NORTH AMERICAN NICKEL INC.

Condensed Interim Financial Statements

Six Months Ended June 30, 2012

(Expressed in Canadian Dollars)

Notice to Reader of the Unaudited Interim Financial Statements
for the six months ended June 30, 2012

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

The unaudited interim financial statements of North American Nickel Inc. (the "Company") for the six month period ended June 30, 2012 ("Financial Statements') have been prepared by management. The Financial Statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2011, which are available at the SEDAR website at www.sedar.com. The Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards ("IFRS").

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

	Notes	June 30, 2012	December 31, 2011
ASSETS			
Current assets			
Cash	**4**	$ 751,032	$ 421,046
Short-term investments	**5**	2,602,848	800,759
Receivables	**6**	77,597	133,522
Prepaid expenses and deposits		34,244	7,997
Total current assets		3,465,721	1,363,324
Non-current assets			
Property, plant and equipment	**7**	7,965	9,949
Exploration and evaluation assets	**8**	5,858,262	4,736,430
Total non-current assets		5,866,227	4,746,379
Total assets		$ 9,331,948	$ 6,109,703
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	**9, 11**	$ 225,567	$ 151,814
Total current liabilities		225,567	151,814
Non-current liabilities			
Taxes payable		100	-
Deferred income tax liability	**10**	8,496	14,281
Total non-current liabilities		8,596	14,281
Total liabilities		234,163	166,095
SHAREHOLDERS' EQUITY			
Share capital - preferred	**10**	604,724	604,724
Share capital - common	**10**	21,818,220	18,177,920
Share-based payments reserve	**10**	2,538,046	2,503,605
Deficit		(15,863,205)	(15,342,641)
Total shareholders' equity		9,097,785	5,943,608
Total equity		9,097,785	5,943,608
Total liabilities and equity		$ 9,331,948	$ 6,109,703

APPROVED BY THE DIRECTORS:

Rick Mark

Edward D. Ford

The accompanying notes are integral part of these condensed financial statements

NORTH AMERICAN NICKEL INC.
Condensed Interim Statement of Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)
For the six months ended June 30, 2012

	Notes	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Expenses					
Amortization		$ 992	$ 324	$ 1,984	$ 345
Consulting	**11**	8,975	19,358	18,042	25,273
Filing fees		33,193	45,277	36,042	46,679
Investor relations		54,553	10,334	121,841	12,204
General and administrative		6,588	3,536	11,559	8,405
Management fees	**11**	27,000	27,000	54,128	54,000
Marketing and corporate communications		-	-	500	-
Part X11.6 tax		0	704	100	704
Professional fees		25,809	63,721	38,689	74,150
Property investigation		-	3,850	-	3,850
Salaries		16,623	10,866	34,703	22,020
Share-based payments	**10**	22,557	97,750	41,541	97,750
Travel and accommodation		36	8,343	14,452	8,343
Loss before other items		(196,326)	(291,062)	(373,581)	(353,722)
Other items:					
Impairment of exploration and evaluation assets	**8**	(134,543)	-	(145,345)	-
Foreign exchange loss		(6,561)	-	(7,421)	-
Loss before non-controlling interest		(337,431)	(291,062)	(526,349)	(353,722)
Non-controlling interest		-	-	-	-
Loss before income taxes		(337,431)	(291,062)	(526,349)	(353,722)
Future income tax recovery (expense)		2,458	28,376	5,785	28,376
Net loss and comprehensive loss for the period		$ (334,973)	$ (262,686)	$ (520,564)	$ (325,346)
Loss per common share - basic and diluted		$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted		65,419,946	42,553,644	60,922,973	38,918,162

The accompanying notes are integral part of these condensed financial statements

NORTH AMERICAN NICKEL INC.

Condensed Interim Statement of Changes In Equity

(Expressed in Canadian Dollars - unaudited)

For the six months ended June 30, 2012

	Number of shares	Share capital	Preferred Stock	Share-based payments reserve	Deficit	Total
Balance at January 1, 2011	35,231,730	$ 14,705,609	$ 604,724	$ 182,500	$ (14,258,450)	$ 1,234,383
Loss for the period	-	-	-	-	(325,346)	(325,346)
Share capital issued private placement	15,545,463	3,089,399	-	-	-	3,089,399
Shares issued to acquire mineral properties	950,000	57,000	-	-	-	57,000
Stock options issued	-	-	-	97,750	-	97,750
Warrants issued	-	-	-	36,592	-	36,592
Share issue costs	126,000	(85,482)	-	-	-	(85,482)
Balance at June 30, 2011	51,853,193	17,766,526	604,724	316,842	(14,583,796)	4,104,296
Loss for the period					(758,845)	(758,845)
Shares issued to acquire mineral properties	-	38,000	-	-	-	38,000
Shares issued for finders fee	200,000	28,000	-	-	-	28,000
Share capital issued private placement	-	110,603	-	-	-	110,603
Flow-through premium		(90,909)				(90,909)
Stock options issued	-	-	-	373,500	-	373,500
Warrants issued	-	-		1,776,671	-	1,776,671
Warrants exercised	3,005,000	300,500		-	-	300,500
Share issue costs	-	25,200		36,592	-	61,792
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 period	-	-	-	-	(520,564)	(520,564)
Share capital issued private placement	20,000,000	3,400,000	-	-	-	3,400,000
Shares issued to acquire mineral properties	575,000	104,250	-	-	-	104,250
Stock options issued	-	-	-	41,541	-	41,541
Stock options exercised	132,000	20,300	-	(7,100)	-	13,200
Warrants exercised	1,157,500	115,750	-	-	-	115,750
Balance at June 30, 2012	76,922,693	$ 21,818,220	$ 604,724	$ 2,538,046	$ (15,863,205)	$ 9,097,785

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

NORTH AMERICAN NICKEL INC.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars - unaudited)
For the six months ended June 30, 2012

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
OPERATING ACTIVITIES				
Net loss for the period	$ (334,972)	$ (262,686)	$ (520,563)	$ (325,346)
Items not affecting cash				
Amortization	992	324	1,984	345
Share-based payments	22,557	97,750	41,541	97,750
Future income tax recovery	(2,458)	(28,376)	(5,785)	(28,376)
Impairment of exploration and evaluation assets	134,543	-	134,543	-
	(179,338)	(192,988)	(348,280)	(255,627)
Changes in non-cash working capital items:				
Receivables	(22,081)	(30,985)	55,925	(37,972)
Prepaid expenses	(17,412)	(8,996)	(26,247)	(8,996)
Trade payables and accrued liabilities	153,280	(13,284)	64,554	(8,269)
Taxes payable	-	704	100	704
Due to related parties	36,480	(73,871)	9,199	(27,511)
Cash used in operating activities	(29,071)	(319,420)	(244,749)	(337,671)
INVESTING ACTIVITIES				
Expenditures on exploration and evaluation assets	(972,973)	(257,439)	(1,152,126)	(397,656)
Proceeds from sale of investment	(1,800,000)	-	(1,802,089)	-
Purchase of equipment	-	-	-	(6,500)
Cash used in investing activities	(2,772,973)	(257,439)	(2,954,215)	(404,156)
FINANCING ACTIVITIES				
Proceeds on issuance of common shares	-	3,040,509	118,950	3,040,509
Future income tax liability	-	135,803	-	135,803
Proceeds from exercise of warrants	10,000	-	10,000	-
Cash from financing activities	3,400,000	-	3,400,000	-
Cash used in financing activities	3,410,000	3,176,312	3,528,950	3,176,312
Total increase (decrease) in cash during the period	607,956	2,599,453	329,986	2,434,485
Cash at beginning of period	143,076	494,259	421,046	659,227
Cash at end of period	$ 751,032	$ 3,093,712	$ 751,032	$ 3,093,712
Cash paid for:				
Interest	$ -	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -	$ -

Supplemental cash flow information - (Note 14)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (formerly Widescope Resources 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.

On April 7, 2010, and effective May 31, 2010, the Company entered into a Stock Purchase Agreement (the "Purchase Agreement") whereby it agreed to sell its 65.42% interest in Outback Capital Inc. dba Pinefalls Gold ("PFG"), a private Alberta exploration company. On April 19, 2010, the Company changed its name from Widescope Resources Inc. to North American Nickel Inc., consolidated its common share capital on a 1:2 basis, whereby each two old shares were exchanged for one new share, and increased its authorized capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value (Note 10). All references to common shares, stock options, warrants and weighted average number of shares outstanding in these consolidated financial statements retroactively reflect the share consolidation.

These condensed interim 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 financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The exploration and evaluation properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed interim financial statements were authorized for issue on August 27, 2012 by the Board of Directors of the Company

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

Statement of compliance and conversion to International Financial Reporting Standards
The condensed 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") applicable to the preparation of financial statements, including IAS 34.

Basis of preparation
These condensed interim 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.

Estimates, assumptions and measurement uncertainty
The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Areas requiring significant use of estimates by management relate to going concern assessments, determining the carrying value , allocation of costs and or impairment of exploration and evaluation assets, determining the fair values of marketable securities and stock-based payments, asset retirement obligations, financial instruments and tax rates used to calculate deferred income tax balances.

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.

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

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

Exploration and evaluation assets (cont'd)
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 property, plant and 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.

These 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.

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.

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

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 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.

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.

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

Financial instruments (cont'd)

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 anit-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.

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.

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

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 contributed surplus, until exercised. Upon exercise shares are issued from treasury and the amount reflected in contributed surplus 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 the 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.

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.

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

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.

Property, plant and equipment

Property, plant and equipment are 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 rates applicable to each category of property, plant and equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Exploration equipment	20%
Computer software	50%

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

IAS 1 – Presentation of Financial Statements

IAS 1 – Presentation of Financial Statements requires an entity to group items presented in the statement of other comprehensive income on the basis of whether they may be reclassified to profit or loss subsequent to initial recognition, as of January 1, 2012. For those items presented before tax, the amendments to IAS 1 also require that the tax related to the two separate groups be presented separately. The Company does not expect a material impact as a result of the amendment.

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (cont'd)

IFRS 9 - Financial Instruments
This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment: however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidated Financial Statements
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 - Joint Arrangements
IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

IFRS 12 - Disclosure of Interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosure.

Amendments to other standards
In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (cont'd)

Amendments to other standards (cont'd)

subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not assessed the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

4. CASH

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

5. SHORT-TERM INVESTMENT

Short-term investment is comprised of a highly liquid Canadian dollar denominated guaranteed investment certificate with a 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 June 30, 2012, the instrument was yielding an annual interest rate of 1.05% (2011 – 1.05%). The fair market value of the Company's short-term investment approximates its carrying value at the balance sheet dates.

6. ACCOUNTS RECEIVABLE

	June 30, 2012	December 31, 2011
Harmonized and government taxes receivable	$ 77,597	$ 133,522

7. PROPERTY, PLANT AND EQUIPMENT

	Exploration Equipment	Computer Software	Total
Cost:			
At December 31, 2011	$ 6,500	$ 5,360	$ 11,860
Additions	-	-	-
At June 30, 2012	$ 6,500	$ 5,360	$ 11,860
Amortization:			
At December 31, 2011	$ 1,001	$ 910	$ 1,911
Charge for the period	648	1,336	1,985
At June 30, 2012	$ 1,649	$ 2,246	$ 3,896
Net book value:			
At December 31, 2011	5,499	4,450	9,949
At June 30, 2012	$ 4,851	$ 3,114	$ 7,965

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

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
Impairment	-	-	-	-	(120,333)	-	-	(120,333)
Balance, June 30, 2012	$ 208,000	$ 149,000	$ 34,250	$ 120,333	$ -	$ 120,333	$ 11,497	$ 643,414
Expenditures (recoveries)								
Balance, December 31, 2011	$ 917,621	$ 53,988	$ -	$ 115,844	$ 11,210	$ 2,400	3,086,625	$ 4,187,688
Administration	-	-	98	-	-	-	5,524	5,622
Assay and sampling (recovery)	1,608	-	3,471	-	-	-	-	5,079
Automobile costs	-	-	690	-	-	-	-	690
Claim fees/ Assessment fees	-	-	1,397	32,096	-	-	-	33,493
Consulting services	23,592	2,733	19,488	1,200	2,800	-	35,245	85,059
Drilling expenses (recovery)	-	-	-	-	-	-	100,000	100,000
Equipment and supplies	4,227	3,741	102	-	200	-	21,226	29,496
Licenses and fees	-	-	-	-	-	-	13,664	13,664
Camp costs	108	133	-	-	-	-	251,031	251,272
Shipping and printing costs	358	-	-	-	-	-	1,796	2,154
Survey costs	-	-	-	-	-	-	511,116	511,116
Telephone	-	-	98	-	-	-	-	98
Travel and accomodation	-	-	1,437	-	-	-	2,191	3,627
	29,894	6,607	26,780	33,296	3,000	-	941,793	1,041,370
Impairments	-	-	-	-	(14,210)	-	-	(14,210)
	29,894	6,607	26,780	33,296	(11,210)	-	941,793	1,027,160
Balance, June 30, 2012	947,516	60,595	26,780	149,140	-	2,400	4,028,418	5,214,848
Total, Balance June 30, 2012	$ 1,155,516	$ 209,595	$ 61,030	$ 269,473	$ -	$ 122,733	$ 4,039,915	$ 5,858,262

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	$ 50,000	-	$ 15,000

During the period ended June 30, 2012, the Company incurred exploration costs (including capitalized stock-based compensation of $Nil) totalling $29,894 (June 30, 2011 - $204,539) in deferred exploration costs on the Post Creek Property.

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

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, 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 in the prior year.

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	$	35,000	-	$	22,000

During the period ended June 30, 2012, the Company incurred $6,607 (June 30, 2011 - $29,990) in exploration costs on the Halcyon Property.

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, 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 in the prior year.

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:

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Date		Cash	Shares		Exploration requirements
On or before April 30, 2012 (paid and issued)	$	20,000	75,000		
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

During the period ended June 30, 2012, the Company incurred $26,780 (June 30, 2011 - $Nil) in exploration costs on the WIC Project.

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.

(a) Thompson North Property
During the period ended June 30, 2012, the Company incurred $33,296 (June 30, 2011 - $45,809) in exploration costs on the Thompson North Property.

(b) South Bay Property
During the period ended June 30, 2012, the Company incurred $3,000 (June 30, 2011 - $120) in exploration costs on the South Bay Property. The Company has decided to let the claims lapse and have written off the exploration costs of $134,543.

(c) Cedar Property
During the period ended June 30, 2012, the Company incurred $Nil (June 30, 2011 - $Nil) in exploration costs on the Cedar Property.

Maniitsoq
Effective August 15, 2011, the Company was granted an exploration 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 DKK 31,400 (CDN $5,174) upon granting of the license. The license is valid for 5 years until December 31, 2015, with December 31, 2011 being the first year.

The Company is obligated to incur minimum exploration costs of DKK 7,213,460 (approximately CDN $1,281,110) (incurred) in the first year. During the period ending June 30, 2012, the BMP confirmed that the Company had completed the first year exploration requirement, which was based on the exploration expenditures incurred by the Company with a general allowance increase of 50%. The Company's expenditures exceeded the minimum requirement and the Company was granted a credit of DKK 1,275,997 (approximately CDN $226,593) for surplus exploration expenditures, which may be carried forward up to December 31, 2014 as a reduction of future exploration expenditure requirements.

Provided that the licence area is unchanged during 2012 the Company's minimum required exploration expenditure for the second year is DKK 7,361,890 (approximately CDN $1,307,330). However, if the licence area is reduced during 2012 the required minimum exploration expenditure will decrease by DKK 1,490 for every square kilometre relinquished. The required minimum exploration expenditures to 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), which is adjusted each year on the basis of the change to the Danish Consumer Price Index. This assumes that the licence area remains at its current size (4,841 square kilometres). For every square kilometre

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

that the licence is reduced the required annual expenditure decreases by approximately DKK 5,041. The Company is obligated to reduce the licence area by at least 30% (1,452.3 square kilometres) by December 31, 2013.

Should the Company not incur the minimum exploration expenditures 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.

After December 31, 2015, the Company may apply for an additional 5 years. 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 Maniitsoq project consists of two mineral exploration licences (2011/54 and 2012/28) covering a total of 4,983 square kilometers along the southwest coast of Greenland east and south of the village of Maniitsoq. Ports in this part of Greenland are open year-round. The project area contains numerous nickel + copper sulphide showings associated with norite and other mafic-ultramafic intrusions of Archean age. Given its vast size and abundance of nickel occurrences, the Maniitsoq area has seen remarkably little nickel-related exploration activity. The only drilling for nickel was done between 1965 and 1972 by a company called Kyrolitselskabet Øresund A/S (KØ). KØ drilled 119 shallow holes totalling about 6,300 meters that tested exposed sulphide mineralization and shallow electromagnetic (EM) anomalies directly associated with outcropping mafic-ultramafic intrusions. All but a few were drilled with portable Winkie drills and the average hole length was just 54 meters. Nevertheless numerous significant historic intersections were made, including 9.85 meters averaging 2.67% Ni and 0.60% Cu at Imiak Hill and 12.89 meters averaging 2.24% Ni and 0.63% Cu at the Fossilik showing.

During the period ended June 30, 2012, the Company incurred $670,542 (June 30, 2011 - $13,738) in exploration costs on the Maniitsoq licence 2011/54 and $271,252 (June 30, 2011 $Nil) on the licence 2012/28.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

	June 30, 2012	December 31, 2011
Trade payables	$ 188,896	$ 99,343
Amounts due to related parties (Note 11)	36,421	$ 27,222
Accrued liabilities	249	25,249
	$ 225,566	$ 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

Effective April 19, 2010, the Company consolidated its common share capital on a 1:2 basis, whereby each two old shares are equal to one new share and increased its authorized capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value. All references to common shares, stock options, warrants and weighted average number of shares outstanding in these consolidated financial statements retroactively reflect the share consolidation.

Six month period ended June 30, 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 with the Sentient Group. Each unit consists of one common share of the Company and one half of one common share purchase warrant, each full warrant entitles the purchaser to purchase an additional common share at a price of $0.21 per share for a period of twenty-four months following the closing of the offering.

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 mineral properties (Note 8).

The Company issued 1,157,500 common shares for warrant exercises at $0.10 per share for proceeds of $115,750.

The Company issued 132,000 common shares for stock option exercises at $0.10 per share for proceeds of $13,200 a reversal of the fair value of the exercise of $7,100.

c) Preferred shares issued and outstanding

At June 30, 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; 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.

10. SHARE CAPITAL (cont'd)

d) Warrants

A continuity schedule of outstanding common share purchase warrants at June 30, 2012 is as follows:

	June 30, 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
Exercised	(1,157,500)	0.10	(3,005,000)	0.10
Outstanding, end of period	40,041,450	$ 0.39	31,198,950	$ 0.44

At June 30, 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)
5,837,500	Dec-28-2012	0.10	0.50
11,243,950	Nov-24-2012 *	0.35	0.40
3,460,000	Aug-19-2016	1.00	4.14
4,750,000	Aug-19-2016	0.50	4.14
4,750,000	Aug-19-2016	0.70	4.14
10,000,000	May 22, 2014	0.21	1.89
40,041,450			1.53

* These warrants are subject to an acceleration clause whereby the warrant holders will be required to exercise their warrants within a period of 30 days if the Company's common shares close at or above $0.50 per share for 20 consecutive trading days, otherwise the warrants will, if not exercised, expire at the end of such 30 day period. To June 30, 2012, the Company's common shares have not met the criteria for accelerated exercise.

e) Stock options

The Company has entered into 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 period ended June 30, 2012 and the year ended December 31, 2011 are as follows:

10. SHARE CAPITAL – cont'd

e) Stock options – cont'd

	June 30, 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	400,000	0.16	2,050,000	0.23
Exercised	(132,000)	(0.10)	-	-
Outstanding, end of period	5,618,000	$ 0.15	5,350,000	$ 0.15

The weighted average fair value at grant date of options granted during the period ended June 30, 2012 was $0.15 per option (December 31, 2011 $0.15)

Details of options outstanding as at June 30, 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	3.16
140,000	140,000	November 25, 2015	0.10	3.41
150,000	150,000	May 24, 2016	0.20	3.90
350,000	350,000	June 29, 2016	0.20	4.00
1,450,000	1,450,000	September 6, 2016	0.25	4.19
100,000	100,000	November 24, 2016	0.15	4.41
300,000	300,000	January 18, 2017	0.15	4.56
100,000	100,000	March 13, 2014	0.17	1.70
5,618,000	5,618,000			3.58

f) Stock-based Compensation

During the six months ended June 30, 2012, the Company granted 300,000 incentive stock options to a consultant with the maximum term of 5 years and which vest within 12 months as follows 75,000 on April 18, 2012, 75,000 on July 18, 2012, 75,000 on October 18, 2012 and 75,000 on January 18, 2013. The Company also granted 100,000 incentive stock options to a consultant with the maximum term of 2 years and which vest within 12 months as follows 25,000 June 13, 2012, 25,000 September 13, 2012, 25,000 December 13, 2012 and 25,000 March 13, 2013. The Company calculates the fair value of all stock options using the Black-Scholes option pricing model. The granting of these options resulted in stock-based compensation expense of $41,541 and will continue to vest over the twelve month period.

11. RELATED PARTY TRANSACTIONS

Related party balances

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

	June 30, 2012	December 31, 2011
Directors and companies controlled by directors of the Company	$ 36,421	$ 27,222

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

Related party transactions

Key management personnel compensation

	Period ended June 30, 2012	June 30, 2011
Geological consulting fees - expensed	$ 12,400	$ 2,450
Geological consulting fees - capitalized	23,600	8,050
Management fees - expensed	54,000	27,000
Stock-based compensation	-	-
	$ 90,000	$ 37,500

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

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

There were no changes in the Company's approach to capital management during the period ended June 30, 2012. The Company is not exposed to externally imposed capital requirements.

13. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, harmonized and government taxes ("HST") receivable, marketable securities, 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;

13. FINANCIAL RISK MANAGEMENT (cont'd)

- 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 is measured based on Level 1 inputs of the fair value hierarchy.

The Company is engaged primarily 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.

The Company's primary risk exposures are summarized below:

Credit risk
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 HST receivable. HST receivable include primarily 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
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 $3,240,154 at June 30, 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.

Market risk
(a) Interest rate risk
The Company has cash balances and no interest-bearing debt therefore, interest rate risk is minimal.

(b) 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.

14. NON-CASH TRANSACTIONS

The Company incurred non-cash financing and investing activities during the period ended June 30, 2012 as follows:

	June 30, 2012	March 31, 2011
Common shares issued for mineral properties (Note 8)	$ 104,250	$ 57,000

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: $3,500 per month effective June 1, 2011 the rate changed to $6,000 per month.

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 employee 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:

	Canada	Greenland	Total
June 30, 2012			
Other assets	$ 3,465,721	$ -	$ 3,465,721
Property, plant and equipment	7,965	-	7,965
Exploration and evaluation assets	1,818,346	4,039,916	5,858,262
	$ 5,292,032	$ 4,039,916	$ 9,331,948

	Canada	Greenland	Total
December 31, 2011			
Other assets	$ 1,363,324	$ -	$ 1,363,324
Property, plant and equipment	9,949	-	9,949
Exploration and evaluation assets	1,644,063	3,092,367	4,736,430
	$ 3,017,336	$ 3,092,367	$ 6,109,703

17. SUBSEQUENT EVENTS

On August 13, 2012, the Company granted 2,015,000 stock options at $0.24 per unit to employees and consultants.

On August 1 and 24, 2012, the Company issued 57,500 common shares for the exercise of 57,500 @ $0.10 for $5,750.

NORTH AMERICAN NICKEL INC.

(formerly Widescope Resources Inc.)

Management Discussion and Analysis
For the Six Months Ended June 30, 2012

Preliminary Information

This Management's Discussion and Analysis ("MD&A") contains information up to and including August 27, 2012.

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, 2011 and the related notes contained therein. It should be noted that the audited financial statements for the year ended December 31, 2011 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.

Forward Looking Statements

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements. For more information, please refer to the Risk and Uncertainties section of this MD&A.

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, Halcyon, WIC Project and in Greenland on the Maniitsoq Property. As well the Company is conducting exploration programs on its Manitoba nickel properties being Thompson North and Cedar Lake.

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 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 June 30, 2012 the Company had working capital of $3,240,154 (December 31, 2011 $1,211,510) and a deficit of $15,863,205 (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 objectives 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. 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 consideration:

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	$	50,000	-		$	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 period ended June 30, 2012, the Company incurred $29,894 (December 31, 2011 - $764,311) 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 six months ended June 30, 2012:

A diamond drilling assessment report was written and submitted to the Sudbury District Mining Recorders office.

Subsequent Events

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 is in production for trenches established on the property.

Activities contemplated in the future

Exploration data will be compiled into a marketing style document for review by the Company's technical advisory committee. The document will be 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.

Halcyon Property

On April 5, 2010, the Company entered into an option agreement to acquire rights to Halcyon Property. 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 consideration:

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	$ 35,000	-		$ 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 period June 30, 2012, the Company incurred $6,607 (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 six months ended June 30, 2012:

The compilation report for historic exploration conducted on the property is ongoing.

Subsequent Events

No work has been performed subsequently.

Activities contemplated in the future

Exploration data will be compiled into a marketing style document for review by North American Nickel's technical advisory committee. The document will be 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 (or geological feature) The Halcyon Property hosts the continuation of the CJ Structure from the Post Creek Property.

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 six months ended June 30, 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.

Subsequent Events

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.

Activities contemplated in the future

Once complete, the resulting airborne geophysical data will be interpreted and integrated with all geological, geophysical and geochemical data including the results of the prospecting program for purposes of focusing a diamond drill program.

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, Thompson North and Cedar Lake 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 six months ended June 30, 2012:

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

During the period ending June 30, 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.

Subsequent Events

A compilation report has been completed for the property.

Activities contemplated in the future

There will be no further work done on the South Bay project.

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 six months ended June 30, 2012:

There have been no current activities on the property.

During the period ending June 30, 2012, the Company incurred $33,296 (December 31, 2011- $115,259) in deferred exploration costs on the Thompson North Property.

Subsequent Events

There have been no subsequent events.

Activities contemplated in the future

VTEM anomalies recommended for follow-up by Revelation Geoscience in their report will be assessed by the company's geophysical consultants with the aim of modeling the geophysical data and producing Maxwell plates. Depending on the results of the assessment the Company will search for a joint venture partner to continue exploration of these anomalies or will drop the property.

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 six months ended June 30, 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 period ended June 30, 2012, the Company incurred $Nil (December 31, 2011- $2,000) in deferred exploration costs on the Cedar Lake Property.

Subsequent Events

No work was performed on this property subsequently.

Activities contemplated in the future

There are no activities planned in the future at Cedar Lake.

Maniitsoq, Greenland:

Effective August 15, 2011, the Company was granted an exploration 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 DKK 31,400 (CDN $5,174) upon granting of the license. The license is valid for 5 years until December 31, 2015, with December 31, 2011 being the first year.

The Company is obligated to incur minimum exploration costs of DKK 7,213,460 (approximately CDN $1,281,110) (incurred) in the first year. Subsequent to December 31, 2011, the BMP confirmed that the Company had completed the first year exploration requirement, which was based on the exploration expenditures incurred by the Company with a general allowance increase of 50%. The Company's expenditures exceeded the minimum requirement and the Company was granted a credit of DKK 1,275,997 (approximately CDN $226,593) for surplus exploration expenditures, which may be carried forward up to December 31, 2014 as a reduction of future exploration expenditure requirements.

The Company's minimum exploration costs for the second year are DKK 7,361,890 (approximately CDN $1,307,330). The minimum exploration costs to 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) which is adjusted each year on the basis of the change to the Danish Consumer Price Index. Furthermore, the Company is obligated to reduce the license area by a minimum of 30% of the original area covered by the exploration license by December 31, 2013.

After December 31, 2015, the Company may apply for an additional 5 years. 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 license 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 Maniitsoq Mineral Exploration 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 Licences 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.

The Maniitsoq project consists of two mineral exploration licences (2011/54 and 2012/28) covering a total of 4,983 square kilometers along the southwest coast of Greenland east and south of the village of Maniitsoq. Ports in this part of Greenland are open year-round. The project area contains numerous nickel + copper sulphide showings associated with norite and other mafic-ultramafic intrusions of Archean age. Given its vast size and abundance of nickel occurrences, the Maniitsoq area has seen remarkably little nickel-related exploration activity. The only drilling for nickel was done between 1965 and 1972 by a company called Kyrolitselskabet Øresund A/S (KØ). KØ drilled 119 shallow holes totalling about 6,300 meters that tested exposed sulphide mineralization and shallow electromagnetic (EM) anomalies directly associated with outcropping mafic-ultramafic intrusions. All but a few were drilled with portable Winkie drills and the average hole length was just 54 meters. Nevertheless numerous significant historic intersections were made, including 9.85 meters averaging 2.67% Ni and 0.60% Cu at Imiak Hill and 12.89 meters averaging 2.24% Ni and 0.63% Cu at the Fossilik showing.

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. No new occurrences were discovered, however; 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 licence covering approximately 142 square kilometers contiguous with its original licence (2011/54).

During the six months ended June 30, 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 North American Nickel.

The Greenland Bureau of Minerals and Petroleum (BMP) approved the company's December 27 mineral exploration licence application on April 3, 2012. The final signed licence document was received from BMP on April 26.

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

Subsequent Events

Subsequent to the period ended June 30th, 2012 a helicopter-borne geophysical survey covering approximately 3500 line kilometres of grid lines was completed over area where the Greenland Nortite Belt of nickel bearing intrusive rocks have been mapped. Fifty new conductive zones were identified and 3D modelling of individual targets was initiated. Upon receipt of the preliminary data set, 12 conductive zones were immediately recognized as priority areas, due to the strength and length of the conductor.

Field examination of priority target areas commenced on or about August 14th, 2012 and will take place over a 10 day to 2 week period ahead of the start of drilling.

Activities contemplated in the future

Upon completion of the helicopter-borne geophysical survey data interpretation and priority targets being 3D modelled by the company's geophysical consultants and examined in the field by geologists, the resulting geophysical targets will be selected for drill testing in August and September of 2012.

Approximately 2000 metres of diamond drill core will test a select number of priority targets beginning the last week of August and the drill program is anticipated to take between 4 and 5 weeks to be completed with results to follow.

Selected Financial Information

The Company's condensed interim financial statements for the six months ended June 30, 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 six months ended		
	June 30, 2012	**June 30, 2011**	**June 30, 2010**
Financial Results			
Net loss	$ 520,564	$ 325,346	$ 181,628
Basic loss per share	0.01	0.01	0.00

As at:	**June 30, 2012**	**December 31, 2011**	**December 31, 2010**
Balance Sheet Data			
Share capital	$ 22,422,944	$ 18,782,644	$ 15,310,333
Common shares issued	76,922,693	55,058,193	35,231,730
Weighted average shares outstanding	60,922,973	46,464,082	19,941,566
Total assets	$ 9,331,948	$ 6,109,703	$ 1,363,910
Net assets (liabilities)	9,097,786	5,943,608	$ 1,234,383
Exchange rates (Cdn$ to U.S.$) period average	1.0056	1.0110	0.9709

Results of Operations

Six Months Ended June 30, 2012 compared with Six Months Ended June 30, 2011

For the six months ended June 30, 2012, the Company incurred a net loss of $520,564 compared to a net loss of $325,346 for the six months ended June 30, 2011. The increase of $195,218 in net loss is a net result of general operating costs increased which is mainly the result of an increase in investor relation costs of $109,637 to cover trade shows, IR consulting fees and advertising, a decrease in geological consulting fees of $7,231, an increase in corporate travel of $6,109, an increase in administration wages of $12,683 and a decrease of $45,131 in net administrative costs due mainly to a decrease in legal fees as a result of the daily activities taking place. There was a decrease in the share-based payment amount of $56,209 for the granting of stock options to IR consultants. There were property impairment costs of $145,345 which pertained to the costs

associated with the Woods Creek, Bell Lake and South Bay properties which were impaired in the current period. There was the FIT recovery amount of $5,785 which is generated by the flow through costs renunciation.

Selected Financial Data Quarterly

	Three months ended			
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Net loss	$ (334,973)	$ (185,591)	$ (384,284)	$ (374,561)
Basic loss per share	0.01	0.00	0.00	(0.01)

	Three months ended			
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Net loss	$ (262,686)	$ (62,660)	$ (147,554)	$ (200,626)
Basic loss per share	(0.01)	0.00	0.00	0.00

Balance Sheet Data

As at:	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Share capital	$ 22,422,944	$ 18,998,694	$ 18,782,644	$ 18,671,750
Common shares issued	76,922,693	56,747,693	55,058,193	55,058,193
Weighted average shares outstanding	60,922,973	56,426,001	46,466,684	43,571,377
Total assets	$ 9,331,948	$ 6,032,812	$ 6,109,703	$ 8,022,816
Net assets (liabilities)	$ 9,097,786	$ 5,985,952	$ 5,943,608	$ 7,696,949

As at:	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Share capital	$ 18,371,250	$ 15,367,333	$ 15,310,333	$ 15,310,333
Common shares issued	51,853,193	36,181,730	35,231,730	35,231,730
Weighted average shares outstanding	38,918,162	35,242,286	19,941,566	14,788,836
Total assets	$ 4,306,174	$ 1,409,625	$ 1,363,583	$ 1,409,603
Net assets (liabilities)	$ 4,212,427	$ 1,228,723	$ 1,234,383	$ 1,346,937

Liquidity

As at June 30, 2012 the Company had accumulated losses totaling $15,863,205. The Company had working capital of $3,240,154 at June 30, 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 June 30, 2012, the Company held cash and a short-term investment totaling $3,353,880 (December 31, 2011 - $1,221,805).and had current liabilities of $225,567 (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 June 30, 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

IFRS 9 - Financial Instruments
This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment: however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". This new standard is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 - Consolidated Financial Statements
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 11 - Joint Arrangements
IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.

IFRS 12 - Disclosure of Interests in Other Entities
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosure.

Amendments to other standards
In addition, there have been other amendments to existing standards, including IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 9 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not assessed the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

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	Payment	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
On or before April 5, 2012	$ 50,000	300,000	paid & issued	$ 15,000
On or before April 5, 2013	$ 50,000	-		$ 15,000
	$ 142,500	1,000,000		$ 45,000

Halcyon

Date	Payment	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
On or before April 5, 2012	$ 35,000	200,000	paid & issued	$ 22,000
On or before April 5, 2013	$ 35,000	-		$ 22,000
	$ 110,000	700,000		$ 66,000

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

Related Party Transactions

Related party balances

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

	June 30, 2012	December 31, 2011
Directors and companies controlled by directors of the Company	$ 36,421	$ 27,222
	$ 36,421	$ 27,222

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

Related party transactions

Key management personnel compensation

	Period ended June 30, 2012	June 30, 2011
Geological consulting fees - expensed	$ 12,400	$ 2,450
Geological consulting fees - capitalized	23,600	8,050
Management fees - expensed	54,000	27,000
Stock-based compensation	-	-
	$ 90,000	$ 37,500

Presentation Adjustments

The following presentation adjustment has been identified by management for the Consolidated Statement of Financial Position which is Non-controlling interests shall be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Disclosure Controls and Procedures Over Financial Reporting

Management has the responsibility for the design and implementation of controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the accounting principles generally accepted in Canada. Based on a review of its internal controls at the end of the year covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed and reported in an accurate and timely manner. There have been no significant changes in the Company's internal control over financial reporting during the period ended June 30, 2012.

Management is responsible for the design and effectiveness of disclosure controls and other procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls as of June 30, 2012 and have concluded these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Subsequent Events

On August 13, 2012, the Company granted 2,015,000 stock options at $0.24 per unit to employees and consultants.

On August 1 and 24, 2012, the Company issued 57,500 common shares for the exercise of 57,500 @ $0.10 for $5,750.

Share Capital Data

The following table sets forth the Company's share capital data as at August 27, 2012:

Common Shares -issued & outstanding	76,980,193
Preferred Shares -issued & outstanding	604,724
Options -issued & outstanding	7,633,000
Warrants -issued & outstanding	39,983,950

Further Information

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