NORTH AMERICAN NICKEL INC.

Consolidated Financial Statements

For the Years Ended December 31, 2011 and December 31, 2010

(Expressed in Canadian Dollars)

DMCL

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of North American Nickel Inc.:

We have audited the accompanying consolidated financial statements of North American Nickel Inc., which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and 2010 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of North American Nickel Inc. as at December 31, 2011 and 2010 and January 1, 2010, and the results of its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describe certain conditions that give rise to doubt about the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, B.C.
April 23, 2012

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

	Notes	December 31, 2011	December 31, 2010 (Note 19)	January 1, 2010 (Note 19)
ASSETS				
Current assets				
Cash	4	$ 421,046	$ 659,227	$ 16,515
Short-term investment	5	800,759	-	-
Marketable securities		-	-	62,500
Receivables	6	133,522	26,965	4,197
Prepaid expenses and deposits		7,997	-	-
Total current assets		1,363,324	686,192	83,212
Non-current assets				
Property, plant and equipment	7	9,949	-	-
Exploration and evaluation assets	8	4,736,430	677,718	101,000
Total non-current assets		4,746,379	677,718	101,000
Total assets		$ 6,109,703	$ 1,363,910	$ 184,212
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities	9, 11	$ 151,814	$ 129,527	$ 185,747
Total current liabilities		151,814	129,527	185,747
Non-current liabilities				
Deferred income tax liability	10	14,281	-	-
Total non-current liabilities		14,281	-	-
Total liabilities		166,095	129,527	185,747
SHAREHOLDERS' EQUITY				
Share capital - preferred	10	604,724	604,724	604,724
Share capital - common	10	18,177,920	14,705,609	13,044,609
Share-based payments reserve	10	2,503,605	182,500	-
Accumulated other comprehensive loss/income		-	-	24,525
Deficit		(15,342,641)	(14,258,450)	(13,728,642)
Total shareholders' equity		5,943,608	1,234,383	(54,784)
Non-controlling interest		-	-	53,249
Total equity		5,943,608	1,234,383	(1,535)
Total liabilities and equity		$ 6,109,703	$ 1,363,910	$ 184,212

APPROVED BY THE DIRECTORS:

"Rick Mark" , Director
Rick Mark

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

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

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

	Notes	Year Ended December 31, 2011	Year Ended December 31, 2010 (Note 19)
Expenses			
Amortization		$ 1,911	$ -
Consulting	**11**	45,547	25,556
Filing fees		65,402	40,856
Investor relations		51,190	23,101
General and administrative		20,274	18,294
Management fees	**11**	108,000	90,000
Marketing and corporate communications		7,500	-
Professional fees	**11**	120,719	132,730
Property investigation		4,845	-
Salaries		52,002	22,115
Share-based payments	**10**	383,750	182,500
Travel and accommodation		15,411	-
Loss before other items		(876,551)	(535,152)
Other items:			
Loss on sale of subsidiary	**8**	-	(7,163)
Gain on sale of marketable securities		-	3,854
Impairment of exploration and evaluation assets	**8**	(267,462)	
Foreign exchange loss		(16,806)	-
Loss before income taxes		(1,160,819)	(538,461)
Future income tax recovery	**12**	76,628	-
Loss before non-controlling interest		(1,084,191)	(538,461)
Non-controlling interest		-	8,653
Comprehensive loss for the year		$ (1,084,191)	$ (529,808)
Loss per common share - basic and diluted		$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted		46,464,082	19,941,566

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

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

	Number of shares	Share capital	Preferred stock	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
	(Note 10)							
Balance at January 1, 2010	5,441,730	$ 13,044,609	$ 604,724	$ -	$ 24,525	$ (13,728,642)	$ 53,249	$ (1,535)
Loss for the year	-	-	-	-	-	(529,808)	-	(529,808)
Share capital issued private placement	20,000,000	1,100,000	-	-	-	-	-	1,100,000
Shares issued to acquire mineral properties	7,150,000	429,000	-		-	-	-	429,000
Shares issued for debt	2,640,000	132,000	-	-	-	-	-	132,000
Stock options issued	-	-	-	182,500	-	-	-	182,500
Sale of subsidiary	-	-	-	-	-	-	(53,249)	(53,249)
Reversal of accumulated other comprehensive income							-	-
upon sale of subsidiary	-	-	-	-	(2,616)	-	-	(2,616)
Available-for-sale investment	-	-	-	-	(21,909)	-	-	(21,909)
Balance at December 31, 2010	35,231,730	14,705,609	604,724	182,500	-	(14,258,450)	-	1,234,383
Loss for the year	-	-	-	-	-	(1,084,191)	-	(1,084,191)
Share capital issued private placement	15,545,463	3,200,002	-	-	-	-	-	3,200,002
Flow-through premium		(90,909)	-				-	(90,909)
Shares issued to acquire mineral properties	950,000	95,000	-	-	-	-	-	95,000
Shares issued for finder's fee	200,000	28,000	-	-	-	-	-	28,000
Stock options issued	-	-	-	471,250	-	-	-	471,250
Warrants exercised	3,005,000	300,500	-	-	-	-	-	300,500
Warrants issued	-	-	-	1,813,263	-	-	-	1,813,263
Share issue costs	126,000	(60,282)	-	36,592	-	-	-	(23,690)
Balance at December 31, 2011	55,058,193	$ 18,177,920	$ 604,724	$ 2,503,605	$ -	$ (15,342,641)	$ -	$ 5,943,608

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

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

	Year Ended December 31, 2011	December 31, 2010
OPERATING ACTIVITIES		
Net loss for the period	$ (1,084,191)	$ (529,808)
Items not affecting cash		
Non-controlling interest	-	(8,653)
Amortization	1,911	-
Share-based payments	383,750	182,500
Future income tax recovery	(76,628)	-
Loss on sale of subsidiary	-	7,163
Gain on sale of marketable securities	-	(3,854)
Impairment of exploration and evaluation assets	267,462	-
	(507,696)	(352,652)
Changes in non-cash working capital items:		
Receivables	(106,557)	(27,362)
Prepaid expenses	(7,997)	-
Trade payables and accrued liabilities	(75,329)	97,159
Cash used in operating activities	(697,579)	(282,855)
INVESTING ACTIVITIES		
Proceeds on sale of subsidiary	-	52,606
Proceeds from the sale of marketable securities	-	8,854
Expenditures on exploration and evaluation assets	(2,204,795)	(235,893)
Short-term investment	(800,759)	-
Purchase of equipment	(11,860)	-
Cash used in investing activities	(3,017,414)	(174,433)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares	3,476,812	1,100,000
Cash provided by financing activities	3,476,812	1,100,000
Change in cash during the year	(238,181)	642,712
Cash at beginning of year	659,227	16,515
Cash at end of year	$ 421,046	$ 659,227
Cash paid for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

Supplemental cash flow information (Note 15)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (formerly Widescope Resources Inc.) (the "Company") was incorporated on September 23, 1983, under the laws of the Province of British Columbia, Canada. The head office, principal address and records office of the Company are located at Suite 301 – 260 West Esplanade, North Vancouver, British Columbia, Canada, V7M 3G7.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements were authorized for issue on April 23, 2012 by the Board of Directors of the Company.

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

Statement of compliance and conversion to International Financial Reporting Standards
The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company adopted IFRS in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1") with a transition date of January 1, 2010 and these consolidated financial statements have been prepared in accordance with IFRS standards and interpretations effective as of December 31, 2011, with significant accounting policies as described below.

These consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in Note 19, these consolidated financial statements have been prepared using the historical cost basis and the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 19 discloses the impact of transition to IFRS on the Company's reported financial positions, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2011.

Basis of preparation
These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

Basis of consolidation
These financial statements ending December 31, 2011 include only the accounts of the Company and the comparative periods include the Company and the total operating activities of its 65.42% owned subsidiary, PFG, up to May 31, 2010, when PFG was sold. All intercompany balances and transactions have been eliminated on consolidation.

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

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

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

Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are initially capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts, events and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company may occasionally enter into farm-out arrangements, whereby it will transfer part of the interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for in profit.

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

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

Restoration and environmental obligations
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

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

The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Impairment of assets
Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss/income.

Financial instruments
The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk

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

Financial instruments (cont'd)
management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

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

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

Income taxes
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it arises in a business combination, or from items recognized directly in equity or other comprehensive loss/income.

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

Income taxes (cont'd)
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the balance sheet method of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Share-based payments
Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

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

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

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

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

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

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

Share capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Proceeds received on the issuance of units, consisting of common shares and warrants are allocated to share capital.

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

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

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

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

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of a significant replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation and amortization are calculated on a straight-line method to charge the cost, less residual value, of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of property, plant and equipment are as follows:

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

3. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

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

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

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

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

IFRS 10 - Consolidated Financial Statements

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

IFRS 11 - Joint Arrangements

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

IFRS 12 - Disclosure of Interests in Other Entities

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

IFRS 13 - Fair Value Measurement

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

Amendments to other standards

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

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

Expressed in Canadian Dollars

4. CASH

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

5. SHORT-TERM INVESTMENT

Short-term investment is comprised of a highly liquid Canadian dollar denominated guaranteed investment certificate with a term to maturity greater than ninety days, but not more than one year, that is readily convertible to a contracted amount of cash. The investment is carried at the lower of cost or market value. The counter-party is a financial institution. At December 31, 2011, the instrument was yielding an annual interest rate of 1.05% (2010 – Nil%). The fair market value of the Company's short-term investment approximates its carrying value at the balance sheet dates.

6. ACCOUNTS RECEIVABLE

	December 31, 2011	December 31, 2010	December 31, 2009
Harmonized and government taxes receivable	$ 133,522	$ 26,965	$ 4,197

7. PROPERTY, PLANT AND EQUIPMENT

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

	Exploration Equipment	Computer Software	Total
Cost:			
At January 1, 2010	$ -	$ -	$ -
Additions	-	-	-
At December 31, 2010	$ -	$ -	$ -
Amortization:			
At January 1, 2010	$ -	$ -	$ -
Charge for the period	-	-	-
At December 31, 2010	$ -	$ -	$ -
Net book value:			
At January 1, 2010	-	-	-
At December 31, 2010	$ -	$ -	$ -

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS

	Canada							Greenland	
	Post Creek Property	Woods Creek Property	Halcyon Property	Bell Lake Property	Thompson North	South Bay Property	Cedar Property	Maniitsoq Property	Total
Mineral properties acquisition									
Balance, December 31, 2010	$ 44,000	$ 19,000	$ 33,000	$ 43,000	$ 120,333	$ 120,333	$ 120,333	$ -	$ 500,000
Acquisition costs - cash	30,000	15,000	25,000	25,000	-	-	-	5,742	100,742
Acquisition costs - shares	30,000	15,000	20,000	30,000	-	-	-	-	95,000
	104,000	49,000	78,000	98,000	120,333	120,333	120,333	5,742	695,742
Write-off	-	(49,000)	-	(98,000)	-	-	-	-	(147,000)
Balance, December 31, 2011	$ 104,000	$ -	$ 78,000	$ -	$ 120,333	$ 120,333	$ 120,333	$ 5,742	$ 548,742
Expenditures (recoveries)									
Balance, December 31, 2010	$ 153,310	$ 20,340	$ -	$ 560	$ 585	$ 2,523	$ 400	$ -	$ 177,718
Administration	-	-	-	-	-	-	-	2,192	2,192
Assay and sampling	45,058	90	-	-	-	-	-	9,948	55,096
Automobile costs	19,902	346	1,894	305	-	-	-	442	22,889
Claim fees/ Assessment fees	-	-	-	-	77,989	7,226	-	-	85,215
Consulting services (Note 11)	234,529	14,670	21,510	14,293	37,270	1,461	2,000	84,084	409,817
Drilling expenses	146,338	24,043	-	-			-	-	170,381
Equipment and supplies	18,565	2,966	3,136	2,910	-	-	-	59,645	87,222
Equipment rental	30,512	825	1,220	825	-	-	-	10,539	43,921
Geological data (Note 10)	-	-	-	-	-	-	-	2,141,263	2,141,263
Licenses and fees	-	-	-	434	-	-	-	13,738	14,172
Line cutting costs	25,500	-	4,500	9,788	-	-	-	-	39,788
Camp costs	-	-	236	-	-	-	-	-	236
Shipping and printing costs	1,177	-	-	312	-	-	-	22,589	24,078
Survey costs	144,537	-	21,492	27,755	-	-	-	716,857	910,641
Stock-based compensation (Note 11)	87,500	-	-	-			-	-	87,500
Telephone	-	-	-	-	-	-	-	736	736
Travel and accomodation	10,693	-	-	-	-	-	-	24,592	35,285
	764,311	42,940	53,988	56,622	115,259	8,687	2,000	3,086,625	4,130,432
Write-off	-	(63,280)	-	(57,182)	-	-	-	-	(120,462)
Balance, December 31, 2011	$ 917,621	$ -	$ 53,988	$ -	$ 115,844	$ 11,210	$ 2,400	$ 3,086,625	$ 4,187,688
Total, Balance December 31, 2011	$ 1,021,621	$ -	$ 131,988	$ -	$ 236,177	$ 131,543	$ 122,733	$ 3,092,367	$ 4,736,430

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

	Canada								
	Pinefalls Gold Property	**Post Creek Property**	**Woods Creek Property**	**Halcyon Property**	**Bell Lake Property**	**Thompson North**	**South Bay Property**	**Cedar Property**	**Total**
Mineral property acquisition									
Balance, December 31, 2009	$ -	$ 7,500	$ 2,500	$ -	$ -	$ -	$ -	$ -	$ 10,000
Acquisition costs - cash	-	12,500	7,500	15,000	25,000	333	333	333	61,000
Acquisition costs - shares	-	24,000	9,000	18,000	18,000	120,000	120,000	120,000	429,000
Balance, December 31, 2010	$ -	$ 44,000	$ 19,000	$ 33,000	$ 43,000	$ 120,333	$ 120,333	$ 120,333	$ 500,000
Expenditures									
Balance, December 31, 2009	$ 91,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 91,000
Administration	-	12,140	-	-	-	-	-	-	12,140
Assay and sampling	-	5,140	-	-	-	-	1,498	-	6,638
Automobile costs	-	7,597	1,343	-	-	-	185	-	9,125
Consulting services (Note 11)	-	102,267	9,956	-	150	585	840	400	114,198
Equipment and supplies	-	165	201	-	-	-	-	-	366
Equipment rental	-	20,020	8,840	-	-	-	-	-	28,860
Licenses and fees	-	-	-	-	410	-	-	-	410
Shipping and printing costs	-	2,611	-	-	-	-	-	-	2,611
Travel and accomodation	-	3,370	-	-	-	-	-	-	3,370
	-	153,310	20,340	-	560	585	2,523	400	177,718
Sale of subsidiary (Note 8)	(91,000)	-	-	-	-	-	-	-	(91,000)
	(91,000)	153,310	20,340	-	560	585	2,523	400	86,718
Balance, December 31, 2010	$ -	$ 153,310	$ 20,340	$ -	$ 560	$ 585	$ 2,523	$ 400	$ 177,718
Total, Balance December 31, 2010	$ -	$ 197,310	$ 39,340	$ 33,000	$ 43,560	$ 120,918	$ 122,856	$ 120,733	$ 677,718

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

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

To December 31, 2009, the Company had written-down the property to $91,000 to reflect the net estimated recoverable value, based on anticipated future cash flows. Pursuant to the Purchase Agreement, the Company sold its interest in PFG and, accordingly, at December 31, 2010 no longer holds an interest in the Pinefalls Gold Property.

The Company realized a loss on the sale of PFG of $7,163, which was the amount by which the carrying value of the net assets disposed of as of May 31, 2010, exceeded the proceeds of $52,606.

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Post Creek

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

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

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

During the year ended December 31, 2011, the Company incurred exploration costs (including capitalized stock-based compensation of $87,500) totalling $764,311 (December 31, 2010 - $153,310) in deferred exploration costs on the Post Creek Property.

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

Woods Creek

On December 23, 2009 the Company executed a letter of intent whereby the Company has an option to acquire the mineral claim known as the Woods Creek Property located within the Sudbury Mining District of Ontario and paid a non-refundable deposit of $2,500. The Company's interest was subject to a 2.5% NSR.

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

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

During the year ended December 31, 2011, the Company incurred $42,940 (December 31, 2010 - $20,340) in exploration costs on the Woods Creek Property.

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Woods Creek (cont'd)

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

Halcyon

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

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

During the year ended December 31, 2011, the Company incurred $53,988 (December 31, 2010 - $Nil) in exploration costs on the Halcyon Property.

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

Bell Lake

On April 5, 2010, the Company entered into an option agreement to acquire up to a 100% interest in the Bell Lake Property, located in Ontario. The property was subject to a 2.5% NSR. The Company agreed to the following consideration:

Date		Cash	Shares		Exploration requirements
On or before April 5, 2010 (paid and issued)	$	25,000	300,000		
On or before April 5, 2011 (paid and issued)	$	25,000	300,000	$	-
On or before April 5, 2012	$	40,000	400,000	$	-
On or before April 5, 2013	$	40,000	-	$	-
On or before April 5, 2014	$	80,000	-	$	-

During the year ended December 31, 2011, the Company incurred $56,622 (December 31, 2010 - $560) in exploration costs on the Bell Lake Property.

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

8. EXPLORATION AND EVALUATION ASSETS (cont'd)

Manitoba Nickel

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

(a) Thompson North Property

During the year ended December 31, 2011, the Company incurred $115,259 (December 31, 2010 - $585) in exploration costs on the Thompson North Property.

(b) South Bay Property

During the year ended December 31, 2011, the Company incurred $8,687 (December 31, 2010 - $2,523) in exploration costs on the South Bay Property.

(c) Cedar Property

During the year ended December 31, 2011, the Company incurred $2,000 (December 31, 2010 - $400) in exploration costs on the Cedar Property.

Maniitsoq

Effective August 15, 2011, the Company was granted an exploration license by the Bureau of Minerals and Petroleum ("BMP") of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of DKK 31,400 (CDN $5,174) upon granting of the license. The license is valid for 5 years until December 31, 2015, with December 31, 2011 being the first year.

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

Provided that the licence area is unchanged during 2012 the Company's minimum required exploration expenditure for the second year is DKK 7,361,890 (approximately CDN $1,307,330). However, if the licence area is reduced during 2012 the required minimum exploration expenditure will decrease by DKK 1,490 for every square kilometre relinquished. The required minimum exploration expenditures to December 31, 2015 have not yet been determined but, are based on an annual approximation of DKK 24,405,000 (approximately CDN $4,333,870), which is adjusted each year on the basis of the change to the Danish Consumer Price Index. This assumes that the licence area remains at its current size (4,841 square kilometres). For every square kilometre that the licence is reduced the required annual expenditure decreases by approximately DKK 5,041. The Company is obligated to reduce the licence area by at least 30% (1,452.3 square kilometres) by December 31, 2013.

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

After December 31, 2015, the Company may apply for an additional 5 years. Thereafter, the Company may apply for a license for up to 6 additional years, in 2 year license increments. The Company will be required to pay additional license fees and will be obligated to incur minimum exploration costs for such years.

Expressed in Canadian Dollars

9. TRADE PAYABLES AND ACCRUED LIABILITIES

		December 31, 2011		December 31, 2010		December 31, 2009
Trade payables	$	99,343	$	3,253	$	32,024
Amounts due to related parties (Note 11)		27,222	$	87,094	$	143,723
Accrued liabilities		25,249		39,180		10,000
	$	151,814	$	129,527	$	185,747

10. SHARE CAPITAL

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

b) Common shares issued and outstanding

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

Year ended December 31, 2011:

The Company issued 950,000 common shares at a fair value of $95,000 for the acquisition of mineral properties (Note 8).

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

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

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

10. SHARE CAPITAL (cont'd)

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

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

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

Year ended December 31, 2010:

The Company issued 2,640,000 common shares at a fair value of $132,000 for settlement of debt (Note 11).

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

The Company issued 7,150,000 common shares at a fair value of $429,000 for the acquisition of mineral properties (Note 8).

c) Preferred shares issued and outstanding

At December 31, 2011, there are 604,724 (December 31, 2010 – 604,724) preferred shares outstanding. The rights and restrictions of the preferred shares are as follows:

i) dividends shall be paid at the discretion of the directors;
ii) the holders of the preferred shares are not entitled to vote except at meetings of the holders of the preferred shares, where they are entitled to one vote for each preferred share held;
iii) the shares are convertible at any time; and
iv) the number of the common shares to be received on conversion of the preferred shares is to be determined by dividing the conversion value of the share, $1 per share, by $0.90.

d) Warrants

The Company entered into an arm's length IP and Data Acquisition Agreement with Hunter Minerals Pty Limited ("Hunter") and Spar Resources Pty Limited ("Spar"). Pursuant to the IP Acquisition Agreement, Hunter and Spar agreed to sell certain IP and Data rights to the Company in consideration for the Company paying $300,000 in cash ($150,000 to each of Hunter and Spar which is paid) and the issuing of 12,960,000 share purchase warrants (issued), 6,480,000 to each of Hunter and Spar exercisable for a period of 5 years. The warrants are exercisable at the following prices:

- 4,750,000 of the warrants are at a price of $0.50 per share;
- 4,750,000 of the warrants are at a price of $0.70 per share and
- 3,460,000 of the warrants are at a price of $1.00 per share.

The warrants are subject to an accelerated exercise provision in the event the Company relinquishes its interests in the Maniitsoq Property or any other mineral titles held within a defined area of interest without receiving consideration for such relinquishment. The granted warrants have been recorded at a fair value of

Expressed in Canadian Dollars

10. SHARE CAPITAL (cont'd)

d) Warrants (cont'd)

$1,813,263 using the Black-Scholes pricing model, with the following inputs: Expected dividend yield: 0%; expected share price volatility: 324%; risk-free interest rate: 1.43% and expected life: 5 years.

The Company also granted each of Hunter and Spar or their designates a 1.25% NSR, subject to rights of the Company to reduce both royalties to a 0.5% NSR upon payment to each of Hunter and Spar (or their designates) of $1,000,000 on or before the 60th day following a decision to commence commercial production on the Maniitsoq Property.

A continuity schedule of outstanding common share purchase warrants at December 31, 2011 is as follows:

	December 31, 2011		December 31, 2010	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	10,000,000	$ 0.10	-	$ -
Granted	24,203,950	0.54	10,000,000	0.10
Exercised	(3,005,000)	0.10	-	-
Outstanding, end of year	31,198,950	$ 0.44	10,000,000	$ 0.10

At December 31, 2011, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants Outstanding	Expiry Date		Exercise Price	Weighted Average remaining contractual life
6,995,000	December 28, 2012		$ 0.10	0.99
11,243,950	November 24, 2012	*	$ 0.35	0.90
3,460,000	August 19, 2016		$ 1.00	4.64
4,750,000	August 19, 2016		$ 0.50	4.64
4,750,000	August 19, 2016		$ 0.70	4.64
31,198,950				2.47

* These warrants are subject to an acceleration clause whereby the warrant holders will be required to exercise their warrants within a period of 30 days if the Company's common shares close at or above $0.50 per share for 20 consecutive trading days, otherwise the warrants will, if not exercised, expire at the end of such 30 day period. To December 31, 2011, the Company's common shares have not met the criteria for accelerated exercise.

Expressed in Canadian Dollars

10. SHARE CAPITAL (cont'd)

e) Stock options

The Company approved 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 shares of the Company. Under the Plan, the exercise price of each option equals the market price as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

The changes in stock options during the year ended December 31, 2011 and the year ended December 31, 2010 are as follows:

	December 31, 2011		December 31, 2010	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding, beginning of year	3,300,000	$ 0.10	-	$ -
Granted	2,050,000	0.23	3,300,000	0.10
Outstanding, end of year	5,350,000	$ 0.15	3,300,000	$ 0.10

The weighted average fair value at grant date of options granted during the year ended December 31, 2011 was $0.23 per option (December 31, 2010 - $0.055)

Details of options outstanding as at December 31, 2011 are as follows:

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price	Weighted Average remaining contractual life
2,950,000	2,950,000	August 27, 2015	$ 0.10	3.66
150,000	150,000	November 25, 2015	$ 0.10	3.90
200,000	200,000	December 15, 2015	$ 0.10	3.96
150,000	150,000	May 24, 2016	$ 0.20	4.40
350,000	350,000	June 29, 2016	$ 0.20	4.50
1,450,000	1,450,000	September 6, 2016	$ 0.25	4.69
100,000	100,000	November 24, 2016	$ 0.15	4.90
5,350,000	5,350,000			4.05

f) Stock-based compensation

During the year ended December 31, 2011, the Company granted 2,050,000 incentive stock options to directors and employees with the maximum term of 5 years. The Company calculates the fair value of all stock options using the Black-Scholes option pricing model. The granting of these options resulted in stock-based compensation expense of $383,750 and capitalization of $87,500 to exploration and evaluation assets. The options granted vested upon issuance.

Expressed in Canadian Dollars

10. SHARE CAPITAL (cont'd)

f) Stock-based compensation (cont'd)

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

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

	December 31, 2011	December 31, 2010
Expected dividend yield	0%	0%
Expected share price volatility	618.59% - 767.95%	214.74%
Risk-free interest rate	1.56% - 2.57%	2.16%
Expected life of options	1.5 and 5 years	5 years

11. RELATED PARTY TRANSACTIONS

Related party balances

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

	December 31, 2011	December 31, 2010
Directors and companies controlled by directors of the Company	$ 27,222	$ 87,094

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

Related party transactions

Key management personnel compensation

	Year ended December 31, 2011	Year ended December 31, 2010
Geological consulting fees - expensed	$ 22,717	$ 1,167
Geological consulting fees - capitalized	36,783	26,833
Management fees - expensed	108,000	90,000
Stock-based compensation	150,000	-
	$ 317,500	$ 118,000

Expressed in Canadian Dollars

11. RELATED PARTY TRANSACTIONS (cont'd)

In addition, the Company entered into the following transactions:

(a) recorded $Nil (2010 - $19,000) for consulting fees to a company in which a director has an interest;
(b) recorded $Nil (2010 - $11,772) for professional fees to a company in which a director has an interest;
(c) during the year ended December 31, 2010, the Company entered into a purchase and sale agreement, with a company with directors in common for the acquisition mineral properties (Note 8); and
(d) issued Nil (2010 - 2,640,000) common shares at a fair value of $Nil (2010 - $132,000), to a company in which a director has an interest for settlement of debt.

12. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

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

	December 31, 2011	December 31, 2010	December 31, 2009
Net loss	$ (1,160,819)	$ (529,808)	$ (117,645)
Statutory rates	26.50%	28.50%	31.00%
Expected income tax recovery	(307,617)	(150,995)	(36,470)
Permanent differences and other	88,764	71,984	4,100
Non-controlling interest	-	-	4,227
Non-allowable portion of capital losses	-	42,379	(3,389)
Effect of change in tax rates	(390)	4,632	-
Expiring losses	-	-	10,932
Renunciation of exploration costs	223,370	-	-
Amortization of flow-through liability	(76,628)	-	-
Change in valuation allowance	(4,127)	32,000	20,600
Net future income tax recovery	$ (76,628)	$ -	$ -

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

	December 31, 2011	December 31, 2010	December 31, 2009
Exploration and evaluation assets	$ (143,861)	$ -	$ 56,000
Loss carry-forwards	311,478	182,000	94,000
Share issuance costs	9,778	-	-
Property, plant and equipment	478	-	-
	$ 177,873	$ 182,000	$ 150,000

Expressed in Canadian Dollars

12. <u>INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES (cont'd)</u>

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

	Canadian non-capital losses	Canadian net-capital losses	Canadian resource pools	Canadian share issue costs
2012	$ -	$ -	$ -	$ 9,778
2013	-	-	-	9,778
2014	-	-	-	9,778
2015	-	-	-	9,778
2026	-	-	-	-
2027	178,423	-	-	-
2028	39,264	-	-	-
2029	30,350	-	-	-
2030	323,789	-	-	-
2031	517,376	-	-	-
No expiry	-	156,709	2,260,220	-
	$ 1,089,202	$ 156,709	$ 2,260,220	$ 39,112

a) Provision for current tax
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, 2011, the Company received $1,000,002 from the issue of flow-through shares. These amounts will not be available to the Company for future deduction from taxable income. Effective December 31, 2011, the Company renounced $842,907 to the subscribers. To December 31, 2011, the Company is obligated to expend the remaining $157,095 to complete its flow-through commitments.

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

b) Provision for deferred tax
As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at December 31, 2011, the Company has approximately $1,089,202 in non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2027, and approximately $157,000 in capital losses which may be available to offset future taxable capital gains which can be carried forward indefinitely. The potential future tax benefit of these losses has not been recorded as a full-future tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.

13. CAPITAL MANAGEMENT

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

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2011. The Company is not exposed to externally imposed capital requirements.

14. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, harmonized and government taxes ("HST") receivable, marketable securities, trade payables and due to related parties. The carrying value of these financial instruments approximates their fair value.

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

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

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

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

The Company's primary risk exposures are summarized below:

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

14. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet third party liabilities when due. The Company has working capital of $1,211,510 at December 31, 2011. All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company is dependent on management's ability to raise additional funds so that it can manage its financial obligations. The ability to raise funds in capital markets is impacted by general market and economic conditions and the commodity markets in which the Company conducts business.

Market risk

(a) Interest rate risk

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

(b) Foreign currency risk

The Company is exposed to the financial risk related to fluctuations of foreign exchange rates. The Company operates in Canada and Greenland and a portion of exploration and evaluation assets are incurred in US dollars, Euros and Danish krones ("DKK"). The Company has not hedged its exposure to currency fluctuations, however foreign currency risk is considered low as the majority of transactions are settled and reported in Canadian dollars.

15. NON-CASH TRANSACTIONS

The Company incurred non-cash financing and investing activities during the year as follows:

	December 31, 2011	December 31, 2010
Common shares issued for mineral properties (Note 10)	$ 95,000	$ 429,000
Accrued mineral property and deferred exploration costs	$ 97,616	$ 2,825
Share purchase warrants issued for mineral property (Note 8)	$ 1,813,263	$ -
Stock-based compensation expense recorded as share issuance costs for finders warrants	$ 36,592	$ -
Stock-based compensation capitalized to mineral properties	$ 87,500	$ -
Common shares issued for debt	$ -	$ 132,000

16. COMMITMENTS

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

i) management fees: $5,000 per month and $4,000 per month
ii) consulting fees: $3,500 per month effective June 1, 2011 the rate changed to $6,000 per month.

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

Expressed in Canadian Dollars

17. SEGMENTED INFORMATION

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

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

	Canada	Europe	Total
December 31, 2010			
Other assets	$ 686,192	$ -	$ 686,192
Property, plant and equipment	-	-	-
Exploration and evaluation assets	677,718	-	677,718
Total assets	$ 1,363,910	$ -	$ 1,363,910

	Canada	Europe	Total
December 31, 2009			
Other assets	$ 83,212	$ -	$ 83,212
Property, plant and equipment	-	-	-
Exploration and evaluation assets	101,000	-	101,000
Total assets	$ 184,212	$ -	$ 184,212

18. SUBSEQUENT EVENTS

On January 18, 2012, the Company entered into an investor relations agreement whereby the Company will pay $7,000 per month for a period of 6 months. The Company issued 300,000 stock options, exercisable at a price of $0.15 per share for a period of 5 years. The stock options vest over a period of 12 months. The agreement can be terminated within 30 days and automatically renewable for a further 6 months.

On March 1, 2012, the Company received notification that its application for an additional exploration licence in Greenland has been approved by the BMP. On April 4, 2012 the Company made a payment of DKK 32,264 for the licence fee. The license will be effective upon signatory by the BMP.

Expressed in Canadian Dollars

18. SUBSEQUENT EVENTS (cont'd)

On March 13, 2012, the Company entered into a consulting agreement whereby the Company will pay US$2,000 per month for a period of 12 months. The Company issued 100,000 stock options, exercisable at $0.17 per share for a period of 2 years. A further 100,000 stock options will be issued in a subsequent grant. The options vest over a period of 12 months. The agreement can be terminated within 30 days.

On April 5, 2012, the Company paid $85,000 and issued 500,000 common shares pursuant to the Post Creek and Halycyon Property option agreements (Note 8).

On April 18, 2012, the Company entered into an option agreement to acquire up to a 100% interest in the Wahnapitae Property located in Ontario and agreed to the following consideration:

Date		Cash	Shares		Exploration requirements
On TSX-V approval	$	20,000	75,000		
On or before 12 months following TSX-V approval	$	25,000	75,000	$	21,000
On or before 24 months following TSX-V approval	$	35,000	75,000	$	21,000
On or before 36 months following TSX-V approval	$	40,000	-	$	21,000

The option agreement is subject to TSX-V approval.

Subsequent to December 31, 2011, 132,000 stock options at $0.10 were exercised for net proceeds of $13,200 and 1,057,500 warrants at $0.10 were exercised for net proceeds of $105,750.

19. TRANSITION TO IFRS

As a result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these consolidated financial statements. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

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

IFRS 1 "Deemed Cost" – allows for exploration and evaluation assets costs to be accounted for in cost centres that include all properties in a large geographical area. A first-time adopter using such accounting under previous Canadian GAAP may elect to measure exploration and evaluation assets at the amount determined under the Company's previous GAAP. The Company plans to elect this exemption and shall

19. TRANSITION TO IFRS (cont'd)

Exemptions applied (cont'd)

continue to test exploration and evaluation assets in the development phases for impairment after the date of transition to IFRS in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources.

Mandatory exceptions applied

IAS 39 "Financial Instruments" - The Company has applied the derecognition of financial assets and liabilities exception requirements prospectively from the transition date. As a result of any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAP have not been reviewed for compliance with IAS 39. The application of this exemption has no impact on the Company.

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. No adjustments for estimates have been made.

IAS 27 was applied prospectively from the Transition Date. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. No adjustment was required.

Reconciliation to previously reported financial statements

The following tables provide a reconciliation between the amounts previously reported under Canadian GAAP and those anticipated to be reported in accordance with IFRS and related transitional requirements.

Expressed in Canadian Dollars

19. TRANSITION TO IFRS (cont'd)

Reconciliation to previously reported financial statements (cont'd)

Consolidated Statement of Financial Position

	Canadian GAAP December 31, 2010	IFRS Adjustment	IFRS December 31, 2010	Canadian GAAP January 1, 2010	IFRS Adjustment	IFRS January 1, 2010
ASSETS						
Current assets						
Cash	$ 659,227		$ 659,227	$ 16,515		$ 16,515
Short-term investment	-		-	-		-
Marketable securities	-		-	62,500		62,500
Receivables	26,965		26,965	4,197		4,197
Prepaid expenses and deposits	-		-	-		-
Total current assets	686,192		686,192	83,212		83,212
Non-current assets						
Property, plant and equipment	-		-	-		-
Exploration and evaluation assets	677,718		677,718	101,000		101,000
Total non-current assets	677,718		677,718	101,000		101,000
Total assets	$ 1,363,910		$ 1,363,910	$ 184,212		$ 184,212
LIABILITIES						
Current liabilities						
Trade payables and accrued liabilities	$ 129,527		$ 129,527	$ 185,747		$ 185,747
Total liabilities	129,527		129,527	185,747		185,747
SHAREHOLDERS' EQUITY						
Share capital - preferred	604,724		604,724	604,724		604,724
Share capital - common	14,705,609		14,705,609	13,044,609		13,044,609
Share-based payments reserve	235,844	(53,344)	182,500	53,344	(53,344)	-
Accumulated other comprehensive loss/income	-		-	24,525		24,525
Deficit	(14,311,794)	53,344	(14,258,450)	(13,781,986)	53,344	(13,728,642)
Total shareholders' equity	1,234,383		1,234,383	(54,784)		(54,784)
Non-controlling interest	-		-	53,249		53,249
Total equity	1,234,383		1,234,383	(1,535)		(1,535)
Total liabilities and equity	$ 1,363,910		$ 1,363,910	$ 184,212		$ 184,212

Expressed in Canadian Dollars

19. TRANSITION TO IFRS (cont'd)

Reconciliation to previously reported financial statements (cont'd)

There were no IFRS differences in the Consolidated Statements Comprehensive Loss or the Consolidated Statements of Cash Flows and therefore these statements have not been presented.

Consolidated Statement of Changes in Equity.

	Number of shares	Share capital	Preferred stock	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
Balance at January 1, 2010	5,441,730	$ 13,044,609	$ 604,724	$ 53,344	$ 24,525	$ (13,781,986)	$ 53,249	$ (1,535)
Loss for the year	-	-	-	-	-	(529,808)	-	(529,808)
Share capital issued private placement	20,000,000	1,100,000	-	-	-	-	-	1,100,000
Shares issued to acquire mineral properties	7,150,000	429,000	-		-	-	-	429,000
Shares issued for debt	2,640,000	132,000	-	-	-	-	-	132,000
Stock options issued	-	-	-	182,500	-	-	-	182,500
Sale of subsidiary	-	-	-	-	-	-	(53,249)	(53,249)
Reversal of accumulated other comprehensive income							-	-
upon sale of subsidiary	-	-	-	-	(2,616)	-	-	(2,616)
Available-for-sale investment	-	-	-	-	(21,909)	-	-	(21,909)
IFRS adjustment	-	-	-	(53,344)	-	53,344	-	-
Balance at December 31, 2010	35,231,730	14,705,609	604,724	182,500	-	(14,258,450)	-	1,234,383
Loss for the year	-	-	-	-	-	(1,084,191)	-	(1,084,191)
Share capital issued private placement	15,545,463	3,200,002	-	-	-	-	-	3,200,002
Flow-through premium		(90,909)	-				-	(90,909)
Shares issued to acquire mineral properties	950,000	95,000	-	-	-	-	-	95,000
Shares issued for finder's fee	200,000	28,000	-	-	-	-	-	28,000
Stock options issued	-	-	-	471,250	-	-	-	471,250
Warrants exercised	3,005,000	300,500	-	-	-	-	-	300,500
Warrants issued	-	-	-	1,813,263	-	-	-	1,813,263
Share issue costs	126,000	(60,282)	-	36,592	-	-	-	(23,690)
Balance at December 31, 2011	55,058,193	$ 18,177,920	$ 604,724	$ 2,503,605	$ -	$ (15,342,641)	$ -	$ 5,943,608

Adjustment on transition to IFRS

Share-based payment transactions

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

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

NORTH AMERICAN NICKEL INC.

(formerly Widescope Resources Inc.)

Management Discussion and Analysis
For the Year Ended December 31, 2011

Preliminary Information

This Management's Discussion and Analysis ("MD&A") contains information up to and including April 23, 2012.

The following MD&A of North American Nickel Inc. (the "Company") should be read in conjunction with the audited financial statements for the year ended December 31, 2011 and the related notes contained therein. It should be noted that the audited financial statements for the year ended December 31, 2011 were prepared in accordance with International Financial Reporting Standards ("IFRS"), the reconciliation of which can be found beginning on page 16 of this MD&A.

All financial information in this MD&A related to 2011 have been prepared in accordance with International financial reporting standards ("IFRS"), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

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

Description of Business

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating mineral properties, and either joint venturing, developing or disposing of the properties, when the evaluation is complete. The Company is currently focusing its resources in conducting exploration programs on its Sudbury, Ontario nickel properties being Post Creek, Halcyon and Greenland on the Maniitsoq Property. As well the Company is conducting exploration programs on its Manitoba nickel properties being South Bay, Thompson North and Cedar Lake.

Company History

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

In April 2010 the Company initiated a series of actions to realign its focus into the field of nickel exploration in the prolific nickel belts around Sudbury, Ontario and Thompson, Manitoba. These actions were reported in a news release dated April 6, 2010. Additionally, in April 2010 the Company's shareholders elected 4 new directors, to replace three retiring directors. The directors of the Company have appointed new senior management to oversee the daily operations of the Company.

On May 3, 2011 the Company's listing application was conditionally accepted by the TSX Venture Exchange. On May 30, 2011 the common shares of the Company began trading under the symbol "NAN".

Trend Analysis

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

The recoverability of amounts shown for mineral property costs is dependent upon a number of factors including environmental risk, legal and political risk, the existence of economically recoverable mineral reserves, confirmation of the Company's interests in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete exploration and development, and to attain sufficient net cash flow from future profitable production or disposition proceeds.

As of December 31, 2011 the Company had working capital of $1,211,510 (December 31, 2010 $556,665) and a deficit of $15,342,641 (December 31, 2010 $14,258,450). The Company will require additional funding to meet its obligations and the costs of its operations.

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

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire interests in additional properties if there is sufficient geologic or economic potential and if it has adequate financial resources are available to do so. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

Resource Properties

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

Sudbury, Ontario nickel properties:

Post Creek Property

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

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

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

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

During the year December 31, 2011, the Company incurred $764,311 (including capitalized stock-based compensation of $87,500) (December 31, 2010 - $153,310) in exploration costs on the Post Creek Property.

Performance Summary:

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

Airborne VTEM geophysical survey results and ground IP and magnetic surveys undertaken by previous operators were obtained from the geophysical contractors in digital formats and these data will form individual “layers” for integration with geological and geochemical datasets.

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

During the year ended December 31, 2011:

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

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

Grid cutting for the Abitibi DEEPEM (‘InfiniTEM’) ground geophysical survey has been completed.

Outcrop stripping, washing and chip and channel sampling continued subsequent to the location of geophysical (electromagnetic and magnetic) anomalies identified with the use of the beep mat. Samples have been submitted for assay and are pending. Beep mat geophysical surveys are ongoing on the Post Creek property.

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

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

A drill program was planned and implemented with Chenier drilling of Capreol, Ontario contracted to carry out a 1500 metre program.

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

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

Subsequent Events

A report describing the drill reaults on the Post Creek property has been constructed and submitted to the Sudbury Mining Recorders office. The report has been accepted.

Activities contemplated in the future

It is the intent of the Company to continue exploration along the CJ Zone/Embayment to the northeast along trend of this mineralized structure. Detailed geologic mapping, prospecting, mechanical stripping and power washing of available outcrop, rock chip and soil sampling and geophysical surveys will be undertaken.

Woods Creek Property

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

Date	Cash	Issuance of shares		Exploration Requirements	
On or before April 5, 2010	$ 7,500	150,000	paid & issued		
On or before April 5, 2011	$ 15,000	150,000	paid & issued	$ 24,000	Exploration requirements to April 5, 2011 $26,281
On or before April 5, 2012	$ 20,000	-		$ 24,000	Exploration requirements to April 5, 2012 $63,281
On or before April 5, 2013	$ 45,000	-		$ 24,000	

The Woods Creek claim block is located in Hyman Township about 50 km west of Sudbury and comprises eight contiguous unpatented mining claims covering 1,264 hectares. The target on the property is disseminated to near-solid nickel-copper-cobalt-PGM mineralization hosted within Nipissing Diabase dykes which cover 50% of the property. This style of mineralization is currently being mined by Ursa Major Minerals at their Shakespeare deposit 15 km southwest of the Woods Creek property.

Previous operators defined a number of mineralized zones on the Woods Creek property, but little follow-up exploration was undertaken. The Main Zone prospect is a zone of 10-40% pyrrhotite-chalcopyrite mineralization with historic assays of 1.22% Cu, 0.95% Ni,0.35 g/t combined Pt and Pd and 0.13 g/t Au. Diamond drilling on this zone intersected a 6.5 m section of gabbro with pyrrhotite and chalcopyrite with historic assays of 1.09% Ni, 0.37% Cu, 0.30 g/t combined Pt and Pd and 0.11% Co. The Ravenshill prospect was discovered in 2005 as a result of geological mapping and prospecting. It comprises near solid pyrrhotite and chalcopyrite in brecciated gabbro with historic assays of 0.66% Ni, 0.90% Cu, 0.09% Co, 0.068 g/t Pt, 0.22 g/t Pd and 0.046 g/t Au.

During the year December 31, 2011, the Company incurred $42,940 (December 31, 2010 - $20,341) in exploration costs on the Woods Creek Property.

Performance Summary:

An assessment report based on shallow electromagnetic Beep Mat surveys, geological mapping, prospecting, excavator work to clear overburden from outcrop and channel and chip rock sampling was completed on claims 1242388 and 1242390. The results are summarized in an assessment report submitted to the Ontario Mining recorder in Sudbury. A short diamond drill program is planned to assess gossans delineated during prospecting activities.

During the year ended December 31, 2011:

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

Short term prospecting was completed.

The identification of a large gossanous outcrop on the property will be followed up with a drill hole to test the area beneath the gossan for nickel-copper platinum group mineralization.

Subsequent Events

A single drill hole was completed to test the gossanous outcrop described above. The results indicated the presence of a very weakly mineralized, strongly foliated gabbroic intrusion. Drill core was sampled for assay and the results indicate uniformly low base and precious metal contents.

The Company decided not to further pursue the Woods Creek Property and accordingly the property was written-off.

Activities contemplated in the future

No future activities are contemplated since the property was dropped.

Halcyon Property

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

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

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

During the year December 31, 2011, the Company incurred $53,989 (December 31, 2010 - $Nil) in exploration costs on the Halcyon Property.

Performance Summary:

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

During the year ended December 31, 2011:

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

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

Prospecting and a small amount of outcrop stripping were completed in preparation for a drill program. A single drill hole was put down on the southeast corner of the property with the purpose of providing geological information and to provide a platform for bore hole pulse EM ("BHPEM"). No anomalies were detected with the BHPEM although quartz diorite breccia and partial melt material with 2-3% disseminated pyrrhotite and chalcopyrite was intersected over short core lengths.

Subsequent Events

No work has been performed subsequently.

Activities contemplated in the future

Continued exploration in the form of detailed geologic mapping, prospecting, mechanical stripping and power washing of available outcrop, rock chip and soil sampling and geophysical surveys. Targets will be drilled subsequent to integration of all exploration databases.

Bell Lake Property

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

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

The Bell Lake property is a 256 acre property that covers approximately 1 km of the Mystery Offset Dyke or "MOD". The MOD is interpreted to be an extension of the Worthington Offset Dyke which is a 10-11 km long mineralized structure that extends from the southwest margin of the Sudbury Igneous Complex. Offset Dyke environments are significant hosts to nickel-copper-PGM mineralization in the Sudbury Basin. The Worthington Offset Dyke hosts the past producing Worthington copper-nickel-platinum group metal Mine and the Victoria copper-nickel-platinum group metal Mine. It is also host to Vale Inco's Totten copper-nickel-platinum group metal Mine development Crowflight Minerals AER-Kidd property also occurs within the Worthington Offset. The Bell Lake property is marked by surface exposures of disseminated to near-solid nickel-copper sulphide mineralization with PGM values. The Mystery Offset Dyke offers excellent exploration potential for the discovery of additional nickel-copper-PGM mineralization. Deep-looking ground geophysical technologies and diamond drilling will test the property after detailed geological mapping has been undertaken on the property.

During the year December 31, 2011, the Company incurred $56,621 (December 31, 2010 - $560) in exploration costs on the Bell Lake Property

Performance Summary:

Data compilation was initiated with the aim of delineating potential areas for follow-up exploration. A three-dimensional model was assembled for the mineralization identified on the property by historic exploration including diamond drilling. The model uses historic drill logs and assay data. These data will be integrated with geophysical information acquired from new geophysical surveys to delineate possible drill targets.

During the year ended December 31, 2011:

The compilation of historic exploration data is complete. A geophysical grid was planned for the property and geophysical contracts signed for the upcoming Infinitem survey (Abitibi Geophysics).

The grid for the geophysical survey has been cut and an Infinitem deep-looking ground geophysical program and a magnetic survey have been completed on the property. Results indicate the lack of significant geophysical responses on the claim

Subsequent Events

The Company decided not to further pursue the Bell Lake Property and accordingly the property was written-off.

Activities contemplated in the future

No future activities are contemplated since the property was dropped.

Manitoba nickel properties:

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

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

During the year ended December 31, 2011:

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

During the year December 31, 2011, the Company incurred $8,687 (December 31, 2010 - $2,523) in deferred exploration costs on the South Bay Property

Analytical data from the MMI analysis of soil samples was received and interpretation followed by a report is in progress. The property was down-sized based on the results of geophysical surveys, diamond drilling results and assays.

Subsequent Events

A compilation report has been completed for the property.

Activities contemplated in the future

A Mobile Metal Ions soil geochemical survey has been proposed for the property. The survey will be undertaken once soil has thawed and lake access is possible.

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

During the year ended December 31, 2011:

There have been no current activities on the property.

During the year December 31, 2011, the Company incurred $115,259 (December 31, 2010- $585) in deferred exploration costs on the Thompson North Property.

A compilation of historic exploration information was contracted to Revelation Geoscience Ltd. A report was completed and will be the basis for future exploration planning.

Subsequent Events

There have been no subsequent events.

Activities contemplated in the future

VTEM anomalies recommended for follow-up by Revelation Geoscience in their report will be assessed with the aim of modeling the geophysical data and producing Maxwell plates. with Mobile Metal Ions soil geochemistry. These results will be used to further assess these geophysical anomalies and to assist in planning a drill program.

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

During the year ended December 31, 2011:

There have been no current activities on the property. A compilation of historic exploration has been completed and will be the basis for future exploration planning.

During the year December 31, 2011, the Company incurred $2,000 (December 31, 2010- $400) in deferred exploration costs on the Cedar Lake Property.

Subsequent Events

No work was performed on this property subsequently.

Activities contemplated in the future

Activities contemplated for the future include detailed geophysical surveys with soil geochemical survey follow-up.

Maniitsoq, Greenland:

Effective August 15, 2011, the Company was granted an exploration license by the Bureau of Minerals and Petroleum ("BMP") of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of DKK 31,400 (CDN $5,174) upon granting of the license. The license is valid for 5 years until December 31, 2015, with December 31, 2011 being the first year.

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

Provided that the licence area is unchanged during 2012 the Company's minimum required exploration expenditure for the second year is DKK 7,361,890 (approximately CDN $1,307,330). However, if the licence area is reduced during 2012 the required minimum exploration expenditure will decrease by DKK 1,490 for every square kilometre relinquished. The required minimum exploration expenditures to December 31, 2015 have not yet been determined but, are based on an annual approximation of DKK 24,405,000 (approximately CDN $4,333,870), which is adjusted each year on the basis of the change to the Danish Consumer Price Index. This assumes that the licence area remains at its current size (4,841 square kilometres). For every square kilometre that the licence is reduced the required annual expenditure decreases by approximately DKK 5,041. The Company is obligated to reduce the licence area by at least 30% (1,452.3 square kilometres) by December 31, 2013.

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

After December 31, 2015, the Company may apply for an additional 5 years. Thereafter, the Company may apply for a license for up to 6 additional years, in 2 year license increments. The Company will be required to pay additional license fees and will be obligated to incur minimum exploration costs for such years.

In conjunction with the granting of the Maniitsoq Mineral Exploration Licence, the Company has entered into an arm's length Intellectual Property and Data Acquisition Agreement (the "IP Acquisition Agreement") with Hunter Minerals Pty Limited ("Hunter") and Spar Resources Pty Limited ("Spar"). Pursuant to the IP Acquisition Agreement, Hunter and Spar agreed to sell the IP Rights to the Company in consideration for the Company paying $300,000 in cash ($150,000 to each of Hunter and Spar which is paid) and the issuing of 12,960,000 share purchase warrants, 6,480,000 to each of Hunter and Spar exercisable for a period of five years. The warrants are exercisable at the following prices, 4,750,000 of the warrants are at a price of $0.50 per share, 4,750,000 of the warrants are at a price of $0.70 per share and 3,460,000 of the warrants are at a price of $1.00 per share. The warrants are subject to an accelerated exercise provision in the event the Company relinquishes its interests in the Maniitsoq Licences or any other mineral titles held within a defined area of interest without receiving consideration for such relinquishment. The granted warrants have been recorded at a fair value of $1,813,263 using the Black-Scholes option-pricing model. Granting to each of Hunter and Spar or their designates a 1.25% net smelter returns royalty, subject to rights of NAN to reduce both royalties to a 0.5% net smelter returns royalty upon payment to each of Hunter and Spar (or their designates) of $1,000,000 on or before the 60th day following a decision to commence commercial production on the mineral properties. On August 30, 2011 the Company issued 200,000 common shares at $0.14 per share for a value of $28,000 as a finder's fee on the Greenland project.

The Maniitsoq project covers a 4,841 km^2 area situated along the southwest coast of Greenland east and south of the village of Maniitsoq. Ports in this part of Greenland have a year-round shipping season. The project area contains numerous nickel + copper sulphide showings associated with noritic and other mafic-ultramafic intrusions of Archean age. Given its vast size and abundance of nickel occurrences, the Maniitsoq area has seen remarkably little nickel-related exploration activity. The only drilling for nickel was done between 1965 and 1972 by a company called Kyrolitselskabet Øresund A/S (KØ). KØ drilled 119 shallow holes totalling about 6,300 meters that tested exposed sulphide mineralization and shallow electromagnetic (EM) anomalies directly associated with outcropping mafic-ultramafic intrusions. All but a few were drilled with portable Winkie drills and the average hole length was just 45 meters. Nevertheless numerous significant historic intersections were made, including 9.85 meters averaging 2.67% Ni and 0.60% Cu at Imiak Hill and 12.89 meters averaging 2.24% Ni and 0.63% Cu at the Fossilik showing.

During the year ended December 31, 2011:

On March 15, 2011 an application for an exclusive mineral exploration licence covering the project area was submitted to the Greenland Bureau of Minerals and Petroleum (BMP). Detailed compilation of previous historic exploration data was initiated following the submission of the licence application.

The exclusive mineral exploration licence was approved by BMP on April 15, 2011.

Known showings and targets, identified from data compilation, were examined by a team of two to three geologists plus a field assistant between August 19 and 27. A total of 54 representative rock samples were collected and submitted to Activation Laboratories for analysis. Drill cores from several Kyrolitselskabet Oresund A/S drill holes were examined at a government core facility in Kangerlussuaq, Greenland. No new occurrences were discovered, however; rock samples from previously known occurrences assayed up to 3.35% Ni and confirmed previous sampling results by Kyrolitselskabet Øresund A/S (1965-71, Cominco Ltd. (1995-96) and Falconbridge Greenland A/S (1993-2000).

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

On December 27 the Company applied for a mineral exploration licence covering approximately 142 square kilometers contiguous with its existing licence (number 2010/54).

Subsequent Events

In January, 2012 Condor Consulting modeled, in three-dimensions, 18 of the 25 conductive target zones identified from the 2011 SkyTEM survey.

The company's application for the new licence was approved on April 3, 2012 and is expected to be issued shortly.

Activities contemplated in the future

Further helicopter geophysical surveys and surface prospecting are planned for 2012. Diamond drilling of selected electromagnetic anomalies, identified by the helicopter geophysics, is also contemplated for 2012.

Selected Financial Information

The Company's consolidated financial statements for the year ended December 31, 2011 (the "Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") and practices. Currency amounts are in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Consolidated Financial Statements and should be read in conjunction with those statements.

	For the year ended		
	December 31, 2011	**December 31, 2010**	**December 31, 2009 ****
Financial Results			
Net loss	$ 1,084,191	$ 529,808	$ 117,645
Basic loss per share	0.02	0.03	0.02

As at:	**December 31, 2011**	**December 31, 2010**	**December 31, 2009 ****
Balance Sheet Data			
Share capital	$ 18,782,644	$ 15,310,333	$ 13,649,333
Common shares issued	55,058,193	35,231,730	5,441,730
Weighted average shares outstanding	46,464,082	19,941,566	5,441,730
Total assets	$ 6,109,703	$ 1,363,910	$ 184,212
Net assets (liabilities)	5,943,608	$ 1,234,383	$ (54,784)
Exchange rates (Cdn$ to U.S.$) period average	1.0110	0.9709	0.8757

** Figures for December 31, 2009 are expressed under Canadian GAAP.

Results of Operations

For the period ended December 31, 2011, the Company incurred a net loss of $1,084,191 compared to a net loss of $529,808 for the period ended December 31, 2010. The increase of $554,383 in net loss is a net result of general operating costs increased which is mainly the result of additional stock-based compensation charges of $201,250 for stock options granted to employees and consultants and the Company initiating a series of actions to realign its focus into the field of nickel exploration and appointing new senior management in April 2011 resulting in additional management fee of $18,000, two private placements resulting in increased filing fees of $24,546 and a higher volume in activity resulting in an increase in investor relation costs of $28,089 and the addition of more staff resulting in an increase of salaries of $29,887. There was the increase in impairment of exploration and evaluation assets of $267462 from dropping two properties. The increased operating costs have been offset with a tax recovery amount of $76,628 as a result of the flow-through premium being reduced for expenses being incurred.

Selected Financial Data Quarterly

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

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

Balance Sheet Data

As at:	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Share capital	$ 18,782,644	$ 18,671,750	$ 18,371,250	$ 15,367,333
Common shares issued	55,058,193	55,058,193	51,853,193	36,181,730
Weighted average shares outstanding	46,466,684	43,571,377	38,918,162	35,242,286
Total assets	$ 6,109,703	$ 8,022,816	$ 4,306,174	$ 1,409,625
Net assets (liabilities)	$ 5,943,608	$ 7,696,949	$ 4,212,427	$ 1,228,723

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

Liquidity

As at December 31, 2011 the Company had accumulated losses totaling $15,342,641. The Company had working capital of $1,211,510 at December 31, 2011. The continuation of the Company is dependent upon the continued financial support of shareholders, its ability to raise capital through the issuance of its securities, as well as obtaining long-term financing when the company concludes an appropriate merger or acquisition agreement.

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

Capital Management

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

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

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the period.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables and trade payables and accrued liabilities. Cash and cash equivalents are designated as held for trading and therefore carried at fair value, with the unrealized gain or loss recorded in income. Receivables are designated as loan receivables and trade payables, are designated as other financial liabilities and recorded at amortized cost. Marketable securities are available for sale with the unrealized gain or loss recorded in other comprehensive income.

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable (supported by little or no market activity).

Cash and cash equivalents are stated at fir value and are classified as Level 1 of the fair value hierarchy. The fair values of accounts receivables and trade payables approximate carrying value because of the short term nature of these instruments.

The fair value of available for sale investments are determined based on a market approach reflecting the closing price of each particular security at the closing balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available for sale securities are classified within Level 1 of the fair value hierarchy.

Financial Instrument Risk Factors

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to cash, short-term investments and amounts receivable. Cash and cash equivalents, and short-term investments are held with one reputable Canadian chartered bank which is closely monitored by management. Financial instruments included in amounts receivable consist primarily of HST/GST recoverable from the Canadian government. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, short-term investments and amounts receivable is minimal.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2011, the Company held cash and a short-term investment totaling $1,221,805 (December 31, 2010 - $659,227).and had current liabilities of $151,814 (December 31, 2010 - $129,527). All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

i) Interest Rate Risk

The Company had cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks. As of December 31, 2011, the Company had non-interest bearing accounts with one Canadian chartered bank.

ii) Foreign Currency Risk

The Company is exposed to the financial risk related to fluctuations of foreign exchange rates. The Company operates in Canada and Greenland and a portion of exploration and evaluation assets are incurred in US dollars, Euros and Danish krones ("DKK"). The Company has not hedged its exposure to currency fluctuations, however foreign currency risk is considered low as the majority of transactions are settled and reported in Canadian dollars.

iii) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Accounting Standards Not Yet Effective

IAS 1 – Presentation of Financial Statements

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

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

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

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

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

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

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

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

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

Additional Disclosure for Venture Issuers Without Significant Revenue

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

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

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Table of Property Contractual Obligations

Post Creek

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

Halcyon

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

Related Party Transactions

Related party balances

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

	December 31, 2011	December 31, 2010
Directors and companies controlled by directors of the Company	$ 27,222	$ 87,094
	$ 27,222	$ 87,094

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

Related party transactions

Key management personnel compensation

	Year ended December 31, 2011	Year ended December 31, 2010
Geological consulting fees - expensed	$ 22,717	$ 1,167
Geological consulting fees - capitalized	36,783	26,833
Management fees - expensed	108,000	90,000
Stock-based compensation	150,000	-
	$ 317,500	$ 118,000

In addition, the Company entered into the following transactions:

(a) recorded $Nil (2010 - $19,000) for consulting fees to a company in which a director has an interest;
(b) recorded $Nil (2010 - $11,772) for professional fees to a company in which a director has an interest;
(c) during the year ended December 31, 2010, the Company entered into a purchase and sale agreement, with a company with directors in common for the acquisition mineral properties (Note 8); and
(d) issued Nil (2010 - 2,640,000) common shares at a fair value of $Nil (2010 - $132,000), to a company in which a director has an interest for settlement of debt.

International Financial Reporting Standards

As a result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these consolidated financial statements. The Company previously applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

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

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

Mandatory exceptions applied

IAS 39 "Financial Instruments" - The Company has applied the derecognition of financial assets and liabilities exception requirements prospectively from the transition date. As a result of any non-derivative financial assets or non-derivative financial liabilities derecognized prior to the Transition Date in accordance with pre-changeover Canadian GAP have not been reviewed for compliance with IAS 39. The application of this exemption has no impact on the Company.

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. No adjustments for estimates have been made.

IAS 27 was applied prospectively from the Transition Date. Total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. No adjustment was required.

Adjustment on transition to IFRS

Share-based payment transactions

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

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

Reconciliation to previously reported financial statements

The following tables provide a reconciliation between the amounts previously reported under Canadian GAAP and those anticipated to be reported in accordance with IFRS and related transitional requirements.

Consolidated Statement of Financial Position

	December 31, 2010	IFRS Adjustment	December 31, 2010	January 1, 2010	IFRS Adjustment	January 1, 2010
CURRENT						
Cash	$ 659,227		**$ 659,227**	$ 16,515		**$ 16,515**
Marketable securities	-		**-**	62,500		**62,500**
Receivables	26,965		**26,965**	4,197		**4,197**
	686,192		**686,192**	83,212		**83,212**
Exploration and evaluation assets	677,718		**677,718**	101,000		**101,000**
	$ 1,363,910		**$ 1,363,910**	$ 184,212		**$ 184,212**
LIABILITIES						
Trade payables and accrued liabilities	$ 42,433		**$ 42,433**	$ 53,414		**$ 53,414**
Due to related parties	87,094		**87,094**	132,333		**132,333**
	129,527		**129,527**	185,747		**185,747**
Non-controlling interest	-		**-**	53,249		**53,249**
SHAREHOLDERS' EQUITY						
Share capital - preferred	604,724		**604,724**	604,724		**604,724**
Share capital - common	14,705,609		**14,705,609**	13,044,609		**13,044,609**
Share-based payments reserve	235,844	(53,344)	**182,500**	53,344	(53,344)	**-**
Deficit	(14,311,794)	53,344	**(14,258,450)**	(13,781,986)	53,344	**(13,728,642)**
Accumulated other comprehensive income	-		**-**	24,525		**24,525**
	1,234,383		**1,234,383**	(54,784)		**(54,784)**
	$ 1,363,910		**$ 1,363,910**	$ 184,212		**$ 184,212**

There were no IFRS differences in the Consolidated Statements of Loss and Comprehensive Loss or the Consolidated Statements of Cash Flows and therefore these statements have not been presented.

Consolidated Statement of Changes in Equity.

	Number of shares	Share capital	Preferred stock	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Non-controlling interest	Total
Balance at January 1, 2010	5,441,730	$ 13,044,609	$ 604,724	$ 53,344	$ 24,525	$ (13,781,986)	$ 53,249	$ (1,535)
Loss for the year	-	-	-	-	-	(529,808)	-	(529,808)
Share capital issued private placement	20,000,000	1,100,000	-	-	-	-	-	1,100,000
Shares issued to acquire mineral properties	7,150,000	429,000	-		-	-	-	429,000
Shares issued for debt	2,640,000	132,000	-	-	-	-	-	132,000
Stock options issued	-	-	-	182,500	-	-	-	182,500
Sale of subsidiary	-	-	-	-	-	-	(53,249)	(53,249)
Reversal of accumulated other comprehensive income							-	-
upon sale of subsidiary	-	-	-	-	(2,616)	-	-	(2,616)
Available-for-sale investment	-	-	-	-	(21,909)	-	-	(21,909)
IFRS adjustment	-	-	-	(53,344)	-	53,344	-	-
Balance at December 31, 2010	35,231,730	14,705,609	604,724	182,500	-	(14,258,450)	-	1,234,383
Loss for the year	-	-	-	-	-	(1,084,191)	-	(1,084,191)
Share capital issued private placement	15,545,463	3,200,002	-	-	-	-	-	3,200,002
Flow-through premium		(90,909)	-				-	(90,909)
Shares issued to acquire mineral properties	950,000	95,000	-	-	-	-	-	95,000
Shares issued for finder's fee	200,000	28,000	-	-	-	-	-	28,000
Stock options issued	-	-	-	471,250	-	-	-	471,250
Warrants exercised	3,005,000	300,500	-	-	-	-	-	300,500
Warrants issued	-	-	-	1,813,263	-	-	-	1,813,263
Share issue costs	126,000	(60,282)	-	36,592	-	-	-	(23,690)
Balance at December 31, 2011	55,058,193	$ 18,177,920	$ 604,724	$ 2,503,605	$ -	$ (15,342,641)	$ -	$ 5,943,608

Presentation Adjustments

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

Disclosure Controls and Procedures Over Financial Reporting

Management has the responsibility for the design and implementation of controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with the accounting principles generally accepted in Canada. Based on a review of its internal controls at the end of the year covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed and reported in an accurate and timely manner. There have been no significant changes in the Company's internal control over financial reporting during the period ended December 31, 2011.

Management is responsible for the design and effectiveness of disclosure controls and other procedures to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls as of December 31, 2011 and have concluded these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Subsequent Events

On January 18, 2012, the Company entered into an investor relations agreement whereby the Company will pay $7,000 per month for a period of 6 months. The Company issued 300,000 stock options, exercisable at a price of $0.15 per share for a period of 5 years. The stock options vest over a period of 12 months. The agreement can be terminated within 30 days and automatically renewable for a further 6 months.

On March 1, 2012, the Company received notification that its application for an additional exploration licence in Greenland has been approved by the BMP. On April 4, 2012 the Company made a payment of DKK 32,264.40 for the licence fee. The license will be effective upon signatory by the BMP.

On March 13, 2012, the Company entered into a consulting agreement whereby the Company will pay US$2,000 per month for a period of 12 months. The Company issued 100,000 stock options, exercisable at $0.17 per share for a period of 2 years. A further 100,000 stock options will be issued in a subsequent grant. The options vest over a period of 12 months. The agreement can be terminated within 30 days.

On April 5, 2012, the Company paid $85,000 and issued 500,000 common shares pursuant to the Post Creek and Halycyon Property option agreements (Note 8).

On April 18, 2012, the Company entered into an option agreement to acquire up to a 100% interest in the Wahnapitae Property located in Ontario and agreed to the following consideration:

Date	Cash	Shares	Exploration requirements
On TSX-V approval	$ 20,000	75,000	
On or before 12 months following TSX-V approval	$ 25,000	75,000	$ 21,000
On or before 24 months following TSX-V approval	$ 35,000	75,000	$ 21,000
On or before 36 months following TSX-V approval	$ 40,000	-	$ 21,000

The option agreement is subject to TSX-V approval.

Subsequent to December 31, 2011, 132,000 stock options at $0.10 were exercised for net proceeds of $13,200 and 1,057,500 warrants at $0.10 were exercised for net proceeds of $105,750.

Share Capital Data

The following table sets forth the Company's share capital data as at April 23, 2012:

Common Shares	
-issued & outstanding	56,747,693
Preferred Shares	
-issued & outstanding	604,724
Options	
-issued & outstanding	5,618,000
Warrants	
-issued & outstanding	30,141,450

Further Information

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