NORTH AMERICAN NICKEL INC.

Financial Statements

For the Year Ended December 31, 2012

(Expressed in Canadian Dollars)

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of North American Nickel Inc.:

We have audited the accompanying financial statements of North American Nickel Inc., which comprise the statements of financial position as at December 31, 2012 and 2011 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of North American Nickel Inc. as at December 31, 2012 and 2011 and the results of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Explanatory Paragraph
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, there are certain conditions that give rise to significant doubt about the entity's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, B.C.
April 11, 2013

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

	Notes	December 31, 2012	December 31, 2011
ASSETS			
Current assets			
Cash	4	$ 661,245	$ 421,046
Short-term investment	5	705,218	800,759
Receivable	6	12,033	133,522
Prepaid expenses and deposits		18,770	7,997
Total current assets		1,397,266	1,363,324
Non-current assets			
Equipment	7	5,957	9,949
Exploration and evaluation assets	8	7,606,479	4,736,430
Total non-current assets		7,612,436	4,746,379
Total assets		$ 9,009,702	$ 6,109,703
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	9, 11	$ 63,154	$ 151,814
Non-current liabilities			
Deferred income tax liability	10	-	14,281
Total non-current liabilities		-	14,281
Total liabilities		63,154	166,095
SHAREHOLDERS' EQUITY			
Share capital - preferred	10	604,724	604,724
Share capital - common	10	22,181,970	18,177,920
Share-based payments reserve	10	2,873,676	2,503,605
Deficit		(16,713,822)	(15,342,641)
Total shareholders' equity		8,946,548	5,943,608
Total liabilities and equity		$ 9,009,702	$ 6,109,703

APPROVED BY THE DIRECTORS:

"Rick Mark", Director
Rick Mark

"Edward D. Ford", Director
Edward D. Ford

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

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

	Notes	Year Ended December 31, 2012	December 31, 2011
Expenses			
Amortization		$ 3,992	$ 1,911
Consulting	**11**	60,419	45,547
Filing fees		48,842	65,402
Investor relations		201,629	58,690
General and administrative	**11**	14,649	20,274
Management fees	**11**	108,000	108,000
Professional fees		76,201	120,719
Property investigation		22,115	4,845
Salaries		66,429	52,002
Share-based payments	**10**	459,552	383,750
Travel and accommodation		16,086	15,411
Loss before other items		(1,077,914)	(876,551)
Other items:			
Impairment of exploration and evaluation assets	**8**	(368,303)	(267,462)
Reversal of flow-through share liability	**10, 17**	14,281	76,628
Foreign exchange loss		(21,626)	(16,806)
Comprehensive loss for the year		$ (1,453,562)	$ (1,084,191)
Loss per common share - basic and diluted		$ (0.02)	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted		69,179,749	46,464,082

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

NORTH AMERICAN NICKEL INC.
Statement of Changes In Equity
(Expressed in Canadian Dollars)

	Notes	Common shares: Number of shares	Common shares: Share capital	Preferred stock	Share-based payments reserve	Deficit	Total
Balance at December 31, 2010		35,231,730	$ 14,705,609	$ 604,724	$ 182,500	$ (14,258,450)	$ 1,234,383
Loss for the year		-	-	-	-	(1,084,191)	(1,084,191)
Share capital issued private placement	10	15,545,463	3,200,002	-	-	-	3,200,002
Flow-through premium	10		(90,909)	-	-	-	(90,909)
Shares issued to acquire exploration and evaluation assets	8, 10	950,000	95,000	-	-	-	95,000
Shares issued for finders fee	10	200,000	28,000	-	-	-	28,000
Stock options issued	10	-	-	-	471,250	-	471,250
Warrants exercised	10	3,005,000	300,500	-	-	-	300,500
Warrants issued	10	-	-	-	1,813,263	-	1,813,263
Share issue costs	10	126,000	(60,282)	-	36,592	-	(23,690)
Balance at December 31, 2011		55,058,193	18,177,920	604,724	2,503,605	(15,342,641)	5,943,608
Loss for the year		-	-	-	-	(1,453,562)	(1,453,562)
Share capital issued private placement	10	20,000,000	3,400,000	-	-	-	3,400,000
Shares issued to acquire exploration and evaluation assets	8, 10	575,000	104,250	-	-	-	104,250
Stock options issued	10	-	-	-	459,552	-	459,552
Stock options exercised	10	132,000	20,300	-	(7,100)	-	13,200
Warrants exercised	10	4,795,000	479,500	-	-	-	479,500
Forfeited/expired stock options	10	-	-	-	(45,789)	45,789	-
Cancelled/expired warrants	10	-	-	-	(36,592)	36,592	-
Balance at December 31, 2012		80,560,193	$ 22,181,970	$ 604,724	$ 2,873,676	$ (16,713,822)	$ 8,946,548

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

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

	Year Ended December 31, 2012	December 31, 2011
OPERATING ACTIVITIES		
Loss for the year	$ (1,453,562)	$ (1,084,191)
Items not affecting cash		
Amortization	3,992	1,911
Share-based payments	459,552	383,750
Reversal of flow-through share liability	(14,281)	(76,628)
Impairment of exploration and evaluation assets	368,303	267,462
	(635,996)	(507,696)
Changes in non-cash working capital items:		
Receivables	121,489	(106,557)
Prepaid expenses and deposits	(10,773)	(7,997)
Trade payables and accrued liabilities	(114,729)	(75,329)
Cash used in operating activities	(640,009)	(697,579)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(3,108,033)	(2,204,795)
Short-term investments	95,541	(800,759)
Purchase of equipment	-	(11,860)
Cash used in investing activities	(3,012,492)	(3,017,414)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares	3,892,700	3,476,812
Cash provided by financing activities	3,892,700	3,476,812
Change in cash during the year	240,199	(238,181)
Cash at beginning of the year	421,046	659,227
Cash at end of the year	$ 661,245	$ 421,046

Supplemental cash flow information (Note 14)

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 Suite 301 – 260 West Esplanade, North Vancouver, British Columbia, Canada, V7M 3G7.

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

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These uncertainties may cast significant 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 financial statements were authorized for issue on April 11, 2013 by the Board of Directors of the Company.

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

Basis of preparation
These 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)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful life of equipment, stock-based awards and payments, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses;
- the classification of financial instruments; and
- the determination of the functional currency of the Company.
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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 income 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 income 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.

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

Exploration and evaluation assets (cont'd)
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 the interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for in profit.

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

Restoration and environmental obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates 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.

Changes are recorded directly to mining 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 net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

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

Restoration and environmental obligations (cont'd)
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 they reverse 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.

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.

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.

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

Financial instruments (cont'd)
Non-derivative financial liabilities are subsequently measured at amortized cost.

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 asset 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 impairment has arisen.

Loss per share
Basic loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings / loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. If the calculation results in an anti-dilutive effect then only basic income or loss per share is presented.

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 balance sheet 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.

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

Income taxes (cont'd)
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 charged to the statement of comprehensive loss/income 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 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 before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

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

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

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to an employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

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

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. 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.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is offset from the flow-through proceeds and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

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

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%

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company has not early adopted the following revised standards and is currently assessing the impact that these standards will have on its future financial statements.

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.

IFRS 9, Financial instruments
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. 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, 2015.

IFRS 13, Fair value measurement
This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32, Financial instruments: presentation
These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation
In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "*Presentation of Financial Statements"* to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

4. CASH

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rate.

Expressed in Canadian Dollars

5. SHORT-TERM INVESTMENT

Short-term investment is 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 investment is carried at the lower of cost or market value. The counter-party is a financial institution. At December 31, 2012, the instrument was yielding an annual interest rate of 1.25% (2011 – 1.05%). The fair market value of the Company's short-term investment approximates its carrying value at the balance sheet dates.

6. RECEIVABLES

	December 31, 2012	December 31, 2011
Harmonized and sales taxe receivable	$ 12,033	$ 133,522

7. EQUIPMENT

	Exploration Equipment	Computer Software	Total
Cost:			
At December 31, 2011	$ 6,500	$ 5,360	$11,860
Additions	-	-	-
At December 31, 2012	6,500	5,360	11,860
Amortization:			
At December 31, 2011	1,001	910	1,911
Charge for the year	1,304	2,688	3,992
At December 31, 2012	2,305	3,598	5,903
Net book value:			
At December 31, 2012	$ 4,195	$ 1,762	$ 5,957

	Exploration Equipment	Computer Software	Total
Cost:			
At December 31, 2010	$ -	$ -	$ -
Additions	6,500	5,360	11,860
At December 31, 2011	6,500	5,360	11,860
Amortization:			
At December 31, 2010	-	-	-
Charge for the year	1,001	910	1,911
At December 31, 2011	1,001	910	1,911
Net book value:			
At December 31, 2011	$ 5,499	$ 4,450	$ 9,949

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS

	Canada						Greenland	
	Post Creek Property	Halcyon Property	WIC Project	Thompson North	South Bay Property	Cedar Property	Maniitsoq Property	Total
Mineral Properties Acquisition								
Balance, December 31, 2011	$ 104,000	$ 78,000	$ -	$120,333	$120,333	$120,333	$ 5,742	$ 548,742
Acquisition costs - cash	50,000	35,000	20,000	-	-	-	5,755	110,755
Acquisition costs - Shares	54,000	36,000	14,250	-	-	-	-	104,250
	104,000	71,000	34,250	-	-	-	5,755	215,005
Write-off	-	-	(34,250)	-	(120,333)	(120,333)	-	(274,916)
Balance, December 31, 2012	208,000	149,000	-	120,333	-	-	11,497	488,831
Expenditures								
Balance, December 31, 2011	917,620	53,988	-	115,844	11,210	2,400	3,086,625	4,187,688
Administration	-	-	195	-	-	-	6,937	7,132
Assay and sampling	2,108	-	11,051	-	-	-	33,763	46,922
Automobile costs	70	-	820	-	-	-	593	1,483
Claim fees/ Assessment fees	-	-	-	32,096	-	-	-	32,096
Consulting services	36,246	10,655	19,163	1,200	2,800	-	233,919	303,983
Drilling expenses	-	-	-	-	-	-	816,631	816,631
Equipment and supplies	10,558	8,728	318	-	200	-	27,759	47,563
Equipment rental	-	-	680	-	-	-	1,928	2,608
Licenses and fees	-	-	-	-	-	-	13,664	13,664
Camp costs	108	133	-	-	-	-	633,967	634,208
Shipping and printing costs	358	-	-	-	-	-	28,428	28,786
Survey costs	-	-	41,654	-	-	-	966,496	1,008,150
Telephone	-	-	98	-	-	-	6,329	6,427
Travel and accomodation	18	-	2,798	-	-	-	70,878	73,694
	49,466	19,516	76,777	33,296	3,000	-	2,841,292	3,023,347
Write-off	-	-	(76,777)	-	(14,210)	(2,400)	-	(93,387)
Balance, December 31, 2012	967,086	73,504	-	149,140	-	-	5,927,917	7,117,648
Total, Balance December 31, 2012	$1,175,086	$222,504	$ -	$269,473	$ -	$ -	$5,939,414	$7,606,479

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

	Canada							Greenland	
	Post Creek Property	Woods Creek Property	Halcyon Property	Bell Lake Property	Thompson North	South Bay Property	Cedar Property	Maniitsoq Property	Total
Mineral Properties Acquisition									
Balance, December 31, 2010	$ 44,000	$ 19,000	$ 33,000	$ 43,000	$ 120,333	$ 120,333	$ 120,333	$ -	$ 500,000
Acquisition costs - cash	30,000	15,000	25,000	25,000	-	-	-	5,742	100,742
Acquisition costs - shares	30,000	15,000	20,000	30,000	-	-	-	-	95,000
	60,000	30,000	45,000	55,000	-	-	-	5,742	195,742
Write-off	-	(49,000)	-	(98,000)	-	-	-	-	(147,000)
Balance, December 31, 2011	104,000	-	78,000	-	120,333	120,333	120,333	5,742	548,742
Expenditures									
Balance, December 31, 2010	153,310	20,340	-	560	585	2,523	400	-	177,718
Administration	-	-	-	-	-	-	-	2,192	2,192
Assay and sampling	45,058	90	-	-	-	-	-	9,948	55,096
Automobile costs	19,902	346	1,894	305	-	-	-	442	22,889
Claim fees/ Assessment fees	-	-	-	-	77,989	7,226	-	-	85,215
Consulting services	234,529	14,670	21,510	14,293	37,270	1,461	2,000	84,084	409,817
Drilling expenses	146,338	24,043	-	-			-	-	170,381
Equipment and supplies	18,565	2,966	3,136	2,910	-	-	-	59,645	87,222
Equipment rental	30,512	825	1,220	825	-	-	-	10,539	43,921
Geological data (Note 10)								2,141,263	2,141,263
Licenses and fees	-	-	-	434	-	-	-	13,738	14,172
Line cutting costs	25,500	-	4,500	9,788	-	-	-	-	39,788
Camp costs	-	-	236	-			-	-	236
Shipping and printing costs	1,177	-	-	312	-	-	-	22,589	24,078
Survey costs	144,537	-	21,492	27,755	-	-	-	716,857	910,641
Stock-based compensation (Note 10)	87,500	-	-	-			-	-	87,500
Telephone	-	-	-	-	-	-	-	736	736
Travel and accomodation	10,693	-	-	-	-	-	-	24,592	35,285
	764,310	42,940	53,988	56,622	115,259	8,687	2,000	3,086,625	4,130,432
Write-off	-	(63,280)	-	(57,182)	-	-	-	-	(120,462)
Balance, December 31, 2011	917,620	-	53,988	-	115,844	11,210	2,400	3,086,625	4,187,688
Total, Balance December 31, 2011	$ 1,021,620	$ -	$ 131,988	$ -	$ 236,177	$ 131,543	$ 122,733	$ 3,092,367	$ 4,736,430

Expressed in Canadian Dollars

8. 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 the Company entered into an option agreement to acquire a 100% interest in the Post Creek Property and agreed to the following consideration:

Date		Cash	Shares		Exploration requirements
On or before April 5, 2010 (paid and issued)	$	12,500	400,000		
On or before April 5, 2011 (paid and issued)	$	30,000	300,000	$	15,000
On or before April 5, 2012 (paid and issued)	$	50,000	300,000	$	15,000
On or before April 5, 2013 (subsequently amended)	$	50,000	-	$	15,000

During the year ended December 31, 2012, the Company incurred exploration costs totalling $49,466 (December 31, 2011 - $764,310) in deferred exploration costs on the Post Creek Property.

The Company's interest is subject to a 2.5% Net Smelter Royalty ("NSR"), of which 1.5% can be repurchased by the Company for $1,500,000. Commencing August 1, 2013 (subsequently amended), if the Company exercises its option, the Company will be 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.

Woods Creek

At December 31, 2011, the Company decided not to further pursue the Woods Creek Property and, accordingly, the property was written-off.

Halcyon

On April 5, 2010, the Company entered into an option agreement to acquire up to a 100% interest in the Halcyon Property located in Ontario and agreed to the following consideration:

Date		Cash	Shares		Exploration requirements
On or before April 5, 2010 (paid and issued)	$	15,000	300,000		
On or before April 5, 2011 (paid and issued)	$	25,000	200,000	$	22,000
On or before April 5, 2012 (paid and issued)	$	35,000	200,000	$	22,000
On or before April 5, 2013 (subsequently amended)	$	35,000	-	$	22,000

During the year ended December 31, 2012, the Company incurred $19,516 (December 31, 2011 - $53,988) in exploration costs on the Halcyon Property.

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Halcyon (cont'd)
The Company's interest is subject to a 2.5% NSR, of which 1.5% can be repurchased by the Company for $1,500,000. Commencing August 1, 2013 (subsequently amended), 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.

Bell Lake
At December 31, 2011, the Company decided not to further pursue the Bell Lake Property and, accordingly, the property was written-off.

Wahnapitae Intrusive Complex ("WIC")
On April 17, 2012, the Company entered into a property option agreement to acquire a 100% interest in the WIC Project located in Ontario for consideration which included a cash payment of $20,000 (paid) and the issuance of 75,000 common shares (issued) on April 30, 2012.

During the year ended December 31, 2012, the Company incurred $76,777 (December 31, 2011 - $Nil) in exploration costs on the WIC Project.

Subsequent to December 31, 2012, the Company decided not to further pursue the WIC Project and, accordingly, the property was written-off at December 31, 2012.

Manitoba Nickel Properties
On April 5, 2010, the Company entered into a purchase and sale agreement, with a company with directors in common, to acquire a 100% interest in the Thompson North, South Bay and Cedar Lake properties located in Manitoba, and agreed to consideration of $1,000 cash (paid) and 6,000,000 common shares (issued).The Company's interest is subject to a 2% NSR, of which 1% can be repurchased by the Company for $1,000,000.

During the year ended December 31, 2012, the Company incurred $33,296 (December 31, 2011 - $115,259) in exploration costs on the Thompson North Property. At December 31, 2012, the Company decided not to further pursue the South Bay and Cedar Lake properties and, accordingly, these properties were written-off.

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 is valid for 5 years until December 31, 2015, with December 31, 2011 being the first year.

The Company completed the first year exploration requirement, of a minimum of DKK 7,213,460 (approximately CDN $1,281,000), during the year ended December 31, 2011 by incurring $3,086,625 on the Sulussugut License.

The Company's minimum required exploration expenditure for the second year was DKK 7,361,890 (approximately CDN $1,307,000). During the year ended December 31, 2012, the Company incurred $2,290,291 in exploration costs on the Sulussugut Licence.

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Maniitsoq (cont'd)

During the year ended December 31, 2011, the Company's expenditures exceeded the minimum requirement and the Company was granted a credit of DKK 1,275,997 (approximately CDN $227,000) for surplus exploration expenditures, which may be carried forward up to December 31, 2014 as a reduction of future exploration expenditure requirements.

The required minimum exploration expenditures on the Sulussugut License for years 3-5, ending December 31, 2015, have not yet been determined but, are based on an annual approximation of DKK 24,405,000 (approximately CDN $4,334,000). This assumes that the Sulussugut License area remains at its current size of 4,841 square kilometres. For every square kilometre that the licence is reduced the required annual expenditure decreases by approximately DKK 5,000. The Company is obligated to reduce the licence area by at least 30% (1,452 square kilometres) by December 31, 2013.

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 Company completed the first year exploration requirement, of a minimum of DKK 360,380 (approximately $64,000), during the year ended December 31, 2012 by incurring $551,001 on the Ininngui License.

The required minimum exploration expenditures for year 2 on the Ininngui License are based an approximate DKK 242,000 (approximately CDN $43,000). The required minimum exploration expenditures for years 3-5, ending December 31, 2016 have not yet been determined but, are based on an annual approximation of DKK 2,730,000 (approximately CDN $480,000).

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, 2012, the Company has not used the procedure for either license.

After year 5, the Company may apply for an additional 5 years for either license. Thereafter, the Company may apply for a license for up to 6 additional years, in 2 year license increments. The Company will be required to pay additional license fees and will be obligated to incur minimum exploration costs for such years, which are yet to be determined.

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.

Expressed in Canadian Dollars

9. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2012	December 31, 2011
Trade payables	$ 16,779	$ 99,343
Amounts due to related parties (Note 11)	2,765	$ 27,222
Accrued liabilities	43,610	25,249
	$ 63,154	$ 151,814

10. SHARE CAPITAL

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

b) Common shares issued and outstanding

Year ended December 31, 2012:

The Company completed a non-brokered private placement of 20,000,000 units at a price of $0.17 per unit for proceeds of $3,400,000. Each unit consists of one common share and one-half share purchase warrant. Each full warrant is exercisable into one common share of the Company at $0.21 per share until May 22, 2014.

The Company issued 500,000 common shares at a fair value of $90,000 and 75,000 common shares at a fair value of $14,250 for the acquisition of exploration and evaluation assets (Note 8).

The Company issued 4,795,000 common shares for warrant exercises at $0.10 per share for proceeds of $479,500.

The Company issued 132,000 common shares for stock option exercises at $0.10 per share for proceeds of $13,200. Accordingly, the Company reallocated the fair value of the stock options, upon exercise, of $7,100 from share-based payments reserve to share capital.

Year ended December 31, 2011:

The Company issued 950,000 common shares at a fair value of $95,000 for the acquisition of exploration and evaluation assets (Note 8).

The Company issued 4,545,463 common shares for a private placement of flow-through shares at $0.22 per share, for proceeds of $1,000,002. On issuance, the Company bifurcated the flow-through share into i) a flow-through share premium of $90,909, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital $909,093. At December 31, 2011, the Company expended $842,907 in eligible exploration expenditures and, accordingly, the deferred income tax liability was reduced to $14,281. During the year ended December 31, 2012, the Company expended the remaining $157,095 and, accordingly, the deferred income tax liability of $14,281 was reduced to $Nil.

10. SHARE CAPITAL (cont'd)

b) Common shares issued and outstanding (cont'd)

Year ended December 31, 2011 (cont'd):

The Company issued 11,000,000 units for a private placement at $0.20 per share, for proceeds of $2,200,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at $0.35 per share until November 24, 2012. The Company does not separately disclose the value attributed to the warrants. The Company paid finder's fees of $23,690 and issued 126,000 finder's shares at a fair value of $25,200 in relation to the private placement. The Company also issued 243,950 finder's warrants, which are exercisable at $0.35 until November 24, 2012. The Company valued the warrants at $36,592 using the Black-Scholes pricing model the following inputs: Expected dividend yield: 0%; expected share price volatility: 538%; risk-free interest rate: 1.51% and expected life: 1.5 years.

The Company issued 200,000 common shares for a finder's fee pursuant to an Intellectual Property and Data Acquisition Agreement (the "IP and Data Acquisition Agreement") acquired for use on the Maniitsoq Property (Note 8). The Company recorded the common shares at a fair value of $28,000.

The Company issued 3,005,000 common shares for warrant exercises at $0.10 per share for proceeds of $300,500.

c) Preferred shares issued and outstanding

At December 31, 2012, there are 604,724 (December 31, 2011 – 604,724) preferred shares outstanding.

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

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

d) Warrants

During the year ended December 31, 2011, the Company entered into an arm's length IP and Data 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 certain IP and Data 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 issuance of 12,960,000 share purchase warrants (issued), 6,480,000 to each of Hunter and Spar exercisable for a period of 5 years. The warrants are 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.

Expressed in Canadian Dollars

10. SHARE CAPITAL (cont'd)

d) Warrants (cont'd)

The warrants are subject to an accelerated exercise provision in the event the Company relinquishes its interests in the Maniitsoq Property 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 pricing model, with the following inputs: Expected dividend yield: 0%; expected share price volatility: 324%; risk-free interest rate: 1.43% and expected life: 5 years.

The Company also granted each of Hunter and Spar or their designates a 1.25% NSR, subject to rights of the Company to reduce both royalties to a 0.5% NSR 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 Maniitsoq Property.

The changes in share purchase warrants during the year ended December 31, 2012 and 2011 are as follows:

	December 31, 2012		December 31, 2011	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	31,198,950	$ 0.44	10,000,000	$ 0.10
Granted	10,000,000	0.21	24,203,950	0.54
Cancelled/ Expired	(13,343,950)	(0.31)	-	-
Exercised	(4,795,000)	(0.10)	(3,005,000)	0.10
Outstanding, end of year	23,060,000	$ 0.49	31,198,950	$ 0.44

At December 31, 2012, 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)
100,000	January 23, 2013	(subsequently exercised)	$ 0.10	0.06
3,460,000	August 30, 2016		$ 1.00	3.67
4,750,000	August 30, 2016		$ 0.50	3.67
4,750,000	August 30, 2016		$ 0.70	3.67
10,000,000	May 22, 2014		$ 0.21	1.39
23,060,000				0.49

Expressed in Canadian Dollars

10. SHARE CAPITAL (cont'd)

e) Stock options

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

The changes in stock options during the year ended December 31, 2012 and 2011 are as follows:

	December 31, 2012		December 31, 2011	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	5,350,000	$ 0.15	3,300,000	$ 0.10
Granted	2,415,000	0.23	2,050,000	0.23
Forfeited / Expired	(250,000)	(0.22)	-	-
Exercised	(132,000)	(0.10)	-	-
Outstanding, end of year	7,383,000	$ 0.19	5,350,000	$ 0.15

The weighted average fair value of options granted during the year ended December 31, 2012 was $0.19 per option (December 31, 2011 - $0.23). Details of options outstanding as at December 31, 2012 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price	Weighted Average remaining contractual life
2,828,000	2,828,000	August 27, 2015	$ 0.10	2.65
140,000	140,000	November 25, 2015	$ 0.10	2.90
200,000	200,000	December 8, 2015	$ 0.10	2.94
150,000	150,000	May 24, 2016	$ 0.20	3.40
350,000	350,000	June 29, 2016	$ 0.20	3.50
1,300,000	1,300,000	September 6, 2016	$ 0.25	3.68
100,000	100,000	November 24, 2016	$ 0.15	3.90
300,000	285,326	January 18, 2017	$ 0.15	4.05
2,015,000	2,015,000	August 13, 2017	$ 0.24	4.62
7,383,000	7,368,326			3.51

During the year ended December 31, 2012, the Company granted 2,415,000 incentive stock options to directors, employees and consultants with a maximum term of 5 years. Of the stock options granted during the year, 2,115,000 stock options vested on grant date and 300,000 vest at a rate of 25% every three months, with 14,674 unvested at December 31, 2012. The Company calculates the fair value of all stock options using the Black-Scholes option pricing model. The granting of these options resulted in

Expressed in Canadian Dollars

10. SHARE CAPITAL (cont'd)

e) Stock options (cont'd)

stock-based compensation expense of $459,552 and capitalization of $Nil to exploration and evaluation assets.

During the year ended December 31, 2011, the Company granted 2,050,000 incentive stock options to directors and employees with a maximum term of 5 years. All of the stock options granted during the year vested on grant date. The granting of these options resulted in stock-based compensation expense of $383,750 and capitalization of $87,500 to exploration and evaluation assets. The options granted vested upon issuance.

The fair value of stock options granted during the year ending December 31, 2012 and 2011 was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	December 31, 2012	December 31, 2011
Expected dividend yield	0%	0%
Expected share price volatility	152.46% - 286.69%	618.59% - 767.95%
Risk-free interest rate	1.05% - 1.40%	1.56% - 2.57%
Expected life of options	2 and 5 years	1.5 and 5 years

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 year ended December 31, 2012, the Company transferred $45,789 (2011 - $Nil) for forfeited options and $36,592 (2011 - $Nil) for expired unexercised warrants to deficit.

11. RELATED PARTY TRANSACTIONS

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

	December 31, 2012	December 31, 2011
Directors and companies controlled by directors of the Company	$ 2,765	$ 27,222

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

Related party transactions –

During the year ended December 31, 2012, the Company recorded $11,700 (December 31, 2011 - $4,600) in rent expense to a company controlled by directors in common.

Expressed in Canadian Dollars

11. RELATED PARTY TRANSACTIONS (cont'd)

Related party transactions - Key management personnel compensation:

	Year ended December 31, 2012	December 31, 2011
Geological consulting fees - expensed	$ 41,200	$ 21,517
Geological consulting fees - capitalized	41,600	19,983
Management fees - expensed	108,000	81,000
Stock-based compensation	264,252	150,000
	$ 455,052	$ 272,500

12. 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 exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2012. The Company is not exposed to externally imposed capital requirements.

13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, short-term investments, trade payables and due to related parties. The carrying value of these financial instruments approximates their fair value.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and short-term investments is measured based on Level 1 inputs of the fair value hierarchy.

The Company is engaged in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity based market prices associated with resource property interests. Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements. There is no certainty that all environmental risks and contingencies have been addressed.

13. FINANCIAL RISK MANAGEMENT (cont'd)

The Company's primary risk exposures are summarized below:

Credit risk
Credit risk is the risk of an unexpected 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 its cash accounts. This risk is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit risk is on its receivable. Receivable consists primarily of goods and services tax due from the Federal Government of Canada. Management believes that the Company has no significant concentration of credit risk arising from operations.

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 third party liabilities when due. The Company has working capital of $1,334,112 at December 31, 2012. All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is dependent on management's ability to raise additional funds so that it can manage its financial obligations. The ability to raise funds in capital markets is impacted by general market and economic conditions and the commodity markets in which the Company conducts business.

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 has cash balances and no interest-bearing debt therefore, interest rate risk is minimal.

Foreign currency risk
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 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 DKK. The Company has not hedged its exposure to currency fluctuations.

14. NON-CASH TRANSACTIONS

The Company incurred non-cash financing and investing activities during the year ended December 31, 2012 as follows:

		December 31, 2012		**December 31, 2011**
Common shares issued for exploration and evaluation assets (Note 10)	$	104,250	$	95,000
Accrued exploration and evaluation expenditures	$	26,069	$	97,616
Share purchase warrants issued for exploration and evaluation assets (Note 8)	$	-	$	1,813,263
Stock-based compensation expense recorded as share issuance costs for finders warrants (Note 10)	$	-	$	36,592
Stock-based compensation capitalized to exploration and evaluation assets (Note 10)	$	-	$	87,500
Transfer of forfeited/expired stock options to deficit (Note 10)	$	45,789	$	-
Transfer of cancelled/expired warrants to deficit (Note 10)	$	36,592	$	-

Expressed in Canadian Dollars

15. COMMITMENTS

Effective May 1, 2010, the Company 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: $5,000 per month and $4,000 per month
ii) consulting fees: previously $3,500 per month and $6,000 per month effective June 1, 2011

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.

16. SEGMENTED INFORMATION

The Company operates in one reportable operating segment being that of the acquisition, exploration and development of mineral properties in two geographic segments being Canada and Greenland (Note 8). The Company's geographic segments are as follows:

	December 31, 2012	December 31, 2011
Total Assets		
Canada	$ 3,070,288	$ 3,017,336
Greenland	5,939,414	3,092,367
	$ 9,009,702	$ 6,109,703

	December 31, 2012	December 31, 2011
Exploration and evaluation assets		
Canada	$ 1,667,065	$ 1,644,063
Greenland	5,939,414	3,092,367
	$ 7,606,479	$ 4,736,430

	December 31, 2012	December 31, 2011
Total Liabilities		
Canada	$ 46,990	$ 70,026
Greenland	16,164	96,069
	$ 63,154	$ 166,095

	December 31, 2012	December 31, 2011
Total Loss		
Canada	$ (1,453,562)	$ (1,084,191)
Greenland	-	-
	$ (1,453,562)	$ (1,084,191)

Expressed in Canadian Dollars

17. INCOME TAXES

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

	December 31, 2012	December 31, 2011
Net loss	$ (1,453,562)	$ (1,160,819)
Statutory rate	25.33%	26.50%
Expected income tax recovery	(368,237)	(307,617)
Permanent differences and other	61,571	88,764
Effect of changes in tax rates	4,083	(390)
Renunciation of exploration costs	-	223,370
Amortization of flow-through liability	(3,618)	(76,628)
Change in valuation allowance	306,201	(4,127)
Net future income tax recovery	$ -	$ (76,628)

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

	December 31, 2012	December 31, 2011
Exploration and evaluation assets	$ (56,285)	$ (143,861)
Loss carry-forwards	478,850	311,478
Share issuance costs	7,334	9,778
Equipment	54,173	478
	$ 484,072	$ 177,873

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

	Canadian non-capital losses	Canadian net-capital losses	Canadian resource pools	Canadian share issuance costs
2013	$ -	$ -	$ -	$ 9,778
2014	-	-	-	9,778
2015	-	-	-	9,778
2030	695,500	-	-	-
2031	517,383	-	-	-
2032	645,804	-	-	-
No expiry	-	56,712	7,381,341	-
	$ 1,858,687	$ 56,712	$ 7,381,341	$ 29,334

Expressed in Canadian Dollars

17. INCOME TAXES (cont'd)

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

During the year ended December 31, 2011, the Company received $1,000,002 from the issuance of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. Effective December 31, 2011, the Company renounced $842,907 to the subscribers. To December 31, 2012, the Company had completed its flow-through commitments and renounced the remainder of the qualifying amounts.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as a deferred charge. Upon issuance of the flow-through shares, the Company recorded a premium of $90,909. When expenditures are renounced, a deferred tax liability is recognized and the deferred charge is reversed. The net amount is recognized as deferred tax expense. At December 31, 2012, the Company has recorded a deferred income tax liability of $Nil (2011 - $14,281).

Provision for deferred tax
As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at December 31, 2012, the Company has approximately $1,859,000 in non-capital losses that can be offset against taxable income in future years expiring at various dates commencing in 2030. In addition, the Company has approximately $57,000 in capital losses which may be available to offset future taxable capital gains which can be carried forward indefinitely. The potential future tax benefit of these losses has not been recorded as a full valuation allowance has been provided due to the uncertainty of realization.

18. SUBSEQUENT EVENTS

Subsequent to December 31, 2012:

i) 100,000 warrants were exercised for proceeds of $10,000; and
ii) The Company granted 300,000 incentive stock options to an employee and a consultant. The stock options are exercisable at $0.15 per share for a maximum term of 5 years.
iii) The Post Creek Property option agreement (Note 8) was amended as follows:

Date	Cash	Exploration requirements
On or before April 5, 2013 (paid)	$ 15,000	$ 15,000
On or before April 5, 2014	$ 15,000	$ 15,000
On or before April 5, 2015	$ 15,000	$ 15,000

Further, commencing 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 $10,000 per annum, which will be deducted from any payments to be made under the NSR.

Expressed in Canadian Dollars

18. SUBSEQUENT EVENTS (cont'd)

iv) The Halcyon Property option agreement (Note 8) was amended as follows:

Date	Cash	Exploration requirements
On or before April 5, 2013 (paid)	$ 15,000	$ 22,000
On or before April 5, 2014	$ 15,000	$ 22,000
On or before April 5, 2015	$ 15,000	$ 22,000

Further, commencing 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.

v) On April 17, 2013, the Company decided not to further pursue the WIC Project (Note 8) and, accordingly, the property was written-off at December 31, 2012.

NORTH AMERICAN NICKEL INC.

Management Discussion and Analysis
For the Year Ended December 31, 2012

Preliminary Information

This Management's Discussion and Analysis ("MD&A") contains information up to and including April 11, 2013.

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, 2012 and the related notes contained therein. It should be noted that the audited financial statements for the year ended December 31, 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS").

All financial information in this MD&A related to 2012 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 junior mineral exploration 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 Sudbury, Ontario nickel properties being Post Creek and Halcyon and in Greenland on the Maniitsoq Property. As well the Company is conducting an exploration program on its Manitoba nickel property being Thompson North.

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 each two (2) old shares being equal to one (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. These actions were reported in a news release dated April 6, 2010. Additionally, in April 2010 the Company's shareholders elected 4 new directors, to replace three retiring directors. The directors of the Company have 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".

Trend Analysis

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

The recoverability of amounts shown for mineral property costs is dependent upon a number of factors including environmental risk, legal and political risk, the existence of economically recoverable mineral reserves, confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and development, and to attain sufficient net cash flow from future profitable production or disposition proceeds. As of December 31, 2012 the Company had working capital of $1,334,112 (December 31, 2011 $1,211,510) and a deficit of $16,713,822 (December 31, 2011 $15,342,641). The Company will require additional funding to meet its obligations and the costs of its operations.

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 Dr. Mark Fedikow, PGeo, the qualified person for the Company under National Instrument 43-101.

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, as indicated in the schedule below. 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. Further, commencing 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 $10,000 per annum, which will be deducted from any payments to be made under the NSR:

Date	Cash	Issuance of shares		Exploration Requirements	
On or before April 5, 2010	$ 12,500	400,000	paid & issued		
On or before April 5, 2011	$ 30,000	300,000	paid & issued	$ 15,000	Exploration requirements to April 5, 2011 $624,715
On or before April 5, 2012	$ 50,000	300,000	paid & issued	$ 15,000	Exploration requirements to April 5, 2012 $830,127
On or before April 5, 2013	$ 15,000	-	paid	$ 15,000	
On or before April 5, 2014	$ 15,000	-		$ 15,000	
On or before April 5, 2015	$ 15,000	-		$ 15,000	

The property is located 35 km east of Sudbury in Norman and Parkin townships and consists of 35 contiguous unpatented mining claims and one isolated claim covering an area of 688 hectares. It is strategically located adjacent to the producing Podolsky copper-nickel-platinum group metal deposit of FNX Mining. The property lies along the extension of the Whistle Offset Dyke Structure which is a major geological control for Ni-Cu-PGM mineralization. This structure hosted the former INCO Whistle Offset copper-nickel-PGM Mine as well as the Podolsky North and Podolsky 2000 copper-precious metal deposits. FNX forecast the production of 372,049 tons of ore at Podolsky yielding 1.8 million pounds of payable nickel, 28.5 million pounds of payable copper and 27,300 ounces of payable platinum, palladium and gold for 2009. Previous operators located the extension of the Whistle Offset Dyke structure on the Post Creek property as a direct result of their geological, geophysical and Mobile Metal Ion geochemical surveys. A reconnaissance rock sample collected along the structure assayed 0.83% Ni, 0.74% Cu, 0.07% Co, 2.24 g/t Pt and 1.05 g/t Pd. Significant potential for nickel-copper-PGM is demonstrated on the Post Creek property.

A NI 43-101 compliant Technical Report was completed with Dr. Walter Peredery, formerly of INCO, as the author.

During the year ended December 31, 2012, the Company incurred $49,466 (December 31, 2011 - $764,310) in exploration costs on the Post Creek Property.

Performance Summary:

The exploration program to evaluate the mineral potential of the Whistle Offset Dyke Structure was initiated. This project included outcrop stripping, washing and detailed mapping. There were also a number of reconnaissance programs initiated concurrently to evaluate the Post Creek property for shallowly-buried mineralization. The geophysical approach was based on the use of a beep mat and selected traverses across the property were undertaken. A number of elevated EM responses were obtained and a number of these areas were stripped of overburden using an excavator and washed using a Wajax pump. Exposed mineralization was chip sampled and sent to SGS Mineral Services for a multi-element analysis including assay for nickel, copper, cobalt, gold, platinum and palladium. Selected soil geochemical surveys were undertaken over historic IP chargeability anomalies. Samples were submitted to SGS Mineral Services for analysis using the Mobile Metal Ion Technology.

Extensive outcrop stripping with a mechanical excavator aided by power washing of outcrops was completed. Outcrop sampling, where warranted, was continued and assistance from experienced Sudbury geological consultants was retained for short periods to demonstrate the subtleties of mapping offset dyke structures. Ground VLF-EM and magnetic surveys were initiated.

Airborne VTEM geophysical survey results and ground IP and magnetic surveys undertaken by previous operators were obtained from the geophysical contractors in digital formats and integrated with geological and geochemical databases.

New geophysical data was acquired from Abitibi Geophysics from a newly cut grid on the Post Creek property. Electromagnetic and magnetic anomalies were detected and a seven hole diamond drill program consisting of 1532.5 metres. The exploration included down-hole pulsing to detect potential anomalies for future drill-testing.

A seven hole diamond drill program was planned and implemented with Chenier drilling of Capreol, Ontario contracted to carry out a 1532.5 metre program.

The offset dyke or CJ Zone was expanded subsequent to previous ground geophysical surveys and prospecting by Cecil Johnson. Geophysical anomalies detected by the Abitibi Infinitem geophysical survey were drill tested and indicated the geophysical responses were attributable to heavily disseminated to near-solid pyrrhotite, pyrite and minor chalcopyrite. These mineralized zones were hosted within large blocks of mafic volcanic rocks present within the offset dyke and with oxide and lean iron formation. Drill core was sampled and submitted for assay to AGAT Laboratories. Results indicate generally low base and precious metal values in this mineralization. The mineralization is interpreted to be of Archean age occurring as veins/layers and disseminations within Archean rocks.

Analytical data, geological maps and historic geophysical information were compiled by Dr. Walter Peredery to form the basis for a 43-101 technical report which was submitted to the TSX Exchange on May 18, 2011 as part of listing requirements for North American Nickel. The report was accepted by the Exchange on May 27, 2011.

Detailed prospecting by Mr. Cecil Johnson on behalf of the Company on the Post Creek property has resulted in the discovery of a previously unrecognized mineralized Offset dyke. The Offset dykes are recognized in the Sudbury mining camp as hosts to significant ore deposits and as such this discovery is considered extremely important. Follow-up outcrop stripping using a mechanical excavator accompanied by power washing to prepare the outcrop area for mapping and sampling has been initiated. The offset dyke has been named “the Cecil Johnson Offset Dyke” or “CJ#1” after Mr. Johnson, the discoverer.

A review of all characteristics of the CJ target zone and the results of diamond drilling indicate the CJ Zone is more accurately described as a breccias belt rather than a sharp-walled offset dyke. The breccias belt is along strike from the Podolsky nickel-copper-platinum group metal mine and as such the CJ Zone is still considered as a high-priority exploration target. The mineral potential of this re-interpreted offset dyke has been elevated owing to observations made by North American Nickel geologists aided by Andy Bite, a well-known and highly respected Sudbury geologist. The breccia belt is now interpreted as an embayment structure and will be explored accordingly.

During the year ended December 31, 2012:

A diamond drilling assessment report was written and submitted to the Sudbury District Mining Recorders office. The report has been accepted by the Mining recorder in Sudbury.

A petrographic report on drill core samples from 2011 program was completed. The thin sections cut from the drill core confirm that the bottom of this new embayment has not been intersected by drilling, and consequently, the most prospective section of the observed embayment has not been reached. The petrographic work confirmed the size and extent of the mapped embayment, which is still open to the east and south, and possibly to the north as well.

A trench mapping assessment report was completed and submitted to the Sudbury Mining Recorders office.

Exploration data was compiled into a marketing style document. The document was sent to a small number of exploration companies for review with the aim of attracting a joint venture partner to continue exploration on the CJ Embayment structure.

Subsequent Events

On March 12, 2013, the Company amended the Property Option Agreements on the Post Creek Property. The option agreement was amended by modifying the property expenditure and property payment requirements in order for the Optionee to earn a 100% interest in the claims.

Activities contemplated in the future

A joint venture partner continues to be sought out to follow-up the CJ Embayment structure.

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, as indicated in the schedule below. In order to acquire up to a 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. Further, commencing 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:
:

Date		Cash	Issuance of shares			Exploration Requirements	
On or before April 5, 2010	$	15,000	300,000	paid & issued			
On or before April 5, 2011	$	25,000	200,000	paid & issued	$	22,000	Exploration requirements to April 5, 2011 $40,299
On or before April 5, 2012	$	35,000	200,000	paid & issued	$	22,000	Exploration requirements to April 5, 2012 $53,985
On or before April 5, 2013	$	15,000	-	paid	$	22,000	
On or before April 5, 2014	$	15,000	-		$	22,000	
On or before April 5, 2015	$	15,000	-		$	22,000	

The property is located 35 Km NNE of Sudbury in the SE corner of Parkin Twp, and consists of 46 unpatented mining claims. It is readily accessible by paved and all-weather gravel road. Halcyon is adjacent to the Post Creek property and contains the extension of the metallogenetically significant Whistle Offset Structure now interpreted to represent an embayment. It 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 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.

During the year ended December 31, 2012, the Company incurred $19,516 (December 31, 2011 - $53,988) in exploration costs on the Halcyon Property.

Performance Summary:

Data compilation was initiated with the aim of delineating potential areas for follow-up exploration. Based on newly acquired information from the Post Creek property the adjacent Halcyon property will be the target of geological prospecting and geophysical activities.

A partial cut grid was established on the western edge of the Halcyon property to accommodate the Abitibi Geophysics EM survey covering the adjacent Post Creek property.

Prospecting and a small amount of outcrop stripping were completed in preparation for a drill program. A single drill hole was put down 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 with the BHPEM although quartz diorite breccia and partial melt material with 2-3% disseminated pyrrhotite and chalcopyrite was intersected over short core lengths.

During the year ended December 31, 2012:

Exploration data was compiled into a marketing style document. The document was sent to a small number of exploration companies for review with the aim of attracting a joint venture partner to continue exploration on the CJ Embayment structure.

Subsequent Events

On March 12, 2013, the Company amended the Property Option Agreements on the Halcyon Property. The option agreement was amended by modifying the property expenditure and property payment requirements in order for the Optionee to earn a 100% interest in the claims.

Activities contemplated in the future

A joint venture partner continues to be sought out to follow-up the CJ Embayment structure.

Wanapitei Intrusive Complex (“WIC”) Project

On April 17, 2012, the Company entered into a property option agreement to earn a 100% interest in a nickel-copper-platinum group element property in the Sudbury area. The Wahnapitae Intrusive Complex property (“WIC Property”) comprises 10 unpatented claims that cover an area measuring 3 km by 2km of the contral portion of the Complex. The Company must make cash payments in the aggregate amount of $120,000 and issue an aggregate of 225,000 common shares to the optionors over the three year term of the Option Agreement. The Company must also fund minimum exploration expenses on the WIC property of $63,000 over the term of the Option Agreement. Upon exercise of the option, the optionors will retain a 2% net smelter royalty ("NSR") in the WIC Property and the Company will be required to make advance NSR payments of $8,000 per annum, commencing in August 2015. The Company has the right to buy back 50% of the NSR for $1,000,000 at any time prior to the commencement of commercial production on the WIC Property. In order to acquire 100% working interests in the property the Company agreed to the following consideration:

Date	Cash	Issuance of shares		Exploration Requirements
On or before April 30, 2012	$ 20,000	75,000	paid & issued	$ -
On or before April 30, 2013	$ 25,000	75,000		$ 21,000
On or before April 30, 2014	$ 35,000	75,000		$ 21,000
On or before April 30, 2015	$ 40,000	-		$ 21,000

The WIC property is situated 13km southeast of Sudbury and 1 km south of Trans Canada Highway 17 at Wahnapitae. It is an elongate 5.6 km by 2.4 km layered mafic intrusion trending northeast-southwest that comprises nickel-copper-PGE mineralized gabbro-norite and a gabbro "Injection Breccia Zone". The gabbro-norite segment includes massive and layered olivine-bearing norite, norite and gabbro whereas the Injection Breccia Zone consists of massive to fine-and coarse-grained gabbro. Geochemical and mineralogical studies at Laurentian University (Sudbury, Ontario) indicate the norite and gabbro have been intruded into continental settings near a plate margin with evidence to suggest up to 40% contamination of the parent magma with continental curst material. Depletion of nickel and copper in the gabbro-norite indicates some fractionation of these metals has occurred.

The WIC Property has received only sporadic exploration and no systematic programs using modern techniques and technologies have been applied to the property. Historic work along the southern edge of the WIC Property has documented the presence of extensive zones of gossanous outcrop. Public records show that other sampling of mineralization within the project area show enrichment in Ni-Cu-Co-PGMs. Early ground geophysical surveys outlined multiple electromagnetic conductors at the southern edge of the Complex that were never drill tested and large north-south magnetic anomalies have been delineated at the eastern edge of the Complex.

Performance Summary:

North American Nickel geologist visited numerous sulfide occurrences within the Southeastern Gabbro Norite zone to investigate the style of mineralization and collect samples for geochemistry (October 13th 2011). Future exploration was warranted focusing on the three separate Gabbro Norite zones to expand known mineralization and collect samples to determine the distribution of the Ni, Cu, and PGE within the intrusion. Of particular interest is the distribution of PGE grades within the sulfide mineralization, which is currently restricted to the Central Gabbro Norite zones.

During the year ended December 31, 2012:

The compilation of historic exploration data was completed. A two-man prospecting team collected 31 rock samples for analysis of PGE, gold, nickel and copper mineralization.

An assessment report has been completed for this work and submitted to Sudbury District Mining Recorders office.

Based on the compilation for the Wanapitei Intrusive Complex, the next stage in the project was the design and implementation of an airborne EM/MAG survey. This survey was flown in late August 2012 and was designed to identify near solid to solid sulphide mineralization to a depth of 250 metres below surface.

A grid-based rock geochemical survey was initiated to assess the WIC for base and precious metals. Results from this program failed to outline significant areas of PGE and nickel / copper mineralization.

The Company decided to return the property to the vendor and have written off the property costs of $76,777.

Subsequent Events

There were no subsequent events during the period.

Activities contemplated in the future

The property will be returned to the vendors prior to April 17, 2013.

An assessment report based on the results of the rock geochemistry program will be constructed and submitted to the Mining recorder's office in Sudbury.

Manitoba nickel properties:

On July 23, 2010 the Company issued 6,000,000 shares at a price of $0.06 per share to a company with common directors in accordance with the Purchase and Sale Agreement entered into on April 5, 2010 to acquire ownership of the South Bay (dropped in 2012), Thompson North and Cedar Lake (dropped in 2012) properties in Manitoba, subject to a 2% NSR reserved by the vendor, in exchange for a $1,000 cash payment (paid) and 6,000,000 post-consolidation common shares valued at $0.06 per share (issued).

South Bay Project

Performance Summary:

Exploration was spurred at the South Bay property by the September, 2003 discovery of a zone of high-grade nickel mineralization. The nickel-copper-cobalt platinum group element ("PGE") zone was found in one wall of a new road cut 60 km east of the town of Leaf Rapids, Manitoba. The average grade of eleven samples of near-solid sulphide collected from boulder-sized blast rubble in the road cut exposure is 2.42 % Ni, 0.78 % Cu, 697 ppm Co and 1.32 g/t PGE. The mineralization is sedimentary-rock-hosted and exhibits similar metal characteristics to ores associated with magma-derived nickel deposits that are mined at Thompson and worldwide. Airborne geophysical surveys (VTEM) have been flown over the property and preliminary soil geochemical surveys have been undertaken.

During the year ended December 31, 2012:

The property was down-sized based on the results of geophysical surveys, diamond drilling results and assays.

During the year ended December 31, 2012, the Company incurred $3,000 (December 31, 2011 - $8,687) in deferred exploration costs on the South Bay Property. The Company has written off the exploration costs of $134,543 as a result of no further exploration programs being planned.

The property has been allowed to lapse and property costs of $134,543 have been written off.

Subsequent Events

There have been no subsequent events.

Activities contemplated in the future

There will be no further work done on the South Bay project, project allowed to lapse.

Thompson North

Performance Summary:

The property overlies the world class Thompson Nickel Belt ("TNB") where Vale Inco continues to mine nickel-copper-cobalt and platinum group element mineralization hosted within sedimentary and mafic intrusive rocks. Based on research by the Manitoba Geological Survey the northeastern extension of the TNB has been traced through the Thompson North property making the area highly attractive for repetitions of TNB mineralization. Airborne geophysics (VTEM) has been flown over the property and numerous anomalous magnetic and electromagnetic features identified. Follow-up exploration will be based upon ranking and modeling of geophysics and soil geochemical surveys.

A compilation of historic exploration information was contracted to Revelation Geoscience Ltd. A report was completed and will be the basis for future exploration planning. Upon the review of this report, North American Nickel acquired mineral exploration licences to cover the most favourable targets from the report. A total of eight MEL's were acquired, totaling over 58,000 hectares and covering 16 targets from the Revelation report.

During the year ended December 31, 2012:

There have been no current activities on the property.

During the year ended December 31, 2012, the Company incurred $33,296 (December 31, 2011- $115,259) in deferred exploration costs on the Thompson North Property.

Subsequent Events

VTEM anomalies recommended for follow-up by Revelation Geoscience in their report were assessed by the company's geophysical consultants with the aim of modeling the geophysical data and producing Maxwell plates. Results of the assessment the Company indicated that numerous anomalies require additional follow-up work.

Activities contemplated in the future

Targets have been prioritized and selected for follow-up diamond drilling in a winter 2014 program. An application for a work permit has been completed subsequent to a consultation with Nelson House First Nation and submitted to Manitoba Conservation.

Cedar Lake

Performace Summary:

The property occupies the southern portion of the Thompson Nickel Belt where previous exploration based on the drill-testing of geophysical anomalies has identified key stratigraphic components that host producing nickel-copper-cobalt and platinum group elements at the Thompson and Pipe Mines of Vale Inco. Nickel mineralization has been intersected in drilling on adjacent Mineral Exploration Licenses. The prospective rock units are overlain by younger carbonate rocks and conceal the TNB in this area. The Company has undertaken airborne geophysical surveys (VTEM) and delineated numerous conductive and magnetic anomalies. These anomalies will be prioritized and drill tested subsequent to soil geochemical surveys.

During the year ended December 31, 2012:

There have been no current activities on the property.

A compilation of historic exploration has been completed and will be the basis for future exploration planning.

During the year ended December 31, 2012, the Company incurred $Nil (December 31, 2011- $2,000) in deferred exploration costs on the Cedar Lake Property. The Company has written off the exploration costs of $122,733 as a result of no further exploration programs being planned.

Property has been allowed to lapse and property costs of $122,733 have been written off.

Subsequent Events

The property has lapsed and therefore no further proceedings on the property.

Activities contemplated in the future

There will be no further work done on the Cedar Lake project.

Maniitsoq, Greenland:

The project is centred 160 km north of Nuuk, the capital of Greenland (a safe, stable, mining-friendly jurisdiction) and covers numerous high-grade nickel-copper sulphide occurrences associated with norite and other mafic-ultramafic intrusions. Ports in this part of Greenland have a year-round shipping season. NAN acquired the project because it believes that modern, time-domain, helicopter EM systems will be more effective at detecting nickel sulphide deposits in the rugged terrain of Maniitsoq than previous geophysical surveys performed in the 1990's that failed to produce any drill targets. Helicopter TEM systems were not available in 1990's and their availability now gives NAN 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 is valid for 5 years until December 31, 2015, with December 31, 2011 being the first year.

The Company completed the first year exploration requirement, of a minimum of DKK 7,213,460 (approximately CDN $1,281,000), during the year ended December 31, 2011 by incurring $3,086,625 on the Sulussugut License.

The Company's minimum required exploration expenditure for the second year was DKK 7,361,890 (approximately CDN $1,307,330). During the year ended December 31, 2012, the Company incurred $2,290,291 in exploration costs on the Sulussugut License.

During the year ended December 31, 2011, the Company's expenditures exceeded the minimum requirement and the Company was granted a credit of DKK 1,275,997 (approximately CDN $227,000) for surplus exploration expenditures, which may be carried forward up to December 31, 2014 as a reduction of future exploration expenditure requirements.

The required minimum exploration expenditures on the Sulussugut License for years 3-5, ending December 31, 2015, have not yet been determined but, are based on an annual approximation of DKK 24,405,000 (approximately CDN $4,333,870). This assumes that the Sulussugut License area remains at its current size of 4,841 square kilometres. For every square kilometre that the license is reduced the required annual expenditure decreases by approximately DKK 5,041. The Company is obligated to reduce the license area by at least 30% (1,452 square kilometres) by December 31, 2013.

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 Company completed the first year exploration requirement, of a minimum of DKK 360,380(approximately $64,000), during the year ended December 31, 2012 by incurring $551,001 on the Ininngui License.

The required minimum exploration expenditures for year 2 on the Ininngui License are based an approximate DKK 242,000 (approximately CDN $43,000). The required minimum exploration expenditures for years 3-5, ending December 31, 2016 have not yet been determined but, are based on an annual approximation of DKK 2,730,000 (approximately CDN $480,000).

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, 2012, the Company has not used the procedure for either license.

After year 5, the Company may apply for an additional 5 years for either license. Thereafter, the Company may apply for a license for up to 6 additional years, in 2 year license increments. The Company will be required to pay additional license fees and will be obligated to incur minimum exploration costs for such years.

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

In conjunction with the granting of the Sulussugut Licence, the Company has 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. The warrants are 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 are subject to an accelerated exercise provision in the event the Company relinquishes 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 have been recorded at a fair value of $1,813,263 using the Black-Scholes option-pricing model. 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.

Performance Summary:

In August 2011, known showings and targets, identified from a compilation of historical data, were examined by a team of two to three geologists plus a field assistant. A total of 54 representative rock samples were collected and submitted to Activation Laboratories for analysis. Drill cores from several Kyrolitselskabet Oresund A/S drill holes were examined at a government core facility in Kangerlussuaq, Greenland. Rock samples from previously known occurrences assayed up to 3.35% Ni and confirmed previous sampling results by Kyrolitselskabet Øresund A/S (1965-71, Cominco Ltd. (1995-96) and Falconbridge Greenland A/S (1993-2000).

Based on historical data and observations made during the field program, two areas, covering a total of 375 square kilometres, were selected for helicopter geophysical (electromagnetic and magnetic) surveying. SkyTEM ApS of Beder, Denmark was contracted to do the surveying, which commenced on September 17, 2011 and was completed on October 5, 2011. A total of 2,217 line-kilometers were flown. The quality of the data was monitored on a daily basis during the course of the survey by Condor Consulting of Lakewood, Colorado. A levelled, digital database was received from SkyTEM on November 17, 2011 and a complete logistical and processing report was received on December 6, 2011. Condor Consulting picked electromagnetic anomalies from the dataset. A total of 25 conductive zones, some corresponding to known nickel sulphide mineralization, were identified.

On December 27, 2011 the Company applied for a mineral exploration license covering approximately 142 square kilometers contiguous with its original license (2011/54).

During the year ended December 31, 2012:

In January and February 2012, Condor Consulting modeled 18 of the 25 conductive zones identified by the 2011 SkyTEM survey in three dimensions using Electromagnetic Imaging Technology's Maxwell software package. Three of the eighteen modelled targets were selected for priority follow-up during the 2012 field season ahead of the first drill program on the property by the Company.

In March 2012, the Company submitted its 2011 annual work report and statement to the Greenland Bureau of Minerals and Petroleum (BMP). The expenditures were approved on March 30, 2012. On April 3, 2012 the BMP approved the Company's December 27, 2011 application for a second mineral exploration licence, contiguous with the first. The new licence was assigned the number 2012/28 by BMP.

On June 28, 2012, the Geological Survey of Denmark and Greenland announced that the Maniitsoq Structure, which the Company's mineral exploration licenses cover a large portion of, is "The remains of a gigantic, 3 billion year old meteorite impact..." The paper concluded that the nickel-bearing Greenland Norite Belt, the focus of exploration for the Company, is directly related to this major geological event which is now recognized as being the oldest, and possibly the largest, such meteorite impact event on Earth.

From June 7, 2012 to July 18, 2012 a helicopter electromagnetic survey, totaling 3,532 line-kilometers, was flown over portions of mineral exploration licences 2011/54 and 2012/28. The survey was performed by Geotech Ltd. of Aurora, Ontario. The quality of the data was monitored on a daily basis during the course of the survey by Condor Consulting. A levelled, digital database was received from Geotech on July 31, 2012 and a complete logistical and processing report was received on August 29, 2012. A preliminary interpretation of the data was done between August 1-13, 2012.

A field camp was mobilized from Nuuk to the project area on August 13, 2012. Ground checking of geophysical anomalies identified from the SkyTEM and VTEM surveys commenced on August 15, 2012 and a total of 40 rock samples (including standards and blanks) were submitted for geochemical/assay analysis. A diamond drill was mobilized to the project on August 25, 2012 and nine holes totaling 1,551 meters were drilled to test selected electromagnetic anomalies identified from the SkyTEM and VTEM surveys. The drilling was performed by Cartwright Drilling Inc. of Goose Bay, Labrador and was done in four target areas: Imiak Hill, Spotty Hill, Fossilik and P-59. The core was logged at the field camp and a total of 636 sawn core samples (including standards and blanks) were submitted for geochemical/assay analysis. Seven of the holes were surveyed with a three-component, down-hole electromagnetic probe operated by Crone Geophysics and Exploration Ltd. of Mississauga, Ontario. Geochemical/assay samples were submitted to Activation Laboratories Ltd. for analysis. Drilling was completed on September 16, 2012 and the drill and camp were demobilized from the project site by September 23, 2012. Analytical results from drill core and surface samples are pending.

On November 14, 2012, the Company announced the discovery of high grade nickel – copper mineralization at Imiak Hill. Two of the holes (MQ-12-001 and 002), both drilled on the same section, intersected significant sulphide mineralization. The mineralization in MQ-12-001 averaged 1.36% Ni, 0.52% Cu and 0.07% Co over 16.41 meters including 5.12 meters at 2.20% Ni, 0.55% Cu and 0.07% Co. The mineralization in MQ-12-002 averaged 0.55% Ni, 0.20% Cu and 0.02% Co over 66.08 meters and included 14.18 meters at 1.33% Ni, 0.38% Cu and 0.04% Co. Holes MQ-12-003 and 004 did not intersect any significant mineralization and down-hole electromagnetic surveys in the holes indicated that both passed beneath the plunge of the mineralization.

On December 3, 2012, the Company announced a new discovery at Spotty Hill consisting of nickel-copper and PGE mineralization. The mineralization starts 50 metres below surface and also below previous shallow drilling that was completed in 1960-70's. MQ-12-005 intersected 123.94 meters (m) grading: 0.81% Nickel (Ni), 0.21% Copper (Cu), 0.03% Cobalt (Co) & 0.26 g/t Platinum (Pt) + Palladium (Pd) + Gold (Au).

Subsequent Events

On January 15, 2013, the Company announced the completion of all analytical results from the 2012 drilling program confirming two significant areas of nickel-copper PGE mineralization.

On March 15, 2013, the Company announced first phase of QEMSCAN results, with visible and fine to coarse grained pentlandite in two of the three samples. Particle mineral analysis (PMA) of larger, coarse crushed core samples to determine mineralogy, grain size distribution and spatial characterization including liberation of sulphide minerals and Electron microprobe analysis (EMPA) for quantitative mineral chemistry to determine any solid solution including nickel in pyrrhotite and silicates are pending.

Polished sections have been prepared from selected rock samples in order to determine their mineralogy and petrology, Vancouver Petrographics have completed a report to the geological team.

Activities contemplated in the future

A summer 2013 exploration program is being planned with 3000 to 5000 metres of drilling being planned, channel sampling of disseminated sulphide zones and possible surface geophysical surveys completed at Imiak and Spotty Hill.

Results of Operations

Selected Financial Information

The Company's condensed financial statements for the year ended December 31, 2012 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 year ended	
	December 31, 2012	**December 31, 2011**	**December 31, 2010**
Financial Results			
Net loss	$ 1,453,562	$ 1,084,191	$ 529,808
Basic loss per share	0.02	0.02	0.03

As at:	**December 31, 2012**	**December 31, 2011**	**December 31, 2010**
Balance Sheet Data			
Share capital	$ 22,786,694	$ 18,782,644	$ 15,310,333
Common shares issued	80,560,193	55,058,193	35,231,730
Weighted average shares outstanding	69,179,749	46,464,082	19,941,566
Total assets	$ 9,009,702	$ 6,109,703	$ 1,363,910
Net assets (liabilities)	8,946,548	5,943,608	$ 1,234,383
Exchange rates (Cdn$ to U.S.$) period average	1.0004	1.0110	0.9709

Year Ended December 31, 2012 compared with Year Ended December 31, 2011

For the year ended December 31, 2012, the Company incurred a net loss of $1,453,562 compared to a net loss of $1,084,191 for the year ended December 31, 2011. The increase of $369,371 in net loss is a result of general operating costs increased by $190,562 which is mainly the result of an increase in investor relation costs of $149,939 to cover trade shows, IR consulting fees and advertising, an increase in geological consulting fees of $14,872, an increase of $75,803 in share-based payments for the fair value calculated on the issuance of stock options, an increase in administration wages of $14,427 and a decrease of $44,518 in professional fees mainly legal fees, and a net decrease in general operations of $19,961 as a result of the daily activities taking place. There were property impairment costs of $368,303 which pertained to the costs associated with the WIC Property, South Bay and Cedar Lake properties which were impaired in the current year. There was a foreign exchange loss of

$21,626 as a result of increased exploration in Greenland and the costs in the DKK currency. There was a reversal of flow-through liability amount of $14,281 which is generated by the flow through costs renunciation.

During the year ended December 31, 2012, the Company had total assets of $9,009,702 an increase of $2,899,999 since December 31, 2011 which reported total assets of $6,109,703. The increase is a result of the Company raising $3,400,000 through a private placement. The Company had an increase in exploration and evaluation assets of $2,870,049 since December 31, 2011 due to the drill program that was completed in Greenland. The Company in the year 2011 raised $3,200,000 through a private placement and spent $2,204,795 on property exploration during the year ending 2011. During the year ended December 31, 2012 the Company has spent $3,108,033, on property exploration, of the $3,400,000 raised through a private placement during the year.

Selected Financial Data Quarterly

	Three months ended			
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Net loss	$ (394,308)	$ (538,690)	$ (334,973)	$ (185,591)
Basic loss per share	0.01	0.01	0.01	0.00

	Three months ended			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Net loss	$ (384,284)	$ (374,561)	$ (262,686)	$ (62,660)
Basic loss per share	0.00	(0.01)	(0.01)	0.00

Balance Sheet Data

As at:	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Share capital	$ 22,786,694	$ 22,453,694	$ 22,422,944	$ 18,998,694
Common shares issued	80,560,193	77,230,193	76,922,693	56,747,693
Weighted average shares outstanding	69,179,749	66,117,922	60,922,973	56,426,001
Total assets	$ 9,009,702	$ 9,266,296	$ 9,331,948	$ 6,032,812
Net assets (liabilities)	$ 8,946,548	$ 8,994,187	$ 9,097,786	$ 5,985,952

As at:	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Share capital	$ 18,782,644	$ 18,671,750	$ 18,371,250	$ 15,367,333
Common shares issued	55,058,193	55,058,193	51,853,193	36,181,730
Weighted average shares outstanding	46,464,082	43,571,377	38,918,162	35,242,286
Total assets	$ 6,109,703	$ 8,022,816	$ 4,306,174	$ 1,409,625
Net assets (liabilities)	$ 5,943,608	$ 7,696,949	$ 4,212,427	$ 1,228,723

The quarters ended September 30, 2012, September 30, 2011 and June 30, 2011 recorded an increased net loss as a result of share-based compensation charges reported of $404,340, $275,000 and $97,760 respectively as a result of stock option grants in those quarters. The quarters ended December 31, 2012, June 30, 2012 and December 31, 2011 recorded property impairment amounts of $233,760, $134,543 and $267,462 respectively as a result of writing down WIC Property, South Bay property and the Bell and Woods Creek properties and Cedar Lake property. In the quarter ended June 30, 2011 the Company raised funds of $3,200,000 through a private placement accounting for the increase in total assets. In the quarter ended September 30, 2011 the Company entered into an intellectual property and data acquisition agreement in conjunction with the acquisition of the Maniitsoq mineral exploration license for a fair value of $3,240,000 increasing total assets reported. In the quarter ended December 31, 2011 the Company recorded an adjustment on the fair value of the amount calculated for the intellectual property and data acquisition agreement of $1,298,737 reducing total assets. In the quarter ended June 30, 2012 the Company raised funds of $3,400,000 through a private placement increasing total assets.

Quarter ended December 31, 2012 compared to quarter ended December 31, 2011

The quarter ended December 31, 2012 had a net loss of $394,308 compared to a net loss of $384,284 for the quarter ended December 31, 2011, a difference of $10,024. The difference is mainly a result of an increase in property investigation costs of $22,114, an increase of $20,902 in investor relation costs due to attending more conferences, an increase of $19,230 in consulting fees as a result of more corporate work attended than field work. Impairment of exploration and evaluation assets was $44,503 less than the comparative quarter and foreign exchange loss had decreased by $16,321 in the quarter ended December 31, 2012 compared to December 31, 2011. The foreign exchange decrease in loss is a result of fewer transactions done in Greenland in this quarter.

Exploration expenditures for the quarter ended December 31, 2012 was $216,262 compared to $2,649,837 for the quarter ended December 31, 2011, a difference of $2,006,989 which is a result of the intellectual property and data acquisition agreement which reported a value of $1,841,263 in the quarter ended December 31, 2011.

Liquidity

As at December 31, 2012 the Company had accumulated losses totaling $16,713,822. The Company had working capital of $1,334,112 at December 31, 2012. 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.

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 period.

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 December 31, 2012, the Company held cash and a short-term investment totaling $1,366,463 (December 31, 2011 - $1,221,805) and had current liabilities of $63,154 (December 31, 2011 - $151,814). All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

i) Interest Rate Risk
The Company had cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. As of December 31, 2012, 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"). The Company has not hedged its exposure to currency fluctuations, however 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 and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, 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.

IFRS 9, Financial instruments
This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. 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, 2015.

IFRS 13, Fair value measurement
This new standard replaces the fair value measurement guidance currently included in various other IFRS standards with a single definition of fair value and extensive application guidance. IFRS 13 provides guidance on how to measure fair value and does not introduce new requirements for when fair value is required or permitted. It also establishes disclosure requirements to provide users of the financial statements with more information about fair value measurements. IFRS 13 is effect for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32, Financial instruments: presentation
These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

Financial statement presentation
In June 2011, the IASB and the Financial Accounting Standards Board ("FASB") issued amendments to standards to align the presentation requirements for other comprehensive income ("OCI"). The IASB issued amendments to IAS 1 "*Presentation of Financial Statements"* to require companies preparing financial statements under IFRS to group items within OCI that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments are effective for fiscal years beginning on or after July 1, 2012.

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.

Table of Property Contractual Obligations

Post Creek

Date	Cash	Issuance of shares		Exploration Requirements	
On or before April 5, 2010	$ 12,500	400,000	paid & issued		
On or before April 5, 2011	$ 30,000	300,000	paid & issued	$ 15,000	Exploration requirements to April 5, 2011 $624,715
On or before April 5, 2012	$ 50,000	300,000	paid & issued	$ 15,000	Exploration requirements to April 5, 2012 $830,127
On or before April 5, 2013	$ 15,000	-	paid	$ 15,000	
On or before April 5, 2014	$ 15,000	-		$ 15,000	
On or before April 5, 2015	$ 15,000	-		$ 15,000	

Halcyon

Date	Cash	Issuance of shares		Exploration Requirements	
On or before April 5, 2010	$ 15,000	300,000	paid & issued		
On or before April 5, 2011	$ 25,000	200,000	paid & issued	$ 22,000	Exploration requirements to April 5, 2011 $40,299
On or before April 5, 2012	$ 35,000	200,000	paid & issued	$ 22,000	Exploration requirements to April 5, 2012 $53,985
On or before April 5, 2013	$ 15,000	-	paid	$ 22,000	
On or before April 5, 2014	$ 15,000	-		$ 22,000	
On or before April 5, 2015	$ 15,000	-		$ 22,000	

WIC Project

Date	Cash	Issuance of shares		Exploration Requirements
On or before April 30, 2012	$ 20,000	75,000	paid & issued	$ -
On or before April 30, 2013	$ 25,000	75,000		$ 21,000
On or before April 30, 2014	$ 35,000	75,000		$ 21,000
On or before April 30, 2015	$ 40,000	-		$ 21,000

The Company decided to return the WIC property to the vendor and has impaired the WIC property costs of $111,027. There will be no further contractual obligations on this property.

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 period ended December 31, 2012 and 2011, 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
Dockside Capital Group Inc.	Management fees for services provided by directors for a monthly retainer of $4,000.
VMS Ventures Inc.	Management fees for services provided by Rick Mark for a monthly retainer of $5,000, CEO, Cheryl Messier for a monthly retainer of $3,000, CFO, Neil Richardson, COO and shared administrative costs.

Included in trade payables and accrued liabilities as at December 31, 2012 is $2,765 (2011- $27,222) owing to VMS Ventures Inc. for shared administrative costs.

During the year ended December 31, 2012, the Company recorded $11,700 (December 31, 2011 - $4,600) in rent expense to a company controlled by directors in common.

For the year ended December 31, 2012, the Company paid $108,000 (2011 - $108,128) for management fees to VMS Ventures Inc. $60,000 (2011 - $60,128) regarding Rick Mark, CEO and to Dockside Capital Group Inc. $48,000 (2011 - $48,000) regarding services from two directors.

Included in exploration and evaluation assets for the year ended December 31, 2012 is $41,600 (2011 – $19,983) which Mount Morgan Resources Ltd. was paid $30,800 (2011 - $19,983) regarding geological fees for Mark Fedikow, President and VMS Ventures Inc. was paid $10,800 (2011 - $nil) regarding geological fees for Neil Richardson, COO

Included in geological consulting fees for the year ended December 31, 2012 is $41,200 (2011 – $21,517) which Mount Morgan Resources Ltd. was paid $41,200 (2011 - $21,517) regarding geological fees for Mark Fedikow, President.

The Company has identified certain directors and certain senior officers as its key management personnel. The compensation costs for key management personnel for the period ended December 31, 2012 and 2011 are as follows:

	Year ended	
	December 31, 2012	December 31, 2011
Geological consulting fees - expensed	$ 41,200	$ 21,517
Geological consulting fees - capitalized	41,600	19,983
Management fees - expensed	108,000	108,000
Stock-based compensation	264,252	150,000
	$ 455,052	$ 299,500

Subsequent Events

On January 21, 2013, the Company issued 100,000 common shares for the exercise of 100,000 warrants @ $0.10 for $10,000.

On January 15, 2013, the Company granted 300,000 incentive stock options to an employee and a consultant. The stock options are exercisable at $0.15 per share for a maximum term of 5 years.

On March 12, 2013, the Company amended the Property Option Agreements on the Post Creek and Halcyon Property. The option agreements were amended by modifying the property expenditure and property payment requirements in order for the Optionee to earn a 100% interest in the claims.

On April 17, 2013, the Company returned Wanapitei Intrusive Complex ("WIC") Project to the vendors and impaired $76,777 of exploration costs during the year ended December 31, 2012.

Share Capital Data

The following table sets forth the Company's share capital data as at April 11, 2013

Common Shares	
-issued & outstanding	80,660,193
Preferred Shares	
-issued & outstanding	604,724
Options	
-issued & outstanding	7,683,000
Warrants	
-issued & outstanding	22,960,000

Further Information

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