



## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

***For the quarter ended September 30, 2020***

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

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

*For the nine months period ended September 30, 2020*

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

The unaudited condensed interim consolidated financial statements of the Company for the nine months period ended September 30, 2020 (“Financial Statements”) have been prepared by management. The Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto of the Company for the fiscal year ended December 31, 2019, which are available at the SEDAR website under the Company’s profile ([www.sedar.com](http://www.sedar.com)). The Financial Statements are stated in thousands of Canadian dollars, unless otherwise indicated, and are prepared in accordance with International Financial Reporting Standards (“IFRS”).



## Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	September 30, 2020	December 31, 2019
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		837	1,098
Receivables and other current assets	4	65	161
Due from related party	8	-	95
<b>TOTAL CURRENT ASSETS</b>		<b>902</b>	<b>1,354</b>
<b>NON-CURRENT ASSETS</b>			
Equipment		22	28
Exploration and evaluation assets	5	38,806	38,633
Investment in related party	8	163	24
<b>TOTAL NON-CURRENT ASSETS</b>		<b>38,991</b>	<b>38,685</b>
<b>TOTAL ASSETS</b>		<b>39,893</b>	<b>40,039</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued liabilities	6, 8	460	519
Flow through share premium	7	89	89
<b>TOTAL CURRENT LIABILITIES</b>		<b>549</b>	<b>608</b>
<b>TOTAL LIABILITIES</b>		<b>549</b>	<b>608</b>
<b>EQUITY</b>			
Share capital - preferred	7	591	591
Share capital – common	7	89,630	89,006
Reserve	7	3,066	4,175
Deficit		(53,943)	(54,341)
<b>TOTAL EQUITY</b>		<b>39,344</b>	<b>39,431</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>39,893</b>	<b>40,039</b>

Nature of Operations (Note 1)

Commitments (Note 10)

Subsequent Events (Note 13)

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

Approved by the Board of Directors on November 18, 2020

“signed”

Keith Morrison  
Director

“signed”

Doug Ford  
Audit Committee Chair



## Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>EXPENSES</b>					
General and administrative expenses	8, 12	(315)	(584)	(979)	(1,637)
Property investigation		(6)	(65)	(23)	(231)
Amortization		(2)	(3)	(6)	(8)
Share-based payments	7	(85)	-	(969)	-
		<b>(408)</b>	<b>(652)</b>	<b>(1,977)</b>	<b>(1,876)</b>
<b>OTHER ITEMS</b>					
Interest income		-	4	-	26
Impairment for exploration and evaluation assets	5	-	-	(437)	-
Foreign exchange loss		(1)	(1)	(1)	(2)
		<b>(409)</b>	<b>3</b>	<b>(438)</b>	<b>24</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(409)</b>	<b>(649)</b>	<b>(2,415)</b>	<b>(1,852)</b>
<b>Basic and diluted weighted average number of common shares outstanding on a post-consolidation basis</b>		<b>98,614,107</b>	<b>78,792,860</b>	<b>92,022,707</b>	<b>78,792,860</b>
<b>Basic and diluted loss per share</b>		<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.02)</b>

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



## Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Number Shares on post- consolidation basis	Share Capital	Preferred Stock	Reserve	Deficit	Total Equity
<b>BALANCE DECEMBER 31, 2018</b>		<b>78,792,860</b>	<b>87,947</b>	<b>591</b>	<b>7,749</b>	<b>(29,343)</b>	<b>66,944</b>
Net and comprehensive loss for the period		-	-	-	-	(1,852)	(1,852)
Expired warrants	7	-	-	-	(2,080)	2,080	-
Forfeited/expired options	7	-	-	-	(1,459)	1,459	-
Share-based payments	7	-	-	-	-	-	-
<b>BALANCE AT September 30, 2019</b>		<b>78,792,860</b>	<b>87,947</b>	<b>591</b>	<b>4,210</b>	<b>(27,656)</b>	<b>65,092</b>
<b>BALANCE DECEMBER 31, 2019</b>		<b>88,690,791</b>	<b>89,006</b>	<b>591</b>	<b>4,175</b>	<b>(54,341)</b>	<b>39,431</b>
Net and comprehensive loss for the period		-	-	-	-	(2,415)	(2,415)
Share capital issued through private placement	7	21,142,857	1,480	-	-	-	1,480
Share issue costs	7	-	(121)	-	-	-	(121)
Share-based payments	7	-	-	-	969	-	969
Value allocated to warrants	7	-	(735)	-	735	-	-
Expired warrants	7	-	-	-	(2,572)	2,572	-
Forfeited/expired options	7	-	-	-	(241)	241	-
<b>BALANCE AT September 30, 2020</b>		<b>109,833,648</b>	<b>89,630</b>	<b>591</b>	<b>3,066</b>	<b>(53,943)</b>	<b>39,344</b>

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



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

	Notes	Nine months ended	
		September 30, 2020	September 30, 2019
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(2,415)	(1,852)
Items not affecting cash:			
Amortization		6	8
Share based payments	7	969	-
Interest income		-	(26)
Write-off exploration and evaluation assets	5	437	-
Changes in working capital	9	(9)	15
Other:			
Interest received		-	36
<b>Net cash used in operating activities</b>		<b>(1,012)</b>	<b>(1,819)</b>
<b>INVESTING ACTIVITIES</b>			
Expenditures on exploration and evaluation assets	5	(603)	(690)
Short-term investments		-	2,500
Investment in related party		(5)	-
Purchase of computer equipment		-	(5)
<b>Net cash provided by (used in) investing activities</b>		<b>(608)</b>	<b>1,805</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of common shares		1,480	-
Direct financing costs		(121)	-
<b>Net cash provided by financing activities</b>		<b>1,359</b>	<b>-</b>
Change in cash equivalents for the period		(261)	(14)
Cash and cash equivalents, beginning of the period		1,098	339
<b>Cash and cash equivalents, end of the period</b>		<b>837</b>	<b>325</b>

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

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*

**1. NATURE AND CONTINUANCE OF OPERATIONS**

North American Nickel Inc. (the "Company" or "NA Nickel") was incorporated on September 23, 1983, under the laws of the Province of British Columbia, Canada. The primary mailing office is located at 3400 – 100 King Street West, PO Box 130, Toronto, Ontario, M5X 1A4 and the records office of the Company is located at 666 Burrard Street, Suite 2500, Vancouver BC V6C 2X8. The Company's common shares trade on the TSX Venture Exchange ("TSXV") under the symbol "NAN".

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

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

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

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. As the Company adapts to a new way of operating under COVID-19, North American Nickel continues to manage and respond to the pandemic within the proposed framework and recommendations of health authorities and local and national regulatory requirements. The Company has implemented preventive measures to ensure the safety of its workforce, local communities and other key stakeholders. To date, exploration program disruptions have been minimal and there has been no significant disruption as a result of COVID-19. In the event of a localized outbreak in any of our jurisdictions, there may be a need to implement increased isolation and containment measures to prevent the spread of the virus. These actions could impact exploration programs and delay activities.

The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 18, 2020. The discussion in notes to the financial statements is stated in Canadian dollars except amounts in tables are expressed in thousands of Canadian dollars.

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

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 Interim Financial Statements. The condensed interim consolidated

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*

financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2019. Any subsequent changes to IFRS that are reflected in the Company's consolidated financial statements for the year ended December 31, 2020 could result in restatement of these condensed interim consolidated financial statements.

*(b) Basis of Preparation*

These condensed interim consolidated financial statements have been prepared under the historical cost convention, modified by the revaluation of any financial assets and financial liabilities where applicable. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2019.

*(c) Basis of consolidation*

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, North American Nickel (US) Inc. which was incorporated in the State of Delaware on May 22, 2015 as well as NAN Exploration Inc. which was incorporated in Ontario on November 15, 2018. Consolidation is required when the Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

**3. CHANGES IN ACCOUNTING POLICIES****New Standards, Interpretations and Amendments Effective This Year:**

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

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

Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks.

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

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

The adoption of these amendments did not result in any impact to the Company's financial statements.



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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*
**4. RECEIVABLES AND OTHER CURRENT ASSETS**

A summary of the receivables and other current assets as of September 30, 2020 is detailed in the table below:

*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Sales taxes receivable	31	62
Other current assets	34	99
	<b>65</b>	<b>161</b>

Other current assets are comprised of prepaid expenses and amounts receivable.

**5. EXPLORATION AND EVALUATION ASSETS**
*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>Canada</b>			<b>Greenland</b>		<b>Total</b>	
	<b>Post Creek Property</b>	<b>Halcyon Property</b>	<b>Quetico Claims</b>	<b>Enid Creek</b>	<b>Lingman Lake</b>		<b>Maniitsoq Property</b>
<b>Acquisition</b>							
Balance, December 31, 2019	298	230	42	83	14	42	709
Acquisition costs – cash	10	8	-	-	-	4	22
Balance, September 30, 2020	<b>308</b>	<b>238</b>	<b>42</b>	<b>83</b>	<b>14</b>	<b>46</b>	<b>731</b>
<b>Exploration</b>							
Balance, December 31, 2019	1,498	233	39	33	13	36,108	37,924
Administration	-	-	-	-	-	16	16
Property maintenance	6	5	-	-	-	17	28
Drilling	-	-	6	166	-	-	172
Geology	19	9	69	83	-	78	258
Geophysics	2	1	28	72	-	3	106
Helicopter	-	-	-	-	-	8	8
Write-off	-	-	-	(437)	-	-	(437)
	<b>27</b>	<b>15</b>	<b>103</b>	<b>(116)</b>	<b>-</b>	<b>122</b>	<b>151</b>
Balance, September 30, 2020	<b>1,525</b>	<b>248</b>	<b>142</b>	<b>(83)</b>	<b>13</b>	<b>36,230</b>	<b>38,075</b>
<b>Total, September 30, 2020</b>	<b>1,833</b>	<b>486</b>	<b>184</b>	<b>-</b>	<b>27</b>	<b>36,276</b>	<b>38,806</b>

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*
*(All amounts in table are expressed in thousands of Canadian dollars)*

	Canada					US	Greenland	Total
	Post Creek Property	Halcyon Property	Quetico Claims	Lingman Lake	Enid Creek	Section 35 Property	Maniitsoq Property	
<b>Acquisition</b>								
Balance, December 31, 2018	288	222	42	-	-	8	42	602
Acquisition costs – cash	10	8	-	14	3	1	-	36
Balance, September 30 2019	298	230	42	14	3	9	42	636
<b>Exploration</b>								
Balance, December 31, 2018	1,431	209	22	-	-	-	62,215	63,877
Administration	1	1	-	-	-	-	9	11
Corporate social responsibility	2	1	-	-	-	-	-	3
Property maintenance	-	-	-	-	-	-	17	17
Drilling	29	-	12	5	-	-	203	249
Environmental, health and safety	-	-	-	-	-	-	8	8
Geology	20	10	-	5	-	2	117	154
Geophysics	1	1	4	2	-	1	28	37
	53	13	16	12	-	3	382	479
Balance, September 30 ,2019	1,484	222	38	12	-	3	62,597	64,356
<b>Total, September 30, 2019</b>	<b>1,782</b>	<b>452</b>	<b>80</b>	<b>26</b>	<b>3</b>	<b>12</b>	<b>62,639</b>	<b>64,994</b>

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

**Post Creek**

On December 23, 2009 and as last amended on March 12, 2013, the Company completed the required consideration and acquired the rights to a mineral claim known as the Post Creek Property located within the Sudbury Mining District of Ontario.

Commencing August 1, 2015, the Company is obligated to pay advances on net smelter return royalties ("NSR") of \$10,000 per annum. The total advances paid during the nine months period ended September 30, 2020 were \$10,000, (September 30, 2019 - \$10,000). The total of the advances will be deducted from any payments to be made under the NSR.

During the nine months period ended September 30, 2020, the Company incurred exploration expenditures totalling \$26,944 (September 30, 2019 - \$53,014) on the Post Creek Property.

**Halcyon**

On December 31, 2015, the Company completed the required consideration of the option agreement and acquired rights to a mineral claim known as the Halcyon Property located within the Sudbury Mining District of Ontario, subject to certain NSR and advance royalty payments.

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$8,000 per annum. The Company paid \$8,000 during the nine months period ended September 30, 2020, (September 30, 2019 - \$8,000). The total of the advances will be deducted from any payments to be made under the NSR.

During the nine months period ended September 30, 2020, the Company incurred \$23,257 (September 30, 2019 - \$20,853) in exploration and license related expenditures on the Halcyon Property.

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*
**Quetico**

On April 26, 2018, the Company acquired the right to certain mineral claims known as Quetico located within the Sudbury Mining District of Ontario. The Company incurred total acquisition and exploration related costs of \$64,256 during the year ended December 31, 2018.

The Company had no minimum required exploration commitment for the years ended December 31, 2019 and 2018 as it is not required to file any geoscience assessment work between the initial recording of a mining claim and the first anniversary date of the mining claim.

By the second anniversary of the recording of a claim and by each anniversary thereafter, a minimum of \$400 worth of exploration activity per claim unit must be reported to the Provincial Recording Office. The Company could maintain mining claims by filing an Application to Distribute Banked Assessment Work Credits form before any due date. Payments in place of reporting assessment work may also be used to meet yearly assessment work requirements, provided the payments are not used for the first unit of assessment work and consecutively thereafter. Payments cannot be banked to be carried forward for future use. An application was lodged with the Mining Lands Administration of the Ontario Government in April 2020 to extend the tenure of the claim blocks due to impact from COVID-19 on implementation of exploration work. A one-year exclusion was granted on September 1, 2020. The total annual work requirement of \$323,600 is now due prior to April 26, 2021 should the Company maintain the current size of the claims.

During the nine months period ended September 30, 2020, the Company incurred exploration expenditures totalling \$102,715 (September 30, 2019 - \$16,425) on the Quetico Property.

**Lingman Lake Property**

During the year ended December 31, 2019, the Company staked certain mineral claims known as Lingman Lake located northwest of Thunder Bay, Ontario. The Company incurred total acquisition and exploration related costs of \$27,376.

There were no exploration related costs incurred during the nine months period ended September 30, 2020. Work commitments of \$75,200 are due prior to April 15, 2021.

**Loveland (Enid Creek) Property**

On September 25, 2019, the Company entered into earn in agreement to acquire a 100% interest, subject to a 1% NSR, in certain claims known as the Loveland Nickel (Enid Creek) Property located in Timmins, Ontario. Consideration is as follows:

*(All amounts in table are expressed in thousands of Canadian dollars)*

	Acquisition costs	Exploration expenditures
Within 5 days of TSXV approval (received on October 24, 2019)	\$25 cash (paid) and 300,000 post-consolidated common shares (issued)	-
On or before September 25, 2020	\$100 cash	Aggregate of at least \$500
On or before September 25, 2021	\$200 cash	Aggregate of at least an additional \$1,000
On or before September 25, 2022	\$300 cash	Aggregate of at least an additional \$1,000
On or before September 25, 2023	\$400 cash	Aggregate of at least an additional \$1,000
On or before September 25, 2024	\$500 cash	Aggregate of at least an additional \$1,000

In the event that the Company is unable to fund sufficient exploration expenditures, the Company may pay the required balance in cash by the relevant date. The Company may also, prior to the 5<sup>th</sup> anniversary date, accelerate its funding of exploration expenditures by paying in advance and in lieu of incurring the required exploration expenditure.

As of September 30, 2020, the Company incurred an aggregate exploration and acquisition expenditures of \$436,897. Based on the results of the exploration program completed in April 2020, the management elected not to proceed with further exploration on the property and terminated the agreement. Accordingly, all acquisition and exploration related costs were written off as at September 30, 2020, totalling \$436,897.

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*

**Section 35 Property**

On January 4, 2016, the Company entered into a 10-year Metallic Minerals Lease (the "Lease") with the Michigan Department of Natural Resources for an area covering approximately 320 acres. The terms of the Lease required annual rental fees.

At the end of 2019 year, management of the Company made a decision to relinquish the mineral lease. As a result, all cumulative exploration related costs of \$11,393 were written-off as at December 31, 2019. The Company applied and received approval for refund of a \$13,016 (US \$10,000) reclamation deposit held by the Department of Natural Resources in Michigan.

**Maniitsoq**

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

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

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

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

During the nine months period ended September 30, 2020, the Company spent in aggregate of \$126,074 (September 30, 2019 - \$382,020) in exploration and license related expenditures on the Maniitsoq Property, which is comprised of the Sulussugut, Ininngui and Carbonatite Licenses. Further details on the licenses and related expenditures are outlined below.

IFRS 6 requires management to assess the exploration and evaluation assets for impairment. Accordingly, management believed that facts and circumstances existed at December 31, 2019 to suggest that the carrying amount of the Maniitsoq Property exceeds its recoverable amount. As a result, management determined the Maniitsoq Property should be impaired by \$26,499,159 and its recoverable amount at December 31, 2019 was \$36,149,667. The valuation was based on historical drilling results and management's future exploration plans on the Maniitsoq Property. The Company intends to plan and budget for further exploration on the Maniitsoq Property in the future.

Further details on the licenses comprising the Maniitsoq Property and related expenditures are outlined below:

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

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

Effective August 15, 2011, the Company was granted an exploration license (the "Sulussugut License") by the BMP of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The application for another 5-year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority ("MLSA") which was effective on April 11, 2016. During the year ended December 31, 2016, the Company paid a license fee of \$7,982 (DKK 40,400) which provides for renewal of the Sulussugut License until 2020. The license was further extended one year until 2021 by MLSA given the impact of COVID-19.

As of December 31, 2019, the Company has spent \$55,960,762 on exploration costs for the Sulussugut License.

The Company had minimum required exploration commitment of DKK 44,755,600 approximately \$8,905,514 for the year ended December 31, 2019 and available credits of DKK 326,111,805 (approximately \$66,950,764) at the end of December 31, 2018. During the year ended December 31, 2019, the Company had approved exploration expenditures

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*

of DKK 1,724,248 (approximately \$343,125) which results in a total cumulative surplus credit of DKK 283,080,453 (approximately \$56,333,010). The credits from 2017, 2018 and 2019 may be carried forward until the end of 2021, 2022 and 2023, respectively. The Company has no exploration commitment for 2020 year.

During the year ended December 31, 2019, the Company spent a total of \$228,925 (December 31, 2018 - \$10,794,837) in exploration and license related expenditures on the Sulussugut License.

During the nine months period ended September 30, 2020, the Company spent a total of \$103,414 in exploration and license related expenditures, (September 30, 2019 - \$219,377).

***Ininngui License (2012/28)***

Effective March 4, 2012, the Company was granted an exploration license (the "Ininngui License") by the BMP of Greenland for exclusive exploration rights of an area located near Ininngui, Greenland. The Ininngui License was valid for an initial 5 years until December 31, 2016 and was extended for a further 5 years, until December 31, 2021 with annual license fee of DKK 41,000 (approximately \$8,159). The expiry date of the license was further extended to December 31, 2022 by MLSA given the impact of COVID-19. The Ininngui License is contiguous with the Sulussugut License.

Should the Company not incur the minimum exploration expenditures on the license in any one year from years 2-5, the Company may pay 50% of the difference in cash to BMP as full compensation for that year. This procedure may not be used for more than 2 consecutive calendar years and as at December 31, 2019, the Company has not used the procedure for the license.

The Company had minimum required exploration commitment of DKK 5,510,400 for the year ended December 31, 2019. As of December 31, 2019, the Company has spent \$5,158,454 on exploration costs for the Ininngui License and exceeded the minimum requirement with a total cumulative surplus credit of DKK 30,281,852 (approximately \$6,026,089). The credits from 2017, 2018 and 2019 may be carried forward until the end of 2021, 2022 and 2023, respectively. The Company has no exploration commitment for 2020 year.

During the nine months period ended September 30, 2020, the Company spent a total of \$17,230 in exploration and license related expenditures, (September 30, 2019 - \$39,184).

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

Effective May 4, 2018, the Company was granted an exploration license (the "Carbonatite License") by the BMP of Greenland for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The Carbonatite License is valid for 5 years until December 31, 2022 with annual license fee of DKK 31,000 (approximately \$6,168). The expiry date of the license was further extended to December 31, 2023 by MLSA given the impact of COVID-19.

The Company had a minimum required exploration obligation of DKK 267,320, approximately \$53,192 for the year ended December 31, 2019. As of December 31, 2019, the Company has spent \$1,486,940 on exploration costs for the Carbonatite License. To December 31, 2019, the Company's expenditures exceeded the minimum requirement and the Company has a total surplus credit of DKK 10,496,522 (approximately \$2,088,808). The credit from 2018 may be carried forward until December 31, 2022 and the credit from 2019 may be carried forward until December 31, 2023. The Company has no exploration commitment for 2020 year.

During the nine months period ended September 30, 2020, the Company spent a total of \$5,430 in exploration and license related expenditures, (September 30, 2019 - \$123,460).

***Ikertoq License***

During the year ended December 31, 2018, the Company was granted an exploration license, (the "Ikertoq License") by the BMP of Greenland and spent total of \$132,679 in exploration and license related expenditures. The license was later relinquished and the costs were expensed as at December 31, 2018.

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*
**6. TRADE PAYABLES AND ACCRUED LIABILITIES**
*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Trade payables	344	310
Amounts due to related parties (Note 8)	113	169
Accrued liabilities	3	40
	<b>460</b>	<b>519</b>

**7. SHARE CAPITAL, WARRANTS AND OPTIONS**

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

## a) Common shares issued and outstanding

On August 13, 2020, the Company closed the first tranche of its non-brokered private placement equity financing consisting of 15,481,077 units of the Company at a price of \$0.07 per Unit, for aggregate gross proceeds of \$1,083,675.

On August 31, 2020, the Company closed the second and final tranche of its non-brokered private placement equity financing consisting of 5,661,780 units of the Company at a price of \$0.07 per Unit, for aggregate gross proceeds of \$396,325. Each Unit consists of one common share in the capital of the Company and one transferable common share purchase warrant of the Company. Each warrant will entitle the holder to acquire one common share of the Company within twenty-four (24) months following its issuance date, at a price of \$0.09. The warrants are subject to an acceleration clause such that if the closing market price of the common shares on the TSX-V is greater than \$0.12 per Common Share for a period of 10 consecutive trading days at any time after the four-month anniversary of the closing of the placement, the Company may, at its option, accelerate the warrant expiry date to within 30 days.

In connection with the non-brokered private financing, the Company paid certain finders a cash payment in the aggregate amount of \$41,171 and aggregate of 588,154 common share purchase warrants. Each warrant will entitle the holder to acquire one common share of the Company within twenty-four (24) months following the closing date, at a price of \$0.09.

The Company incurred total share issuance costs of \$121,249. The Company allocated a \$734,602 fair value to the warrants issued in conjunction with the private placement and to agents' warrants. The fair value of warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.28% to 0.31% range and an expected volatility of 158% to 158.53% range.

As at September 30, 2020, the Company has 109,833,648 common shares issued and outstanding, (September 30, 2019 – 78,792,860).

**2019**

Effective October 4, 2019, the Company completed a share consolidation of the Company's issued and outstanding common shares whereby for every ten (10) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share exists without par value. Share capital outstanding prior to the share consolidation was 787,928,500 common shares and 78,792,860 on a post-consolidation basis.

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted retrospectively to reflect the Company's 10-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

On October 24, 2019 the TSXV approved the filing of the earn in agreement for the Loveland Nickel Property. As a result, on December 9, 2019, the Company issued 300,000 post-consolidation common shares at fair value of \$51,000 (note 5).

On December 18, 2019, the Company closed a non-brokered private placement equity financing of 7,373,265 units at a price of \$0.18 and 2,224,666 flow-through common shares at a price of \$0.18 and raised aggregate gross proceeds of \$1,727,628. Each unit issued consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.25 for a period of 24 months from its date of issuance. The Company incurred total share issuance costs of \$343,639. The Company allocated a \$265,217 fair value to the warrants issued in conjunction with the private placement and \$21,445 to agent's warrants. The fair value of warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions; expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.73% and an expected volatility of 147.26%.

On issuance, the Company bifurcated the flow-through shares into i) a flow-through share premium of \$88,987 that investors paid for the flow-through feature, which is recognized as a liability and; ii) share capital of \$311,453. To December 31, 2019, the Company expended \$Nil in eligible exploration expenditures and, accordingly, the flow-through liability was not reduced.

Sentient Executive GP IV Limited ("Sentient") and Contemporary Amperex Technology Limited ("CATL") have historically subscribed to private placements of the Company. At December 31, 2019, Sentient beneficially owns, or exercises control or direction over 36,980,982 shares (2018 - 36,980,982 on a post-consolidation basis) constituting approximately 41.70% (2018 - 46.93%) of the currently issued and outstanding shares of the Company. At December 31, 2019, CATL beneficially owns, or exercises control or direction over approximately 22,944,444 (2018 - 20,000,000) constituting approximately 25.87% (2018 - 25.38%) of the currently issued and outstanding shares of the Company. As per the subscription agreement, CATL has preemptive rights and the right to nominate one director to the board of directors of the Company.

As at December 31, 2019, the Company has 88,690,791 common shares issued and outstanding, (December 31, 2018 - 78,792,860) on a post-consolidation basis.

**b) Preferred shares issued and outstanding**

As at September 30, 2020 and September 30, 2019, there are 590,931 series 1 preferred shares outstanding.

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

- i) dividends shall be paid at the discretion of the directors;
- ii) the holders of the preferred shares are not entitled to vote except at meetings of the holders of the preferred shares, where they are entitled to one vote for each preferred share held;
- iii) the shares are convertible at any time after 6 months from the date of issuance, upon the holder serving the Company with 10 days written notice; and
- iv) the number of the common shares to be received on conversion of the preferred shares is to be determined by dividing the conversion value of the share, \$1 per share, by \$9.00.

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

For the nine months ended September 30, 2020

(Expressed in Canadian dollars)

## c) Warrants

A summary of common share purchase warrants activity during the nine months period ended September 30, 2020, on a post-consolidation basis is as follows:

	<b>September 30, 2020</b>		<b>December 31, 2019</b>	
	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding, beginning of the period	15,651,397	0.96	25,797,283	1.20
Issued	21,731,011	0.09	3,984,731	0.25
Cancelled / expired	(11,666,666)	1.20	(14,130,617)	1.20
Outstanding, end of the period	25,715,742	0.11	15,651,397	0.96

At September 30, 2020, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

<b>Warrants Outstanding</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average remaining contractual life (years)</b>
3,984,731	December 18, 2021	0.25	0.19
16,045,231	August 13, 2022	0.09	1.17
5,685,780	August 31, 2022	0.09	0.42
25,715,742			1.78

## d) Stock options

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

A summary of option activity under the Plan during the three months period ended September 30, 2020 on a post-consolidation basis is as follows:

	<b>September 30, 2020</b>		<b>December 31, 2019</b>	
	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Number Outstanding</b>	<b>Weighted Average Exercise Price (\$)</b>
Outstanding, beginning of the period	2,130,550	1.51	2,594,550	1.80
Issued	7,850,000	0.15	-	-
Cancelled / expired	(170,000)	2.10	(464,000)	4.23
Outstanding, end of the period	9,810,550	0.41	2,130,550	1.51



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

For the nine months ended September 30, 2020

(Expressed in Canadian dollars)

During the nine months period ended September 30, 2020, the Company granted an aggregate total of 7,850,000 stock options to purchase common shares in the capital of the Company pursuant to the Company's stock option plan. All of the options are exercisable for a period of five years at an exercise price as follows: 6,650,000 options at an exercise price of \$0.16 per share and 1,200,000 options at an exercise price of \$0.09 per share.

There were no incentive stock options granted during the nine months period ended September 30, 2019.

The fair value of stock options granted and vested during the nine months period ended September 30, 2020 was calculated using the following assumptions:

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Expected dividend yield	0%	-
Expected share price volatility	121.55% - 125.025	-
Risk free interest rate	0.39% - 1.21%	-
Expected life of options	<u>5 years</u>	<u>-</u>

Details of options outstanding as at September 30, 2020 on a post-consolidation basis are as follows:

<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted average remaining contractual life (years)</b>
45,000	45,000	Oct 5, 2020	2.00	0.00
526,800	526,800	Jan 28, 2021	2.10	0.02
738,750	738,750	Feb 21, 2022	1.20	0.10
50,000	50,000	Dec 20, 2022	1.20	0.01
530,000	530,000	Feb 28, 2023	1.20	0.13
50,000	50,000	May 1, 2023	1.20	0.01
20,000	20,000	May 4, 2023	1.20	0.01
6,650,000	6,650,000	Feb 24, 2025	0.16	2.99
1,200,000	1,200,000	Aug 19, 2025	0.09	0.60
<u>9,810,550</u>	<u>9,810,550</u>			<u>3.87</u>

**e) Reserve**

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit. During the nine months period ended September 30, 2020, the Company transferred \$2,812,376 to deficit for expired warrants and options (September 30, 2019 - \$3,538,593).

During the nine months period ended September 30, 2020, the Company recorded \$969,391 of share-based payments to reserves. There were no share-based payments during the nine months period ended September 30, 2019.

**8. RELATED PARTY TRANSACTIONS**

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 6):

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*
*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Directors and officers of the Company	27	38
Related companies	86	131
Total	<u>113</u>	<u>169</u>

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

The following amount represent other receivable included in current assets as well as investment in a related private company.

*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Due from related party	-	95
Investment in related party	<u>163</u>	<u>24</u>

On September 30, 2019, the Company entered into a Memorandum of Understanding (“MOU”) with a private company, Premium Nickel Resources (“PNR”) incorporated in Ontario in which certain directors and officers of the Company also hold offices and minority investments.

Concurrent with the MOU, the Company subscribed for 2,400,000 common shares of PNR at \$0.01, for a total investment of \$24,000. Further, during the nine months period ended September 30, 2020, the Company subscribed for additional 3,686,749 common shares at \$0.02, 652,152 common shares at \$0.05 and 218,810 common shares at \$0.15 for an additional investment of \$139,164. As of September 30, 2020, the Company’s total investment amounts to \$163,164 and constitutes a 10.96% holding in PNR and includes a provision that will give the Company the right to nominate two directors to the board of directors of PNR. Subsequently on October 22, 2020, the Company further invested \$15,000 for 100,000 shares of PNR to increase its ownership to 11.01%. PNR has issued the common shares certificate but yet to issue the final form of the Warrant to the Company that entitle the Company to purchase common shares of PNR up to 15% of the capital of PNR upon payment of US \$10 million prior to the fifth anniversary of the date of issue.

On January 1, 2020, the Company entered into a Management and Technical Services Agreement (the “Services Agreement”) with PNR, whereby the Company will provide certain technical, corporate, administrative and clerical, office and other services to PNR during the due diligence stage of the contemplated arrangement. The CEO, CFO and the Chair of NAN’s Board were appointed to be the CEO, CFO and the Chair of PNR.

There were no amounts receivable due from the PNR as at September 30, 2020.

(a) Related party transactions

As of September 30, 2020, Sentient beneficially owns 36,980,982 common shares on a post-consolidation basis constituting approximately 41.70% of the currently issued and outstanding common shares.

On September 30, 2020, CATL beneficially owns 22,944,444 common shares on a post-consolidation basis constituting approximately 25.87% of the currently issued and outstanding shares of the Company. CATL has pre-emptive rights and the right to nominate one director to the board of directors of the Company.

During the nine months period ended September 30, 2020, the Company recorded \$155,810 (September 30, 2019 - \$121,716) in fees charged by a legal firm in which the Company’s chairman is a consultant.

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

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

For the nine months ended September 30, 2020

(Expressed in Canadian dollars)

Key management compensation was:

(All amounts in table are expressed in thousands of Canadian dollars)

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Geological consulting fees – expensed	5	86
Management fees – expensed	360	567
Salaries - expensed	128	142
Share-based payments	671	-
<b>Total</b>	<b>1,164</b>	<b>795</b>

**9. SUPPLEMENTAL CASH FLOW INFORMATION**

Changes in working capital for the nine months period ended September 30, 2020 and 2019 are as follows:

(All amounts in table are expressed in thousands of Canadian dollars)

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Decrease in accounts receivables	43	27
Decrease in prepaid expenses	14	9
Decrease in trade payables and accrued liabilities	(66)	(21)
<b>Total changes in working capital</b>	<b>(9)</b>	<b>15</b>

During the nine months period ended September 30, 2020, the Company:

- i) transferred \$2,812,376 from reserve to deficit;
- ii) recorded \$6,958 the net change for accrued in exploration and evaluation expenditures;
- iii) Recorded \$139,164 as a further investment in PNR among which \$134,447 through reduction of amount receivable from PNR.

During the nine months period ended September 30, 2019, the Company:

- i) transferred \$3,538,593 from reserve to deficit;
- ii) recorded \$174,188 in accrued exploration and evaluation expenditures.

**10. COMMITMENTS AND CONTINGENCIES**

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

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

- i) Directors' fees: \$2,000 stipend per month for independent directors and \$3,000 stipend per month for the chairman of the board, and \$2,500 for committee chairmen.
- ii) Management fees: \$10,905 per month for the 1<sup>st</sup> quarter of 2020 and \$16,907 per month from April 2020 onward

Effectively on September 1, 2018, the Company changed the terms with Keith Morrison, the CEO, from direct employment to contracted consultant and entered into a service agreement with his company. Mr. Keith Morrison was appointed to CEO of PNR in January 2020 and has a separate service agreement with the private company.

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

For the nine months ended September 30, 2020

*(Expressed in Canadian dollars)*

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 ninety days from the date of such change of effective control, upon written notice to the Company. Within thirty days from the date of delivery of such notice, the Company shall forward to the party the amount of money due and owing to the party hereunder to the extent accrued to the effective date of termination.

**11. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment being that of the acquisition, exploration and development of mineral properties in three geographic segments being Canada, Greenland and United States (Note 5). The Company's geographic segments are as follows:

*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Equipment		
Canada	6	9
Greenland	16	19
<b>Total</b>	<b>22</b>	<b>28</b>
	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Exploration and evaluation assets		
Canada	2,530	2,483
Greenland	36,276	36,150
<b>Total</b>	<b>38,806</b>	<b>38,633</b>

**12. GENERAL AND ADMINISTRATIVE EXPENSES**

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

*(All amounts in table are expressed in thousands of Canadian dollars)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Consulting fees	40	66	124	231
Professional fees	20	78	101	113
Management fees	110	194	366	567
Investor relations	31	1	45	28
Filing fees	16	41	37	69
Salaries and benefits	80	175	248	453
General office expenses	18	29	58	176
<b>Total</b>	<b>315</b>	<b>584</b>	<b>979</b>	<b>1,637</b>

**13. SUBSEQUENT EVENTS**

On October 22, 2020, the Company further subscribed for 100,000 common shares of PNR at \$0.15, for a total investment of \$15,000. As of report date, the Company beneficially owns 7,057,711 common shares of PNR constituting approximately 11.01% of the currently issued and outstanding shares of the private Company, and 5-year Warrant to purchase an additional 15% of PNR for USD\$10 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of North American Nickel Inc. ("North American Nickel" or the "Company") is designed to enable the reader to assess material changes in the financial condition of the Company between September 30, 2020 and December 31, 2019, and the results of operations for the three and nine months ended September 30, 2020 ("**Q3 2020**" and "**YTD 2020**", respectively) and for the three and nine months ended September 30, 2019 ("**Q3 2019**" and "**YTD 2019**", respectively). The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and with the audited consolidated financial statements and notes thereto of the Company for the fiscal year ended December 31, 2019 ("**FY 2019**"). In this MD&A, references to the Company are also references to North American Nickel and its wholly-owned subsidiary.

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

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

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

This report is dated November 18, 2020. Readers are encouraged to read the Company's other public filings, which can be viewed on the SEDAR website under the Company's profile at [www.sedar.com](http://www.sedar.com). Other pertinent information about the Company can be found on the Company's website at [www.northamericannickel.com](http://www.northamericannickel.com).

Effective October 4, 2019, the Company completed a share consolidation of the Company's issued and outstanding common shares whereby for every ten (10) pre-consolidation common shares issued and outstanding, one (1) post-consolidation common share exists without par value.

All references to share capital, warrants, options and weighted average number of shares outstanding have been adjusted in this discussion, in the consolidated financial statements and retrospectively to reflect the Company's 10-for-1 share consolidation as if it occurred at the beginning of the earliest period presented.

### **Company Overview and Highlights**

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

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

### ***Exploration & Development Activities***

Since 2011 the Company has continued the advancement of its camp scale Maniitsoq Project in Southwest Greenland and the Post Creek Property in Sudbury, Ontario.

In early 2018, NAN initiated a strategy to assemble a diversified portfolio of highly prospective nickel-copper-cobalt projects that were located in countries with the Rule-of-Law and that should demonstrate sustainable economics assuming conservative long-term commodity prices. As a result of this work, NAN has acquired three new projects in Ontario which include: the Lingman Nickel Project, covering a portion of the Archean aged Lingman Lake Greenstone Belt and the Quetico Nickel Project

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



which is known to host intrusions with Ni-Cu-Co-PGM mineralization related to a late 2690 Ma Archean magmatic event and the 1110-1090 Ma Proterozoic Mid-continent Rift. On September 25, 2019, the Company entered into an agreement to earn a 100% interest in the Loveland Nickel property in the Timmins area of Ontario and subsequently completed a 4-hole program for 1,086 metres of diamond drilling, with borehole electromagnetic (BHEM) surveys on the project. Based on the result of the exploration program, the management elected not to proceed with further exploration on the property and terminated the agreement.

On July 9, 2020, the Company announced its ownership position in a private company, Premium Nickel Resources ("PNR") to have direct exposure to Ni-Cu-Co opportunities in the South African region. PNR has submitted an Indicative Offer to acquire the assets, currently in liquidation, formerly operated by Bamangwato Concessions Limited (BCL) in Botswana on June 30, 2020 and the bidding result is pending. NAN provides technical and management support to PNR through a Services Agreement and a Consulting Agreement. The CEO, CFO and the chair of NAN's Board were appointed to be the CEO, CFO and the Chair of PNR. NAN currently owns 11% of PNR and has a 5-year Warrant to purchase an additional 15% of PNR for USD\$10 million.

### **Financing Activities**

On August 13 and August 31, 2020, the Company closed its announced non-brokered private placement in two tranches issuing a total of 21,142,857 Units at a price of \$0.07 per unit for aggregate gross proceeds of \$1,479,999.99. Each Unit will consist of one common share in the capital of the Company and one transferable common share purchase warrant ("Warrant") of the Company. Each Warrant will entitle the holder to acquire one common share of the Company within twenty-four (24) months following its issuance date, at a price of \$0.09. The warrants are subject to an acceleration clause such that if the closing market price of the common Shares on the TSX-V is greater than \$0.12 per Common Share for a period of 10 consecutive trading days at any time after the four-month anniversary of the closing of the Placement, the Company may, at its option, accelerate the warrant expiry date to within 30 days. The proceeds of the placement would be used for continued investment in Premium Nickel Resources, as well as advancing exploration activity in Morocco and Greenland, and for general corporate and working capital purposes.

### **Corporate Activities**

On February 24, 2020, the Company granted incentive stock options to certain directors, officers, employees and consultants of the Company to purchase up to 6,650,000 common shares in the capital of the Company pursuant to the Company's stock option plan. All the options are exercisable for a period of five years at an exercise price of \$0.16 per share.

In June 2020, the Company announced that Mr. John Sabine has stepped down from his position as Non-Executive Chairman and Director of the NAN Board. Subsequently, the Board appointed Mr. Charles Riopel as Interim Non-Executive Chairman and Mr. Douglas Ford as Interim Lead Independent Director.

On August 19, 2020, the Company granted incentive stock options to an officer of the Company to purchase up to 1,200,000 common shares in the capital of the Company pursuant to the Company's stock option plan. All the options are exercisable for a period of five years at an exercise price of \$0.09 per share.

The Company held its Annual General and Special Meeting on September 21, 2020. All directors were re-elected for the ensuing year and the Company's Stock Option Plan was approved. Following the meeting the board of directors re-appointed Charles Riopel as Chairman, Keith Morrison as Chief Executive Officer and Sarah-Wenjia Zhu as Chief Financial Officer.

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

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

The Maniitsoq property is centred on the 75 kilometre by 15 kilometre Greenland Norite Belt which hosts numerous high-grade nickel-copper sulphide occurrences associated with mafic and ultramafic intrusions. Between 1959 and 2011, various

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

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

The Maniitsoq property consists of three exploration licences, Sulussagut No. 2011/54 and Ininngui No. 2012/28 comprising 2,689 and 296 square kilometres, respectively and the Carbonatite property No. 2018/21 (63 km<sup>2</sup>).

**Sulussugut Licence (No. 2011/54)** was granted by the Bureau of Minerals and Petroleum ("BMP") of Greenland on August 15, 2011 and valid for 5 years until December 31, 2015 providing the Company meets the terms of the licence, which includes that specified eligible exploration expenditures must be made. The application for the second 5-year term on the Sulussugut Licence was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2019 being the ninth year.

**Ininngui Licence (No. 2012/28)** is contiguous with the Sulussugut Licence and was granted by the BMP of Greenland on March 4, 2012. The Ininngui Licence was valid for 5 years until June 30, 2017. The application for the second 5-year term on the Ininngui Licence was submitted to the MLSA which was effective March 14, 2017, with December 31, 2019 being the eighth year.

**Carbonatite Licence (No. 2018/21)** was granted by the BMP of Greenland on March 4, 2018 for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The Company paid a licence fee of \$6,523 (DKK 31,000) upon granting of the Carbonatite Licence. The Carbonatite Licence is valid for 5 years with December 31, 2019 being the second year.

Details of required work expenditures and accrued work credits for the above three licences are tabulated and given below in Table 1.

The Greenland MLSA has adjusted the minimum required exploration commitment for the above three licences to DKK 0 for the year 2020 and also adjusted the expiry dates by one year.

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

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

The three licences, 2011/54, 2012/28 and 2018/31 have sufficient accrued work credits to keep the property in good standing until December 2023.

**Table 1: Exploration commitment and credits at the end of 2019** (All amounts in table are expressed in thousands of DKK)

		<b>Sulussugut Licence 2011/54</b>	<b>Ininngui Licence 2012/28</b>	<b>Carbonatite Licence 2018/21</b>
Area		2689 km <sup>2</sup>	296 km <sup>2</sup>	63 km <sup>2</sup>
Valid until		December 31, 2021	December 31, 2022	December 31, 2023
Annual licence fee	DKK	41	41	31
<b>Total credit available</b>				
Credit from previous years		326,111	35,509	9,830
Approved exploration expenditures (2019)		1,724	283	934
Exploration obligation (2019)		(44,755)	(5,510)	(267)
<b>Total Credit</b>	<b>DKK</b>	<b>283,080</b>	<b>30,282</b>	<b>10,497</b>
<b>Carry Forward Period:</b>				
From 2017 until December 31, 2021		201,752	19,534	-
From 2018 until December 31, 2022		79,604	10,465	9,563
From 2019 until December 31, 2023		1,724	283	934
<b>Total</b>	<b>DKK</b>	<b>283,080</b>	<b>30,282</b>	<b>10,497</b>
<b>Average Annual Rate DKK to CAD</b>		0.1990	0.1990	0.1990
<b>Accumulated exploration credits in CAD (,000)</b>		<b>\$56,333</b>	<b>\$6,026</b>	<b>\$2,089</b>

#### **West Greenland Prospecting Licence – 2020/05**

A new prospecting licence, No. 2020/05, for West Greenland was awarded by the Greenland government on March 18, 2020. The Prospecting Licence is in effect until December 31, 2024.

#### **Exploration and Development Activities**

In 2019, The Company had planned to return to Maniitsoq and other regional target areas to continue our systematic exploration program. Unfortunately, the Company was not successful in completing a treasury financing within the lead-time required for the logistical planning in Greenland. The initial 2019 work program for Maniitsoq project had been postponed to the 2020 summer season subsequent to a successful financing capable of supporting an integrated exploration program. However, the 2020 summer program was further delayed due to the COVID-19 travel restrictions. Management is re-assessing the possibility of carrying out the program in 2021.

Hydropower assessment of watershed 06.H was continued with the emplacement of devices to measure the seasonal variability of water levels in Lake Taserssuatsiaq and to provide a framework for further surveys over the next 3-5 years.

#### **Outlook - Exploration and Development for 2020-2023**

Management is recommending a three-year exploration plan for Maniitsoq with the objective of maximizing the potential value of the asset while extending the period that the Company maintains control of the project. The impact of Covid-19 will prevent the planning and execution of field work in Greenland. The Greenland Government eliminated the expenditure requirements for 2020. Management will assess the situation with the expectation of implementing the three-year plan starting in 2020.



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*2020* – Apply the Company's cumulative knowledge to Maniitsoq and other areas of Western Greenland and identify the geoscience data gaps to effective targeting.

– Continue the assessment of hydropower development within watershed 06.H.

*2021* - Acquire the additional required geoscience data and additional properties of merit; conduct test drilling if any priority targets are identified and drill ready.

*2022* – Execute a major drill campaign of prioritized targets.

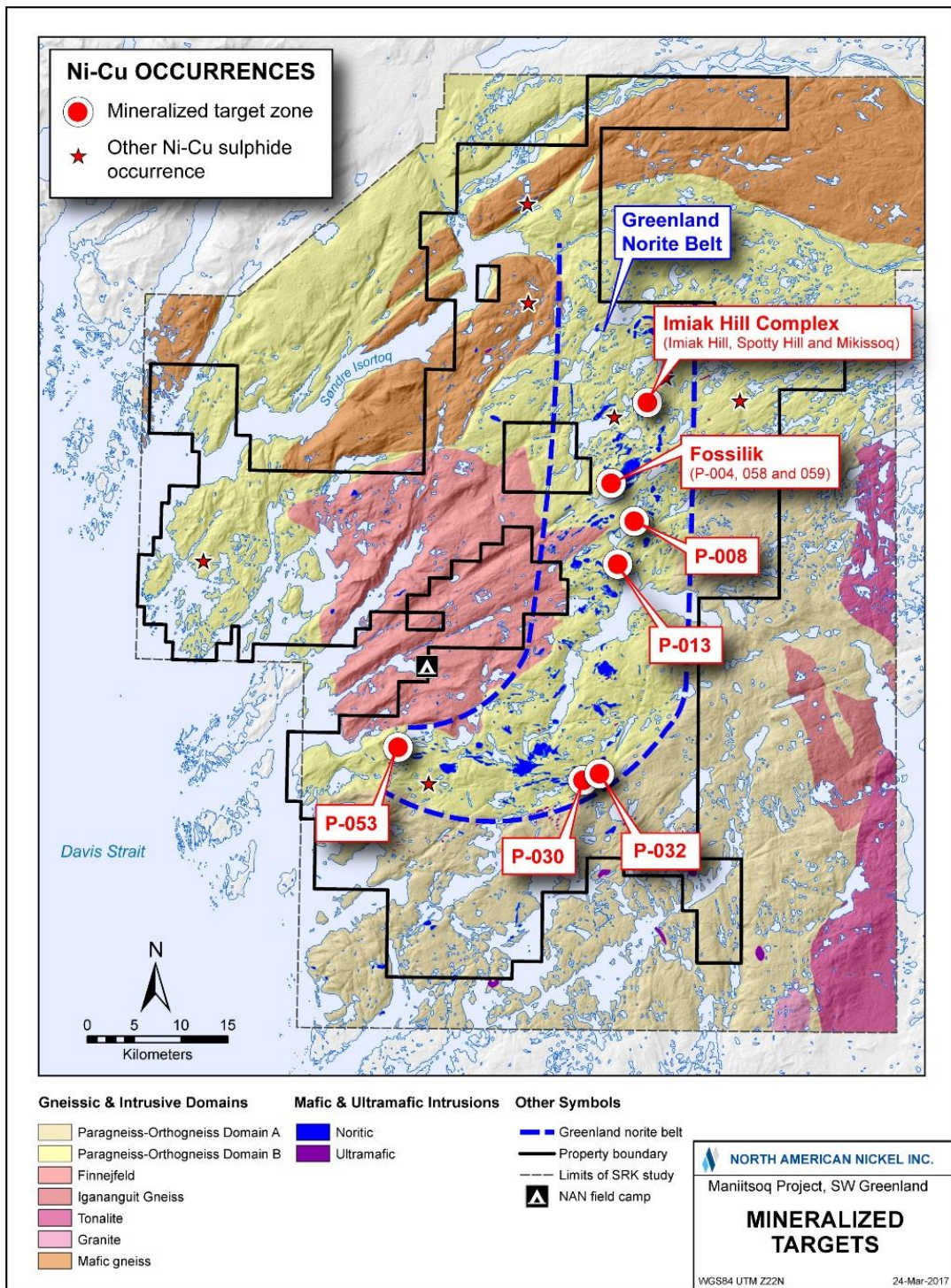
This three-year plan will allow for the generation of priority drill targets while drawing down on the three years of exploration credits (Table 1). The drilling expenditure in 2022 would extend the Company's 100% ownership of the Maniitsoq project until 2025.

### **Exploration History**

The Company undertook numerous exploration activities and completed various mineralogical studies during the period from 2012 to 2019, including 52,895.16 metres of drilling in 189 holes and 13,497 line-km of SkyTEM and VTEM surveys. A National Instrument 43-101 was completed on the Maniitsoq property in March 2016 and updated in March 2017. QEMSCAN mineralogical analyses on drill core samples documenting favourable liberation and recovery characteristics for Maniitsoq mineralization was reported in April 2016.

NAN has progressively implemented new exploration methodologies and tools in an effort to refine targeting at the property and borehole scales. These include the introduction of helicopter-borne electromagnetic and magnetic surveys, modern surface-based electromagnetic, induced polarization, and gravity surveys, application of Worldview-3 satellite imagery, implementation and consistent use of borehole electromagnetic methods, collection of oriented drill core, optical televiewer data and downhole physical properties; structural studies, geochemical studies and 3D modelling. The compilation and integration of data has resulted in a vast improvement in the understanding of the geology of the GNB and it resulted in the discovery of surface and sub-surface nickel-copper sulphide occurrences and the expansion of mineral zones comprising the Mikissoq, Spotty Hill, Imiak Hill, Fossilik, P-008, P-013, and P-053, four of which remain open in one or more directions. In addition, nickel sulphide mineralization has been intersected at a number of other locations throughout the Greenland Norite Belt, including at the P-004, P-013, P-030, P-032, P-053, and Pingo targets (figure 1). Exploration continues to extend known zones of mineralization and provides a framework for future discoveries.

**Figure 1. Location of Mineralized targets.**



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### **Carbonatite**

On May 4, 2018 the Company was awarded an exploration licence (2018/21; "Carbonatite") over a highly prospective block of ground to the west of the Fossilik Intrusion in an area which has very limited nickel exploration and contains the Qeqertassaq carbonatite complex.

The work program in 2018 consisted of compilation, surface sampling for geochemistry, surface EM work in areas with possible norite-associated mineralization and drilling to evaluate the potential for strategic metals (niobium, tantalum, and rare earth elements) in areas outside of the focus areas of historic drilling.

A report on the strategic metal potential of the Qeqertassaq carbonatite was commissioned, and emphasis was placed on understanding the upside potential of the light rare earth element vein system, the niobium mineralization, and the potential for tantalum mineralization is association with soevite series rocks.

### **Exploration Results**

Exploration programs on the Maniitsoq Property completed between 2011 and 2018 expanded the footprint of the historic mineral occurrences at the Imiak Hill Complex and Fossilik and resulted in the discovery of several new occurrences of mineralized norite in the belt. The Company is currently working to determine the significance of these zones.

#### Imiak Hill Complex

The Imiak Hill Complex comprises three separate mineralized norite intrusions termed Imiak Hill, Spotty Hill and Mikissoq within an ~3 km<sup>2</sup> area of the Maniitsoq property (figure 2).

#### Imiak Hill

The up-dip extent of the Imiak Hill mineralization, originally discovered by KØ, is marked by a surface gossan approximately 80 by 100 metres in size. Mineralization consists of two parallel zones, defined over a maximum strike length of 25 to 30 metres and dip extent of 270 meters. The mineral zone at Imiak is closed-off by exploration, but it remains possible that structurally detached segments of the norite may exist at depth. Mineralization is hosted in norite and leuconorite and consists of a network of remobilized semi-massive to massive sulphide veins and breccia veins collectively ranging from approximately 0.3 to 13.6 metres in width. Mineralization increases in grade with depth and sulphides consist of medium to coarse grained pyrrhotite, pentlandite, pyrite, and chalcopyrite. Semi-massive to massive sulphide samples typically grade 3 to 7 % Ni, 0.1 to 0.2 % Co and less than 0.1 g/t Pt+Pd+Au. Copper values are highly variable ranging from less than 0.1 to 6.3 percent; this broad range suggests that secondary re-distribution of mineralization into noritic rocks has occurred.

Assays highlights at Imiak Hill include:

MQ-13-026:	25.51 m @ 3.25% Ni, 0.48% Cu
MQ-13-028:	24.75 m @ 3.19% Ni, 1.14% Cu
MQ-14-072:	16.35 m @ 2.51% Ni, 0.77% Cu

#### Spotty Hill

The Spotty Hill nickel-copper sulphide mineralization comprises a zone of disseminated to blebby magmatic sulphide containing intersections of semi-massive to massive stringer and vein sulphides hosted in melanorite. The up-plunge extent of the zone is represented by irregularly distributed surface gossans. The zone typically varies between two and 20 metres in width and has been intersected by drilling over a plunge distance of 400 metres. The down-dip extent of the zone is interpreted to be 150 metres in the highest grade part of the zone where most of the drilling is concentrated. The Spotty Hill mineralization is characterized by elevated platinum and palladium; typical assays returned values between 0.1 and 1.0 g/t Pt+Pd+Au. Grades of the precious metals typically increase with increase in nickel grade. Copper concentrations are commonly between 0.1 and 0.5 percent but can be erratically distributed with some mineralized samples containing less than 0.1 % Cu and others up to 2 % Cu. Cobalt values are commonly between 0.01 and 0.05 percent.

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### Assay highlights at Spotty Hill include:

MQ-14-062:	66.00 m @ 0.61% Ni, 0.16% Cu, 0.22 g/t Pt+Pd+Au Incl. 8.55 m @ 2.98% Ni, 0.59% Cu, 0.86 g/t Pt+Pd+Au
MQ-14-065:	61.29 m @ 0.66% Ni, 0.17% Cu, 0.25 g/t Pt+Pd+Au Incl. 10.60 m @ 1.69% Ni, 0.34% Cu, 0.50 g/t Pt+Pd+Au
MQ-15-075:	15.55m @ 1.06% Ni, 0.24% Cu, 0.31 g/t Pt+Pd+Au incl. 6.00 m @ 1.77% Ni, 0.23% Cu, 0.46 g/t Pt+Pd+Au
MQ-16-121:	4.75 m @ 1.59% Ni, 0.30% Cu, 0.66 g/t Pt+Pd+Au
MQ-17-143:	7.80 m @ 1.35% Ni, 0.26% Cu, 1.85 g/t Pt+Pd+Au incl. 5.00 m @ 1.69% Ni, 0.33% Cu, 2.71 g/t Pt+Pd+Au

### Mikissoq

Mineralization at Mikissoq is hosted in two norite intrusions separated by orthogneiss. The shallow zone correlates with the historic Mikissoq gossan containing up to 3.73% Ni in surface grab samples and drilling has outlined mineralization over a strike extent of 25 metres and to a maximum depth of 95 metres below surface. Intersections range from 2 to 20 metres in width. Mineralization consists of disseminated to blebby sulphides with intervals of locally remobilized vein, stringer, and breccia vein sulphides, as well as sulphide fracture fillings. Assay values for the shallow mineralization vary widely depending on the amount of remobilized sulphides present in the sample. Semi-massive to massive sulphide samples from borehole MQ-13-029 returned values of approximately 4.5 to 7.5 % Ni, 0.15 to 0.65 % Cu, 0.1 to 0.2 % Co and up to 0.3 g/t Pt+Pd+Au. Disseminated sulphide mineralization with localized sulphide veins and stringers in borehole MQ-13-027 returned an average value of 0.7 % Ni and 0.3 % Cu.

The top of the deeper sulphide zone is located approximately 100 metres below the bottom edge of the shallow mineralization and has been intersected over a dip extent of 105 metres by three boreholes on one section. Intersections range from 21 to 38 meters in true width. The mineralization consists of coarse-grained magmatic sulphide disseminations, blebs, and patches, with local stringers and veins of remobilized sulphide mineralization. The deeper sulphide lens averages between 0.5 and 1.1 % Ni, 0.25 and 0.55 % Cu, and 0.01 and 0.03 % Co. The intervals with the highest sulphide content, including remobilized sulphides, typically grade between 1 and 4 % Ni, 0.25 and 0.65 % Cu, as well as 0.02 and 0.08 % Co. Combined Pt+Pd+Au concentrations are typically less than 0.2 g/t.

The trend of the Mikissoq mineral zone is open and untested at depth.

### Assay highlights at Mikissoq include:

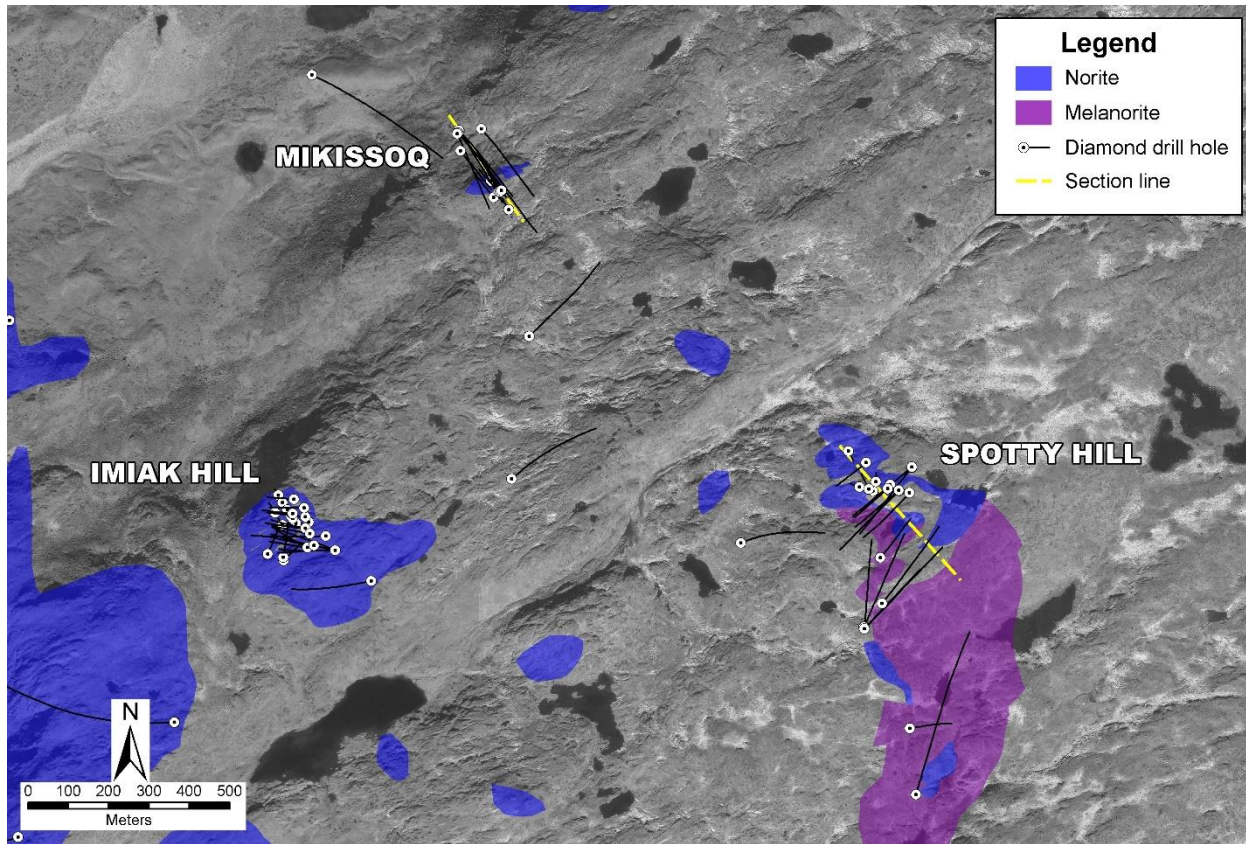
#### Upper Zone

MQ-13-029:	9.99 m @ 4.65% Ni, 0.33% Cu
MQ-14-073:	61.35 m @ 0.63% Ni, 0.18% Cu incl. 2.6 m @ 1.79% Ni and 0.54% Cu and 4.6 m @ 1.27% Ni and 0.27% Cu and 6.56 m @ 1.59% Ni, 0.22% Cu

#### Lower Zone

MQ-16-113:	53.25m @ 0.81% Ni, 0.36% Cu incl. 5.15m @ 2.56% Ni, 0.37% Cu
MQ-16-117:	74.05m @ 1.08% Ni, 0.54% Cu incl. 13.65m @ 1.84% Ni, 0.64% Cu
MQ-16-118:	47.00m @ 0.51% Ni, 0.25% Cu incl. 15.00m @ 1.03% Ni, 0.32% Cu

**Figure 2. Plan Map Imiak Hill Complex (IHC) showing the locations of Imiak Hill, Spotty Hill, and Mikissoq.**



The Fossilik Intrusion is one of the largest and most continuous GNB Intrusions. It is located eight kilometres to the southwest of the Imiak Hill Complex; it is approximately five square kilometres in size and contains or is associated with several zones of mineralization, including a large area of surface mineralization at the southwestern end of the intrusion (figure 3). The main zone of mineralization is P-058, and this corresponds to the historic Fossilik II showing.

The P-058 mineralization consists of a tabular zone of mineralization that has been intersected over a strike extent of 100 metres. A secondary narrow parallel zone of remobilized and magmatic sulphides occurs in the footwall and both the main and footwall zones are interpreted to be open down-dip and down-plunge. The overall footprint of the mineralization is interpreted to extend from surface to a vertical depth of 695 metres based on borehole EM (BHEM) results. The mineralization, which is variably hosted in norite or adjacent gneisses, consists of both disseminated to blebby magmatic sulphides and high grade remobilized massive to breccia sulphide veins and stringers. Individual remobilized massive and breccia sulphide veins range from a few centimetres to about one metre in width. Remobilized sulphide samples return high nickel and/or copper grades of up to 6.8 % Ni and 7.7 % Cu and commonly contain between 0.1 and 0.2 % Co. Norite-hosted disseminated to blebby mineralization observed in boreholes MQ-15-077 and MQ-16-105 grades between 0.55 and 0.75 % Ni and 0.19 and 0.27 % Cu, respectively.

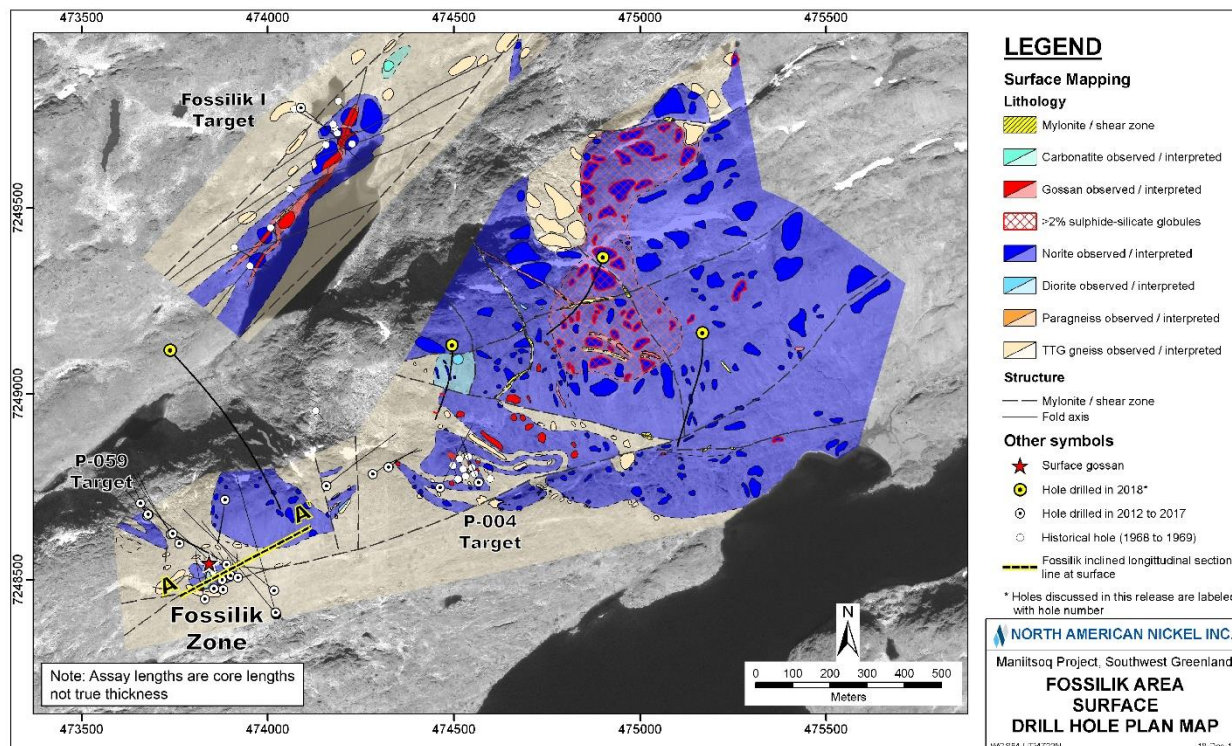
The P-058 mineral zone remains open at depth and may represent a structurally detached portion of the keel of the Fossilik Intrusion.

Assay highlights at Fossilik include:

- MQ-14-054: 5.58 m @ 1.72% Ni, 0.26% Cu
- MQ-16-105: 10.20 m @ 3.41% Ni, 0.28% Cu incl.

	4.10 m @ 4.85% Ni, 0.29% Cu
MQ-16-111:	3.06 m @ 3.93% Ni, 0.25% Cu
MQ-17-146:	10.70 m @ 2.53% Ni, 1.26% Cu incl.
	3.50 m @ 4.97% Ni, 2.30% Cu and
	2.20 m @ 3.35% Ni, 1.31% Cu

**Figure 3. Plan Map showing the geology of the Fossilik Intrusion and the distribution of mineral occurrences and disseminated sulphide mineralization.**



### CSR, Environment and Infrastructure

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

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

**Environmental Surveys** – Sampling to establish baseline geochemical values for low total dissolved solids freshwaters, fauna and flora was continued in areas of active exploration and in the area of watershed 0.6H. Watershed survey area surveys were

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undertaken in support of ongoing hydropower assessments that are ongoing. All surveys have been undertaken by qualified personnel of Golder Associates (Copenhagen). Final reports have been received for both environmental surveys and weather station databases. Weather stations have been removed from the field as sufficient data has been acquired to prepare a model for wind-related particulate dispersion in the Maniitsoq area.

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

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

#### **Post Creek Property**

The Company entered into an option agreement in April 2010, subsequently amended in March 2013, to acquire rights to Post Creek Property located within the Sudbury Mining District of Ontario. On August 1, 2015, the Company has completed the required consideration and acquired 100% interest in the property. The Company is obligated to pay advances on the NSR of \$10,000 per annum, which will be deducted from any payments to be made under the NSR.

The property is located 35 kilometres east of Sudbury in Norman, Parkin, Alymer and Rathburn townships and consists of 73 unpatented mining claim cells in two separate blocks, covering a total area of 912 hectares held by the Company. The center of the property occurs at UTM coordinates 513000mE, 5184500mN (WGS84, UTM Zone 17N). The Post Creek property lies adjacent to the Whistle Offset Dyke Structure which hosts the past-producing Whistle Offset and Podolsky Cu-Ni-PGM mines. Post Creek lies along an interpreted northeast extension of the corridor containing the Whistle Offset Dyke (figure 4). Offset Dykes and Footwall deposits account for a significant portion of all ore mined in the Sudbury nickel district and, as such, represent favourable exploration targets. Key lithologies are Quartz Diorite and metabreccia related to Offset Dykes and Sudbury Breccia associated with Footwall rocks of the Sudbury Igneous Complex which both represent potential controls on mineralization.

#### ***Outlook – Exploration and Development for 2021***

The objective of further compilation work on the Post Creek Project was to provide a basis for prospecting and sampling of parts of the property that have received incomplete historic exploration. The targets comprised radial and concentric offset dykes of the Sudbury Igneous Complex which are known to be associated with high grade Cu-Au-PGE sulfide mineralization.

2021 – Prospect and search for mineralization and/or quartz diorite on parts of the Post Creek Properties that remain overlooked by previous exploration. Complete geophysical surveys over prospective target areas, and conduct test drilling if any priority targets are identified and drill ready.

This plan will allow for the generation of priority drill targets while drawing down on the available exploration credits. The work expenditure in 2021 would extend the Company's 100% ownership of the Post Creek Project into 2025 and beyond.

#### ***Exploration History***

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

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

- A drill intersection returning 0.48% copper, 0.08% nickel, 0.054 grams/tonne palladium, 0.034 grams/tonne platinum and 0.020 grams/tonne gold over a core length of 0.66 metres; and
- A grab sample from angular float which returned 0.83% nickel, 0.74% copper, 0.07% cobalt, 2.24 grams/tonne Pt and 1.05 grams/tonne Pd.

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

During the period of 2011 to 2016, the Company carried out exploration programs comprising ground geophysics (magnetics and electromagnetics), diamond drilling (1,533 metres in 7 drill holes), borehole electromagnetic surveys, georeferencing of selected claim posts, prospecting, trenching, geological mapping, sampling and petrographic studies. This work has identified new occurrences of Quartz Diorite dyke and Sudbury Breccia, both of which are geologically significant lithologies known to

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host ore deposits associated with the Sudbury structure. Ground traverses, trenching and mapping carried out in 2016 outlined a Sudbury Breccia belt of at least 300 metres by 300 metres in size which lies along the same trend at the Whistle Offset Dyke located on KGHM property to the southwest. These findings support the potential for the Post Creek property to host both Footwall and Offset Dyke type deposits.

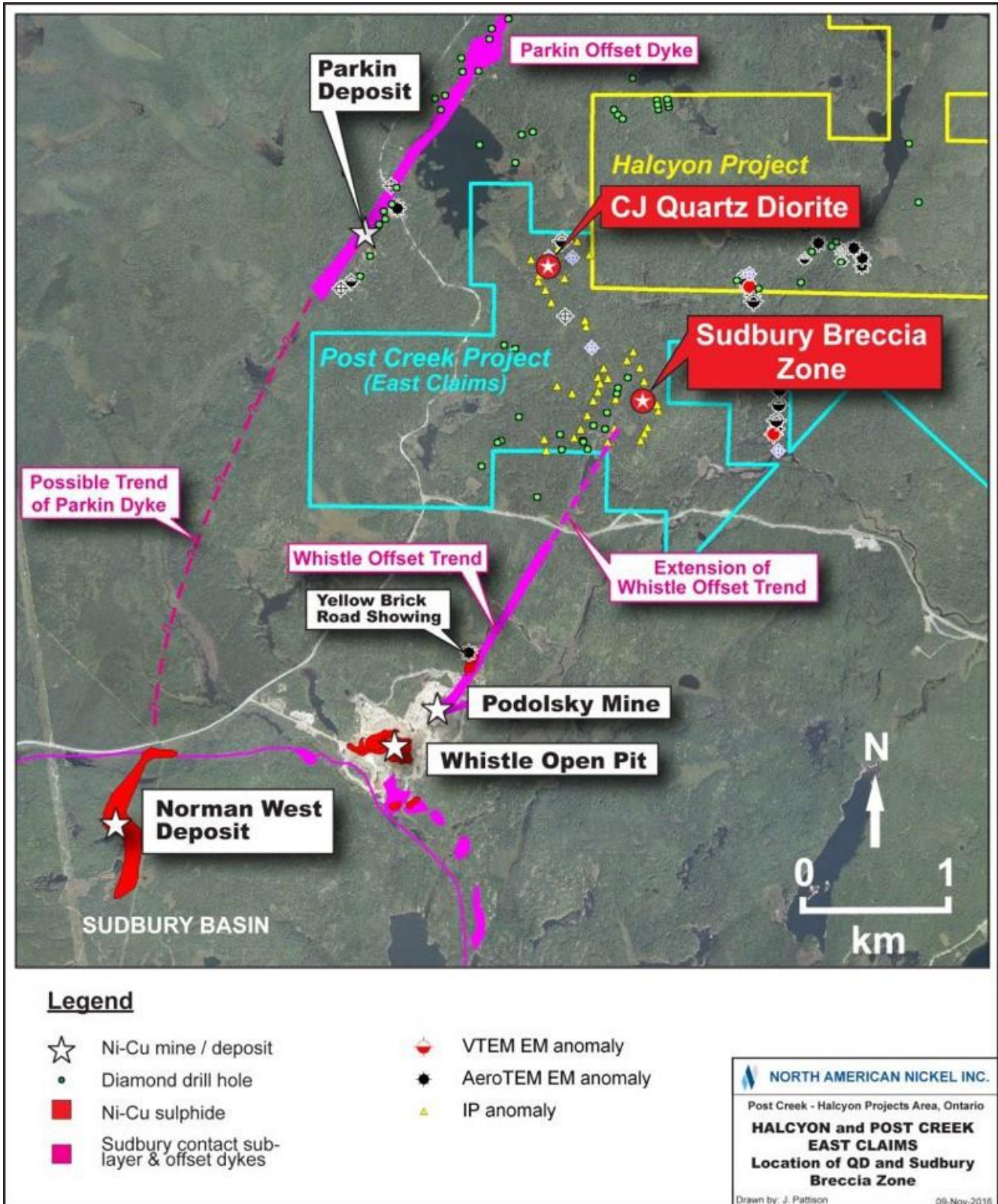
In 2017, the Company initiated support for a two-year MITAC project whereby an M.Sc. student carried out field and laboratory study aimed at understanding the mineral resource potential of the Post Creek Property. The field mapping program expanded the area of Sudbury Breccia.

A two-hole drill program was completed in 2018 and reported in 2019 with the objectives of assessing magnetic and electromagnetic anomalies within a corridor of breccias and quartz diorite extending radially away from the Whistle Offset and to provide a platform for downhole geophysics. Both drill holes encountered a thick sequence of mafic volcanic rocks; quartz diorite, partially melted country rocks or footwall-style mineralization were not encountered. DDH PC-18-21 did intersect a thick interval of volcanogenic massive sulphide-type sphalerite mineralization including 7.50 m @ 3.55% zinc and 0.82 ppm silver. Multiple BHEM anomalies were detected both north and south of the zinc mineralization and are potential drill targets for volcanogenic massive sulfide mineralization.

In 2020, prospecting work to the immediate north and west of the drilling completed on the CJ Offset identified quartz diorite boulders and an outcrop of grey gabbro with 0.17% Ni, 0.55% Cu, and 0.26g/t Au+Pt+Pd. Sampling completed on Cu-Au mineralization within the area of Sudbury breccia returned up to 1.975% Cu and 0.873 ppm Au in two different samples, but no significant Ni, Pt, or Pd.



**Figure 4. Location of the Post Creek Project and the Sudbury Breccia Zone.**



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### **Corporate Social Responsibility**

The Company has established excellent working relationships with the Wahnapiatae First Nation ("WFN") at Capreol (Ontario) commencing with community presentations and followed up with ongoing contact with the Resource and Environmental officer. North American Nickel financially supported the 2019 Pow-Wow celebration held at Capreol. Exploration work on the property typically includes assistance of casual labour hired from the WFN community.

### **Halcyon Property**

As at the date of this MD&A, the Company holds 100% interest in Halcyon Property and is obligated to pay advances on the NSR of \$8,000 per annum, which will be deducted from any payments to be made under the NSR.

The property is located 35 km northeast of Sudbury in the Parkin and Aylmer townships, and consists of 63 unpatented mining cells for a total of 864 hectares. It is readily accessible by paved and all-weather gravel road. Halcyon is adjacent to the Post Creek property and is approximately 2 km north of the producing Podolsky Mine of FNX Mining. Previous operators on the property defined numerous conductive zones based on induced polarization (I.P.) surveys with coincident anomalous Mobile Metal Ions soil geochemistry. Base and precious metal mineralization have been found in multiple locations on the property but follow-up work was never done. The former producing Jon Smith Mine (nickel-copper-cobalt-platinum) is situated 1 km North of the property.

### **Outlook – Exploration and Development for 2021**

The objective of further compilation work on the Halcyon Project was to provide a basis for prospecting and sampling of parts of the property that have received incomplete historic exploration. The targets comprised radial and concentric offset dykes of the Sudbury Igneous Complex which are known to be associated with high grade Cu-Au-PGE sulfide mineralization.

The Halcyon portion of the property has 2 priority areas flagged for follow-up in 2021, viz: 1. Possible Sudbury type quartz diorite in historic drill core associated with IP chargeability and B horizon soil Cu-Ni anomalies; 2. Two areas with minimal historic work that rest on the corridor projection of the Milnet Fault Offset of the Parkin QD with no EM or IP coverage. In these target areas, NAN will be prospecting for mineralization and/or radial/concentric offsets dykes located along stratigraphic horizons similar to those controlling the inflexion in the Parkin Offset at the historic Milnet Deposit.

2021 – Prospect and search for mineralization and/or quartz diorite on parts of the Halcyon Property that remain overlooked by previous exploration. Complete geophysical surveys over prospective target areas, and conduct test drilling if any priority targets are identified and drill ready.

This plan will allow for the generation of priority drill targets. The work expenditure in 2021 would extend the Company's 100% ownership of the Halcyon Project through 2025 and beyond.

### **Exploration History**

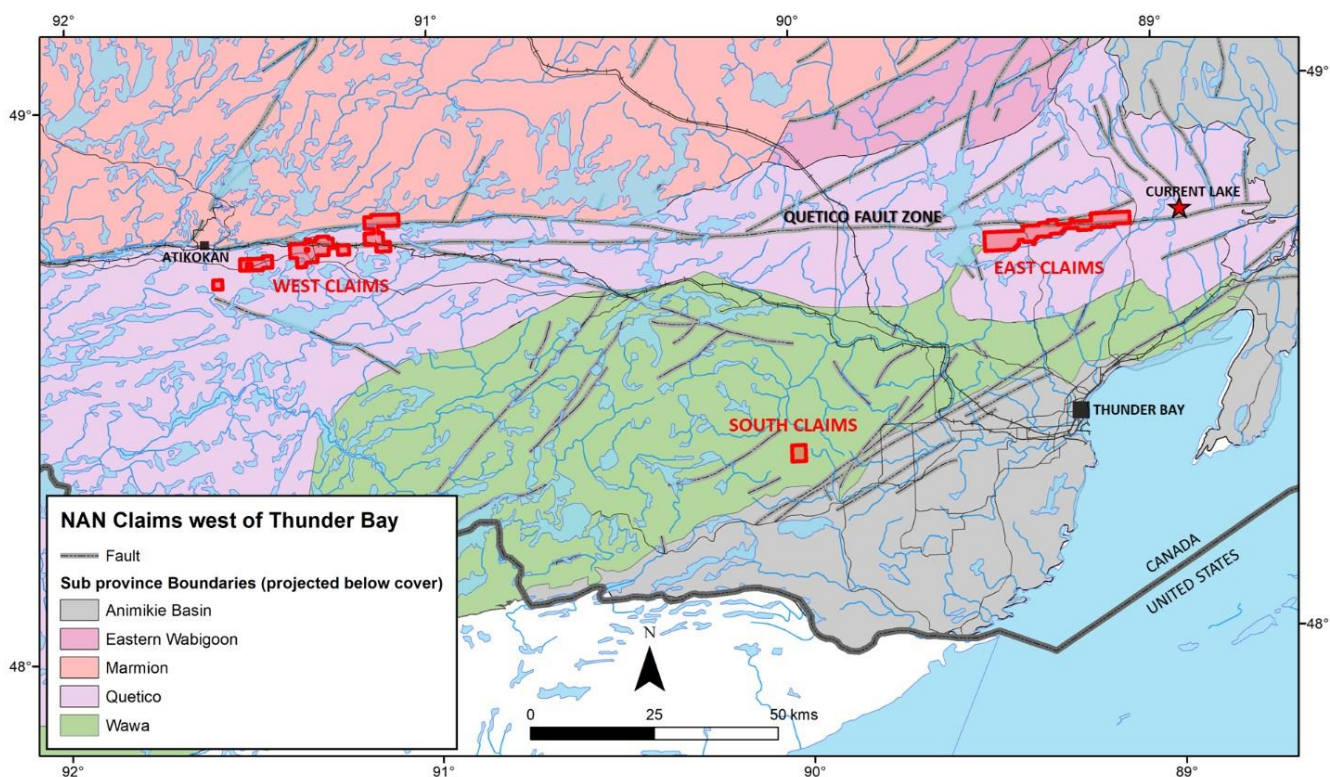
During the period 2011 to 2016, the Company carried out a small amount of exploration including ground geophysics (magnetics and electromagnetics), diamond drilling (301 metres in 1 drill hole), a borehole electromagnetic survey, georeferencing of selected claim posts, prospecting, geological mapping,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

Work in 2019 and 2020 consisted of compilation and target generation.

**Quetico Property**

During the year ended December 31, 2018, the Company acquired 809 claims within the Thunder Bay Mining District of Ontario (Figure 5). Cells were acquired to assess (i) the Quetico Sub-province corridor, which hosts intrusions with Ni-Cu-Co-PGM mineralization related to a late 2690 Ma Archean magmatic event, and (ii) the Neoproterozoic (1100 Ma MCR) magmatic event and related intrusions. Three clusters of claims cells, labeled Quetico South, East and West cover magnetic features interpreted to represent small differentiated intrusions. The review of government geological and geophysical data, and historic assessment file data was completed in 2019 and recommendations for additional exploration work were prepared. An application was lodged with the Mining Lands Administration of the Ontario Government in April 2020 to extend the tenure of the claim blocks due to impact from COVID-19 on implementation of exploration work. A one-year exclusion was granted on September 1, 2020.

**Figure 5: Quetico Property Location Map**

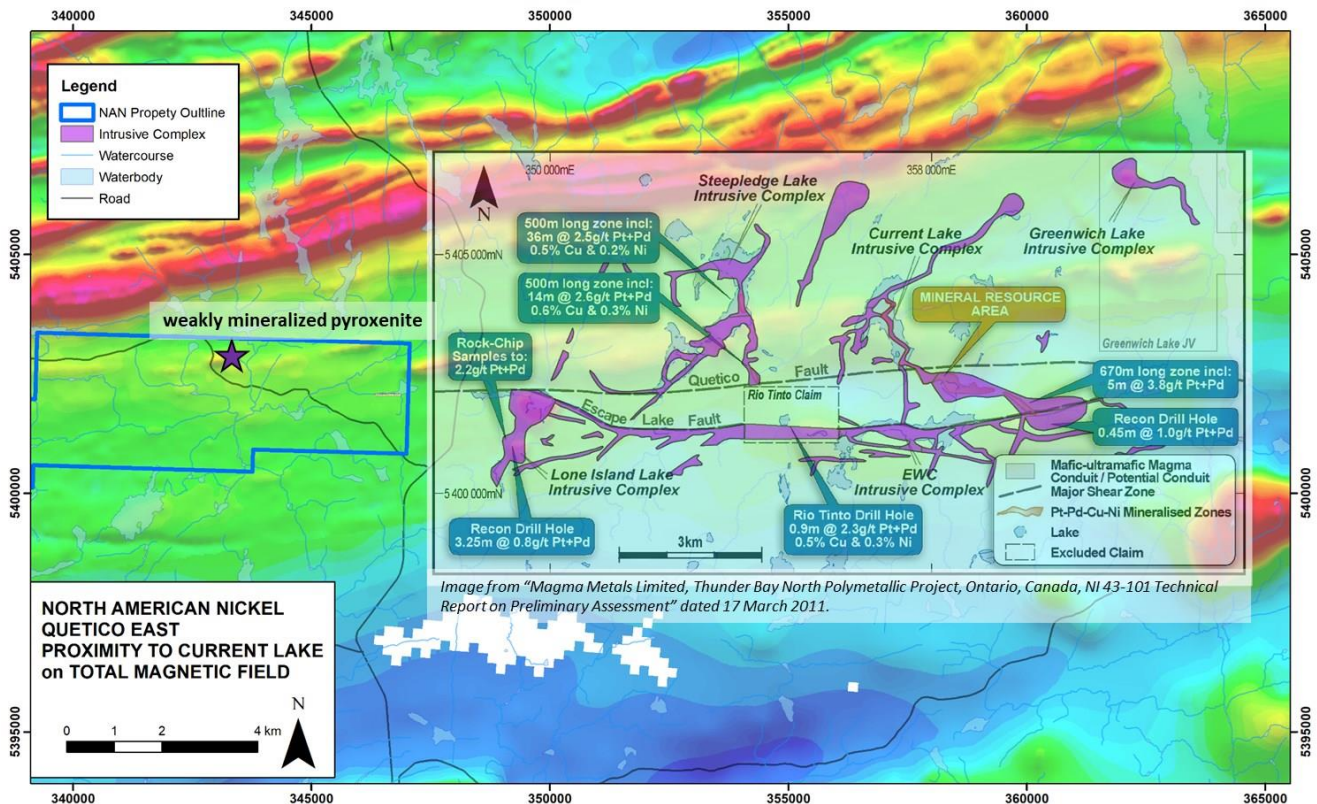


A short program of prospecting and outcrop sampling was completed in June 2020 to search for mineralization related to early mid-continent rift peridotite intrusions and Archean pyroxenites. Targets comprising, magnetic responses, prospective geology and geochemical anomalies, were examined on all three clusters of claim cells.

Exploration was focussed on the East block where previous work identified mafic rocks with geochemical signatures similar to those that host the Current Lake deposit, located 10 km to the east (Figure 6). The Current Lake deposit has an Open Pit Indicated Mineral Resource of 8.46 Mt grading 1.04 g/t Pt, 0.98 g/t Pd, 0.25% Cu and 0.18% Ni (2011 NI 43-101 Technical Report, Magma Metals Limited).

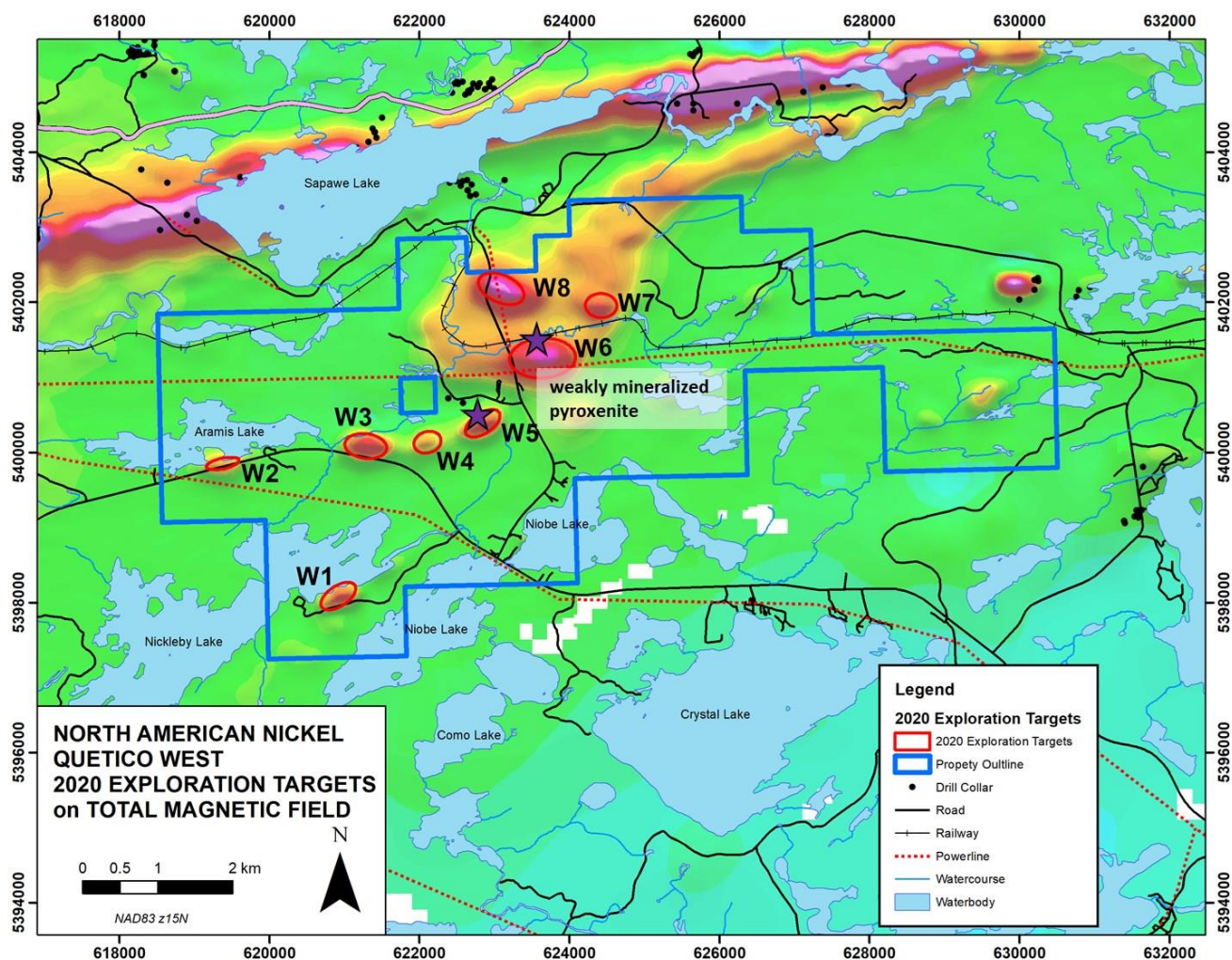
Sampling in the East block adjacent to Clean Air Metals' Current Lake Property identified outcropping peridotite and gabbroic rocks with trace sulphide. The geochemical signature of the peridotite is similar to the differentiated Current Lake intrusion based on a comparison with historic assessment report data. There is no known electromagnetic (EM) survey coverage in the area and accordingly the next phase of exploration will include airborne or surface EM survey work. These surveys will be designed to detect conductive responses of potential nickel sulphide mineralization associated with the ultramafic intrusions.

**Figure 6: Quetico East Block Proximity to Current Lake Deposit**



On the West block, a total of eight magnetic anomalies were investigated. Six anomalies remain unexplained and weakly mineralized magnetic pyroxenite was identified at two locations (Figure 7). A weakly mineralized pyroxenite sample associated with a strong tadpole-shaped magnetic anomaly has an elevated Au+Pt+Pd content of 5.28 g/t in 100% sulphide. The configuration of the magnetic anomaly suggests the potential for a 3 km<sup>2</sup> ultramafic intrusion and a related feeder-dyke on the west. These intrusions may be separated from a larger intrusion to the east by a keel structure which is a classic target for magmatic sulphide exploration. Future exploration will focus on this intrusion and others that were not prospected in 2020.

**Figure 7: Quetico West Block Location of 2020 Exploration Targets**



On the South block, a strong magnetic target was explained by massive magnetite.

**Outlook – Exploration and Development for 2021**

2021 – Revisit plans to complete either a ground electromagnetic survey or an airborne VTEM survey designed to identify coincident EM responses in association with the magnetic response expected from differentiated mafic-ultramafic intrusions in the Quetico structural zone. Complete geophysical surveys over prospective target areas, and drilling if any priority targets are identified.

The work commitment to hold all 809 claim cells is \$323,600, with claims due in April and May of 2021. Additional work is required to keep all claim cells in good standing.

**Lingman Lake Property**

The Company digitally staked 188 claim cells known as Lingman Lake on April 15, 2019. The property occurs about 65 km South East of Red Sucker Lake First Nation and about 35 km southwest of Sachigo Lake First Nation, approximately 650 km northwest of Thunder Bay. The Lingman Nickel Project, covers a portion of the Archean age Lingman Lake Greenstone Belt that includes tholeiitic-komatiitic rocks and sulphide facies iron formation. Historic field work has identified ultramafic rocks with elevated nickel and copper in grab samples and untested VTEM anomalies.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



Work commitments of \$75,200 are due prior to April 15, 2021.

### **Loveland (Enid Creek) Nickel Property**

The Loveland Nickel Property is located 30 km northwest of Timmins and has year-round access. The property is underlain by a mineralized differentiated mafic-ultramafic complex that is host to the historic Enid Creek showing. Analyses of a historic drill sample by the Ministry of Northern Development and Mines in Ontario returned 2.74% Ni, 1.3% Cu, 1.66ppm Pd. A VTEM<sub>MAX</sub> survey completed in 2017 identified several new and untested conductors. One of the targets extends for 950 m in strike length and is located to the southeast along strike from the known mineralization. The exploration target is high grade nickel mineralization located in a depression or embayment structure at the base of the intrusion.

On September 25, 2019, the Company entered into earn in agreement with International Explorers and Prospectors Inc. whereby the Company may acquire a 100% interest in the Loveland Nickel. Consideration for the acquisition is \$1,525,000 in cash, 300,000 post-consolidation common shares and \$4,500,000 in work commitments over a 5-year period. The TSX Venture Exchange approved the transaction for filing on October 24, 2019. The 300,000 common shares were issued subsequent to the quarter as a purchase consideration with a value of \$60,000.

During FY 2019, the Company incurred acquisition related costs of \$82,560.

### **Exploration and Development in 2020**

A 4-hole drill program with downhole BHEM survey work was completed and reported in April 2020. The exploration tested a series of conductors identified from a VTEM<sub>MAX</sub> survey completed in 2017. No significant lateral or depth extension of mineralization was encountered. The conductive plates associated with the interpreted lateral extent of the contact of the differentiated intrusion was explained by pyrrhotite stringers in the country rocks. DDH LN25-20-002, drilled to test the down-dip extent of historic mineralization, intersected gabbroic rocks of the Enid Creek Gabbro Complex (ECGC), and narrow intervals of mineralization with up to 0.18% Cu, 0.13% Ni, and 0.23g/t Pd over 0.7m. A subsequent borehole EM survey indicated that the center of conductivity is located up-dip towards the known historic mineralization.

On June 1, 2020, the Company announced it has elected not to proceed with further exploration at Loveland and has terminated the agreement. Accordingly, all acquisition and exploration costs incurred for a total of \$436,897 were written off as of September 30, 2020.

### **Project Pipeline**

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

In the context of rising nickel prices and positive developments in the electric vehicle market, the Company will look to enhance shareholder value by aggressively expanding its nickel sulphide project pipeline. The Company's staff are proceeding with compilation work on prospective geological environments related to North American Archean craton margins where structural space controls the development of mafic-ultramafic intrusions. The objective of this work is to identify underexplored or unexplored open system intrusions where large zones of high-grade sulphide mineralization are controlled within the footprints of very small intrusions. For the past year, the Company has been evaluating opportunities in Africa, including a direct investment in Premium Nickel Resources (PNR), a private Canadian company who has recently submitted an Indicative Offer to acquire the assets, currently in liquidation, formerly operated by Bamangwato Concessions Limited (BCL) in Botswana. In addition, the development of a Moroccan-based subsidiary company is proceeding and will provide an opportunity to assess nickel sulphide potential throughout the country.

### **Financial Capability**

The Company is an exploration and development stage entity and has not yet achieved profitable operations. The business of the Company entails significant risks. The recoverability of amounts shown for mineral property costs is dependent upon several factors including environmental risk, legal and political risk, the existence of economically recoverable mineral reserves,

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and development, and to attain sufficient net cash flow from future profitable production or disposition proceeds.

At the end of Q3 2020, the Company had working capital of \$352,370 (Q3 2019 - \$52,110) and reported accumulated deficit of \$53,943,024 (Q3 2019 - \$27,656,125). The Company will require additional funds to continue its planned operations and meet its obligations.

As at September 30, 2020, the Company had \$836,821 in available cash (December 31, 2019— \$1,097,856). There are no sources of operating cash flows. Given the Company's current financial position and the ongoing exploration and evaluation expenditures, the Company will need to raise additional capital through the issuance of equity or other available financing alternatives to continue funding its operating, exploration and evaluation activities, and eventual development of the mineral properties. Although the Company has been successful in its past fund-raising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in the future.

On August 13, 2020 and August 31, 2020, respectively, the Company completed a non-brokered private placement equity financing consisting of an aggregate of 21,142,857 units of the Company at a price of \$0.07 per Unit, for aggregate gross proceeds of \$1,479,999.99.

### **Selected Financial Information**

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

<i>In thousands of CDN dollars, except per share amounts</i>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net loss	409	649	2,415	1,852
Basic and diluted loss per share	0.00	0.01	0.03	0.02
Share capital	90,221	88,538	90,221	88,538
Common shares issued	109,833,648	78,792,860	109,833,648	78,792,860
Weighted average shares outstanding	98,614,107	78,792,860	92,022,707	78,792,860
Total assets	39,893	65,452	39,893	65,452
Investment in exploration and evaluation assets	40	72	603	690

#### *Results of Operations*

Net loss of \$408,784 in Q3 2020 was lower by \$240,879 compared to a loss of \$649,663 in Q3 2019. The lower loss in Q3 2020 was driven by lower general and administrative expenses and lower property investigation costs during Q3 2020 compared to Q3 2019.

#### *Total Assets*

Total assets during Q3 2020 decreased by a net of \$147,081 from the end of FY 2019. The decrease is mainly attributed to a decrease in cash of \$261,036, a decrease in receivables and other current assets of \$191,822 and decrease in equipment of \$5,840, offset by a net increase to exploration and evaluation assets of \$172,453 and increase to advances of \$139,164.

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

Investment in exploration and evaluation assets relates to the Greenland property and properties in Ontario. During Q3 2020, the Company spent a total of \$88,660 (YTD 2020 - \$602,836) in cash additions to exploration and evaluation assets, of which \$42,883 related to Greenland (YTD 2020 - \$126,074) and \$45,777 to other properties located in Canada (YTD 2020 - \$476,762). The Company also recorded a write-off of Canadian property costs for an aggregate total of \$436,897, out of which \$321,360 was incurred during YTD 2020.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Three and Nine Months Ended September 30,  
2020



**Quarterly Results of Operations**

All amounts in table are expressed in thousands  
of CDN dollars, except per share amounts

	2020 3 <sup>rd</sup> quarter	2020 2 <sup>nd</sup> quarter	2020 1 <sup>st</sup> quarter	2019 4 <sup>th</sup> quarter
<b>Statement of Loss</b>				
Interest income	-	-	-	-
Net loss	409	808	1,198	27,007
Net loss per share - basic and diluted	0.00	0.01	0.01	0.34

**Statement of Financial Position**

Cash, cash equivalents and short-term investments	837	86	197	1,098
Total assets	39,893	39,150	39,753	40,039
Net assets	39,344	38,309	39,117	39,431
Share capital	89,630	89,006	89,006	89,597
Common shares issued	109,833,648	88,690,791	88,690,791	88,690,791
Weighted average shares outstanding	98,614,107	88,690,791	88,690,791	80,220,829

All amounts in table are expressed in thousands  
of CDN dollars, except per share amounts

	2019 3 <sup>rd</sup> quarter	2019 2 <sup>nd</sup> quarter	2019 1 <sup>st</sup> quarter	2018 4 <sup>th</sup> quarter
<b>Statement of Loss</b>				
Interest income	4	4	18	22
Net loss	649	643	560	814
Net loss per share - basic and diluted	0.01	0.01	0.01	0.01

**Statement of Financial Position**

Cash, cash equivalents and short-term investments	325	1,036	1,847	2,839
Total assets	65,452	66,102	66,768	67,500
Net assets	65,092	65,741	66,384	66,944
Share capital	88,538	88,538	88,538	87,947
Common shares issued	78,792,860	78,792,860	78,792,860	78,792,860
Weighted average shares outstanding	78,792,860	78,792,860	78,792,860	78,792,860

**Three Months Ended September 30, 2020, and September 30, 2019**

A net loss of \$408,784 in Q3 2020 compared to a net loss of \$649,663 in Q3 2019 resulted in a decreased loss of \$240,879 quarter-over-quarter and was due to the following events:

- General and administrative costs of \$315,044 in Q3 2020 were lower by \$269,125 compared to \$584,169 expenses in Q3 2019. Higher general and administrative expenses in Q3 2019 mainly related to higher salaries and benefits, consulting fees, travel costs and general office expenses.
- Property investigation costs were \$6,180 in Q3 2020 and were lower by \$58,940 compared to \$65,120 costs in Q3 2019.
- Amortization expense was \$1,764 in Q3 2020 and was lower by \$1,709 compared to \$3,473 in Q3 2019.

The lower loss in Q3 2020 was offset by the following higher expenditures in Q3 2020 compared to Q3 2019:

- Share-based payments were \$85,144 in Q3 2020 compared to \$nil amount during Q3 2019. The costs during the current quarter resulted from stock options issuance.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



- Interest income was \$Nil in Q3 2020 compared to \$3,657 in Q3 2019.
- Foreign exchange loss totaled \$653 in Q3 2020 and was higher by \$94 compared to a foreign exchange loss of \$559 in Q3 2019.

### ***Nine Months Ended September 30, 2020, and September 30, 2019***

The Company incurred a net loss of \$2,415,045 during YTD 2020 compared to a net loss of \$1,852,081 during YTD 2019 resulting in an increased loss of \$562,964 (period-over-period). The higher loss in YTD 2020 was due to the following events with share-based payments being the most significant:

- Share-based payments were \$969,391 during YTD 2020 compared to \$nil amount during YTD 2019. The costs during the current year resulted from stock options issuance.
- Exploration and evaluation assets were written off by \$436,897 during YTD 2020 compared to \$nil amount during YTD 2019.
- Interest income was minimal, \$43 during YTD 2020 compared to \$25,839 during YTD 2019.

The higher loss during YTD 2020 was offset by the following lower expenditures in YTD 2020 compared to YTD 2019:

- General and administrative costs of \$979,562 during YTD 2020 were lower by \$657,030 compared to \$1,636,592 expenses during YTD 2019. Higher general and administrative expenses during YTD 2019 mainly related to higher salaries and benefits, consulting fees, management fees, travel costs and general office expenses.
- Property investigation costs were \$23,243 during YTD 2020 and were lower by \$207,361 compared to \$230,604 costs during YTD 2019.
- Amortization expense was \$5,840 during YTD 2020 and was lower by \$2,680 compared to \$8,520 during YTD 2019.
- Foreign exchange loss totaled \$153 during YTD 2020 and was lower by \$2,051 compared to a foreign exchange loss of \$2,204 during YTD 2019.

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

### *Liquidity*

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

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

On August 13, 2020 and August 31, 2020, the Company completed a non-brokered private placement equity financing in two tranches consisting of an aggregate of 21,142,857 units of the Company at a price of \$0.07 per Unit, for aggregate gross proceeds of \$1,479,999.99

This financing will improve the liquidity and increase the capital resources of the Company. The net proceeds from the sale of the units will be used for continued investment in PNR, advancing exploration activity in Morocco and Greenland and for general corporate and working capital purposes.

As at September 30, 2020, the Company had \$836,821 in available cash.

#### *Working Capital*

As at September 30, 2020, The Company had a working capital of \$352,370 (September 30, 2019 - \$52,110), calculated as total current assets less total current liabilities. The increase in working capital is mainly due to an increase in cash and advances.

#### *Going Concern*

As at September 30, 2020, the Company had accumulated losses totaling \$53,943,024. The continuation of the Company is dependent upon the continued financial support of shareholders, its ability to raise capital through the issuance of its securities, and/or obtaining long-term financing.

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

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

### **Contractual Obligations and Contingencies**

#### **Post Creek**

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$10,000 per annum. During YTD 2020, the Company paid \$10,000 which will be deducted from any payments to be made under the NSR.

#### **Halcyon**

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$8,000 per annum. During YTD 2020, the Company paid \$8,000 which will be deducted from any payments to be made under the NSR.

#### **Flow-through shares**

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

During the year ended December 31, 2019, the Company received \$400,440 from the issue of flow-through shares and has incurred \$1,238 of eligible expenditures during the year ended December 31, 2019. As at September 30, 2020, the Company incurred \$439,999 of eligible expenditures.

Under the IFRS framework, the increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds, or "premium", are recorded as deferred income. As at December 31, 2019, the Company has renounced \$399,202 of the proceeds from flow-through shares and is committed to expend the proceeds on qualifying exploration expenditures.

The Company had no contingent liabilities as at September 30, 2020.

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

There are no off-balance sheet arrangements as at September 30, 2020.

## **Financial Instruments**

<i>All amounts in table are expressed in thousands of CDN dollars</i>	<b>Fair Value at September 30, 2020</b>	<b>Basis of Measurement</b>	<b>Associated Risks</b>
Cash and cash equivalents	837	Loans and receivables	Credit and foreign exchange
Receivable and other current assets	65	Loans and receivables	Credit, foreign exchange
Trade, payables and accrued liabilities	549	Amortized cost	Foreign exchange

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

## **Future Accounting Standards and Pronouncements**

Amendments to References to the Conceptual Framework in IFRS Standards

IAS 1 - Presentation of Financial Statements

In January 2020, the IASB issued further amendments to International Accounting Standard ("IAS") 1, Presentation of Financial Statements. IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier application is permitted. The extent of the impact of these amendments has not yet been determined.

## **Risk and Uncertainties**

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

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

- The Company has negative operating cash flows and might not be able to continue as a going concern;
- The Company will require additional funding in the future and no assurances can be given that such funding will be available on the terms acceptable to the Company or at all;
- The speculative nature of resource exploration and development projects;
- The uncertainty of mineral resource estimates and the Company's lack of mineral reserves;
- The Company's ability to successfully establish mining operations and profitable production;
- Operations of the Company are carried out in geographical areas that are subject to various other risk factors;
- The economic uncertainty of operating in a developing country, such as the availability of local labour, local and outside contractors and equipment when required to carry out the Company's exploration and development activities;
- Other foreign operations risks; potential changes in applicable laws and government or investment policies;
- The Company is not insured against all possible risks;

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



- Environmental risks and hazards;
- The title of the Company's mineral properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers and other defects, and the risk of obtaining a mining permit and the successful renewal of currently pending renewal applications;
- The commodity prices may affect the Company's value, changes in and volatility of commodity prices and its hedging policies;
- Increased competition in the mineral resource sector;
- The Company may have difficulty recruiting and retaining key personnel;
- Currency fluctuations risk;
- Repatriation of earnings, no assurances that Greenland or any other foreign country that the Company may operate in the future will not impose restrictions on repatriation of earnings to foreign entities;
- No production revenues;
- Stock exchange prices volatilities;
- Potential Conflicts of interest;
- Ability to exercise statutory rights and remedies under Canadian securities law;
- Enforceability of foreign judgements;
- Unforeseen litigation;
- The Company's future sales or issuance of common shares;
- Risk of suspension of public listing due to failure to comply with local securities regulations;
- The Company's auditors have indicated that U.S. reporting standards would require them to raise a concern about the company's ability to continue as a going concern;
- Risk of fines and penalties; and
- Risk of improper use of funds in local entity.
- Potential impact of COVID-19 on exploration program and activities.

### **Share Capital Information**

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

<b>Securities</b>	<b>Common shares on exercise on post-consolidation basis</b>
Common shares	109,833,648
Preferred shares	65,659
Stock options	9,765,550
Warrants	25,715,742
<b>Fully diluted share capital</b>	<b>145,380,599</b>

### **Disclosure Controls and Procedures**

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2020



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

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

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

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

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

### **Additional Information**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*For the Three and Nine Months Ended September 30, 2020*



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

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

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