a surface and underwater due diligence examination of the Seqi pier. Environmental due diligence and a preliminary assessment of reindeer was completed by Golder Associates – INUPLAN in and around the Port and a report has been completed. The Company upon review has determined not to continue with 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 September 30, 2016, the Company had working capital of $5,208,705 (December 31, 2015 - $2,682,397) and a deficit of $23,350,086 (December 31, 2015 - $23,820,013). The Company has sufficient capital to continue its planned operations and to 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 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 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 project is located adjacent to the coastline approximately 100 km north of Nuuk, the capital of Greenland (a safe, stable, mining-friendly jurisdiction) and covers numerous high-grade nickel-copper sulphide & PGM occurrences associated with norite and other mafic-ultramafic intrusions. The deep water coastline adjacent to Maniitsoq is typical of Greenland's southwest coast which is free of pack ice with a year-round shipping season. The optimum shipping conditions are due to the Irminger current, a tributary of the warming Gulf Stream flowing continuously past the south west coastline of Greenland. The Company acquired the project because it believed that modern, time-domain, helicopter EM systems would be more effective at detecting nickel sulphide deposits in the rugged terrain of Maniitsoq than previous fixed wing geophysical surveys performed in the 1990's. These earlier surveys detected a limited number of anomalies but none were drill tested by previous explorers. High powered helicopter TEM systems were not available in 1990's and their availability now gives the Company a significant advantage over previous explorers.

Effective August 15, 2011, the Company was granted an exploration license (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.

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 2015, DKK 100,303,710 can be carried forward until 2019. There will be an annual licence fee on the Sulussugut License for year 6 and forward of DKK 40,400.

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. Granting to each of Hunter and Spar or their designates a 1.25% net smelter returns royalty, subject to rights of NAN 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.

Sulussugut License - 2011/54

Exploration commitment		**2011**	**2012**	**2013**	**2014**	**2015**
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
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
Total credit	DKK	1,275,997	17,529,718	28,680,741	62,822,024	100,303,710
Average Annual Rate DKK to CAD		0.1847	0.1726	0.1834	0.1968	0.1901

Carry forward period:		
a)	**DKK 41,153,864**	from 2014 until December 31, 2019
b)	**DKK 59,149,846**	from 2015 until December 31, 2019

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 in 2013.

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 $26,110,746 on the Sulussugut License.

In 2015 there was an exploration commitment of DKK 21,668,160 (approximately CDN $4,394,303). The Company completed approved expenditures for 2015 of DKK 59,149,846 (approximately CDN $11,995,589). With a credit from 2014 of DKK 28,680,741 (approximately CDN $5,816,454) and commitment of DKK 21,668,160 leaves the Company with excess credits of DKK 100,303,710 (approximately CDN $20,341,592).

The required minimum exploration expenditures on the Sulussugut License for year 5, ending December 31, 2015 was based on an annual approximation of DKK 21,668,160 (approximately CDN $4,084,000). The Sulussugut License area was not reduced in 2015.

Effective March 4, 2012, the Company was granted an additional exploration license (the "Ininngui License") by the BMP of Greenland for exclusive exploration rights over an area covering a total of 142 square kilometres The license is located near Ininngui, Greenland. The Company paid a license fee of 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.

Ininngui License - 2012/28

Exploration commitment		2012	2013	2014	2015
Fixed amount		148,800	155,200	313,200	317,500
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					
Exploration Obligation		360,380	565,950	2,388,150	2,667,740
Total Credits Available					
Approved exploration expenditures		2,871,899	2,965,890	5,470,428	6,276,098
Exploration obligation		(360,380)	(565,950)	(2,388,150)	(2,667,740)
Credit from previous year		-	2,511,519	4,911,459	7,993,737
Total credit	DKK	2,511,519	4,911,459	7,993,737	11,602,095
Average Annual Rate DKK to CAD		0.1726	0.1834	0.1968	0.1901

Ininngui License - 2012/28		
Carry forward period:		
a)	**DKK 5,325,997**	from 2014 until December 31, 2017
b)	**DKK 6,276,098**	from 2015 until December 31, 2018

The exploration commitment for 2016 provided the licence area is unchanged during 2016 will be calculated as follows:

Exploration commitment		2016
Fixed amount		323,000
296 km2 of DKK 8.080 per km2		2,391,680
Exploration Obligation	DKK	2,714,680

On September 28, 2013, the Ininngui License was enlarged to 265 square kilometres at the Company's request.

In June 2015, the Ininngui License was enlarged to 296 square kilometres at the Company's request.

To September 30, 2016, the Company's expenditures exceeded the minimum requirement and the Company has a surplus of DKK 11,602,095 (approximately CDN $2,187,256), and the Company was granted a credit for the excess, which may be used towards future expense requirements on the Ininngui License until years 2017 DKK 5,325,997 and 2018 DKK 6,276,098 and, should the Company be granted an extension on the exploration license.

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 can pay 50% of the difference in cash to MLSA as full compensation for that year. This procedure may not be used for more than 2 consecutive calendar years. To December 31, 2015, the Company has not used the procedure for either license.

The Company may apply for an additional 5 year term for either license following year five of the initial licence. 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 applicable to the license will remain in force, regardless of the termination.

Performance Summary

During the period 2012-2015:
Exploration in 2012 continued with the geophysical interpretation of data acquired in 2011. Three dimensional Maxwell models were established by Condor Consulting for the 25 anomalies defined by the 2011 airborne surveys and three of these were selected for priority follow-up prior to the first drill program on the property. Heliborne geophysical surveys by Geotech Ltd. totaling 3,532 line-kilometers over portions of mineral exploration licences 2011/54 and 2012/28 were continued in 2012. Preliminary interpretation of the data was completed August 13, 2012.

The intersection of high grade nickel – copper mineralization at Imiak Hill was announced in November. The mineralization intersected by hole MQ-12-001 averaged 1.36% nickel, 0.52% copper and 0.07% 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 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 on samples from the 2012 drilling program were completed in January 2013 and confirmed significant nickel + copper + cobalt + PGE mineralization at Imiak Hill and Spotty Hill. The 2013 Maniitsoq exploration plan consisting of 3,000 meters of diamond drilling, surface EM surveys and 550 line-km of heliborne geophysical surveys was finalized in May 2013.

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 potential existed for good recovery of nickel and copper.

In August and September of 2013 the Company announced the intersection of massive to semi-massive sulphide mineralization at Imiak Hill. Hole MQ-13-026 intersected this mineralization between 142 and 159 m vertically below surface and subsequently hole MQ-13-028 extended the mineralization to 185 metres below surface.

Significant mineralization at Imiak North, 950 metres north northeast of Imiak Hill and 1200 metres northwest of Spotty Hill was announced in September. These three closely spaced mineralized zones are referred to as the Imiak Hill Complex (IHC). Later the same month a new discovery within the Fossilik norite intrusion situated approximately 9 kilometres from the IHC was announced. Hole MQ-13-018 intersected 4.53 metres averaging 1.06% nickel, 0.23% copper, 0.04% cobalt, 0.33 g/t platinum+palladium+gold at 51.8 metres down the hole.

Assay results were received in October 2013 from mineralization intersected in hole MQ-13-026 at Imiak Hill and averaged 3.25% nickel, 0.48% copper and 0.11% cobalt over a core length of 25.51 metres including 18.62 metres at 4.31% nickel, 0.62% copper and 0.14% cobalt. Assay results for holes MQ-13-024 and 019 which intersected mineralization above hole MQ-13-026 included 14.90 metres averaging 2.67% nickel, 0.39% copper and 0.09% cobalt and 8.68 metres averaging 1.53% nickel, 0.43% copper and 0.06% cobalt, respectively. Additional assays for high-grade intercepts were also announced for DDH MQ-13-029 and MQ-013-027 at Imiak Hill and included 4.65% nickel over a core length of 9.99 metres and 64.11 metres grading 0.45% nickel and 0.20% copper, respectively. DDH MQ-13-022 drilled at Spotty Hill returned 20.07 metres grading 0.68% nickel, 0.28% copper and 0.32g/t platinum+palladium+gold. Assay results from the deepest hole drilled on the Imiak Hill mineralization to date at 180 metres below surface, hole MQ-13-028, were announced in November 2013 and averaged 3.19% nickel, 1.14% copper and 0.11% cobalt over 24.75 metres core length. A new discovery at target P-13 was also announced in November 2013 and included an intercept of from hole MQ-13-032 averaging 0.44% nickel, 0.20% copper over 6.51 metres core length in DDH MQ-13-032.

The commencement of surface time-domain electromagnetic and gravity surveys was announced in April 2014 and subsequently Crone Geophysics completed gravity surveys at 655 stations and 67 km of surface Time Domain EM surveys at the IHC. Diamond drilling was commenced with one drill at the IHC and a second drill was used to test regional mineralized targets. In July 2014, new TDEM anomalies were identified at the IHC and Fossilik areas by the Crone surveys and gravity surveys were found to be potentially effective in outlining noritic intrusions in the subsurface. Structural geological mapping was initiated at the IHC and Fossilik in August 2014. An intercept of 11.03 metres averaging 3.07% nickel and 0.53% copper in hole MQ-14-037at Imiak hill was also announced.

In September, assay results were announced for mineralization intersected at the P-058 target in the Fossilik area as well as the P-149 (“Pingo”) regional target:

MQ-14-054: 1.72% nickel and 0.26% copper over 5.58 metres (P-058)

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)

Additional assay results were received in October for two holes completed as Spotty Hill which intersected disseminated and semi-massive sulphides. Hole MQ-14-062 intersected 8.55 metres averaging 2.98% nickel, 0.59% copper and 0.86 g/t platinum+palladium+gold. and hole MQ-14-065 intersected 10.6 metres averaging 1.69% nickel, 0.34% copper and 0.50 g/t platinum+palladium+gold.

Additional drilling and assay results at target P-13 were announced in November. Multiple nickel sulphide intersections at target P-013 included 5.85 metres averaging 2.07% nickel and 0.12% copper in hole MQ-14-066 and 3.40 metres averaging 2.07% nickel and 0.34% copper in hole MQ-14-068. More new nickel sulphide discoveries were announced in November 2014 including those from the southern portion of the Maniitsoq project and the IHC. Highlights from southern Maniitsoq included 20.10 metres averaging 0.63% nickel and 0.20% copper in hole MQ-14-070 at target P-030 and 0.24 metres of 0.85% nickel and 1.80% copper in hole MQ-14-071 at target P-053. At Imiak Hill, hole MQ-14-072 intersected 16.35 metres averaging 2.51% nickel and 0.77% copper and confirmed the continuity of mineralization between historical hole IM-9 and MQ-14-037. However, drilling in 2014 identified a mylonite zone at depth at Imiak Hill which appears to have truncated and/or displaced the mineralization. At Mikissoq (formerly Imiak North), hole MQ-14-073 intersected 61.35 metres averaging 0.63% nickel and 0.18% copper indicating a steep north easterly plunge for this mineralization.

On March 2, 2015, the Company announced potential 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 September, October and November, 2015 the Company announced several new nickel sulphide intersections including:

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 at Spotty Hill. These results extended the mineralization by 80m in down plunge direction.
MQ-15-077:	0.55% nickel and0.27% copper over 21.5 metres at P-058
MQ-15-078:	1.16% nickel, 1.00% copper and 0.27 g/t platinum+palladium+gold over 12.15 metres at P-059 (Fossilik area)
MQ-15-079:	1.03% nickel and 0.39% copper over 10.65 metres at P-013
MQ-15-082:	1.98% nickel and 0.62% copper over 23.70 metres at P-053
MQ-15-090:	0.79% nickel and 0.27% copper over 13.8 metres at P-032
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 at P-013.

During the nine months ended September 30, 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 indicating the potential for high nickel recoveries from Maniitsoq mineralization, similar to results from previous studies.

In June 2016 the Company initiated a large exploration program comprising diamond drilling, geophysical surveys, mapping, prospecting and sampling.

In September 2016 the Company completed a large exploration program comprising diamond drilling, geophysical surveys, mapping, prospecting and sampling. 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: 1.25 metres of 2.42% nickel, 0.09% copper and 0.12 g/t platinum+palladium+gold
MQ-16-106: 20.05 metres of 0.65% nickel and 0.25% copper
Including:
- 6.55 metres of 1.17% nickel, 0.33% copper and 0.12 g/t platinum+palladium+gold

MQ-16-107: 3.45 metres of 1.10% nickel, 0.19% copper and 0.11 g/platinum+palladium+gold

Subsequent Events

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: 10.20 metres of 3.41% nickel, 0.28% copper, 0.10% cobalt and 0.13 g/t platinum+palladium+gold including:
- 4.10 metres of 4.85% nickel, 0.29% copper, 0.14% cobalt and 0.13 g/t platinum+palladium+gold

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

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: 53.25 metres of 0.81% nickel and 0.36% copper including:
5.15 metres of 2.56% nickel and 0.37% copper
MQ-16-117: 74.05 metres of 1.08% nickel and 0.54% copper including:
- 13.65 metres of 1.84% nickel and 0.64% copper

MQ-16-118: 47.00 metres of 0.51% nickel and 0.25% copper including:
- 15.00 metres of 1.03% nickel and 0.32% copper

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 remain to be tested. In addition, a gradient array Induced Polarization (IP) survey has defined a northwest striking trend of elevated chargeability values over a distance of 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.

The Company has signed an agreement for QEMSCAN Mineralogy on four samples from Maniitsoq.

Activities contemplated in the future

Remaining assay results from the 2016 drilling program will continue to be received and reported at regular intervals during the final quarter of 2016. 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 the acquisition of 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. A response from MLSA is still 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, Attamik, 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 is 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 km east of Sudbury in Norman, Parkin, Aylmer and Rathburn townships and consists of 39 unpatented mining claims covering an area of 912 hectares. It is strategically located adjacent to the past-producing Podolsky copper-nickel-platinum group metal deposit of KGHM, hosted by the Whistle Offset Dyke. The property lies along an interpreted extension of the Whistle Offset Dyke trend and hosts occurrences of Quartz Diorite Dykes and Sudbury Breccia which are known to be associated with nickel-copper-PGM mineralization elsewhere in the Sudbury area.

Performance Summary

Work completed by the Company in the past identified new occurrences of quartz diorite dyke, the "CJ Quartz Diorite". In addition, ground traverses and prospecting carried out in April and May of 2016 have identified a number of new locations of Sudbury Breccia and led to small trenching program in the area of historic IP anomalies. These findings support the potential for the Post Creek property to host both Footwall and Offset Dyke type deposits and will help focus future exploration efforts.

During the nine months ended September 30, 2016:

Work completed on the property during the nine month period ending September 30, 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 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.

Subsequent Events

There were no subsequent events to report at this time.

Activities contemplated in the future

Mapping of the 2016 trenches and GPSing of selected qualifying claims to obtain work credits is planned for late 2016. The Company is also planning to review and synthesize all newly obtained data in order 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

On December 14, 2011, prospecting and a small amount of outcrop stripping were completed in preparation for a drill program. A single hole was drilled on the southeast corner of the property 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.

During the Nine months ended September 30, 2016:

Work completed on the property during the nine month period ending September 30, 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.

Subsequent Events

There were no subsequent events to report at this time.

Activities contemplated in the future

GPSing of selected qualifying claims to obtain work credits is planned for late 2016. 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 with the Michigan Department of Natural Resources for an area covering approximately 320 acres. Under the terms of the lease, an annual rental fee will be required at a rate of US $3.00 per acre per lease for years 1-5 and US $6.00 per acre per lease year for the years 6-10. A minimum royalty of US $10 per acre is due for the eleventh year of the lease and increases by $US 5 per acre through to the twentieth year. For the twentieth year of the lease and thereafter for the life of the lease, the minimum royalty is US $55 per acre per year.

The Company paid the first year rental fee and the required bond of US $10,000. The Department of Natural Resources shall annually review the level of the performance bond and shall require the amount of the bond to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

During the nine months ended September 30, 2016:

There was no work performed during the nine months ending September 30, 2016

Subsequent Events

There were no subsequent events to report at this time.

Activities contemplated in the future

A surface time-domain Electromagnetic survey planned for the fall of 2016 has been deferred until 2017 and will be contingent on the submission and approval of work permits.

Selected Financial Information

The Company's condensed consolidated interim financial statements for the nine months ended September 30, 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 Condensed Financial Statements and should be read in conjunction with those statements.

	For the nine months ended		
	September 30, 2016	**September 30, 2015**	**September 30, 2014**
Financial Results			
Net loss	$ 2,246,959	$ 1,849,482	$ 3,155,327
Basic loss per share	0.01	0.01	0.02

As at:	**September 30, 2016**	**December 31, 2015**	**December 31, 2014**
Balance Sheet Data			
Share capital	$ 62,802,173	$ 51,165,026	$ 43,268,118
Common shares issued	368,581,886	207,629,506	169,964,679
Weighted average shares outstanding	236,604,218	188,384,506	157,986,561
Total assets	$ 43,030,780	$ 32,729,177	$ 27,050,038
Net assets (liabilities)	42,405,717	32,479,573	26,752,694
Exchange rates (US$ to CDN$) period average	1.3224	1.2785	1.1046

Results of Operations

Nine Months Ended September 30, 2016 compared with Nine Months Ended September 30, 2015

For the nine months ended September 30, 2016, the Company incurred a net loss of $2,246,959 compared to a net loss of $1,849,482 for the nine months ended September 30, 2015. The increase of $397,477 in net loss is a result of an increase of $21,896 in consulting fees due to taking on an advisor, management fees increased by $90,705 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 stipends paid out, salaries and benefits increased by $63,793 as a result of taking of fulltime vs part time employee, general and administrative costs are up by $13,674 as a result of changing IT providers, filing fees increase by $34,265 due to filing a 43-101 and the financings. The investor relations costs increased by $27,978 as a result of the Wood Mackenzie agreement. All these increases are offset by a decrease of $90,823 in Professional fees being down, and property investigation costs are down $116,394 along with less costs on travel of $8,656 and a small share-based payment amount of $80,798. 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 $297,740, interest income decreased by $11,327 and the foreign exchange loss increased by $30,725.

The general operating costs increased by $99,737 which is mainly the result of the changes made to management and staff in 2015 and the costs associated with the financings. This resulted in an increase of $90,705 in management fees and an increase of $63,793 in salaries offset by fewer costs on property investigation and port development. The advance of the loan generated a fee of $95,238.

The Company shared office space with VMS Ventures Inc. upto 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 a couple employees status went 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 nine months ending September 30, 2016 general and administrative costs increased by

$13,674 as a result of switching IT providers. Some of the administrative costs are starting to show a decrease as a result of restructuring the office status.

As at September 30, 2016, total assets increased since December 31, 2015 due to $7,384,925 spent on capital expenditures of the exploration program and the financings generating a higher cash position. As at September 30, 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 $458,092 and issuing 952,380 units as a fee on the loan with a fair value of $95,238. 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			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net loss	$ (701,038)	$ (857,074)	$ (688,847)	$ (539,487)
Basic loss per share	0.00	0.00	0.00	0.00

	Three months ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Net loss	$ (656,013)	$ (485,464)	$ (708,006)	$ (585,679)
Basic loss per share	0.00	0.00	0.00	0.00

Balance Sheet Data

As at:	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Share capital	$ 62,802,173	$ 51,260,264	$ 51,165,026	$ 51,165,026
Common shares issued	368,581,886	208,581,886	207,629,506	207,629,506
Weighted average shares outstanding	236,604,218	207,959,176	207,629,506	188,384,506
Total assets	$ 43,030,780	$ 36,548,343	$ 32,129,452	$ 32,729,177
Net assets (liabilities)	$ 42,405,717	$ 31,394,709	$ 31,998,063	$ 32,479,573

As at:	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Share capital	$ 51,224,376	$ 44,807,995	$ 43,893,265	$ 43,268,118
Common shares issued	207,629,506	177,476,427	172,955,855	169,964,679
Weighted average shares outstanding	181,759,174	172,577,183	171,280,855	157,986,561
Total assets	$ 33,471,660	$ 27,868,064	$ 27,076,635	$ 27,050,038
Net assets (liabilities)	$ 33,121,035	$ 27,359,357	$ 26,922,125	$ 26,752,694

During the three months ended September 30, 2016 the Company issued 160,000,000 common shares for financings raising $12,000,000 with share issue costs of $458,092. The Company reported in the Capital Contribution Reserve for interest on the loan, which $4.5M was repaid in September 2016, in the three month period $170,137 was booked to the P&L.

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 $30,881 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.

During the three months ended December 31, 2014, the Company reported a share-based payment of $286,983 and had an increase in management fees and corporate travel of $59,928 as a result in changes to management and corporate development.

Liquidity

As at September 30, 2016, the Company had accumulated losses totaling $23,350,086. The Company had working capital of $5,280,705 at September 30, 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 entered into a term loan with Sentient Executive GP IV Limited 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 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 $297,740 to a Capital Contribution Reserve. This amount was amortized over 161 days since the Company raised $6,950,168 in an offering and closed a non-brokered private placement for $5,049,831. The amount of $297,740 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 particular 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 particular 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 September 30, 2016, the Company held cash and a short-term investment totaling $5,642,443 (December 31, 2015 - $2,824,923) and had current liabilities of $625,063 (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 September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 2016 and prior years ending December 31, 2015 and 2014, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transaction
Mount Morgan Resources Ltd.	Geological consulting fees provided by Mark Fedikow, President for a monthly retainer of $6,000. Effective June 16, 2014, Mark Fedikow was assigned interim CEO until December 2014. Effective September 1, 2015, Mark Fedikow was appointed a full-time employee position as President for an annual salary of $250,000.
Dockside Capital Group Inc.	Management fees for services provided by 2 directors for a monthly retainer of $4,000. Effective July 1, 2016 one of these directors resigned dropping the monthly retainer to $2,000.
VMS Ventures Inc.	Management fees for services provided by Rick Mark for a monthly retainer of $8,000, as amended April 1, 2013, CEO, effective June 15, 2014 Rick Mark resigned, Cheryl Messier for a monthly retainer of $5,750, effective January 1, 2014, CFO, Neil Richardson adjusted monthly retainer of $6,000, COO and shared administrative costs. Effective January 1, 2015, separate employee agreements were done for Neil and Cheryl separating both Companies. The North American Nickel Inc. agreements provided a monthly fee to Neil of $10,000 and a monthly fee to Cheryl of $5,750. Effective June 1, 2016 Neil resigned from the Company and effective January 1 2016 the fee to Cheryl increased to $7,187.50 monthly.
Jim Clucas	A stipend of $2,000 per month for an independent director.
667981 BC Ltd.	A stipend to John Roozendaal of $2,000 per month for an independent director. Effective July 1, 2016 this director resigned.
John Sabine	A stipend of $3,000 per month for a director and non-executive chairman.
Keith Morrison	Appointed CEO for a monthly retainer of $27,083.
Christopher Messina	A stipend of $2,000 per month for an independent director.

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 52,145,467 units at $0.075 per unit for $3,910,910.03 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.

Included in trade payables and accrued liabilities as at September 30, 2016 is $12,921 (December 31, 2015 - $24,026) owing to an officer for expenses and a directors for stipends.

During the nine months ended September 30, 2016, the Company recorded $71,726 (December 31, 2015 - $216,895) in legal fees charged by a legal firm in which the Company's chairman is a consultant.

During the nine months ended September 30, 2016, the Company recorded $15,885 (Sept 30, 2015 - $27,683) in rent and utilities expense to VMS Ventures Inc.

For the nine months ended September 30, 2016, the Company paid $498,750 (Sept 30, 2015 - $342,750) for management fees. Paid to Keith Morrison, CEO was $243,542, Mark Fedikow, President was $150,000 and paid to directors for stipends was $105,000.

Included in exploration and evaluation assets for the period ended September 30, 2016 is $47,016 (December 31, 2015 – $94,039) which was paid regarding geological fees for Neil Richardson, COO.

Included in geological consulting fees for the nine months ended September 30, 2016 is $7,532 (September 30, 2015 – $94,317) which was paid regarding geological fees for Neil Richardson, COO.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the nine months ended September 30, 2016 and September 30, 2015 are as follows:

	Period ended September 30, 2016	Period ended September 30, 2015
Geological consulting fees – expensed	$ 7,532	$ 94,317
Geological consulting fees – capitalized	47,016	219,275
Management fees – expensed	498,750	342,750
Salaries – expensed	72,500	51,750
Stock-based compensation	136,319	3,121
	$ 762,117	$ 711,214

Share Capital Data

The following table sets forth the Company's share capital data as at November 16, 2016

Common Shares	
-issued & outstanding	368,581,886
Preferred Shares	
-issued & outstanding	590,930
Options	
-issued & outstanding	12,823,000
Warrants	
-issued & outstanding	94,778,341

Further Information

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