



## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

***For the quarter ended March 31, 2019***

*(In accordance with International Financial Reporting Standards ("IFRS") and stated in thousands of Canadian dollars, unless otherwise indicated)*

### **INDEX**

Notice to Reader of the Unaudited Condensed Interim Financial Statements

Condensed Interim Consolidated Financial Statements

- Condensed Interim Consolidated Statements of Financial Position
- Condensed Interim Consolidated Statements of Comprehensive Loss
- Condensed Interim Consolidated Statements of Changes in Equity
- Condensed Interim Consolidated Statements of Cash Flows
- Notes to the Condensed Interim Consolidated Financial Statements

# **NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

*For the three months period ended March 31, 2019*

In accordance with National Instrument 51-102, of the Canadian Securities Administrators, North American Nickel Inc. (the “Company” or “North American Nickel”) discloses that its auditors have not reviewed the unaudited condensed interim consolidated interim financial statements.

The unaudited condensed interim consolidated financial statements of the Company for the three months period ended March 31, 2019 (“Financial Statements”) have been prepared by management. The Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto of the Company for the fiscal year ended December 31, 2018, which are available at the SEDAR website under the Company’s profile ([www.sedar.com](http://www.sedar.com)). The Financial Statements are stated in thousands of Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards (“IFRS”).



**Condensed Interim Consolidated Statements of Financial Position**  
*(Unaudited - Expressed in thousands of Canadian dollars)*

	Notes	March 31, 2019	December 31, 2018
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		347	339
Short term investments	4	1,500	2,500
Receivables and other current assets	5	137	133
<b>TOTAL CURRENT ASSETS</b>		<b>1,984</b>	<b>2,972</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		32	35
Exploration and evaluation assets	6	64,738	64,479
Reclamation of deposit	6	14	14
<b>TOTAL NON-CURRENT ASSETS</b>		<b>64,784</b>	<b>64,528</b>
<b>TOTAL ASSETS</b>		<b>66,768</b>	<b>67,500</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued liabilities	7, 9	384	556
<b>TOTAL CURRENT LIABILITIES</b>		<b>384</b>	<b>556</b>
<b>TOTAL LIABILITIES</b>		<b>384</b>	<b>556</b>
<b>EQUITY</b>			
Share capital - preferred	8	591	591
Share capital – common	8	87,947	87,947
Reserve	8	7,749	7,749
Deficit		(29,903)	(29,343)
<b>TOTAL EQUITY</b>		<b>66,384</b>	<b>66,944</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>66,768</b>	<b>67,500</b>

Nature of Operations (Note 1)

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

Approved by the Board of Directors on May 24, 2019

“signed”

Keith Morrison  
Director

“signed”

Doug Ford  
Audit Committee Chair



## Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited - Expressed in thousands of Canadian dollars)

		Three months ended	
	Notes	March 31, 2019	March 31, 2018
<b>EXPENSES</b>			
General and administrative expenses	9, 13	(535)	(540)
Property investigation		(41)	-
Amortization		(3)	(4)
Share-based payments	8	-	(287)
		<b>(579)</b>	<b>(831)</b>
<b>OTHER ITEMS</b>			
Interest income		18	-
Foreign exchange gain (loss)		1	(7)
		<b>19</b>	<b>(7)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(560)</b>	<b>(838)</b>
<b>Basic and diluted weighted average number of common shares outstanding</b>		<b>787,928,500</b>	<b>554,598,167</b>
<b>Basic and diluted loss per share</b>		<b>(0.00)</b>	<b>(0.00)</b>

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



## Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Number Shares	Share Capital	Preferred Stock	Reserve	Deficit	Total Equity
<b>BALANCE AT DECEMBER 31, 2017</b>		<b>554,595,167</b>	<b>73,598</b>	<b>591</b>	<b>5,089</b>	<b>(26,550)</b>	<b>52,728</b>
Net and comprehensive loss for the period		-	-	-	-	(838)	(838)
Forfeited/expired options		-	-	-	(25)	25	-
Share-based payments	8	-	-	-	287	-	287
<b>BALANCE AT MARCH 31, 2018</b>		<b>554,595,167</b>	<b>73,598</b>	<b>591</b>	<b>5,351</b>	<b>(27,363)</b>	<b>52,177</b>
<b>BALANCE AT DECEMBER 31, 2018</b>		<b>787,928,500</b>	<b>87,947</b>	<b>591</b>	<b>7,749</b>	<b>(29,343)</b>	<b>66,944</b>
Net and comprehensive loss for the period		-	-	-	-	(560)	(560)
Share-based payments	8	-	-	-	-	-	-
<b>BALANCE AT MARCH 31, 2019</b>		<b>787,928,500</b>	<b>87,947</b>	<b>591</b>	<b>7,749</b>	<b>(29,903)</b>	<b>66,384</b>

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



**Condensed Interim Consolidated Statements of Cash Flows**  
*(Unaudited - Expressed in thousands of Canadian dollars)*

	Notes	Three months ended	
		March 31, 2019	March 31, 2018
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(560)	(838)
Items not affecting cash:			
Amortization		3	4
Share based payments		-	287
Interest income		(18)	-
Changes in working capital	10	(33)	(379)
Other:			
Interest received		11	16
<b>Net cash used in operating activities</b>		<b>(597)</b>	<b>(910)</b>
<b>INVESTING ACTIVITIES</b>			
Expenditures on exploration and evaluation assets (includes changes in working capital)		(395)	(1,129)
Short-term investments		1,000	2,000
<b>Net cash used in investing activities</b>		<b>605</b>	<b>871</b>
<b>FINANCING ACTIVITIES</b>			
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>
Change in cash equivalents for the period		8	(39)
Cash and cash equivalents, beginning of the period		339	398
<b>Cash and cash equivalents, end of the period</b>		<b>347</b>	<b>359</b>

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

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*

**1. NATURE AND CONTINUANCE OF OPERATIONS**

North American Nickel Inc. (the "Company" or "NA Nickel") was incorporated on September 23, 1983, under the laws of the Province of British Columbia, Canada. The head office and principal address is located at 3400 – 100 King Street West, PO Box 130, Toronto, Ontario, M5X 1A4 and the records office of the Company is located at Suite 2200, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "NAN".

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

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These uncertainties cast substantial doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The exploration and evaluation properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and cover administrative costs, the Company will use its existing working capital and raise additional amounts as needed. Although the Company has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if adequate financial resources are available to do so.

The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 24, 2019.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES***(a) Statement of Compliance*

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 Interim Financial Statements. The condensed interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2018. Any subsequent changes to IFRS that are reflected in the Company's consolidated financial statements for the year ended December 31, 2019 could result in restatement of these condensed interim consolidated financial statements.

*(b) Basis of Preparation*

These condensed interim consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of any financial assets and financial liabilities where applicable. The

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*

preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2018.

*(c) Basis of consolidation*

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, North American Nickel (US) Inc. which was incorporated in the State of Delaware on May 22, 2015. Consolidation is required when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

### **3. CHANGES IN ACCOUNTING POLICIES**

#### **New standards adopted during the three months period ended March 31, 2019:**

##### IFRS 16 - "Leases"

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

##### IFRIC 23 – "Uncertainty over Income Tax Treatments"

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

#### **Standards, Interpretations and Amendments Not Yet Effective:**

##### Amendments to References to the Conceptual Framework in IFRS Standards

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

Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new



**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*

Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks. The Company does not intend to adopt the Amendments in its financial statements before the annual period beginning on January 1, 2020. The extent of the impact of the change has not yet been determined.

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

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

**4. SHORT-TERM INVESTMENTS**

Short-term investments are comprised of a highly liquid Canadian dollar denominated guaranteed investment certificate with an initial term to maturity greater than ninety days, but not more than one year, that is readily convertible to a contracted amount of cash. The counter-party is a Canadian financial institution. During the period ended March 31, 2019, the instrument was yielding an annual interest rate range of 1.40% (March 31, 2018 - 1.30%).

**5. RECEIVABLES AND OTHER CURRENT ASSETS**

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Sales taxes receivable	52	75
Interest receivable	17	10
Other current assets	68	48
	<b>137</b>	<b>133</b>

Other current assets is comprised of prepaid expenses.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

(Unaudited - Expressed in thousands of Canadian dollars)

**6. EXPLORATION AND EVALUATION ASSETS**

	Canada			US	Greenland	Total
	Post Creek Property	Halcyon Property	Quetico Claims	Section 35 Property	Maniitsoq Property	
<b>Acquisition</b>						
Balance, December 31, 2018	288	222	42	8	42	602
Acquisition costs – cash	5	4	-	1	-	10
Balance, March 31, 2019	293	226	42	9	42	612
<b>Exploration</b>						
Balance, December 31, 2018	1,431	209	22	-	62,215	63,877
Administration	1	-	-	-	-	1
Corporate social responsibility	1	-	-	-	-	1
Drilling	7	-	-	-	120	127
Environmental, health and safety	-	-	-	-	8	8
Geology	4	3	-	2	76	85
Geophysics	-	-	-	-	27	27
	13	3	-	2	231	249
Balance, March 31, 2019	1,444	212	22	2	62,446	64,126
<b>Total, March 31, 2019</b>	<b>1,737</b>	<b>438</b>	<b>64</b>	<b>11</b>	<b>62,488</b>	<b>64,738</b>

	Canada		US	Greenland	Total
	Post Creek Property	Halcyon Property	Section 35 Property	Maniitsoq Property	
<b>Acquisition</b>					
Balance, December 31, 2017	278	214	6	36	534
Acquisition costs – cash	5	4	2	14	25
Balance, March 31, 2018	283	218	8	50	559
<b>Exploration</b>					
Balance, December 31, 2017	1,138	187	-	48,635	49,960
Administration	-	-	-	15	15
Drilling expenses	5	-	-	204	209
Geology	10	7	-	91	108
Geophysics	-	-	-	40	40
Helicopter charter aircraft	-	-	-	3	3
Infrastructure	-	-	-	13	13
	15	7	-	366	388
Balance, March 31, 2018	1,153	194	-	49,001	50,348
<b>Total, March 31, 2018</b>	<b>1,436</b>	<b>412</b>	<b>8</b>	<b>49,051</b>	<b>50,907</b>

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.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*

On April 5, 2010 and as amended on March 12, 2013, the Company entered into an option agreement to acquire a 100% interest in the Post Creek Property, subject to certain net smelter return royalties ("NSR") and advance royalty payments. To December 31, 2015, the Company has completed the required consideration and acquired its interest in the Post Creek Property. Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$10 per annum, totalling \$10 during the year ended December 31, 2018, the total of which will be deducted from any payments to be made under the NSR. The total advances paid during the three months period ended March 31, 2019 were \$5, (March 31, 2018 - \$5).

During the three months period ended March 31, 2019, the Company incurred exploration expenditures totalling \$13 (March 31, 2018 - \$15) on the Post Creek Property.

**Halcyon**

On April 5, 2010 and as amended on March 12, 2013, the Company entered into an option agreement to acquire rights to Halcyon Property, subject to certain NSR and advance royalty payments. To December 31, 2015, the Company has completed the required consideration and acquired its interest in the Halcyon Property. Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$8 per annum, totalling \$8 during the year ended December 31, 2018, the total of which will be deducted from any payments to be made under the NSR.

During the three months period ended March 31, 2019, the Company incurred \$7 (March 31, 2018 - \$11) in exploration and license related expenditures on the Halcyon Property.

**Quetico**

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

The Company had no minimum required exploration commitment for the year ended December 31, 2018 as it is not required to file any geoscience assessment work between the initial recording of a mining claim and the first anniversary date of the mining claim.

By the second anniversary of the recording of a claim and by each anniversary thereafter, a minimum of \$400 worth of exploration activity per claim unit must be reported to the Provincial Recording Office. The company could maintain mining claims by filing an Application to Distribute Banked Assessment Work Credits form before any due date. Payments in place of reporting assessment work may also be used to meet yearly assessment work requirements, provided the payments are not used for the first unit of assessment work and consecutively thereafter. Payments cannot be banked to be carried forward for future use. The total annual work requirement for Quetico project after April 26, 2020 is \$324 should the Company maintain the current size of the claims.

There were no exploration related costs incurred during the three months period ended March 31, 2019.

**Section 35 Property**

On January 4, 2016, the Company entered into a 10 year Metallic Minerals Lease (the "Lease") with the Michigan Department of Natural Resources for an area covering approximately 320 acres. The terms of the Lease require an annual rental fee at a rate of US \$3.00 per acre for years 1-5 and at a rate of US \$6.00 per acre for years 6-10. The Company shall pay a minimum royalty at a rate of US \$10.00 per acre for the 11<sup>th</sup> year onwards, with an increase of an additional US \$5.00 per acre per year up to a maximum of US \$55.00 per acre per year. A production royalty of between 2% - 2.5% is payable from production of minerals and/or mineral products from an established mining operation area. The Company paid the first year rental fee and the required reclamation deposit of \$14 (US \$10). The Department of Natural Resources shall annually review the level of the reclamation deposit and shall require the amount to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

During the three months period ended March 31, 2019, the Company spent a total of \$3 in exploration and license related expenditures, (March 31, 2018 - \$2).

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*

**Maniitsoq**

The Company has been granted certain exploration licenses, by the Bureau of Minerals and Petroleum ("BMP") of Greenland for exclusive exploration rights of an area comprising the Maniitsoq Property, located near Ininngui, Greenland. The Property is subject to a 2.5% NSR. The Company can reduce the NSR to 1% by paying \$2,000 on or before 60 days from the decision to commence commercial production.

At the expiration of the first license period, the Company may apply for a second licence period (years 6-10), and the Company may apply for a further 3-year licence for years 11 to 13. Thereafter, the Company may apply for additional 3-year licences for years 14 to 16, 17 to 19 and 20 to 22. The Company will be required to pay additional license fees and will be obligated to incur minimum eligible exploration expenses for such years.

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

Future required minimum exploration expenditures will be adjusted each year on the basis of the change to the Danish Consumer Price Index.

During the three months period ended March 31, 2019, the Company spent in aggregate of \$231 (March 31, 2018 - \$380) in exploration and license related expenditures on the Maniitsoq Property, which is comprised of the Sulussugut, Ininngui and Carbonatite Licenses. Further details on the licenses and related expenditures are outlined below.

***Sulussugut License (2011/54)***

*(All references to amounts in Danish Kroners, "DKK" are in thousands of DKK)*

Effective August 15, 2011, the Company was granted an exploration license (the "Sulussugut License") by the BMP of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of \$6 (DKK 31) upon granting of the Sulussugut License. The application for another 5 year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority which was effective on April 11, 2016, with December 31, 2017 being the seventh year. During the year ended December 31, 2016, the Company paid a license fee of \$8 (DKK 40) which provides for renewal of the Sulussugut License until 2020.

To December 31, 2015, under the terms of a preliminary license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809 (approximately \$15,808) between the years ended December 31, 2011 to 2015 by incurring \$26,116 on the Sulussugut License. The accumulated exploration credits held at the end of December 31, 2015, of DKK 100,304 can be carried forward until 2019. Under the terms of the second license period, the required minimum exploration expenditures for the year ended December 31, 2017 was DKK 44,374 (approximately \$8,955). As of December 31, 2018, the Company has spent \$55,732 on exploration costs for the Sulussugut License.

To December 31, 2018, the Company has completed all obligations with respect to required reduction of the area of the license.

During the year ended December 31, 2018, the Company had approved exploration expenditures of DKK 79,604 (approximately \$16,342) which results in the total cumulative surplus credits of DKK 326,111 (approximately \$66,951). The credits may be carried forward until December 31, 2021.

The Company had no minimum required exploration for the year ended December 31, 2018. During the year ended December 31, 2018, the Company spent a total of \$10,795 (December 31, 2017 - \$11,079) in exploration and license related expenditures on the Sulussugut License.

During the three months period ended March 31, 2019, the Company spent a total of \$116 in exploration and license related expenditures, (March 31, 2018 - \$337).

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*
***Ininngui License (2012/28)***

Effective March 4, 2012, the Company was granted an exploration license (the "Ininngui License") by the BMP of Greenland for exclusive exploration rights of an area located near Ininngui, Greenland. The Company paid a license fee of \$6 (DKK 32) upon granting of the Ininngui License. The Ininngui License was valid for 5 years until December 31, 2016, with December 31, 2012 being the first year. The Ininngui License is contiguous with the Sulussugut License.

To December 31, 2018, the Company's expenditures exceeded the minimum requirement and the Company has a total cumulative surplus credits of DKK 35,509 (approximately \$7,290). The credits may be carried forward until December 31, 2021.

The Company had no minimum required exploration for the year ended December 31, 2018. As of December 31, 2018, the Company has spent \$5,121 on exploration costs for the Ininngui License.

Should the Company not incur the minimum exploration expenditures on the license in any one year from years 2-5, the Company may pay 50% of the difference in cash to BMP as full compensation for that year. This procedure may not be used for more than 2 consecutive calendar years and as at December 31, 2018, the Company has not used the procedure for the license.

During the year ended December 31, 2018, the Company spent a total of \$1,423 (December 31, 2017 - \$985) in exploration and license related expenditures on the Ininngui License.

During the three months period ended March 31, 2019, the Company spent a total of \$22 in exploration and license related expenditures, (March 31, 2018 - \$23).

***Carbonatite License (2018/21)***

Effective May 4, 2018, the Company was granted an exploration license (the "Carbonatite License") by the BMP of Greenland for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The Company paid a license fee of \$7 (DKK 31) upon granting of the Carbonatite License. The Carbonatite License is valid for 5 years until December 31, 2022, with December 31, 2018 being the first year. As of December 31, 2018, the Company has spent \$1,362 on exploration costs for the Carbonatite License.

During the year ended December 31, 2018, the Company spent a total of \$1,369 in exploration and license related expenditures (December 31, 2017 - \$Nil) for the Carbonatite License.

The Company had a minimum required exploration obligation of DKK 269 (approximately \$55) for the year ended December 31, 2018. To December 31, 2018, the Company's expenditures exceeded the minimum requirement and the Company has a total surplus credit of DKK 9,830 (approximately \$2,018). The credit may be carried forward until December 31, 2021.

During the three months periods ended March 31, 2019, the Company spent a total of \$93 in exploration and license related expenditures, (March 31, 2018 - \$9).

**7. TRADE PAYABLES AND ACCRUED LIABILITIES**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Trade payables	344	477
Amounts due to related parties (Note 9)	13	1
Accrued liabilities	27	78
	<b>384</b>	<b>556</b>

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)***8. SHARE CAPITAL, WARRANTS AND OPTIONS**

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

## a) Common shares issued and outstanding

There were no common shares issued during the three months period ended March 31, 2019 and March 31, 2018.

As at March 31, 2019, the Company has 787,928,500 common shares issued and outstanding, (March 31, 2018 – 554,598,167).

**2018**

On April 19, 2018, the Company closed a non-brokered private placement equity financing of 233,333,333 units at a price of \$0.075 per unit and raised aggregate gross proceeds of \$17,500. Each unit consists of one common share and one-half of one common share purchase warrant of the Company. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.12 for a period of 24 months from its date of issuance. The Company incurred total share issuance costs of \$579, of which \$250 is recorded in trade payables at December 31, 2018. The Company allocated a \$2,572 fair value to the warrants issued in conjunction with the private placement. The fair value of warrants was determined on a pro-rata basis using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.91% and an expected volatility of 94.26%.

Contemporary Amperex Technology Limited ("CATL") subscribed for 200,000,000 units of the aforementioned private placement for a total purchase price of \$15,000. At December 31, 2018, CATL beneficially owns, or exercises control or direction over approximately 25.38% of the currently issued and outstanding shares of the Company. As per the subscription agreement, CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

Sentient subscribed for 13,333,333 units of the aforementioned private placement for a total purchase price of \$1,000. At December 31, 2018, Sentient beneficially owns, or exercises control or direction over 369,809,820 common shares constituting approximately 46.93% of the currently issued and outstanding shares of the Company.

As at December 31, 2018, the Company had 787,928,500 common shares issued and outstanding.

## b) Preferred shares issued and outstanding

As at March 31, 2019 and March 31, 2018, there are 590,931 series 1 preferred shares outstanding.

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

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

## c) Warrants

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

(Unaudited - Expressed in thousands of Canadian dollars)

A summary of common share purchase warrants activity during the three months period ended March 31, 2019 is as follows:

	<b>March 31, 2019</b>		<b>December 31, 2018</b>	
	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of the period	257,972,836	0.12	176,175,413	0.12
Issued	-	-	116,666,664	0.12
Cancelled / Expired	-	-	(34,869,241)	0.12
Outstanding, end of the period	257,972,836	0.12	257,972,836	0.12

At March 31, 2019, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

<b>Warrants Outstanding</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average remaining contractual life (years)</b>
72,515,414	June 8, 2019 <sup>1</sup>	0.12	0.05
1,965,083	June 8, 2019	0.075	0.00
46,334,451	July 21, 2019 <sup>1,2</sup>	0.12	0.06
20,491,224	August 15, 2019	0.12	0.03
116,666,664	April 19, 2020	0.12	0.48
257,972,836			0.62

<sup>1</sup> The warrants are subject to an acceleration clause such that if the volume-weighted average trading price of the Company's common shares on the TSX-V exceeds \$0.18 per common share for a period of 10 consecutive trading days at any date before the expiration date of such warrants, the Company may, at its option, accelerate the warrant expiry date to within 30 days. To December 31, 2018, the Company's common shares have not met the criterion for acceleration.

<sup>2</sup> On September 1, 2018, the TSXV approved an extension of the term of the warrants from July 21, 2018 to July 21, 2019. All other terms, including the exercise price, remain the same.

## d) Stock options

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

A summary of option activity under the Plan during the three months period ended March 31, 2019 is as follows:

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

(Unaudited - Expressed in thousands of Canadian dollars)

	<b>March 31, 2019</b>		<b>December 31, 2018</b>	
	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price</b>
Outstanding, beginning of the period	25,945,500	0.18	20,720,500	0.23
Issued	-	-	6,425,000	0.12
Cancelled / Expired	-	-	(1,200,000)	0.18
Outstanding, end of the period	25,945,500	0.18	25,945,500	0.18

There no incentive stock options granted during the period ended March 31, 2019.

During the period ended March 31, 2018, the Company granted 5,725,000 incentive stock options to employees, directors and consultants with a maximum term of 5 years. All stock options vest immediately and are exercisable at \$0.12 per common share. The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The fair value of this grant amounted to \$287 and was recorded as a share-based payments expense.

The fair value of stock options granted and vested during the period ended March 31, 2018 was calculated using the following assumptions:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Expected dividend yield	-	0%
Expected share price volatility	-	96.9%
Risk free interest rate	-	2.04%
Expected life of options	-	5 years

Details of options outstanding as at March 31, 2019 are as follows:

<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Weighted average remaining contractual life (years)</b>
2,440,000	2,440,000	Jul 9, 2019	0.62	0.03
200,000	200,000	Aug 27, 2019	0.37	0.00
100,000	100,000	Sep 26, 2019	0.26	0.00
350,000	350,000	Nov 5, 2019	0.21	0.01
1,000,000	1,000,000	Dec 19, 2019	0.22	0.03
900,000	900,000	Feb 3, 2020	0.275	0.03
450,000	450,000	Oct 5, 2020	0.20	0.03
5,443,000	5,443,000	Jan 28, 2021	0.21	0.38
7,637,500	7,637,500	Feb 21, 2022	0.12	0.85
1,000,000	1,000,000	Dec 20, 2022	0.12	0.14
5,725,000	5,725,000	Feb 28, 2023	0.12	0.86
500,000	500,000	May 1, 2023	0.12	0.08
200,000	200,000	May 4, 2023	0.12	0.03
<b>25,945,500</b>	<b>25,945,500</b>			<b>2.47</b>



**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

(Unaudited - Expressed in thousands of Canadian dollars)

## e) Reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit. During the year ended December 31, 2018 the Company recorded \$317 of share-based payments and transferred \$229 to deficit for expired options and warrants.

There were no share-based payments or expired options and warrants during the three months period ended March 31, 2019. During the three months period ended March 31, 2018 the Company recorded \$287 of share-based compensation to reserves and transferred \$25 to deficit for expired options and warrants.

**9. RELATED PARTY TRANSACTIONS**

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 7):

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Directors and officers of the Company	<u>13</u>	<u>1</u>
Total	<u><u>13</u></u>	<u><u>1</u></u>

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

## (a) Related party transactions

As of March 31, 2019, Sentient beneficially owns 369,809,820 common shares constituting approximately 46.93% of the currently issued and outstanding common shares.

As of March 31, 2019, CATL beneficially owns 200,000,000 common shares constituting approximately 25.38% of the currently issued and outstanding shares of the Company. CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

During the three months period ended March 31, 2019, the Company recorded \$9 (March 31, 2018 - \$78) in fees charged by a legal firm in which the Company's chairman is a consultant.

## (b) Key management personnel are defined as members of the Board of Directors and senior officers.

Key management compensation was:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Geological consulting fees – expensed	<u>26</u>	<u>26</u>
Geological consulting fees – capitalized	-	18
Management fees – expensed	188	178
Salaries - expensed	47	29
Share-based payments	-	170
<b>Total</b>	<u><b>261</b></u>	<u><b>421</b></u>

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*
**10. SUPPLEMENTAL CASH FLOW INFORMATION**

Changes in working capital for the three months period ended March 31, 2019 and 2018 are as follows:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Decrease (increase) in accounts receivables	23	(59)
(Increase) in prepaid expenses	(20)	(318)
Decrease in trade payables and accrued liabilities	(36)	(2)
<b>Total changes in working capital</b>	<b><u>(33)</u></b>	<b><u>(379)</u></b>

During the period ended March 31, 2019, the Company:

- i) recorded \$135, the net change for accrued in exploration and evaluation expenditures.

During the period ended March 31, 2018, the Company:

- ii) transferred \$25 from reserve to deficit;
- iii) recorded \$716, the net change for accrued in exploration and evaluation expenditures.

**11. COMMITMENTS AND CONTINGENCIES**

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

Effective July 1, 2014, the Company had changes to management and entered into the following agreements for services with directors of the Company and a company in which a director has an interest:

- i) Directors' fees: \$2 stipend per month for independent directors and \$3 stipend per month for the chairman of the board, and \$2.5 for committee chairman.
- ii) Management fees: \$31 per month effective June 2018.

Effectively on June 1, 2018, the Company has changed the terms with Keith Morrison, the CEO, from direct employment to contracted consultant and entered into service agreement with his company.

Each of the agreements shall be continuous and may only be terminated by mutual agreement of the parties, subject to the provisions that in the event there is a change of effective control of the Company, the party shall have the right to terminate the agreement, within sixty days from the date of such change of effective control, upon written notice to the Company. Within thirty days from the date of delivery of such notice, the Company shall forward to the party the amount of money due and owing to the party hereunder to the extent accrued to the effective date of termination.

**12. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment being that of the acquisition, exploration and development of mineral properties in three geographic segments being Canada, Greenland and United States (Note 6). The Company's geographic segments are as follows:

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Equipment		
Canada	10	11
Greenland	22	24
<b>Total</b>	<b><u>32</u></b>	<b><u>35</u></b>

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2019

*(Unaudited - Expressed in thousands of Canadian dollars)*

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Exploration and evaluation assets		
Canada	2,239	2,214
Greenland	62,488	62,257
United States	11	8
<b>Total</b>	<b>64,738</b>	<b>64,479</b>

**13. GENERAL AND ADMINISTRATIVE EXPENSES**

Details of the general and administrative expenses by nature are presented in the following table:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Consulting fees	81	93
Professional fees	9	26
Management fees	188	178
Investor relations	16	34
Filing fees	11	19
Salaries and benefits	131	87
General office expenses	99	103
<b>Total</b>	<b>535</b>	<b>540</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of North American Nickel Inc. ("North American Nickel" or the "Company") is designed to enable the reader to assess material changes in the financial condition of the Company between March 31, 2019 and December 31, 2018, and the results of operations for the three months ended March 31, 2019 ("Q1 2019") and for the three months ended March 31, 2018 ("Q1 2018"). The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 and with the audited consolidated financial statements and notes thereto of the Company for the fiscal year ended December 31, 2018 ("FY 2018"). In this MD&A, references to the Company are also references to North American Nickel and its wholly-owned subsidiary.

The financial statements, and the financial information contained in this MD&A were prepared in accordance with *International Financial Reporting Standards* ("IFRS"), including *International Accounting Standard, Interim Financial Reporting* ("IAS 34").

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

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

This report is dated May 24, 2019. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website under the Company's profile at [www.sedar.com](http://www.sedar.com). Other pertinent information about the Company can be found on the Company's website at [www.northamericannickel.com](http://www.northamericannickel.com).

### **Company Overview and Highlights**

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

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

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

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

**Maniitsoq Nickel-Copper-PGM Project, Southwest Greenland**

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

The Maniitsoq property consists of four exploration licenses, No. 2011/54 and No. 2012/28 comprising 2,689 and 296 square kilometres, respectively and the recently acquired Carbonatite property No. 2018/21 (63 km<sup>2</sup>) and the Ikertoq property No. 2018/31 (33 km<sup>2</sup>). The Maniitsoq property is centred on the 75 kilometre by 15 kilometre Greenland Norite Belt which hosts numerous high-grade nickel-copper sulphide occurrences associated with mafic and ultramafic intrusions.

Between 1995 and 2011, various companies carried out exploration over portions of the project area. The most extensive work was carried out by Kryolitselskabet Øresund A/S Company (KØ) who explored the project area from 1959 to 1973. KØ discovered numerous surface and near surface nickel-copper sulphide occurrences and this work was instrumental in demonstrating the nickel prospectivity of the Greenland Norite Belt.

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

Effective August 15, 2011, the Company was granted an exploration license, No. 2011/54 (the "Sulussugut License"), by the Bureau of Minerals and Petroleum ("BMP") of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Sulussugut License was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year providing the Company meets the terms of the license, which includes that specified eligible exploration expenditures must be made. The application for another 5-year term on the Sulussugut License was submitted to the Greenland Mineral License & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2018 being the eighth year.

The Greenland MLSA for the year 2018 has adjusted the minimum required exploration expenditures to zero. There will be an annual license fee on the Sulussugut License for year 8 and forward of approximately DKK 41.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



**Table 1: Sulussugut License – 2011/54** (All amounts in table are expressed in thousands of DKK)

Exploration Commitment	2013	2014	2015	2016	2017	2018
<b>Fixed amount</b>	310	313	317	-	650	659
4841 km <sup>2</sup> of DKK 1.460 per km <sup>2</sup>						
4841 km <sup>2</sup> of DKK 1.490 per km <sup>2</sup>						
3336 km <sup>2</sup> of DKK 7.760 per km <sup>2</sup>	25,887					
2689 km <sup>2</sup> of DKK 7.830 per km <sup>2</sup>		21,055				
2689 km <sup>2</sup> of DKK 7.940 per km <sup>2</sup>			21,351			
2689 km <sup>2</sup> of DKK 16.260 per km <sup>2</sup>					43,723	
2689 km <sup>2</sup> of DKK 16.500 per km <sup>2</sup>						44,369
<b>Exploration obligation</b>	26,197	21,368	21,668	-	44,374	-
<b>Approved exploration expenditures</b>	37,349	55,509	59,150	61,109	85,094	79,604
Exploration obligation	(26,198)	(21,368)	(21,668)	-	-	-
Credit from previous year	17,530	28,681	62,822	100,304	161,413	246,507
<b>Total Credit</b>	DKK 28,681	62,822	100,304	161,413	246,507	326,111
<b>Average Annual Rate DKK to CAD</b>	0.1834	0.1968	0.1901	0.1969	0.1968	0.2053

The accumulated exploration credits held at the end of 2018, DKK 326,111 (approximately \$66,951) can be carried forward as follows:

**Carry forward period:**

- a) **DKK 246,507** from 2017 until December 31, 2021
- b) **DKK 79,604** from 2018 until December 31, 2021

The Company has fulfilled the minimum exploration requirements and the Sulussugut License area was not reduced in 2018.

**Ininngui License - 2012/28**

Effective March 4, 2012, the Company was granted an additional exploration license, No. 2012/28 (the "Ininngui License"), by the BMP of Greenland for exclusive exploration rights over an area near Ininngui, Greenland. The Ininngui License is contiguous with the Sulussugut License. The Ininngui License was valid for 5 years until June 30, 2017. The application for another 5-year term on the Ininngui License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective March 14, 2017, with December 31, 2018 being the seventh year.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



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

<b>Exploration Commitment</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Fixed amount</b>	155	313	318	323	-	659
142 km <sup>2</sup> of DKK 1.490 per km <sup>2</sup>						
265 km <sup>2</sup> of DKK 1.550 per km <sup>2</sup>	411					
265 km <sup>2</sup> of DKK 7.830 per km <sup>2</sup>		2,075				
296 km <sup>2</sup> of DKK 7.940 per km <sup>2</sup>			2,350			
296 km <sup>2</sup> of DKK 8.080 per km <sup>2</sup>				2,392		
296 km <sup>2</sup> of DKK 8.080 per km <sup>2</sup>					-	-
296 km <sup>2</sup> of DKK 16.500 per km <sup>2</sup>						4,884
<b>Exploration obligation</b>	566	2,388	2,668	2,715	-	-
<b>Total Credits Available</b>						
<b>Approved exploration expenditures</b>	2,966	5,470	6,276	6,790	9,367	10,465
Exploration obligation	(576)	(2,388)	(2,668)	(2,715)	-	-
Credit from previous year	2,512	4,902	7,984	11,592	15,667	25,044
<b>Total Credit</b>	DKK 4,902	7,984	11,592	15,667	25,044	35,509
<b>Average Annual Rate DKK to CAD</b>	0.1834	0.1968	0.1901	0.1969	0.1968	0.2053

### Carry forward period:

- a) **DKK 25,044** from 2017 until December 31, 2021
- b) **DKK 10,465** from 2018 until December 31, 2021

The Company has fulfilled the minimum exploration requirements and the Ininngui License area was not reduced in 2018.

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

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

### Carbonatite License - 2018/21

Effective May 4, 2018, the Company was granted an exploration license (the "Carbonatite License") by the BMP of Greenland for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The Company paid a license fee of \$7 (DKK 31) upon granting of the Carbonatite License. The Carbonatite License is valid for 5 years until December 31, 2022, with December 31, 2018 being the first year.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



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

Exploration Commitment	2017	2018
<b>Fixed amount</b>	-	165
63 km <sup>2</sup> of DKK 1.650 per km <sup>2</sup>		104
<b>Exploration obligation</b>	-	269
<b>Approved exploration expenditures</b>	-	10,099
Exploration obligation	-	-
Credit from previous year	-	-
<b>Total Credit</b>	DKK -	9,830
<b>Average Annual Rate DKK to CAD</b>		0.2053

**Carry forward period:**

a) **DKK 9,830** from 2018 until December 31, 2021

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

### Exploration and Development Activities

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

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

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

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



### **2018 Exploration**

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

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

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

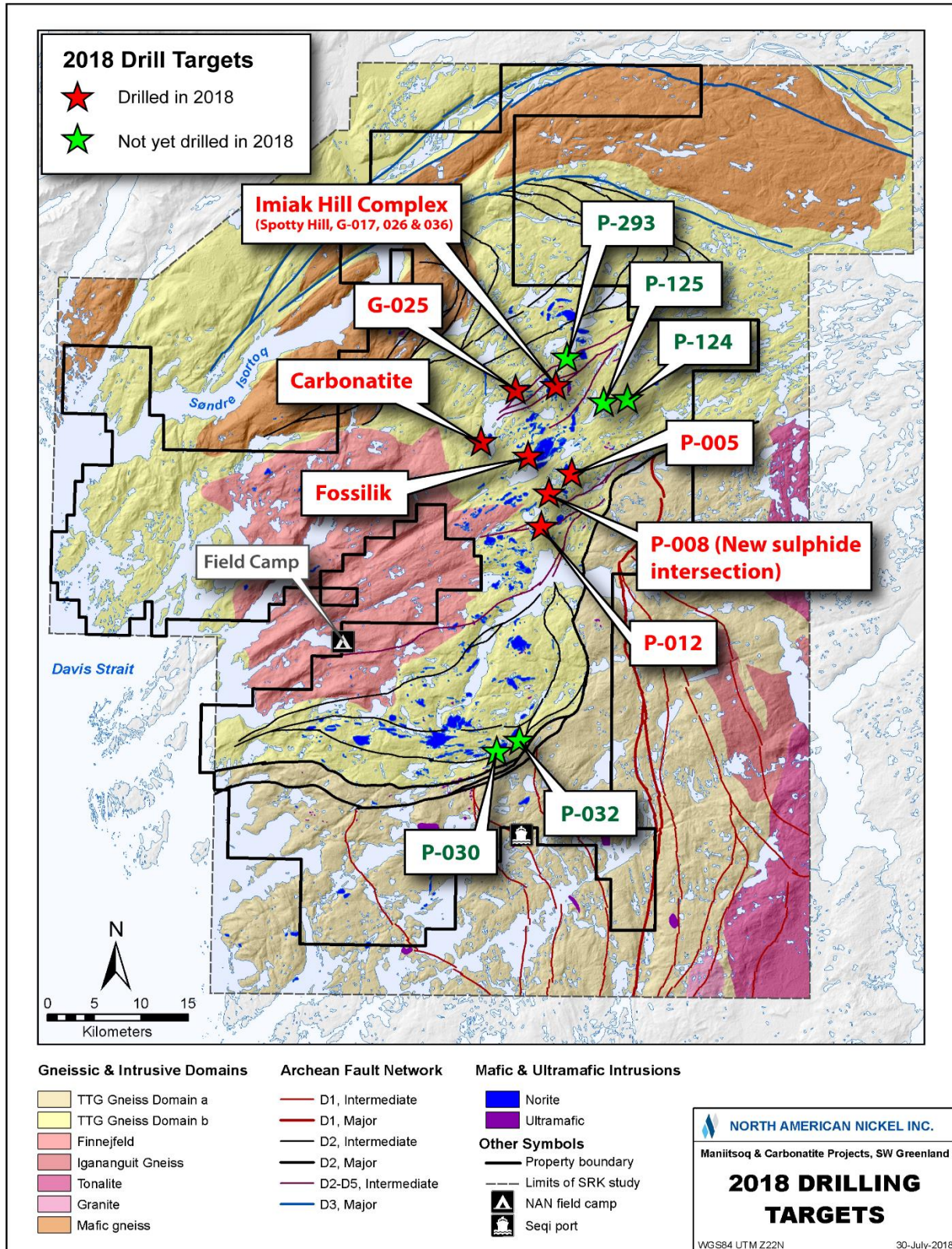
Figure 1-2 summarizes 2018 drill targets and drill holes including the location of P-008 and the newly identified mineral zone.

The 2018 exploration program commenced in June and was completed in September with 14,288 m of drilling that targeted the roots of large intrusions with thick intervals of melanorite. The total meterage is an increase of 5,520 m from the 2017 program and surpassed the initial planned program of 12,500 m.

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

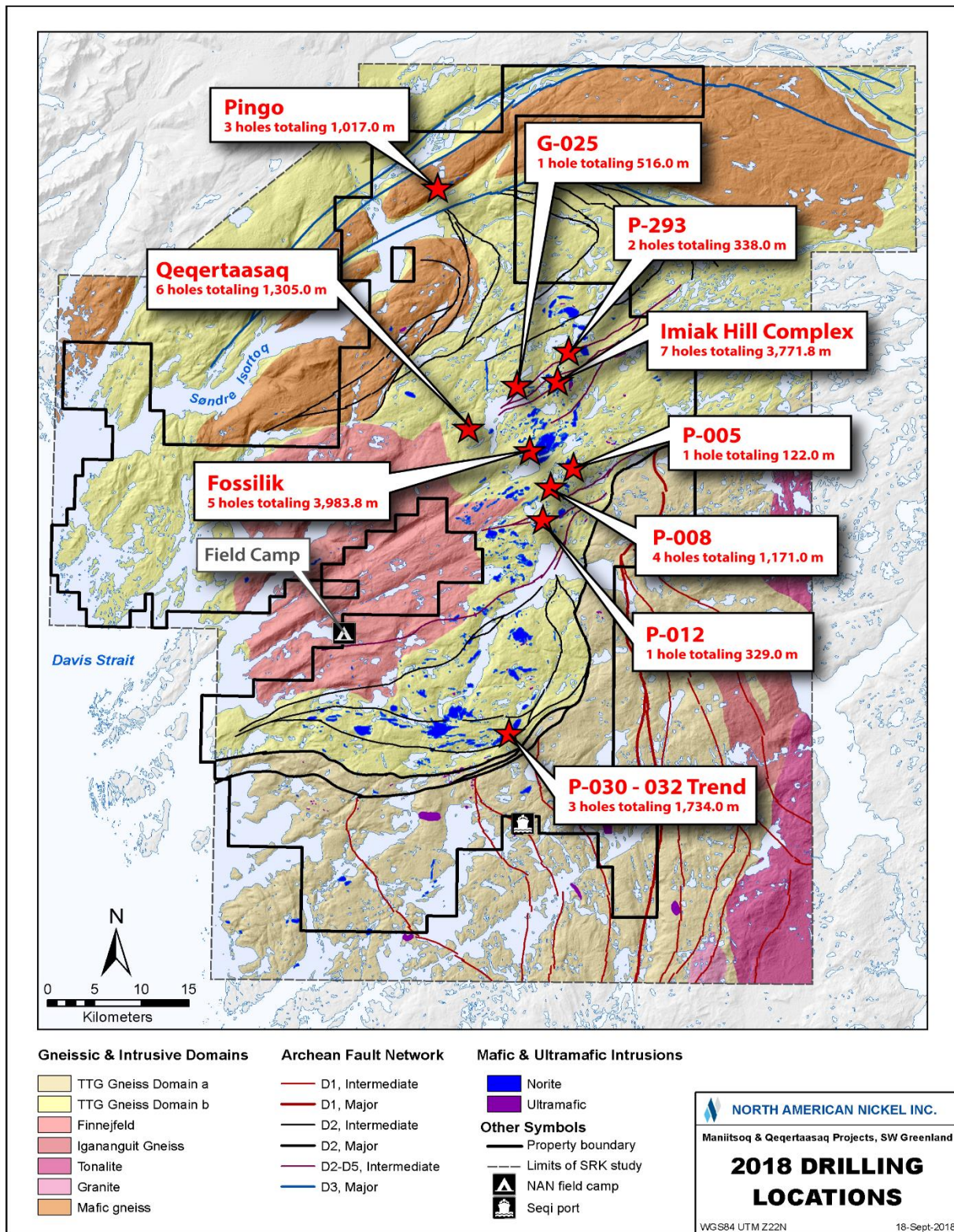
Melanorite is the host for the majority of the highest-grade nickel mineralization comprising heavily disseminated, net-textured, breccia and massive sulphide mineralization. Targeting of these holes was accomplished using optimized deep-penetrating surface electromagnetic methods including borehole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

Figure 1. Location of 2018 drill targets.





**Figure 2. Location of 2018 drilling.**



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

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

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

***New Mineral Licenses – Carbonatite and Ikertoq***

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

Compilation work and re-interpretation of historic data for the 15 km<sup>2</sup> Qeqertassaq Carbonatite Complex, part of the Greenland Norite Belt, was commenced on September 10. The purpose was to identify norite-hosted nickel sulphide targets and focus exploration on the potential for rare and strategic metals. Ground EM surveys were undertaken over targets identified from a 1995 GEOTEM airborne survey. Two drill holes for a total of 553 m were drilled to test resultant conductive responses for potential nickel targets intersected stringers of barren pyrrhotite within a carbonate-magnetite host rock in association with a thick interval of magnetite. A surface rock sampling and drilling program was initiated to assess the strategic metal potential for pyrochlore-hosted tantalum (Ta) and niobium (Nb). A total of 284 rock samples were collected from a zone of elevated Ta and Nb correlated with historic airborne radiometric and magnetic anomalies at the margin of the Qeqertassaq Carbonatite Complex. Four holes were also drilled for a total of 1,305 m to assess this zone. Assay results are pending. A report on the strategic metal potential of the Qeqertassaq carbonatite was commissioned, and emphasis was placed on understanding the upside potential of the light rare earth element vein system, the Nb mineralization, and the potential for Ta mineralization is association with soevite series rocks.

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

**CSR, Environment and Infrastructure**

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



*Corporate Social Responsibility* - The 2018 program for Corporate Social Responsibility was completed on August 24 with community presentations in Sisimiut, Maniitsoq, Atammik and Napasoq and presentations to the Mineral Licencing and Safety Authority and the Ministry of Industry and Energy of the Greenland government in Nuuk. The National Association for Hunters and Fishers (KNAPF) also located in Nuuk was updated on 2018 exploration activities. The Company has renewed its support for the annual Greenland mineral hunt with a donation of \$2.

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

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

### **Outlook – Exploration and Development for 2019**

Management is developing a three-year exploration plan for Maniitsoq with the objective of maximizing the potential value of the asset while extending the period that the Company maintains control of the project.

*2019* – Apply NAN’s cumulative knowledge to Maniitsoq and other areas of western Greenland and identify the geoscience data gaps to effective targeting.

*2020* - Acquire the additional required geoscience data and additional properties of merit; conduct test drilling if any priority targets are identified and drill ready.

*2021* – Execute a major drill campaign of prioritized targets.

This three-year plan will allow for the generation of priority drill targets while drawing down on the three years of exploration credits (Table 1 & 2). The drilling expenditure in 2021 would extend NAN’s 100% ownership of the Maniitsoq project until 2024.

## **Canada Nickel Projects - Sudbury, Ontario**

### **Post Creek Property**

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

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

### **Exploration Activities**

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

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

- A drill intersection returning 0.48% copper, 0.08% nickel, 0.054 grams/tonne palladium, 0.034 grams/tonne platinum and 0.020 grams/tonne gold over a core length of 0.66 metres; and

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



- A grab sample from broken outcrop which returned 0.83% nickel, 0.74% copper, 0.07% cobalt, 2.24 grams/tonne Pt and 1.05 grams/tonne Pd.

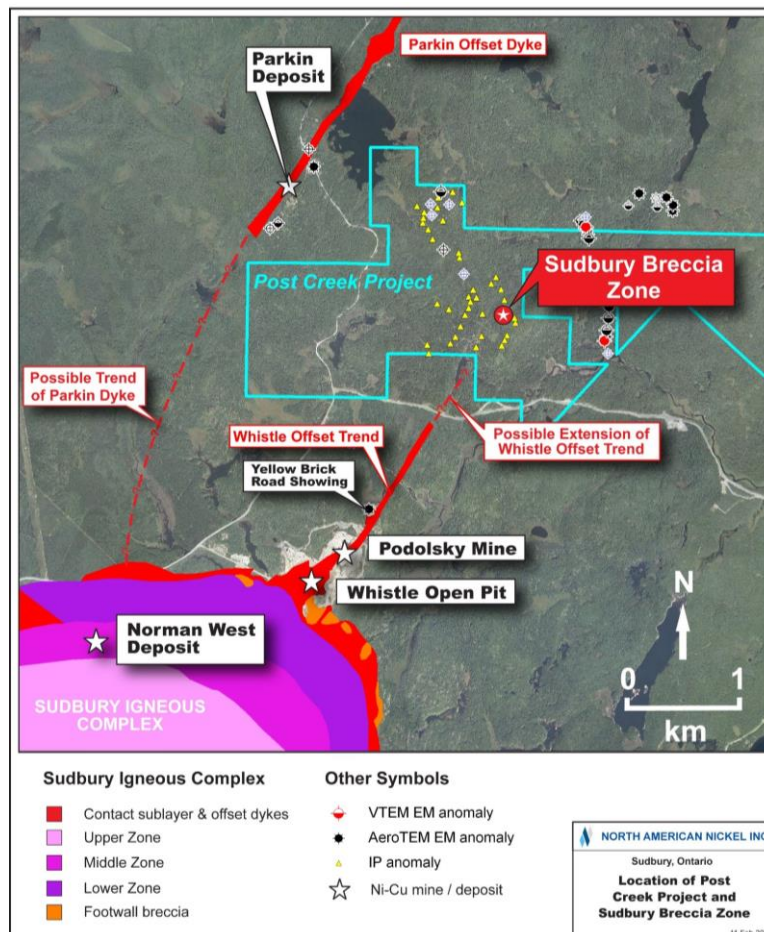
A NI 43-101 compliant Technical Report was completed by Dr. Walter Peredery, formerly of INCO, in 2011 and subsequently accepted by the Securities Commission.

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

In 2017, the Company initiated support for a two-year MITAC project whereby an MSc student will be carrying out field and laboratory study aimed at understanding the mineral resource potential of the Post Creek Property. The Company's support for this project includes internship payments of \$7.5 per annum for two years and access to company exploration data.

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



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

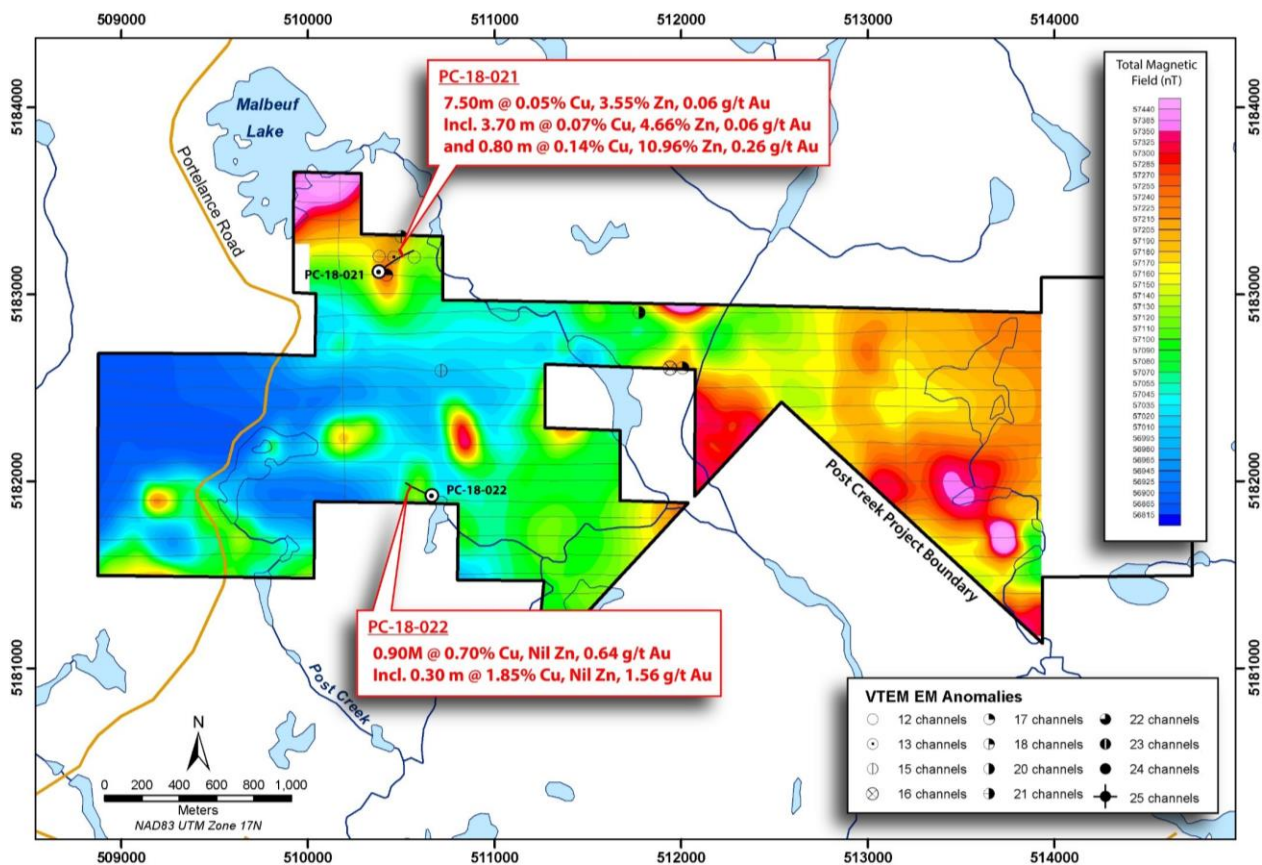
7.50m @ 3.55% zinc and 0.82ppm silver including

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

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

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



### **Corporate Social Responsibility**

The Company has established excellent working relationships with the Wahnapiatae First Nation (WFN) at Capreol (Ontario) commencing with a community presentation in May and followed up with ongoing contact with the Resource and Environmental officer. Prior to the initiation of drilling all drill sites and access routes to drill sites were reviewed by the WFN and no issues were identified. A post-drilling review of the drill sites indicated no problems related to drilling. A donation of \$2 was made to the WFN in support of their 2018 Pow Wow celebrations.

Prospecting on the property is ongoing with the assistance of casual labour hired from the WFN community.

### **Outlook – Exploration and Development for 2019**

The Company plans to review and synthesize all newly obtained data to formulate a work plan aimed at defining the overall extents footwall breccia zones and quartz diorite dykes and identifying geological and/or geophysical drill targets.

Ongoing work continues to improve the geological understanding and provide focus for exploration on the Post Creek Property at the NE margin of the Sudbury Basin. The property lies along the extension of the Whistle Offset dyke structure. Surface mapping and petrology has identified pods of quartz diorite and extensive domains of Sudbury Breccia along strike from the Whistle Offset. Geologic mapping, geochemistry and petrologic studies are ongoing as part of a M.Sc. thesis project being undertaken at the University of Western Ontario (London).

### **Halcyon Property**

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

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

### **Exploration Activities**

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

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

In November 2016, a georeferencing program was completed involving the acquisition of DGPS coordinates for claim posts for selected claims. This work will potentially qualify for assessment work credits and was filed with the government in June 2017.

### **Outlook – Exploration and Development for 2019**

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



### **Quetico Property**

During FY 2018, the Company acquired 757 claims known as Quetico located within the Sudbury Mining District of Ontario. The Company incurred total acquisition and exploration related costs of \$64.

### **US Nickel Project - Michigan**

#### **Section 35 Property**

On January 4, 2016, the Company entered into a 10-year Metallic Minerals Lease (the "Lease") with the Michigan Department of Natural Resources for an area covering approximately 320 acres. The terms of the Lease require an annual rental fee at a rate of US \$3.00 per acre for years 1-5 and at a rate of US \$6.00 per acre for years 6-10. The Company shall pay a minimum royalty at a rate of US \$10.00 per acre for the 11<sup>th</sup> year onwards, with an increase of an additional US \$5.00 per acre per year up to a maximum of US \$55.00 per acre per year. A production royalty of between 2% - 2.5% is payable from production of minerals and/or mineral products from an established mining operation area. To date, the Company paid the rental fees for two years (2016 and 2017), plus the required reclamation deposit of US \$10,000. The Department of Natural Resources shall annually review the level of the reclamation deposit and shall require the amount to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

There was no exploration work performed during FY 2018.

### **Project Pipeline**

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

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

### **Financial Capability**

The Company is an exploration and development stage entity and has not yet achieved profitable operations. The business of the Company entails significant risks. The recoverability of amounts shown for mineral property costs is dependent upon several factors including environmental risk, legal and political risk, the existence of economically recoverable mineral reserves, confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and development, and to attain sufficient net cash flow from future profitable production or disposition proceeds.

At the end of Q1 2019, the Company had working capital of \$1,600 (Q1 2018 - \$1,211) and reported accumulated deficit of \$29,903 (Q1 2018 - \$27,363). The Company will require additional funds to continue its planned operations and meet its obligations.

As at March 31, 2019, the Company had \$1,847 in available cash, cash equivalents and short-term investments (December 31, 2018— \$2,839). There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures, the Company will need to raise additional capital through the issuance of equity or other available financing alternatives to continue funding its operating, exploration and evaluation activities, and eventual development of the mineral properties. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



### **Selected Financial Information**

The amounts are derived from the condensed interim consolidated financial statements prepared under IFRS.

	<b>Three months ended March 31,</b>	
<i>In thousands of CDN dollars, except per share amounts</i>	<b>2019</b>	<b>2018</b>
Net loss	560	838
Basic and diluted loss per share	0.00	0.00
Share capital	87,947	73,598
Common shares issued	787,928,500	554,595,167
Weighted average shares outstanding	787,928,500	554,595,167
Total assets	66,768	52,444
Investment in exploration and evaluation assets	395	1,129

#### *Results of Operations*

Net loss of \$560 in Q1 2019 was lower by \$278 compared to a loss of \$838 in Q1 2018. The lower loss in Q1 2019 was mainly driven by share-based payments of \$287 in Q1 2018, which were not incurred in Q1 2019 offset by higher interest income of \$18 in Q1 2019 and higher property investigation costs of \$41 in Q1 2019 compared to \$nil in Q1 2018.

#### *Total Assets*

Total assets during Q1 2019 decreased by a net of \$732 from the end of FY 2018. The decrease is mainly attributed to a decrease in cash and cash equivalents and short-term investments of \$992 and decrease to property, plant and equipment of \$3, offset by an increase to exploration and evaluation assets of \$259 and increase in receivables and other current assets of \$4.

#### *Investment in Exploration and Evaluation Assets*

Investment in exploration and evaluation assets relates primarily to the Greenland property. During Q1 2019, the Company spent a total of \$259 in additions to exploration and evaluation assets, of which \$231 related to Greenland and \$28 to other properties located in Canada and in USA.

**Quarterly Results of Operations**

*In thousands of CDN dollars, except per share amounts*

	<b>2019</b> <b>1<sup>st</sup> quarter</b>	<b>2018</b> <b>4<sup>th</sup> quarter</b>	<b>2018</b> <b>3<sup>rd</sup> quarter</b>	<b>2018</b> <b>2<sup>nd</sup> quarter</b>
<b>Statement of Loss</b>				
Interest income	18	22	31	21
Net loss	560	814	645	725
Net loss per share - basic and diluted	0.00	0.00	0.00	0.00

**Statement of Financial Position**

Cash, cash equivalents and short-term investments	1,847	2,839	5,372	14,773
Total assets	66,768	67,500	69,391	71,078
Net assets	66,384	66,944	67,763	68,658
Share capital	87,947	87,947	88,543	88,793
Common shares issued	787,928,500	787,928,500	787,928,500	787,928,500
Weighted average shares outstanding	787,928,500	787,928,500	787,928,500	739,210,551

*In thousands of CDN dollars, except per share amounts*

	<b>2018</b> <b>1<sup>st</sup> quarter</b>	<b>2017</b> <b>4<sup>th</sup> quarter</b>	<b>2017</b> <b>3<sup>rd</sup> quarter</b>	<b>2017</b> <b>2<sup>nd</sup> quarter</b>
<b>Statement of Loss</b>				
Interest income	-	12	11	4
Net loss	838	653	600	672
Net loss per share - basic and diluted	0.00	0.00	0.00	0.00

**Statement of Financial Position**

Cash, cash equivalents and short-term investments	859	2,898	5,850	10,511
Total assets	52,444	53,697	55,057	52,593
Net assets	52,177	52,728	53,366	50,997
Share capital	73,598	73,598	74,266	71,727
Common shares issued	554,595,167	554,595,167	554,595,167	513,612,719
Weighted average shares outstanding	554,595,167	554,595,167	436,049,679	403,644,285

***Three Months Ended March 31, 2019, and March 31, 2018***

A net loss of \$560 in Q1 2019 compared to a net loss of \$838 in Q1 2018 resulted in a decreased loss of \$278 quarter-over-quarter and was due to the following events with share-based payments being the most significant:

- Share-based payments expense was \$nil amount in Q1 2019 compared to \$287 in Q1 2018.
- Foreign exchange gain totaled \$1 in Q1 2019 and was higher by \$8 compared to a foreign exchange loss of \$7 in Q1 2018.
- General and administrative costs of \$535 in Q1 2019 were lower by \$5 compared to \$540 expenses in Q1 2018.
- Amortization expense was \$3 in Q1 2019 compared to \$4 amount in Q1 2018.
- Interest income was \$18 in Q1 2019 compared to \$nil amount of interest income in Q1 2018.

The lower loss in Q1 2019 was offset by the following higher expenditures in Q1 2019 compared to Q1 2018:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



- New properties investigation costs were \$41 in Q1 2019 compared to a \$nil amount in Q1 2018.

### **Liquidity, Capital Resources and Going Concern**

#### *Liquidity*

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

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

#### *Working Capital*

As at March 31, 2019, The Company had working capital of \$1,600 (March 31, 2018 - \$1,211), calculated as total current assets less total current liabilities. The increase in working capital is mainly due to lower trade payable and accrued liabilities expenses at the end of Q1 2019.

#### *Going Concern*

As at March 31, 2019 the Company had accumulated losses totaling \$29,903. The continuation of the Company is dependent upon the continued financial support of shareholders, its ability to raise capital through the issuance of its securities, and/or obtaining long-term financing.

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

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

### **Contractual Obligations and Contingencies**

#### **Post Creek**

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$10 per annum. During Q1 2019, the Company paid \$5 which will be deducted from any payments to be made under the NSR.

#### **Halcyon**

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$8 per annum. During Q1 2019, the Company paid \$4 which will be deducted from any payments to be made under the NSR.

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

### **Off-Balance Sheet Arrangements**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



### **Financial Instruments**

<i>In thousands of CDN dollars</i>	<b>Fair Value at March 31, 2019</b>	<b>Basis of Measurement</b>	<b>Associated Risks</b>
Cash and cash equivalents	347	Loans and receivables	Credit and foreign exchange
Short term investments	1,500	Loans and receivables	Credit
Receivable and other current assets	137	Loans and receivables	Credit, foreign exchange
Trade, payables and accrued liabilities	384	Amortized cost	Foreign exchange

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

### **Future Accounting Standards and Pronouncements**

Amendments to References to the Conceptual Framework in IFRS Standards

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

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

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

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

### **Risk and Uncertainties**

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

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

- The Company has negative operating cash flows and might not be able to continue as a going concern;
- The Company will require additional funding in the future and no assurances can be given that such funding will be available on the terms acceptable to the Company or at all;
- The speculative nature of resource exploration and development projects;
- The uncertainty of mineral resource estimates and the Company's lack of mineral reserves;

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



- The Company's ability to successfully establish mining operations and profitable production;
- Operations of the Company are carried out in geographical areas that are subject to various other risk factors;
- The economic uncertainty of operating in a developing country such as PNG, such as the availability of local labour, local and outside contractors and equipment when required to carry out the Company's exploration and development activities;
- Other foreign operations risks; potential changes in applicable laws and government or investment policies;
- The Company is not insured against all possible risks;
- Environmental risks and hazards;
- The title of the Company's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers and other defects, and the risk of obtaining a mining permit and the successful renewal of currently pending renewal applications;
- The commodity prices may affect the Company's value, changes in and volatility of commodity prices and its hedging policies;
- Increased competition in the mineral resource sector;
- The Company may have difficulty recruiting and retaining key personnel;
- Currency fluctuations risk;
- Repatriation of earnings, no assurances that Greenland or any other foreign country that the Company may operate in the future will not impose restrictions on repatriation of earnings to foreign entities;
- No production revenues;
- Stock exchange prices;
- Conflicts of interest;
- Ability to exercise statutory rights and remedies under Canadian securities law;
- Enforceability of foreign judgements;
- Unforeseen litigation;
- The Company's future sales or issuance of common shares;
- Risk of suspension of public listing due to failure to comply with local securities regulations;
- The Company's auditors have indicated that U.S. reporting standards would require them to raise a concern about the company's ability to continue as a going concern;
- Risk of fines and penalties; and
- Risk of improper use of funds in local entity.

### **Share Capital Information**

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

<b>Securities</b>	<b>Common shares on exercise</b>
Common shares	787,928,500
Preferred shares	590,931
Stock options	25,945,500
Warrants	257,972,836
<b>Fully diluted share capital</b>	<b>1,072,437,767</b>

### **Disclosure Controls and Procedures**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

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

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

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Caution Regarding Forward Looking Statements**

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months Ended March 31, 2019



### **Additional Information**

Additional information about the Company and its business activities is available under the Company's profile on the Canadian SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Qualified Person and Technical Information**

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

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