NORTH AMERICAN NICKEL INC.
(formerly Widescope Resources Inc.)

FINANCIAL STATEMENTS

DECEMBER 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Shareholders of North American Nickel Inc. (formerly Widescope Resources Inc.)

We have audited the consolidated balance sheets of North American Nickel Inc. (formerly Widescope Resources Inc.) as at December 31, 2010 and 2009 and the consolidated statements of operations and comprehensive loss, deficit and accumulated other comprehensive income and cash flows for the years ended December 31, 2010, 2009 and 2008, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of North American Nickel Inc. (formerly Widescope Resources Inc.) as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the years ended December 31, 2010, 2009 and 2008 in accordance with Canadian generally accepted accounting principles.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"DMCL"
DALE MATHESON CARR-HILTON LABONTE LLP
Chartered Accountants

Vancouver, Canada
April 19, 2011

NORTH AMERICAN NICKEL INC.
(formerly Widescope Resources Inc.)
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
ASSETS		
Current		
Cash	$ 659,227	$ 16,515
Marketable securities (Note 3)	-	62,500
Receivables	26,965	4,197
	686,192	83,212
Mineral property and deferred exploration costs (Note 4)	677,718	101,000
	$ 1,363,910	$ 184,212
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 42,433	$ 53,414
Due to related parties (Note 6)	87,094	132,333
	129,527	185,747
Non-controlling interest (Note 4)	-	53,249
SHAREHOLDERS' EQUITY		
Share capital - preferred (Note 7)	604,724	604,724
Share capital - common (Note 7)	14,705,609	13,044,609
Contributed surplus (Note 7)	235,844	53,344
Deficit	(14,311,794)	(13,781,986)
Accumulated other comprehensive income	-	24,525
	1,234,383	(54,784)
	$ 1,363,910	$ 184,212

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 14)

Approved by the Board:

"Rick Mark" *"Edward D. Ford"*

Rick Mark Edward D. Ford

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

NORTH AMERICAN NICKEL INC.
(formerly Widescope Resources Inc.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Years Ended December 31, 2010	2009	2008
EXPENSES			
Consulting (Note 6)	$ 25,556	$ -	$ -
Filing fees	40,856	7,981	3,211
Investor relations	23,101	-	-
General and administrative	18,294	2,983	2,461
Management fees (Note 6)	90,000	24,000	24,000
Professional fees (Note 6)	132,730	22,671	34,466
Salaries	22,115	-	-
Stock-based compensation (Note 7)	182,500	-	-
LOSS BEFORE OTHER ITEMS	(535,152)	(57,635)	(64,138)
OTHER ITEMS			
Loss on sale of subsidiary (Note 4)	(7,163)	-	-
Gain on sale of marketable securities (Note 3)	3,854	-	-
Impairment of mineral property and deferred exploration costs (Note 4)	-	(79,000)	(145,445)
Write-off of equipment (Note 5)	-	(716)	-
LOSS BEFORE NON-CONTROLLING INTEREST	(538,461)	(137,351)	(209,583)
NON-CONTROLLING INTEREST IN LOSS	8,653	19,706	8,606
NET LOSS FOR THE YEAR	$ (529,808)	$ (117,645)	$ (200,977)
Loss per common share - basic and diluted	$ (0.03)	$ (0.02)	$ (0.04)
Weighted average number of common shares outstanding - basic and diluted	19,941,566	5,441,730	5,441,730
COMPREHENSIVE LOSS			
Net loss	$ (529,808)	$ (117,645)	$ (200,977)
Unrealized gain on marketable securities	-	24,525	-
	$ (529,808)	$ (93,120)	$ (200,977)

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

NORTH AMERICAN NICKEL INC.

(formerly Widescope Resources Inc.)

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF DEFICIT AND ACCUMULATED OTHER COMPREHENSIVE INCOME

	Years ended December 31, 2010	2009	2008
DEFICIT			
Deficit, beginning of year	$ (13,781,986)	$ 13,664,341)	$(13,463,364)
Net loss	(529,808)	(117,645)	(200,977)
DEFICIT, END OF YEAR	$ (14,311,794)	$(13,781,986)	$(13,664,341)
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Balance, beginning of year	$ 24,525	$ -	$ -
Unrealized gain/(loss) on available for sale marketable securities	(21,909)	24,525	-
Reversal of accumulated other comprehensive income upon sale of subsidiary (Note 4)	(2,616)	-	-
BALANCE, END OF YEAR	$ -	$ 24,525	$ -

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

NORTH AMERICAN NICKEL INC.
(formerly Widescope Resources Inc.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2010	2009	2008
OPERATING ACTIVITIES			
Net loss for the year	$ (529,808)	$ (117,645)	$ (200,977)
Items not affecting cash			
Non-controlling interest	(8,653)	(19,706)	(8,606)
Amortization	-	58	331
Stock-based compensation	182,500	-	-
Loss on sale of subsidiary	7,163	-	-
Gain on sale of marketable securities	(3,854)	-	-
Write-off of equipment	-	716	-
Impairment of mineral properties and deferred exploration costs	-	79,000	145,445
	(352,652)	(57,577)	(63,807)
Changes in non-cash working capital items:			
Receivables	(27,362)	680	(1,271)
Accounts payable and accrued liabilities	10,398	7,685	11,224
Due to related parties	86,761	25,066	31,377
Cash used in operating activities	(282,855)	(24,146)	(22,477)
INVESTING ACTIVITIES			
Proceeds from the sale of subsidiary	52,606	-	-
Proceeds from the sale of marketable securities	8,854	-	-
Expenditures on mineral properties and deferred exploration costs	(235,893)	-	(6,490)
Cash used in investing activities	(174,433)	-	(6,490)
FINANCING ACTIVITIES			
Proceeds on issuance of common shares	1,100,000	-	-
Cash from financing activities	1,100,000	-	-
CHANGE IN CASH	642,712	(24,146)	(28,967)
CASH - beginning	16,515	40,661	69,628
CASH - ending	$ 659,227	$ 16,515	$ 40,661
Cash paid for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -

Supplemental cash-flow information (Note 11)

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

NORTH AMERICAN NICKEL INC.

(formerly Widescope Resources Inc.)

(An Exploration Stage Company)

CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	Pinefalls Gold	Post Creek	Woods Creek	Halcyon	Bell Lake	Thompson North	South Bay	Cedar	Total
Balance, December 31, 2008	$205,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$205,000
Acquisition costs - cash	-	7,500	2,500	-	-	-	-	-	10,000
Option proceeds received	(35,000)	-	-	-	-	-	-	-	(35,000)
	170,000	7,500	2,500	-	-	-	-	-	180,000
Impairment provision	(79,000)	-	-	-	-	-	-	-	(79,000)
Balance, December 31, 2009	91,000	7,500	2,500	-	-	-	-	-	101,000
Acquisition costs - cash	-	12,500	7,500	15,000	25,000	333	333	334	61,000
Acquisition cost - shares	-	24,000	9,000	18,000	18,000	120,000	120,000	120,000	429,000
Option proceeds received	(25,000)	-	-	-	-	-	-	-	(25,000)
	(25,000)	36,500	16,500	33,000	43,000	120,333	120,333	120,334	465,000
Administration	-	12,140	-	-	-	-	-	-	12,140
Assay and sampling	-	5,140	-	-	-	-	1,498	-	6,638
Automobile costs	-	7,597	1,343	-	-	-	185	-	9,125
Consulting services (Note 6)	-	102,267	9,956	-	150	585	840	400	114,198
Equipment and supplies	-	165	201	-	-	-	-	-	366
Equipment rental	-	20,020	8,840	-	-	-	-	-	28,860
Licenses and fees	-	-	-	-	410	-	-	-	410
Shipping and printing costs	-	2,611	-	-	-	-	-	-	2,611
Travel and accommodation	-	3,370	-	-	-	-	-	-	3,370
	-	153,310	20,340	-	560	585	2,523	400	177,718
Sale of subsidiary (Note 4)	(66,000)	-	-	-	-	-	-	-	(66,000)
Balance, December 31, 2010	$ -	$197,310	$ 39,340	$ 33,000	$ 43,560	$120,918	$122,856	$120,734	$677,718

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

1. NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (formerly Widescope Resources Inc.) (the "Company") was incorporated on September 23, 1983.

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

On April 7, 2010, and effective May 31, 2010, the Company entered into a Stock Purchase Agreement (the "Purchase Agreement") whereby it agreed to sell its 65.42% interest in Outback Capital Inc. dba Pinefalls Gold ("PFG") (Note 4), a private Alberta exploration company. On April 19, 2010, the Company changed its name from Widescope Resources Inc. to North American Nickel Inc., consolidated its common share capital on a 2:1 basis, whereby each two old shares were exchanged for one new share, and increased its authorized capital from 100,000,000 common shares without par value to an unlimited number of common shares without par value (Note 7). All references to common shares, stock options, warrants and weighted average number of shares outstanding in these consolidated financial statements retroactively reflect the share consolidation.

These consolidated financial statements have been prepared under the assumption the Company is a going concern. 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. As a result, additional losses are anticipated. The Company has working capital of $556,665 at December 31, 2010 and has accumulated a deficit of $14,311,794. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Except as indicated in Note 13, they also comply, in all material respects, with United States generally accepted accounting principles ("US GAAP").

Basis of consolidation
These financial statements have been prepared on a consolidated basis and include the accounts of the Company and the total operating activities of its 65.42% owned subsidiary, PFG, up to May 31, 2010, when PFG was sold (Note 4). All intercompany balances and transactions have been eliminated on consolidation.

Estimates, assumptions and measurement uncertainty
The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

2. SIGINIFICANT ACCOUNTING POLICIES – cont'd

Estimates, assumptions and measurement uncertainty – cont'd
assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Areas requiring significant use of estimates by management relate to going concern assessments, determining the carrying value and or impairment of mineral properties, determining the fair values of marketable securities and stock-based payments, asset retirement obligations, financial instruments and tax rates used to calculate future income tax balances.

Equipment
Equipment is recorded at cost. Amortization is calculated using the following annual rate, which is estimated to match the useful lives of the asset:

Computer hardware	30% declining balance

Mineral properties and deferred exploration costs
The cost of mineral properties and related exploration costs are deferred until the properties are placed into production, sold, abandoned or until management has determined that an impairment has occurred. Carrying costs will be amortized over the useful life of the properties following the commencement of commercial production, or written off if the properties are sold abandoned, allowed to lapse, or if management has otherwise determined that the carrying value of a property is not recoverable and should be impaired. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. It is reasonably possible that economically recoverable reserves may not be discovered, and accordingly a material portion of the carrying value of mineral properties and related deferred exploration costs could be written off. Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the common industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected title defects.

The amounts shown for mineral properties and deferred exploration costs represent costs incurred to date, net of impairments, and do not necessarily represent present or future values which are entirely dependent upon economic production or recovery from disposal.

Asset retirement obligations
The Company follows the provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3110, "Asset Retirement Obligations", which requires the estimated fair value of any asset retirement obligations to be recognized as a liability in the period in which the related environmental or retirement liability can be reasonably established and measured. The present value of the associated future costs when measureable is recorded as a liability and added to the cost of the related property and amortized over the estimated remaining life. As of December 31, 2010 and 2009 the Company has not incurred and is not aware of any significant asset retirement obligations in respect of its mineral exploration properties.

Impairment of long-lived assets
The Company follows the recommendations of the CICA Handbook Section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using expected discounted cash flows when independent or quoted market prices are not available.

2. SIGINIFICANT ACCOUNTING POLICIES – cont'd

Financial instruments

The Company adopted the CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement". Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost.

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The Company has made the following classifications for the financial instruments:

Cash – held-for-trading; measured at fair value;
Receivables – loans and receivables; measured at amortized cost;
Marketable securities – available for sale; measured at fair value; and
Accounts payable and due to related parties – other financial liabilities; recorded at amortized cost.

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about financial instruments, and approximate carrying values unless otherwise noted. The Company does not use any hedging instruments.

The Company considers net smelter return ("NSR") and other production related commitments associated with mineral property interests to be derivate instruments. Until such time as economically recoverable resources are identified such derivates are not considered to have reliably measurable value.

The Company adopted CICA Handbook Section 3862 "Financial Instruments – Disclosures" which was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The additional fair value measurement disclosures include classification of financial inputs used in making the measurements, described as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs derived from valuation techniques that include inputs from management or other sources for the asset or liability that are not based on observable market data (unobservable inputs).

Comprehensive income (loss)

Effective January 1, 2007, the Company adopted the CICA Handbook Section 1530, "Comprehensive Income". Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Section 1530 establishes standards for reporting and presenting certain gains and losses not normally included in net income or loss, such as unrealized gains and losses related to available for sale securities and gains and losses resulting from the translation of self-sustaining foreign operations, in a statement of comprehensive income (loss).

At December 31, 2009, the Company recognized in comprehensive income its proportionate share of an unrealized gain on marketable securities. In 2010, the amount was reversed through operations when the securities were sold and the gain was realized.

2. SIGINIFICANT ACCOUNTING POLICIES – cont'd

Loss per share
The loss per share figures are calculated using the weighted average number of shares outstanding during the respective fiscal periods on a post-consolidation basis. The calculation of loss per share figures using the treasury stock method considers the potential exercise of outstanding share purchase options and warrants or other contingent issuances to the extent each option, warrant or contingent issuance was dilutive. For all periods presented, diluted loss per share is equal to basic loss per share as the potential effects of options, warrants and conversions are anti-dilutive.

Income taxes
The Company accounts for income taxes using the asset and liability method, whereby future tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the carrying values of the asset and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income taxes and liabilities of a change in rates, when a valuation allowance has not been applied, is included in operations in the period that includes the substantive enactment date. Where the probability of a realization of a future income tax asset is more likely than not, a valuation allowance is recorded.

Stock-based compensation
The Company follows the CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments," which requires the fair value method of valuing all grants of stock options. The estimated fair value of the stock options is recorded as compensation expense over the vesting period or at the date of grant if the options vest immediately, with the offset recorded in contributed surplus. The fair value of options granted is estimated at the date of grant using the Black-Scholes option pricing model incorporating assumptions regarding risk-free interest rates, dividend yield, volatility factor of the expected market price of the Company's stock, and a weighted average expected life of the options. Any consideration paid on the exercise of stock options is credited to share capital, together with a reversal of corresponding amounts originally credited to contributed surplus.

Credit risk and the fair value of financial assets and financial liabilities
In January 2009, the CICA approved EIC 173, "Credit Risk and the Fair Value of Financial Assets and Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments.

Mining exploration costs
In March 2009 the CICA approved EIC 174, "Mining Exploration Costs". The guidance clarified that an enterprise that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Recent accounting pronouncements – Not yet adopted

International Financial Reporting Standards ("IFRS")
In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will transition from current Canadian GAAP reporting and commence reporting under IFRS for the first quarter of 2011, with restatement of comparative information presented.

The Company developed a conversion plan consisting of four key stages including; project planning and preliminary assessment, detailed assessment, design and implementation. The project planning and preliminary

2. SIGINIFICANT ACCOUNTING POLICIES – cont'd

International Financial Reporting Standards ("IFRS") – cont'd
assessment stage has been completed. The preliminary assessment was completed with the assistance of external advisors and training and outlines the significant differences between Canadian GAAP and IFRS and rates the impact of each of the significant differences on the entity's financial statements, thereby allowing the Company to focus the detailed assessment on the highest priority items.

Consolidated Financial Statements, Business Combinations and Non-controlling Interests
In January 2009, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Noncontrolling Interests", which together replace the existing Section 1600, "Consolidated Financial Statements", and provide the Canadian equivalent to International Accounting Standard 27, "Consolidated and Separate Financial Statements". The new sections will be applicable to the Company on January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Handbook Section 1582, "Business Combinations", and Handbook Section 1602, "Non-controlling Interests". The Company is assessing the impact, if any, of the adoption of these new sections on its consolidated financial statements.

Other accounting pronouncements issued by the CICA with future effective dates are either not applicable or are not expected to be significant to the financial statements of the Company.

Comparative figures
Certain of the comparative figures have been reclassified to conform to the current year's presentation.

3. MARKETABLE SECURITIES

At December 31, 2009, PFG held 500,000 common shares of Cougar Minerals Corp. ("Cougar"), a company listed on the TSX Venture Exchange (Note 4). At initial recognition, each common share was recorded at a fair value of $0.05. As at December 31, 2009 the closing trading price of Cougar's common shares was $0.125 per common share with a total fair value of $62,500. During the year ended December 31, 2010, PFG sold 100,000 common shares of Cougar for $8,854, resulting in a gain of $3,854. Pursuant to the Purchase Agreement, the Company sold its interest in PFG and therefore does not hold an interest in Cougar at December 31, 2010 (Note 4). The Company previously classified the investment as available-for-sale.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Title to mining properties involves certain inherent risks due to the difficulties of determining the title and extraction rights of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

During the year ending December 31, 2010 the Company had $677,718 (2009 – $101,000) in property expenditures as detailed in the consolidated schedule of mineral properties and deferred exploration costs.

At December 31, 2010, the Company held an interest in the following mineral properties:

Pinefalls Gold
Pursuant to the completion of a subscription agreement and a share exchange agreement in April 2005, the Company acquired the net assets of PFG including an interest in the Pinefalls Gold Property, located in the Bissett Area of Manitoba, valued at $319,306. The Company held a 65.42% interest in PFG, effective June 30, 2006.

On April 6, 2009 PFG entered into an Option and Purchase and Sale Agreement with Cougar, whereby Cougar was granted an option to purchase certain claims comprising the Pinefalls Gold Property. During the year ended

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS – cont'd

Pinefalls Gold – cont'd

December 31, 2009, the Company received $10,000 cash and 500,000 common shares with a fair value of $26,000 (Note 3) on execution of the Agreement. At December 31, 2009, the Company wrote-down the property to $91,000. The basis of the impairment was to reflect the net estimated recoverable value of the Pinefalls Gold Property, based on anticipated future cash flows.

On April 30, 2010, Outback received an additional $25,000 from Cougar. Pursuant to the Purchase Agreement, the Company sold its interest in PFG and, accordingly, at December 31, 2010 no longer holds an interest in the Pinefalls Gold Property. During the year ended December 31, 2010, the Company incurred $Nil (2009 - $Nil) in deferred exploration costs on the Pinefalls Gold Property.

The Company realized a loss on the sale of PFG, equal to the amount by which the carrying value of the net assets disposed of as of May 31, 2010, exceeded the proceeds of $52,606, as follows:

Assets	$ 126,364
Liabilities	(30,974)
Non-controlling interest	(33,005)
Accumulated other non-controlling interest	(2,616)
	59,769
Proceeds	(52,606)
Loss on sale of investment	$ 7,163

Post Creek

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

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

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

During the year ended December 31, 2010, the Company incurred $153,3l0 (2009 - $Nil) in deferred exploration costs on the Post Creek Property.

The Company's interest is subject to a 2.5% NSR, of which 1.5% can be repurchased by the Company for $1,500,000. Commencing August 1, 2013, if the Company exercises its option, the Company will be obligated to pay advances on the NSR of $10,000 per annum, which will be deducted from any payments to be made under the NSR.

Woods Creek

On December 23, 2009 the Company executed a letter of intent whereby the Company has an option to acquire the mineral claim known as the Woods Creek Property located within the Sudbury Mining District of Ontario and paid a non-refundable deposit of $2,500.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS – cont'd

Woods Creek – cont'd
On April 5, 2010, the Company entered into an option agreement to acquire up to a 100% interest in the Woods Creek Property and agreed to the following consideration:

Date		Cash	Shares		Exploration requirements
On or before April 5, 2010 (paid and issued)	$	7,500	150,000		
On or before April 5, 2011 (subsequently paid and issued)	$	15,000	150,000	$	24,000
On or before April 5, 2012	$	20,000	-	$	24,000
On or before April 5, 2013	$	45,000	-	$	24,000

During the year ended December 31, 2010, the Company incurred $20,340 (2009 - $Nil) in deferred exploration costs on the Woods Creek Property.

The Company's interest is subject to a 2.5% NSR, of which 1.5% can be repurchased by the Company for $1,500,000. Commencing August 1, 2013, if the Company exercises its option, the Company will be obligated to pay advances on the NSR of $5,000 per annum, which will be deducted from any payments to be made under the NSR.

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

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

During the year ended December 31, 2010, the Company incurred $Nil (2009 - $Nil) in deferred exploration costs on the Halcyon Property.

The Company's interest is subject to a 2.5% NSR, of which 1.5% can be repurchased by the Company for $1,500,000. Commencing August 1, 2013, if the Company exercises its option, the Company will be obligated to pay advances on the NSR of $8,000 per annum, which will be deducted from any payments to be made under the NSR.

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

Date		Cash	Shares		Exploration requirements
On or before April 5, 2010 (paid and issued)	$	25,000	300,000		
On or before April 5, 2011 (subsequently paid and issued)	$	25,000	300,000	$	-
On or before April 5, 2012	$	40,000	400,000	$	-
On or before April 5, 2013	$	40,000	-	$	-
On or before April 5, 2013	$	80,000	-	$	-

During the year ended December 31, 2010, the Company incurred $560 (2009 - $Nil) in deferred exploration costs on the Bell Lake Property.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS – cont'd

Bell Lake – cont'd

The Company's interest is subject to a 2.5% NSR, of which 1.5% can be repurchased by the Company for $1,500,000. Commencing August 1, 2014, once the Company exercises its option, the Company will be obligated to pay advances on the NSR of $5,000 per annum, which will be deducted from any payments to be made under the NSR.

Manitoba Nickel

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

(a) Thompson North Property
During the year ended December 31, 2010, the Company incurred $585 (2009 - $Nil) in deferred exploration costs on the Thompson North Property.

(b) South Bay Property
During the year ended December 31, 2010, the Company incurred $2,523 (2009 - $Nil) in deferred exploration costs on the South Bay Property.

(c) Cedar Property
During the year ended December 31, 2010, the Company incurred $400 (2009 - $Nil) in deferred exploration costs on the Cedar Property.

5. EQUIPMENT

	2010			2009			
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Disposal	Net book value
Computer hardware	$ -	$ -	$ -	$1,579	$ (863)	$ (716)	$ -

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, the Company entered into the following transactions with related parties:

(a) recorded $19,000 (2009 - $Nil; 2008 - $Nil) for consulting fees to a company in which a director has an interest;
(b) recorded $90,000 (2009- $24,000; 2008 - $24,000) for management fees a director of the Company and to a company in which a director has an interest;
(c) recorded $28,000 (2009 - $Nil; 2008 - $Nil) for geological consulting fees to a director of the Company, of which $26,833 (2009 - $Nil; 2008 - $Nil) has been recorded in consulting services as deferred exploration costs for mineral properties and $1,167 (2009 - $Nil; 2008 - $Nil) has been recorded in consulting fees on the statements of operations;
(d) recorded $11,772 (2009 – $Nil; 2008 - $Nil) for professional fees to a company in which a director has an interest;
(e) entered into a purchase and sale agreement, with a company with directors in common for the acquisition mineral properties (Note 4); and
(f) issued 2,640,000 common shares at a fair value of $132,000, to a company in which a director has an interest for settlement of debt.

6. RELATED PARTY TRANSACTIONS – cont'd

Related party transactions were in the normal course of business and have been recorded at the exchange amount which is the fair value agreed to between the parties.

At December 31, 2010, recorded in due to related parties is $87,094 (2009 - $132,333) owing to directors of the Company and companies in directors have an interest. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

7. SHARE CAPITAL

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

b) Common shares issued and outstanding

	Number of shares		Amount		Contributed surplus
Balance, December 31, 2008 and 2009	5,441,730	$	13,044,609	$	53,344
Shares issued for debt	2,640,000		132,000		-
Shares issued for mineral properties	7,150,000		429,000		-
Shares issued for private placement	20,000,000		1,100,000		-
Stock-based compensation	-		-		182,500
Balance, December 31, 2010	35,231,730	$	14,705,609	$	235,844

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

Year ended December 31, 2010:

The Company issued 2,640,000 common shares at a fair value of $132,000 for settlement of debt (Note 6).

The Company completed a non-brokered private placement of 10,000,000 common shares for proceeds of $500,000 and 10,000,000 units for proceeds of $600,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at $0.10 per share until December 28, 2012. The Company does not separately disclose the value attributed to the warrants.

The Company issued 7,150,000 common shares at a fair value of $429,000 for the acquisition of mineral properties (Note 4).

c) Preferred shares issued and outstanding

At December 31, 2010 and 2009, there are 604,724 (2009 – 604,724) preferred common 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

7. SHARE CAPITAL – cont'd

c) Preferred shares issued and outstanding – cont'd

ii) – cont'd
preferred shares, where they are entitled to one vote for each preferred share held;

iii) the shares are convertible at any time; and

iv) the number of the common shares to be received on conversion of the preferred shares is to be determined by dividing the conversion value of the share, $1 per share, by $0.90.

d) Warrants

A continuity schedule of outstanding common share purchase warrants at December 31, 2010 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2008 and 2009	-	$ -
Granted	10,000,000	0.10
Balance, December 31, 2010	10,000,000	$ 0.10

At December 31, 2010, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Number of warrants	Expiry date	Exercise price	Weighted average remaining life (years)
10,000,000	December 28, 2012	$ 0.10	1.99 years

e) Stock options

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

The Company calculates the fair value of all stock-based compensation awards using the Black-Scholes option pricing model.

During the year ended December 31, 2010, the Company granted 3,300,000 incentive stock options to directors, officers and employees. The granting of these options resulted in stock-based compensation expense of $182,500 which was recorded as stock-based compensation expense on the statements of operations. The options granted vested upon issuance.

7. SHARE CAPITAL – cont'd

e) Stock options – cont'd

The weighted average fair value of stock options granted during the year ended December 31, 2010 was $0.055. The following assumptions were used for the Black-Scholes valuation of stock options during the year:

	2010	2009
Risk-free interest rate	2.16%	-
Expected life	5 years	-
Annualized volatility	214.74%	-
Dividend yield	0%	-

A continuity schedule of outstanding stock options at December 31, 2010 is as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2008 and 2009	-	$ -
Granted	3,300,000	0.10
Balance, December 31, 2010	3,300,000	$ 0.10

At December 31, 2010, the Company had stock options outstanding exercisable to acquire common shares of the Company as follows:

Number of options outstanding	Number of options exercisable	Expiry date	Exercise price	Weighted average remaining life (years)
2,950,000	2,950,000	August 27, 2015	$ 0.10	4.66
150,000	150,000	November 25, 2015	0.10	4.90
200,000	200,000	December 8, 2015	0.10	4.94
3,300,000	3,300,000			4.69

8. INCOME TAXES

The Company has approximately $572,000 in non-capital losses that can be offset against taxable income in future years which began expiring at various dates commencing in 2009, and approximately $157,000 in capital losses which may be available to offset future taxable capital gains which can be carried forward indefinitely. The potential future tax benefit of these losses has not been recorded as a full-future tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.

The related potential income tax benefits with respect to these items have not been recorded in the accounts.

8. INCOME TAXES – cont'd

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2010	2009	2008
Loss before income taxes:	$ 529,808	$ 117,645	$ 200,977
Statutory rates	28.50%	31.00%	31.00%
Expected income tax recovery	150,995	36,470	62,303
Non-controlling interest	-	3,389	2,668
Effect of reduction in tax rates	(4,632)	(4,227)	(25,427)
Permanent differences and other	(71,983)	(4,100)	14,307
Expiring losses	-	(10,932)	(7,194)
Non-allowable portion of capital loss	(42,380)	-	-
Increase in valuation allowance	(32,000)	(20,600)	(46,657)
Net future income tax recovery	$ -	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2010	2009
Non-capital loss carry forward benefit	$ 143,000	$ 92,000
Capital losses carried forward	39,000	2,000
Mining properties	-	56,000
Valuation allowance	(182,000)	(150,000)
Net future income tax asset	$ -	$ -

9. CAPITAL MANAGEMENT

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

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 cash and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties.

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

There were no changes in the Company's approach to capital management during the years ended December 31, 2010 and 2009. The Company is not exposed to externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's financial instruments consist of cash, receivables, marketable securities, accounts payable and due to related parties. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 inputs of the fair value hierarchy.

The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly.

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

The Company's primary risk exposures are summarized below:

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

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet third party liabilities when due. The Company has working capital of $556,665 at December 31, 2010. All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is dependent on management's ability to raise additional funds so that it can manage its financial obligations. The ability to raise funds in capital markets is impacted by general market and economic conditions and the commodity markets in which the Company conducts business.

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

(b) Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars: therefore, foreign currency risk is minimal.

11. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities during the year ended December 31, 2010 as follows:

		2010		2009
Common shares issued for debt (Note 6)	$	132,000	$	-
Accrued mineral property and deferred exploration costs	$	2,825	$	-
Common shares issued for mineral properties (Note 4)	$	429,000	$	-

12. COMMITMENTS

Effective May 1, 2010, the Company entered into the following agreements for services with directors of the Company and a company in which a director has an interest:

i) management fees: $5,000 per month and $4,000 per month
ii) consulting fees: $3,500 per month

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

13. RECONCILIATION BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with Canadian GAAP, which differs in certain respects from US GAAP. A description of US GAAP and practices prescribed by the US Securities and Exchange Commission ("SEC") that result in material measurement and disclosure differences from Canadian GAAP are summarized as follows:

Consolidated Balance Sheets	2010	2009
Total assets under Canadian GAAP	$ 1,363,910	$ 184,212
(a) Mineral property exploration costs expensed under US GAAP	(177,718)	(31,138)
Total assets under US GAAP	$ 1,186,192	$ 153,074
Total liabilities under Canadian and US GAAP	$ 129,527	$ 185,747
Non-controlling interest under Canadian GAAP	$ -	$ 53,249
(a) Non-controlling interest in mineral property exploration costs expensed under US GAAP	-	(10,774)
Non-controlling interest under US GAAP	$ -	$ 42,475
Total shareholders' equity (deficit) under Canadian GAAP	$ 1,234,383	$ (54,784)
(a) Mineral property exploration costs expensed under US GAAP	(208,856)	(31,138)
(a) Non-controlling interest in mineral property exploration costs expensed under US GAAP	10,774	10,774
Total shareholders' equity (deficit) under US GAAP	$ 1,036,301	$ (75,148)

13. RECONCILATION BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPELS – cont'd

	Years ended December 31,		
Consolidated Statements of Operations and Deficit	2010	2009	2008
Net loss under Canadian GAAP	$ (529,808)	$ (117,645)	$ (200,977)
(a) Mineral property exploration costs expensed under US GAAP	(177,718)	-	(6,490)
(a) Non-controlling interest in mineral property exploration costs expensed under US GAAP	-	-	2,246
(c) Loss on sale of subsidiary	14,208	-	-
Net loss under US GAAP	(693,318)	(117,645)	(205,221)
Accumulated other comprehensive income (loss)	(24,525)	24,525	-
Comprehensive loss – US GAAP	$ (717,843)	$ (93,120)	$ (205,221)
Basic and diluted loss per share under US GAAP	$ (0.04)	$ (0.02)	$ (0.04)

Consolidated Statements of Cash Flows			
Net cash used in operating activities under Canadian GAAP	$ (282,855)	$ (24,146)	$ (22,477)
(b) Mineral property exploration costs incurred	(177,843)	-	(6,490)
Net cash used in operating activities under US GAAP	$ (460,573)	$ (24,146)	$ (28,967)
Net cash provided by (used in) investing activities under Canadian GAAP	$ (174,433)	$ -	$ (6,490)
(b) Mineral property exploration costs incurred	177,718	-	6,490
Net cash provided by (used in) investing activities under US GAAP	$ 3,285	$ -	$ -
Net cash provided by financing activities under Canadian and US GAAP	$ 1,100,000	$ -	$ -

13. RECONCILIATION BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES – cont'd

(a) Interest in unproven mineral properties

In accordance with Canadian GAAP, the cost of mineral properties and related exploration and development costs are deferred until the properties are placed into production, sold, abandoned or management has determined there to be impairment.

In accordance with US GAAP, mineral property acquisition costs are initially capitalized when incurred and the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Mineral property exploration costs are generally expensed as incurred until commercially minable deposits are determined to exist within a particular property as cash flows cannot be reasonably estimated prior to such determination.

Accordingly, for all periods presented, the Company has expensed all mineral property exploration costs for US GAAP. During 2009, the Company optioned some of its mineral property interest. Under Canadian GAAP, the Company will record the option proceeds against the carrying value of the mineral property while for US GAAP, the Company will record the option proceeds as a recovery of mineral property costs on the statement of operations.

(b) Mineral property costs incurred

Under Canadian GAAP, cash flows relating to mineral property acquisition and exploration costs and option proceeds received are reported as investing activities. Under US GAAP, exploration costs are classified as operating activities. The net cash provided by (used in) operating and investing activities has been adjusted accordingly for all periods presented.

(c) Loss on sale of subsidiary

As described in (a) above, there is a difference between the basis for capitalization, expensing and mineral property exploration and development costs between Canadian GAAP and US GAAP. To the extent that mineral properties are owned by the Company's subsidiary, this difference gives rise to different carrying values in the subsidiary mineral properties and the non-controlling interests in the Company's subsidiary under US GAAP as compared to Canadian GAAP. Accordingly, upon sale of the underlying subsidiary, the resulting gain or loss is different between Canadian GAAP and US GAAP.

(d) Income taxes

Under US GAAP, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Under Canadian GAAP, the effect of a change in tax rates is recognized in the period of substantive enactment. The application of this difference under US GAAP does not result in a material difference between future income taxes as recorded under Canadian GAAP.

(e) Recent accounting pronouncements

In January 2010, the FASB issued ASU 2010-06, Improving Disclosures about Fair Value Measurements, which is included in the ASC Topic 820 (Fair Value Measurements and Disclosures). ASU 2010-06 requires new disclosures on the amount and reason for transfers in and out of Level 1 and 2 fair value measurements. ASU 2010-06 also requires disclosures of activities, including purchases, sales, issuances,

13. RECONCILIATION BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES – cont'd

(e) Recent accounting pronouncements – cont'd

and a settlement within Level 3 fair value measurements and clarifies existing disclosure requirements on levels of disaggregation and disclosures about inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009 except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The implementation of the adoption of ASU 2010-06 has not had a material impact on the Company's consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, "Subsequent Events (Topic 855) Amendments to Certain Recognition and Disclosure Requirements". The amendment eliminates the requirement for SEC filers to disclose the date through which subsequent events have been evaluated. This standard had no impact on the Company's consolidated financial statements.

There are several new accounting pronouncements issued by FASB which are not yet effective. Each of these pronouncements, as applicable, has been or will be adopted by the Company. Management does not believe any of these accounting pronouncements has had or will have a material impact on the Company's financial position or operating results.

14. SUBSEQUENT EVENTS

Subsequent to December 31, 2010, the Company paid $30,000 and issued 300,000 common shares pursuant to the Post Creek Property option agreement, paid $15,000 and issued 150,000 common shares pursuant to the Woods Creek Property option agreement, paid $25,000 and issued 200,000 common shares pursuant to the Halcyon Property option agreement and paid $25,000 and issued 300,000 common shares pursuant to the Bell Lake Property option agreement (Note 4).

NORTH AMERICAN NICKEL INC.

(formerly Widescope Resources Inc.)

Management Discussion and Analysis
For the Year Ended December 31, 2010

THE ATTACHED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND ARE HEREBY INCLUDED BY REFERENCE

The date of this Management's Discussion and Analysis is April 19, 2011.

North American Nickel Inc. (the "Company") was incorporated under the laws of the Province of British Columbia, Canada, by filing of Memorandum and Articles of Association on September 20, 1983, under the name Rainbow Resources Ltd. The company's name was changed to Widescope Resources Ltd. on May 1, 1984, and to Gemini Technology Inc. on September 17, 1985. In conjunction with a reverse split of its common shares on a five-old for one-new basis, the Company adopted the name International Gemini Technology Inc effective September 23, 1993. The Company's name was changed to Widescope Resources Inc., effective July 12, 2006. Effective April 19, 2010 the Company's shareholders approved a special resolution to reorganize the Company's capital structure by consolidating in a reverse stock split the existing common shares on the basis of each two (2) old shares being equal to one (1) new share and concurrently increasing the authorized capital of the Company from 100,000,000 common shares without par value to an unlimited number of common shares without par value. Also effective this date the Company's name was changed to North American Nickel Inc. to reflect its new focus. All references to common shares, stock options, warrants and weighted average number of shares outstanding in this discussion and the accompanying consolidated financial statements retroactively reflect the share consolidation unless otherwise noted.

In April 2010 the Company initiated a series of actions to realign its focus into the field of nickel exploration in the prolific nickel belts around Sudbury, Ontario and Thompson, Manitoba. These actions were reported in a news release dated April 6, 2010.

Additionally – in April 2010 the Company's shareholders elected 4 new directors, to replace three retiring directors. The directors of the Company have appointed new senior management to oversee the daily operations of the Company.

Trend Analysis

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

The Company's principal business activity is the exploration and development of mineral properties in Canada. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

The recoverability of amounts shown for mineral property costs is dependent upon a number of factors including environmental risk, legal and political risk, the existence of economically recoverable mineral reserves, confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and development, and to attain sufficient net cash flow from future profitable production or disposition proceeds. As of December 31, 2010 the Company had working capital of $556,665 compared with a deficit of $102,535 at the December 31, 2009 year-end and has incurred substantial losses to date. The Company will require additional funding to meet its obligations and the costs of its operations.

When managing capital, the Company's objectives is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to manage its capital.

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

Resource Properties

All technical information in this document has been reviewed by Dr. Mark Fedikow, PGeo, the qualified person for the Company under National Instrument 43-101.

Sudbury, Ontario nickel properties:

Post Creek Property

On December 23, 2009, the Company executed a letter of intent whereby the Company has an option to acquire the mineral claim known as the Post Creek Property located within the Sudbury Mining District of Ontario. The Company paid a non-refundable deposit of $7,500. On April 5, 2010 the Company entered into an option agreement to acquire rights to Post Creek Property. In order to acquire 100% working interests in the property, subject to certain net smelter return royalties ("NSR") and advance royalty payments the Company agreed to the following consideration:

Date	Cash	Issuance of shares		Exploration Requirements
On or before April 5, 2010	$ 12,500	400,000	(paid & issued)	
On or before April 5, 2011	$ 30,000	300,000	(subsequently paid and issued)	$ 15,000
On or before April 5, 2012	$ 50,000	300,000		$ 15,000
On or before April 5, 2013	$ 50,000	-		$ 15,000

The property is located 35 km east of Sudbury in Norman and Parkin townships and consists of 35 contiguous unpatented mining claims and one isolated claim covering an area of 688 hectares. It is strategically located adjacent to the producing Podolsky copper-nickel-platinum group metal deposit of FNX Mining. The property lies along the extension of the Whistle Offset Dyke Structure which is a major geological control for Ni-Cu-PGM mineralization. This structure hosted the former INCO Whistle Offset copper-nickel-PGM Mine (5.7 million tons grading 0.33% Cu, 0.95% Ni and 3.77 g/t total platinum metals as well as the Podolsky North and Podolsky 2000 copper-precious metal deposits. FNX forecast the production of 372,049 tons of ore at Podolsky yielding 1.8 million pounds of payable nickel, 28.5 million pounds of payable copper and 27,300 ounces of payable platinum, palladium and gold for 2009. Previous operators located the extension of the Whistle Offset Dyke structure on the Post Creek property as a direct result of their geological, geophysical and Mobile Metal Ion geochemical surveys. Drilling on this structure intersected a 0.66 m near solid to solid sulphide zone with 0.48% copper, 0.08% nickel, 53 parts per billion (ppb) palladium, 34 ppb platinum and 20 ppb gold. A rock sample collected along the structure assayed 0.83% Ni, 0.74% Cu, 0.07% Co, 2241 ppb Pt and 1051 ppb Pd. Significant potential for nickel-copper-PGM is demonstrated on the Post Creek property.

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

During the year ended December 31, 2010:

The exploration program to evaluate the mineral potential of the Whistle Offset Dyke Structure was initiated. This project included outcrop stripping, washing and detailed mapping. There were also a number of reconnaissance programs initiated concurrently to evaluate the Post Creek property for shallowly-buried mineralization. The geophysical approach was based on the use of a beep mat and selected traverses across the property were undertaken. A number of elevated EM responses were obtained and a number of these areas were stripped of overburden using an excavator and washed using a Wajax pump. Exposed mineralization was chip sampled and sent to SGS Mineral Services for a multi-element analysis including assay for nickel, copper, cobalt, gold, platinum and palladium. Results are pending. Selected soil geochemical surveys were undertaken over historic IP chargeability anomalies. Samples were submitted to SGS Mineral Services for analysis using the Mobile Metal
Airborne VTEM geophysical survey results and ground IP and magnetic surveys undertaken by previous operators were obtained from the geophysical contractors in digital formats and these data will form individual "layers" for integration with geological and geochemical datasets.

All databases will form the basis for an assessment report to be submitted to the Ontario government Mining Recorders office in Sudbury.

During the year ended December 31, 2010, the Company incurred $153,310 (2009 - $Nil) in deferred exploration costs on the Post Creek Property.

Subsequent Events

Analytical data, geological maps and historic geophysical information were compiled by Dr. Walter Peredery to form the basis for a 43-101 technical report which has been submitted to the TSX Exchange as part of listing requirements for North American Nickel.

The assessment report for the Post Creek property of merit was assembled, submitted to the Sudbury Mining Recorder and subsequently accepted for assessment credit.

Activities contemplated in the future

Additional outcrop mapping supplemented by thin section studies will be undertaken. Shallow electromagnetic surveys utilizing the Beep mat will be required to cover the remainder of the Post Creek property. Follow-up geological mapping and prospecting will be required in addition to deep-looking ground geophysical surveys to assist in the delineation of drill targets.

Woods Creek Property

On December 23, 2009 the Company executed a letter of intent whereby the Company has an option to acquire the mineral claim known as the Woods Creek Property located within the Sudbury Mining District of Ontario. The Company paid a non-refundable deposit of $2,500. On April 5, 2010, the Company entered into an option agreement to acquire rights to Woods Creek Property. In order to acquire up to a 100% working interests in the property, subject to certain net smelter return royalties ("NSR") and advance royalty payments the Company agreed to the following consideration:

Date	Cash	Issuance of shares		Exploration Requirements
On or before April 5, 2010	$ 7,500	150,000	(paid & issued)	
On or before April 5, 2011	$ 15,000	150,000	(subsequently paid and issued)	$ 24,000
On or before April 5, 2012	$ 20,000	-		$ 24,000
On or before April 5, 2013	$ 45,000	-		$ 24,000

The Woods Creek claim block is located in Hyman Township about 50 km west of Sudbury and comprises eight contiguous unpatented mining claims covering 1,264 hectares. The target on the property is disseminated to near-solid nickel-copper-cobalt-PGM mineralization hosted within Nipissing Diabase dykes which cover 50% of the property. This style of mineralization is currently being mined by Ursa Major Minerals at their Shakespeare deposit 15 km southwest of the Woods Creek property. It contains 7,301,000 tons grading 0.37% Ni, 0.39% Cu, 0.024% Co, 0.37 g/t Pt, 0.40 g/t Pd and 0.20 g/t Au.

Previous operators defined a number of mineralized zones on the Woods Creek property, but little follow-up exploration was undertaken. The Main Zone prospect is a zone of 10-40% pyrrhotite-chalcopyrite mineralization that assayed 1.22% Cu, 0.95% Ni, 354 ppb combined Pt and Pd and 136 ppb Au. Diamond drilling on this zone intersected a 6.5 m section of gabbro with pyrrhotite and chalcopyrite that assayed up to 1.09% Ni, 0.37% Cu, 301 ppb combined Pt and Pd and 1110 ppm Co (0.11%). The Ravenshill prospect was discovered in 2005 as a result of geological mapping and prospecting. It comprises near solid pyrrhotite and chalcopyrite in brecciated gabbro with assays of 0.66% Ni, 0.90% Cu, 0.09% Co, 68 ppb Pt, 227 ppb Pd and 46 ppb Au.

During the year ended December 31, 2010:

An assessment report based on shallow electromagnetic Beep Mat surveys, geological mapping, prospecting, excavator work to clear overburden from outcrop and channel and chip rock sampling was completed on claims 1242388 and 1242390. The results will be summarized in an assessment report to be submitted to the Ontario Mining recorder in Sudbury.

During the year ended December 31, 2010, the Company incurred $20,341 (2009 - $Nil) in deferred exploration costs on the Woods Creek Property.

Subsequent Events

An assessment report was constructed based on the results of field work, including assay results. Data indicates multiple zones of greater than 1% copper and strongly elevated nickel are present in outcrop on the property. These zones were uncovered by the use of a beep mat and a mechanical excavator to expose the rock from beneath soil cover.

Activities contemplated in the future

Additional beep mat surveys will be undertaken to extend the geophysical coverage on the property. These data will be assessed with additional overburden stripping and sampling of newly exposed mineralized rock, if warranted. Deep looking geophysics will be required to assist in drill targeting for a planned drill program.

Halcyon Property

On April 5, 2010, the Company entered into an option agreement to acquire rights to Halcyon Property. In order to acquire up to a 100% working interests in the property, subject to certain net smelter return royalties ("NSR") and advance royalty payments the Company agreed to the following consideration:

Date	Cash		Issuance of shares		Exploration Requirements	
On or before April 5, 2010	$	15,000	300,000	(paid & issued)		
On or before April 5, 2011	$	25,000	200,000	(subsequently paid and issued)	$	22,000
On or before April 5, 2012	$	35,000	200,000		$	22,000
On or before April 5, 2013	$	35,000	-		$	22,000

The property is located 35 Km NNE of Sudbury in the SE corner of Parkin Twp, and consists of 46 unpatented mining claims. It is readily accessible by paved and all-weather gravel road. Halcyon is adjacent to the Post Creek property and contains the extension of the metallogenetically significant Whistle Offset Structure. It is approximately 2 km north of the producing Podolsky Mine of FNX Mining. Previous operators on the property defined numerous conductive zones based on induced polarization (I.P.) surveys with coincident anomalous soil geochemistry. Base and precious metal mineralization have been found in multiple locations on the property but follow-up work was never done. The former producing Jon Smith Mine (nickel-copper-cobalt-platinum) is situated 1 Km North of the property.

During the year ended December 31, 2010:

Data compilation was initiated with the aim of delineating potential areas for follow-up exploration.

During the year ended December 31, 2010, the Company incurred $Nil (2009 - $Nil) in deferred exploration costs on the Halcyon Property.

Subsequent Events

No work has been performed subsequently.

Activities contemplated in the future

Activities contemplated for the future include the compilation of historic exploration data from assessment files to prepare for 2011 ground programs.

Bell Lake Property

On April 5, 2010, the Company entered into an option agreement to acquire rights to Bell Lake Property. In order to acquire up to a 100% working interests in the property, subject to certain net smelter return royalties (“NSR”) and advance royalty payments the Company agreed to the following consideration:

Date	Cash		Issuance of shares		Exploration Requirements	
On or before April 5, 2010	$	25,000	300,000	(paid & issued)		
On or before April 5, 2011	$	25,000	300,000	(subsequently paid and issued)	$	-
On or before April 5, 2012	$	40,000	400,000		$	-
On or before April 5, 2013	$	40,000	-		$	-
On or before April 5, 2014	$	80,000	-			

The Bell Lake property is a 256 acre property that covers approximately 1 km of the Mystery Offset Dyke or “MOD”. The MOD is interpreted to be an extension of the Worthington Offset Dyke which is a 10-11 km long mineralized structure that extends from the southwest margin of the Sudbury Igneous Complex. Offset Dyke environments are significant hosts to nickel-copper-PGM mineralization in the Sudbury Basin. The Worthington Offset Dyke hosts the past producing Worthington Mine and the Victoria Mine (1.5 million tons of 2.2% copper, 1.5% nickel and 2.3 g/t total precious metals). It is also host to Vale Inco’s Totten Mine development (10.1 million tons at 1.5% nickel, 2% copper and 4.8 g/t platinum group metals). Crowflight Minerals AER-Kidd property also occurs within the Worthington Offset. The Bell Lake property is marked by surface exposures of disseminated to near-solid nickel-copper sulphide mineralization with PGM values. The Mystery Offset Dyke offers excellent exploration potential for the discovery of additional nickel-copper-PGM mineralization. Deep-looking ground geophysical technologies and diamond drilling will test the property after detailed geological mapping has been undertaken on the property.

During the year ended December 31, 2010:

Data compilation was initiated with the aim of delineating potential areas for follow-up exploration.

During the year ended December 31, 2010, the Company incurred $560 (2009 - $Nil) in deferred exploration costs on the Bell Lake Property

Subsequent Events

No work has been performed subsequently.

Activities contemplated in the future

Activities contemplated for the future include the compilation of historic exploration data from assessment files to prepare for 2011 ground programs.

Manitoba nickel properties:

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

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

During the year ended December 31, 2010:

A Mobile Metal Ions soil geochemical orientation survey was undertaken and samples submitted to SGS Mineral Services (Toronto, Ontario) for analysis. Results have been received and a report is in preparation.

During the year ended December 31, 2010, the Company incurred $2,523 (2009 - $Nil) in deferred exploration costs on the South Bay Property

Subsequent Events

No work was performed on this property subsequently.

Activities contemplated in the future

Ground geophysical surveys will be required in the area of airborne VTEM anomalies defined from an earlier airborne geophysical program. These surveys will accurately define drill targets. Mobile Metal Ions soil geochemical surveys are planned in the vicinity of coincident ground and airborne geophysical anomalies.

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

During the year ended December 31, 2010:

There have been no current activities on the property.

During the year ended December 31, 2010, the Company incurred $585 (2009 - $Nil) in deferred exploration costs on the Thompson North Property

Subsequent Events

No work was performed on this property subsequently.

Activities contemplated in the future

The activities contemplated for the future are limited to compilation of historic exploration data from assessment files.

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

During the year ended December 31, 2010:

There have been no current activities on the property.

During the year ended December 31, 2010, the Company incurred $400 (2009 - $Nil) in deferred exploration costs on the Cedar Lake Property

Subsequent Events

No work was performed on this property subsequently.

Activities contemplated in the future

Activities contemplated for the future include the compilation of historic exploration data from assessment files to prepare for 2011 ground programs.

Selected Financial Information

The Company's consolidated financial statements for the year ended December 31, 2010 (the "Consolidated Financial Statements") have been prepared in accordance with Canadian generally accepted accounting principles and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Consolidated Financial Statements and should be read in conjunction with those statements.

	For the year ended		
	December 31, 2010	December 31, 2009	December 31, 2008
Financial Results			
Net loss	$ 529,808	$ 117,645	$ 200,977
Basic loss per share	0.03	0.02	0.04

As at:	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Balance Sheet Data			
Share capital per Canadian GAAP	$ 15,310,333	$ 13,649,333	$ 13,649,333
Common shares issued	35,231,730	5,441,730	5,441,730
Weighted average shares outstanding per Canadian GAAP	19,941,566	5,441,730	5,441,730
Total assets	$ 1,363,910	$ 184,212	$ 251,312
Net assets (liabilities)	1,234,383	$ (54,784)	$ 38,336
Exchange rates (Cdn$ to U.S.$) period average	0.9709	0.8757	0.9371

Results of Operations

Historically - the Company has shown modest losses for the past several years. Prior to the acquisition of PFG - the expenses of the Company were almost completely related to satisfying regulatory requirements, including the annual meeting, financial reporting, communication with shareholders; and seeking and evaluating acquisition prospects for suitability and ability to attract financing. With the June 30, 2006 completion of the PFG acquisition the Company's expenses became more heavily weighted in favour of the exploration work and analysis being carried out on its exploration properties.

During the year ended December 31, 2010 the Company recorded a net loss of $529,808 compared with a loss of $117,645 for the same 2009 period. The loss is a result of the operating expenses increasing mainly due to the private placement transaction and the acquisition of the Sudbury properties and the Manitoba properties. The significant areas of increased operating costs are professional fees of $132,730, regulatory fees of $40,856 and, stock-based compensation $182,500, consulting $25,557, management fees $90,000, salaries $22,115, investor relation trade show costs $23,101 and general and administrative expenses of $15,311. The Company reported a loss on the sale of Outback of $7,163.

Liquidity and Capital Resources

Since the Company is organized in Canada, the Company's December 31, 2010 financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

As at December 31, 2010 the Company had accumulated losses totaling $14,311,794. The Company had working capital of $556,665 at December 31, 2010. The continuation of the Company is dependent upon the continued financial support of shareholders, its ability to raise capital through the issuance of its securities, as well as obtaining long-term financing when the company concludes an appropriate merger or acquisition agreement.

On April 7, 2010 the Company entered into a Stock Purchase Agreement whereby it agreed to sell its entire interest in Outback to an arms length party for cash consideration equivalent to the calculated book value of the Company's holding at the date of closing. As a result of this transaction the Company no longer reports the PFG held shares of Cougar Minerals Corp. ("Cougar"), a company listed on the TSX Venture Exchange. At initial recognition, each share was recorded at a fair value of $0.05. During the year ended December 31, 2010, PFG sold 100,000 common shares of Cougar, resulting in a gain of $3,854. Pursuant to the Purchase Agreement, the Company sold its interest in PFG and therefore does not hold an interest in Cougar at December 31, 2010. As at May 31, 2010 the closing price of Cougars's common shares was $0.06 per common share with a total fair value of $26,000.

The Company classified the investment as available-for-sale, with the Company's portion of the unrealized gain on the shares recorded in other comprehensive income and the remaining portion included in the balance of non-controlling interest.

As noted, these conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustment that might arise from uncertainty. However, had the last audit been conducted in accordance with U.S. generally accepted auditing standards the auditors would have reflected these concerns in their report and would have included an explanatory paragraph in their report raising concern about the Company's ability to continue as a going concern.

As at December 31, 2010 the Company had a cash balance of $659,227 (2009 - $16,515).

Selected Financial Data Quarterly

	Three months ended			
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Net loss	$ (147,554)	$ (200,626)	$ (176,702)	$ (4,926)
Basic loss per share	0.00	0.00	(0.03)	0.00

	Three months ended			
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Net loss	$ (85,578)	$ (5,746)	$ (11,508)	$ (14,813)
Basic loss per share	(0.02)	0.00	0.00	0.00

Balance Sheet Data

As at:	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Share capital per Canadian GAAP	$ 15,310,333	$ 15,310,333	$ 14,740,333	$ 13,649,333
Common shares issued	35,231,730	35,231,730	25,291,730	5,441,730
Weighted average shares outstanding per Canadian GAAP	19,941,566	14,788,836	5,661,067	5,441,730
Total assets	$ 1,363,583	$ 1,409,603	$ 1,130,716	$ 152,435
Net assets (liabilities)	$ 1,234,383	$ 1,346,937	$ 971,063	$ (71,155)

As at:	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Share capital per Canadian GAAP	$ 13,649,333	$ 13,649,333	$ 13,649,333	$ 13,649,333
Common shares issued	5,441,730	5,441,730	5,441,730	5,441,730
Weighted average shares outstanding per Canadian GAAP	5,441,730	5,441,730	5,441,730	5,441,730
Total assets	$ 184,212	$ 251,476	$ 203,378	$ 234,078
Net assets (liabilities)	$ (54,784)	$ (31,629)	$ (12,985)	$ 23,523

Additional Disclosure for Venture Issuers Without Significant Revenue

The business of the Company entails significant risks, and an investment in the securities of the Company should be considered highly speculative. An investment in the securities of the Company should only be undertaken by persons who have sufficient financial resources to enable them to assume such risks. The following is a general description of all material risks, which can adversely affect the business and in turn the financial results, ultimately affecting the value of an investment the Company.

The Company has no significant revenues.
The Company has limited funds.
There is no assurance that the Company can access additional capital.
There is no assurance that the Company will be successful in its quest to find a commercially viable quantity of mineral resources.
The Company has a history of operating losses and may have operating losses and a negative cash flow in the future.
The Company's auditors have indicated that U.S. reporting standards would require them to raise a concern about the company's ability to continue as a going concern.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Table of Property Contractual Obligations

Post Creek

Date	Payment	Issuance of shares		Exploration Requirements
On or before April 5, 2010	$ 12,500	400,000	paid & issued	
On or before April 5, 2011	$ 30,000	300,000	paid & issued	$ 15,000
On or before April 5, 2012	$ 50,000	300,000		$ 15,000
On or before April 5, 2013	$ 50,000	-		$ 15,000
	$ 142,500	1,000,000		$ 45,000

Bell Lake

Date	Payment	Issuance of shares		Exploration Requirements
On or before April 5, 2010	$ 25,000	300,000	paid & issued	
On or before April 5, 2011	$ 25,000	300,000	paid & issued	$ -
On or before April 5, 2012	$ 40,000	400,000		$ -
On or before April 5, 2013	$ 40,000	-		$ -
On or before April 5, 2014	$ 80,000	-		
	$ 210,000	1,000,000		$ -

Halcyon

Date	Payment	Issuance of shares		Exploration Requirements
On or before April 5, 2010	$ 15,000	300,000	paid & issued	
On or before April 5, 2011	$ 25,000	200,000	paid & issued	$ 22,000
On or before April 5, 2012	$ 35,000	200,000		$ 22,000
On or before April 5, 2013	$ 35,000	-		$ 22,000
	$ 110,000	700,000		$ 66,000

Wood Creek

Date	Payment	Issuance of shares		Exploration Requirements
On or before April 5, 2010	$ 7,500	150,000	paid & issued	
On or before April 5, 2011	$ 15,000	150,000	paid & issued	$ 24,000
On or before April 5, 2012	$ 20,000	-		$ 24,000
On or before April 5, 2013	$ 45,000	-		$ 24,000
	$ 87,500	300,000		$ 72,000

Related Party Transactions

During the year ended December 31, 2010, the Company entered into the following transactions with related parties:

(a) Recorded $19,000 (2009 - $Nil; 2008 - $Nil) for consulting fees to a company in which a director has an interest;
(b) Recorded $90,000 (2009 - $24,000; 2008 - $24,000) for management fees a director of the Company and to a company in which a director has an interest;
(c) Recorded $28,000 (2009 - $Nil; 2008 - $Nil) for geological consulting fees to a director of the Company, of which $26,833 has been recorded in consulting services as deferred exploration costs for mineral properties and $1,167 has been recorded in consulting fees on the statements of operations;
(d) Recorded $11,772 (2009 - $Nil; 2008 - $Nil) for professional fees to a company in which a director has an interest;
(e) Entered into a purchase and sale agreement, with a company with directors in common for the acquisition mineral properties (Note 4); and
(f) Issued 2,640,000 common shares (2009 – Nil) at a fair value of $132,000 (2009 - $Nil), to a company in which a director has an interest for settlement of debt.

Related party transaction were in the normal course of business and have been recorded at the exchange amount which is the fair value agreed to between the parties.

At December 31, 2010, recorded in due to related parties is $87,094 (2009 - $132,333) owing to directors of the Company and companies in which directors have an interest. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Critical Accounting Estimates
There are no critical accounting estimates.

Recent Accounting Pronouncements

Other accounting pronouncements issued by the CICA with future effective dates, not listed below, are either not applicable or are not expected to be significant to the financial statements of the Company.

Section 1582, Business Combinations
In January 2009, the CICA issued Section 1582, Business Combinations, which will provide the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations, and replace the existing Section 1581, Business Combinations. The new standard will apply prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, in which case an entity would also early adopt Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests. Management does not expect that the adoption of this new standard will have significant impact on the Company's financial statements.

In January 2009, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Noncontrolling Interests", which together replace the existing Section 1600, "Consolidated Financial Statements", and provide the Canadian equivalent to International Accounting Standard 27, "Consolidated and Separate Financial Statements (January 2008)". The new sections will be applicable to the Company on January 1, 2011. Section 1601 establishes standards for the preparation of consolidated financial statements, and Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Company is assessing the impact, if any, of the adoption of these new sections on its consolidated financial statements.

International Financial Reporting Standards
On February 13, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will transition from current Canadian GAAP reporting and commence reporting under IFRS for the first quarter of 2011, with restatement of comparative information presented.

The Company developed a conversion plan consisting of four key stages including; project planning and preliminary assessment, detailed assessment, design and implementation. The project planning and preliminary assessment stage has been completed. The preliminary assessment was completed with the assistance of external advisors and training and outlines the significant differences between Canadian GAAP and IFRS and rates the impact of each of the significant differences on the entity's financial statements, thereby allowing the Company to focus the detailed assessment on the highest priority items.

The Company has completed the design stage which includes completing an assessment of the quantified effects of the anticipated changes to the Company's IFRS opening balance sheet and identifying business processes and resources that may require modification as a result of these changes. The implementation stage proceeded concurrently with the detailed assessment and design stages including preparing draft IFRS compliant model financial statements and making appropriate changes to business, reporting and system processes and training to support preparation and maintenance of IFRS compliant financial data for the IFRS opening balance sheet at January 1, 2010 and going forward. The Company believes the plan is sufficiently advanced and adequate resources are in place to ensure an efficient and effective transition to IFRS reporting.

The following table provides a summary of the key activities involved and the status of these activities:

Key Activities	Status
Financial Reporting	
· Identify key differences between IFRS and Canadian GAAP	· Key differences between IFRS and Canadian GAAP are identified
· Analyze and select IFRS 1 elections available upon adoption	· IFRS 1 elections have been analyzed and elections have been selected
· Analyze IFRS accounting policies where alternativesw are permitted and select appropriate alternative	· Policy positions for key accounting differences have been completed
· Quantify key differences for opening balance sheet	· Quantification of key differences for the opening balance sheet are near complete
· Prepare IFRS 1 reconciliations	· IFRS reconciliations are near complete
Financial Information Systems	
· Create solution to capture IFRS information during 2010 while still reporting under Canadian GAAP	· Solutions have been implemented for some of the areas with key differences with the remaining areas still in progress
· Analyze information systems to determine changes required to capture IFRS information from January 2011 onward	· Sufficient information systems are thought to be in place
Training	
· Provide technical training to key finance personnel	· Key finance personnel have been and continue to be provided with training at various seminars and current published materials
Business Activities	
· Assess impact of conversion on budgeting, forecasts and compenstion arrangements	· It is anticipated that there will be a minimal impact on these business activities but continuing re-assessment is to be performed as the transition process progresses
Control Environment	
· Maintain effective controls over the IFRS conversion process	· Key finance personnel meet regularly to ensure effective controls over the process are maintained
· Revise internal controls for changes in processes as a result of the transition to IFRS	· Further information needs to be gathered for the assessment of changes to internal controls for any changes in processes
· Approval by Audit Committee	· Approval is pending

Application of IFRS 1 transitional exemptions and identified GAAP differences

The Company has identified the key areas noted below where changes in accounting policy are expected on the transition from Canadian GAAP to IFRS. These areas do not necessarily represent a final list of changes. As we progress through the final steps of the implementation stage, the differences and impacts described below are subject to change, upon review by the Company's Audit Committee and external auditors.

First-time adoption of IFRS

The Company's adoption of IFRS will require the application of "First-time adoption of International Financial Reporting Standards" ("IFRS 1") which generally requires that all IFRS standards and interpretations be accounted for on a retrospective basis. IFRS 1 provides for certain optional exemptions and specific mandatory exemptions. The following represents the optional exemptions that the Company expects to apply:

Share-based payments – IFRS 1 allows that full retrospective application may be avoided for certain share-based instruments depending on the grant date, vesting terms and settlement of any real liabilities. A first-time adopter can elect to not apply IFRS 2 to share-based payments granted after November 7, 2002 that vested before the later of (a) the date of transition to IFRS and (b) January 1, 2005. The Company plans to elect this exemption and will apply IFRS 2 to only unvested stock options as at January 1, 2010 being the transition date.

Business Combinations – IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition avoiding the requirement to restate prior business combinations. The Company plans to elect this exemption and as such expects no difference between Canadian GAAP and IFRS on transition for differences in business combination accounting.

Deemed Cost – IFRS 1 allows for exploration and evaluation assets costs to be accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous Canadian GAAP may elect to measure exploration and evaluation assets at the amount determined under the Company's previous GAAP. The Company plans to elect this exemption and shall continue to test exploration and evaluation assets in the development phases for impairment at the date of transition to IFRS in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

Reconciliation to previously reported financial statements

The following tables provide a reconciliation between the amounts previously reported under Canadian GAAP and those anticipated to be reported in accordance with IFRS and related transitional requirements, based on our analysis to date. A summary of each of the noted changes is included in the notes following the reconciliations of the following Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Income for the dates noted below. The anticipated effects of transition from GAAP to IFRS on the cash flow are not material therefore a reconciliation of cash flows has not been presented. The reconciliations and related adjustments have not been audited by the Company's external auditor.

Transitional Consolidated Statement of Financial Position Reconciliation – January 1, 2010
Consolidated Statement of Financial Position Reconciliation – December 31, 2010
Consolidated Statement of Comprehensive Income Reconciliation – December 31, 2010

The January 1, 2010 Canadian GAAP Consolidated Balance Sheet has been reconciled to IFRS (unaudited) as follows:

Ref	Ref	January 1 2010 CAN GAAP	Effect of Transition to IFRS	**January 1 2010 IFRS**
ASSETS				
Current assets				
Cash		$ 16,515	$ -	$ 16,515
Receivables		4,197		4,197
Marketable securities		62,500		62,500
Total current assets		83,212	-	83,212
Mineral properties and deferred exploration costs		101,000		101,000
Total assets		$ 184,212	$ -	$ 184,212
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		$ 185,747		$ 185,747
Total current liabilities		185,747	-	185,747
Non-controlling interest		53,249		53,249
Total liabilities		238,996	-	238,996
Shareholders' equity (deficit)				
Share capital - preferred		604,724		604,724
Share capital - common		13,044,609		13,044,609
Contributed surplus	a	53,344	(53,344)	-
Accumulated other comprehensive income		24,525		24,525
Deficit		(13,781,986)	53,344	(13,728,642)
Total shareholders's equity		(54,784)		(54,784)
		$ 184,212	$ -	$ 184,212

The December 31, 2010 Canadian GAAP Consolidated Balance Sheet has been reconciled to IFRS (unaudited) as follows:

	Ref	Ref	December 31 2010 CAN GAAP	Effect of Transition to IFRS	**December 31 2010 IFRS**
ASSETS					
Current assets					
Cash			$ 659,227	$ -	$ 659,227
Receivables			26,965		26,965
Marketable securities			-		-
Total current assets			686,192	-	686,192
Mineral properties and deferred exploration costs			677,718		677,718
Total assets			$ 1,363,910	$ -	$ 1,363,910
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities			$ 42,433		$ 42,433
Due to related party			87,094		87,094
Total current liabilities			129,527	-	129,527
Non-controlling interest			-		-
Total liabilities			129,527	-	129,527
Shareholders' equity (deficit)					
Share capital - preferred			604,724		604,724
Share capital - common			14,705,609		14,705,609
Contributed surplus		a	235,844	(53,344)	182,500
Accumulated other comprehensive income			-		-
Deficit			(14,311,794)	53,344	(14,258,450)
Total shareholders's equity			1,234,383		1,234,383
			$ 1,363,910	$ -	$ 1,363,910

	Ref	December 31 2010 CAN GAAP	Effect of Transition to IFRS	**December 31 2010 IFRS**
EXPENSES				
Consulting		$ 25,556		$ 25,556
Filing fees		40,856		40,856
Investor relation		23,101		23,101
General and administrative		18,294	-	18,294
Management fees (Note 6)		90,000		90,000
Professional fees		132,730		132,730
Salaries		22,115		22,115
Stock-based compensation		182,500	-	182,500
LOSS BEFORE OTHER ITEMS		(535,152)	-	(535,152)
OTHER ITEMS:				
Loss on sale of subsidiary (Note 4)		(7,163)		(7,163)
Gain on sale of marketable securities (Note 3)		3,854	-	3,854
LOSS BEFORE NON-CONTROLLING INTEREST		(538,461)	-	(538,461)
NON-CONTROLLING INTEREST IN LOSS		8,653	-	8,653
NET LOSS FOR THE YEAR		$ (529,808)	$ -	$ (529,808)
LOSS PER COMMON SHARE - Basic and diluted				
From continuing operations		$ (0.03)	$ -	$ (0.03)
Weighted average shares outstanding - Basic and diluted		19,941,566		19,941,566
COMPREHENSIVE LOSS				
Net Loss		$ (529,808)	$ -	$ (529,808)
Unrealized gain on marketable securities		-		-

Adjustments on transition to IFRS:

The following is a summary of the significant accounting differences considered as part of the IFRS transition project and, where appropriate, the preliminary quantification of the adjustments required as of the transition date and for the comparative period. Completion of the final stages of our project may result in the identification of other adjustments or changes to the amounts presented, and such changes may be material.

Asset impairment

Both Canadian GAAP and IFRS require an entity to undertake quantitative impairment testing where there is an indication of impairment. Further there is a requirement under IFRS for the Company to assess whether indicators of impairment exist at the date of transition to IFRS.

Unlike Canadian GAAP, IFRS requires impairment charges to be reversed if circumstances leading to the impairment no longer exist. The Company has no historic impairment charges which could be reversed as of the transition date.

As at the transition date, there were no indications of impairment under IFRS identified by management, therefore no formal quantitative impairment was undertaken.

Adjustments on transition to IFRS:

(a) Share-based payment transactions

On transition to IFRS the Company has elected to change its accounting policy for the treatment of amounts recorded in contributed surplus which relate to stock options which expire unexercised. Under IFRS amounts recorded for expired unexercised stock options will be transferred to deficit on the date of expiry. Previously the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

Impact on Consolidated Balance Sheets(Unaudited)

	December 31 2010	January 1 2010
Contributed surplus	$ (53,344)	$ (53,344)
Adjustment to deficit	$ 53,344	$ 53,344

A further difference is that IFRS 2 requires that forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods, whereas under the Company's Canadian GAAP policy forfeitures of awards have been recognized as they occur. On application of the IFRS 1 exemption noted previously, this change in accounting was applied only to unvested awards as of the transition date which there were no unvested awards at that time.

Presentation Adjustments

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

Disclosure Controls and Procedures Over Financial Reporting

Management has the responsibility for the design and implementation of controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the accounting principles generally accepted in Canada. Based on a review of its internal controls at the end of the year covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed and reported in an accurate and timely manner. There have been no significant changes in the Company's internal control over financial reporting during the year ended December 31, 2010.

Management is responsible for the design and effectiveness of disclosure controls and other procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls as of December 31, 2010 and have concluded these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Share Capital Data

The following table sets forth the Company's share capital data as at April 19, 2011:

Common Shares	
-issued & outstanding	36,181,730
Preferred Shares	
-issued & outstanding	604,724
Options	
-issued & outstanding	3,300,000
Warrants	
-issued & outstanding	10,000,000

Further Information

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