



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the quarter ended June 30, 2020

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

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NOTICE TO READER OF THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended June 30, 2020

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

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



Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	June 30, 2020	December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash		86	1,098
Receivables and other current assets	4	67	161
Due from related party	8	132	95
TOTAL CURRENT ASSETS		285	1,354
NON-CURRENT ASSETS			
Equipment		24	28
Exploration and evaluation assets	5	38,711	38,633
Advance	8	130	24
TOTAL NON-CURRENT ASSETS		38,865	38,685
TOTAL ASSETS		39,150	40,039
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities	6, 8	752	519
Flow through share premium	7	89	89
TOTAL CURRENT LIABILITIES		841	608
TOTAL LIABILITIES		841	608
EQUITY			
Share capital - preferred	7	591	591
Share capital – common	7	89,006	89,006
Reserve	7	2,287	4,175
Deficit		(53,575)	(54,341)
TOTAL EQUITY		38,309	39,431
TOTAL LIABILITIES AND EQUITY		39,150	40,039

Nature of Operations (Note 1)

Commitments (Note 10)

Subsequent Events (Note 13)

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

Approved by the Board of Directors on August 19, 2020

“signed”

Keith Morrison
Director

“signed”

Doug Ford
Audit Committee Chair



Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Three months ended		Six months ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
EXPENSES					
General and administrative expenses	8, 12	(359)	(518)	(664)	(1,053)
Property investigation		(11)	(125)	(17)	(166)
Amortization		(2)	(2)	(4)	(5)
Share-based payments	7	-	-	(884)	-
		(372)	(645)	(1,569)	(1,224)
OTHER ITEMS					
Interest income		-	4	-	22
Impairment for exploration and evaluation assets	5	(437)	-	(437)	-
Foreign exchange gain (loss)		1	(2)	-	(1)
		(436)	2	(437)	21
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(808)	(643)	(2,006)	(1,203)
Basic and diluted weighted average number of common shares outstanding on a post-consolidation basis		88,690,791	78,792,860	88,690,791	78,792,860
Basic and diluted loss per share		(0.01)	(0.01)	(0.02)	(0.02)

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



Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in thousands of Canadian dollars)

	Notes	Number Shares on post- consolidation basis	Share Capital	Preferred Stock	Reserve	Deficit	Total Equity
BALANCE DECEMBER 31, 2018		78,792,860	87,947	591	7,749	(29,343)	66,944
Net and comprehensive loss for the period		-	-	-	-	(1,203)	(1,203)
Expired warrants	7	-	-	-	(1,561)	1,561	-
Forfeited/expired options	7	-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-
BALANCE AT JUNE 30, 2019	7	78,792,860	87,947	591	6,188	(28,985)	65,741
BALANCE DECEMBER 31, 2019		88,690,791	89,006	591	4,175	(54,341)	39,431
Net and comprehensive loss for the period		-	-	-	-	(2,006)	(2,006)
Share-based payments	7	-	-	-	884	-	884
Value allocated to warrants	7	-	-	-	-	-	-
Expired warrants	7	-	-	-	(2,572)	2,572	-
Forfeited/expired options	7	-	-	-	(200)	200	-
BALANCE AT JUNE 30, 2020		88,690,791	89,006	591	2,287	(53,575)	38,309

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



Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian dollars)

		Six months ended	
	Notes	June 30, 2020	June 30, 2019
OPERATING ACTIVITIES			
Loss for the period		(2,006)	(1,203)
Items not affecting cash:			
Amortization		4	5
Share based payments	7	884	-
Interest income		-	(22)
Write-off exploration and evaluation assets	5	437	-
Changes in working capital	9	232	3
Other:			
Interest received		-	32
Net cash used in operating activities		(449)	(1,185)
INVESTING ACTIVITIES			
Expenditures on exploration and evaluation assets	5	(563)	(618)
Short-term investments		-	1,500
Net cash provided by (used in) investing activities		(563)	882
FINANCING ACTIVITIES			
Net cash provided by financing activities		-	-
Change in cash equivalents for the period		(1,012)	(303)
Cash and cash equivalents, beginning of the period		1,098	339
Cash and cash equivalents, end of the period		86	36

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

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

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

The condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 19, 2020. The discussion in notes to the financial statements is stated in Canadian dollars except amounts in tables are expressed in thousands of Canadian dollars.

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

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 Interim Financial Statements. The condensed interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2019. Any subsequent changes to IFRS that are reflected in the Company's consolidated financial statements for the year ended December 31, 2020 could result in restatement of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

(b) Basis of Preparation

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

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

(c) Basis of consolidation

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

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

Amendments to References to the Conceptual Framework in IFRS Standards

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

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

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

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

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

	June 30, 2020	December 31, 2019
Sales taxes receivable	22	62
Other current assets	45	99
	67	161

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

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

	Canada				Greenland		
	Post Creek Property	Halcyon Property	Quetico Claims	Enid Creek	Lingman Lake	Maniitsoq Property	Total
Acquisition							
Balance, December 31, 2019	298	230	42	83	14	42	709
Acquisition costs – cash	5	4	-	-	-	4	13
Balance, June 30, 2020	303	234	42	83	14	46	722
Exploration							
Balance, December 31, 2019	1,498	233	39	33	13	36,108	37,924
Administration	-	-	-	-	-	8	8
Property maintenance	6	5	-	-	-	17	28
Drilling	-	-	6	166	-	-	172
Geology	10	6	46	83	-	51	196
Geophysics	1	1	21	72	-	3	98
Infrastructure	-	-	-	-	-	-	-
Write-off	-	-	-	(437)	-	-	(437)
	17	12	73	(116)	-	79	65
Balance, June 30, 2020	1,515	245	112	(83)	13	36,187	37,989
Total, June 30, 2020	1,818	479	154	-	27	36,233	38,711

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

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

	Canada				US	Greenland	
	Post Creek Property	Halcyon Property	Quetico Claims	Lingman Lake	Section 35 Property	Maniitsoq Property	Total
Acquisition							
Balance, December 31, 2018	288	222	42	-	8	42	602
Acquisition costs – cash	5	4	-	15	1	-	25
Balance, June 30 2019	293	226	42	15	9	42	627
Exploration							
Balance, December 31, 2018	1,431	209	22	-	-	62,215	63,877
Administration	1	1	-	-	-	9	11
Corporate social responsibility	1	-	-	-	-	-	1
Property maintenance	-	-	-	-	-	17	17
Drilling	24	-	2	3	-	191	220
Environmental, health and safety	-	-	-	-	-	8	8
Geology	15	7	-	-	2	105	129
Geophysics	1	1	4	1	1	27	35
	42	9	6	4	3	357	421
Balance, June 30 ,2019	1,473	218	28	4	3	62,572	64,298
Total, June 30, 2019	1,766	444	70	19	12	62,614	64,925

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

Post Creek

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

Commencing August 1, 2015, the Company is obligated to pay advances on net smelter return royalties ("NSR") of \$10,000 per annum. The total advances paid during the six months period ended June 30, 2020 were \$5,000, (June 30, 2019 - \$5,000). The total of the advances will be deducted from any payments to be made under the NSR.

During the six months period ended June 30, 2020, the Company incurred exploration expenditures totalling \$16,927 (June 30, 2019 - \$42,108) on the Post Creek Property.

Halcyon

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

Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$8,000 per annum. The Company paid \$4,000 during the three months period ended June 30, 2020, (June 30, 2019 - \$4,000). The total of the advances will be deducted from any payments to be made under the NSR.

During the six months period ended June 30, 2020, the Company incurred \$12,254 (June 30, 2019 - \$12,209) in exploration and license related expenditures on the Halcyon Property.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

Quetico

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

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

By the second anniversary of the recording of a claim and by each anniversary thereafter, a minimum of \$400 worth of exploration activity per claim unit must be reported to the Provincial Recording Office. The Company could maintain mining claims by filing an Application to Distribute Banked Assessment Work Credits form before any due date. Payments in place of reporting assessment work may also be used to meet yearly assessment work requirements, provided the payments are not used for the first unit of assessment work and consecutively thereafter. Payments cannot be banked to be carried forward for future use. The claims are currently on HOLD SPECIAL CIRCUMSTANCES APPLY status, awaiting approval of an application for a one year exclusion. Once approved, the total annual work requirement for Quetico project after April 26, 2021 is \$324,000 should the Company maintain the current size of the claims.

During the six months period ended June 30, 2020, the Company incurred exploration expenditures totalling \$72,444 (June 30, 2019 - \$6,330) on the Quetico Property.

Lingman Lake Property

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

There were no exploration related costs incurred during the six months period ended June 30, 2020.

Loveland (Enid Creek) Property

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

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

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

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

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

Section 35 Property

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

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

Maniitsoq

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

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

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

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

During the six months period ended June 30, 2020, the Company spent in aggregate of \$83,191 (June 30, 2019 - \$357,187) in exploration and license related expenditures on the Maniitsoq Property, which is comprised of the Sulussugut, Ininngui and Carbonatite Licenses. Further details on the licenses and related expenditures are outlined below.

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

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

Sulussugut License (2011/54)

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

Effective August 15, 2011, the Company was granted an exploration license (the "Sulussugut License") by the BMP of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of \$5,742 (DKK 31,400) upon granting of the Sulussugut License. The application for another 5-year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority which was effective on April 11, 2016, with December 31, 2017 being the seventh year. During the year ended December 31, 2016, the Company paid a license fee of \$7,982 (DKK 40,400) which provides for renewal of the Sulussugut License until 2020.

To December 31, 2015, under the terms of a preliminary license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately \$15,808,386) between the years ended December 31, 2011 to 2015 by incurring \$26,115,831 on the Sulussugut License. The accumulated exploration credits held at the end to December 31, 2015, of DKK 100,303,710 (approximately \$19,067,735) were carried forward until 2019. Under the terms of the second license period, there was no required minimum exploration expenditures for the year ended

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

December 31, 2018. As of December 31, 2019, the Company has spent \$55,960,762 on exploration costs for the Sulussugut License.

The Company had minimum required exploration commitment of DKK 44,755,600 approximately \$8,905,514 for the year ended December 31, 2019 and available credits of DKK 326,111,805 (approximately \$66,950,764) at the end of December 31, 2018. During the year ended December 31, 2019, the Company had approved exploration expenditures of DKK 1,724,248 (approximately \$343,125) which results in a total cumulative surplus credit of DKK 283,080,453 (approximately \$56,333,010). The credits may be carried forward until December 31, 2021. The Company has no exploration commitment for 2020 year.

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

During the six months period ended June 30, 2020, the Company spent a total of \$66,139 in exploration and license related expenditures, (June 30, 2019 - \$197,476).

Ininngui License (2012/28)

Effective March 4, 2012, the Company was granted an exploration license (the "Ininngui License") by the BMP of Greenland for exclusive exploration rights of an area located near Ininngui, Greenland. The Company paid a license fee of \$5,755 (DKK 32,200) upon granting of the Ininngui License. The Ininngui License was valid for an initial 5 years until December 31, 2016, with December 31, 2012 being the first year. The license was extended for a further 5 years, until December 31, 2021, with December 31, 2017 being the first year. The Ininngui License is contiguous with the Sulussugut License.

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

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

During the six months period ended June 30, 2020, the Company spent a total of \$13,491 in exploration and license related expenditures, (June 30, 2019 - \$37,230).

Carbonatite License (2018/21)

Effective May 4, 2018, the Company was granted an exploration license (the "Carbonatite License") by the BMP of Greenland for exclusive exploration rights of an area located near Maniitsoq in West Greenland. The Company paid a license fee of \$6,523 (DKK 31,000) upon granting of the Carbonatite License. The Carbonatite License is valid for 5 years until December 31, 2022, with December 31, 2019 being the second year.

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

During the six months period ended June 30, 2020, the Company spent a total of \$3,561 in exploration and license related expenditures, (June 30, 2019 - \$122,484).

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)
Ikertoq License

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

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

	June 30, 2020	December 31, 2019
Trade payables	468	310
Amounts due to related parties (Note 8)	281	169
Accrued liabilities	3	40
	<u>752</u>	<u>519</u>

7. SHARE CAPITAL, WARRANTS AND OPTIONS

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

a) Common shares issued and outstanding

There were no common shares issued during the three months period ended June 30, 2020 and June 30, 2019.

As at June 30, 2020, the Company has 88,690,791 common shares issued and outstanding, (June 30, 2019 – 78,792,860).

2019

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

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

On October 24, 2019 the TSXV approved the filing of the earn in agreement for the Loveland Nickel Property. As a result, on December 9, 2019, the Company issued 300,000 post-consolidation common shares at fair value of \$51,000 (note 7).

On December 18, 2019, the Company closed a non-brokered private placement equity financing of 7,373,265 units at a price of \$0.18 and 2,224,666 flow-through common shares at a price of \$0.18 and raised aggregate gross proceeds of \$1,727,628. Each unit issued consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at an exercise price of \$0.25 for a period of 24 months from its date of issuance. All Securities issued pursuant to this offering will be subject to a hold period expiring April 19, 2020. The Company incurred total share issuance costs of \$343,639. The Company allocated a \$265,217 fair value to the warrants issued in conjunction with the private placement and \$21,445 to agent's warrants. The fair value of warrants was determined using the Black-Scholes Option Pricing Model with the following assumptions;

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For the three months ended June 30, 2020

(Expressed in Canadian dollars)

expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 1.73% and an expected volatility of 147.26%.

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

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

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

b) Preferred shares issued and outstanding

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

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

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

c) Warrants

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

	June 30, 2020		December 31, 2019	
	Number Outstanding	Weighted Average Exercise Price (\$)	Number Outstanding	Weighted Average Exercise Price (\$)
Outstanding, beginning of the period	15,651,397	0.96	25,797,283	1.20
Issued	-	-	3,984,731	0.25
Cancelled / expired	(11,666,666)	1.20	(14,130,617)	1.20
Outstanding, end of the period	3,984,731	0.25	15,651,397	0.96

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(Expressed in Canadian dollars)

At June 30, 2020, 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 (years)
3,984,731	December 18, 2021	0.25	1.47
3,984,731			1.47

d) Stock options

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

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

	June 30, 2020		December 31, 2019	
	Number Outstanding	Weighted Average Exercise Price (\$)	Number Outstanding	Weighted Average Exercise Price (\$)
Outstanding, beginning of the period	2,130,550	1.51	2,594,550	1.80
Issued	6,650,000	0.16	-	-
Cancelled / expired	(90,000)	2.75	(464,000)	4.23
Outstanding, end of the period	8,690,550	0.46	2,130,550	1.51

During the six months period ended June 30, 2020, the Company granted 6,650,000 stock options to purchase common shares in the capital of the Company pursuant to the Company's stock option plan. All of the options are exercisable for a period of five years at an exercise price of \$0.16 per share.

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

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

	June 30, 2020	June 30, 2019
Expected dividend yield	0%	-
Expected share price volatility	121.55%	-
Risk free interest rate	1.21%	-
Expected life of options	5 years	-

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(Expressed in Canadian dollars)

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

Options Outstanding	Options Exercisable	Expiry Date	Exercise Price (\$)	Weighted average remaining contractual life (years)
45,000	45,000	Oct 5, 2020	2.00	0.00
541,800	541,800	Jan 28, 2021	2.10	0.04
763,750	763,750	Feb 21, 2022	1.20	0.14
50,000	50,000	Dec 20, 2022	1.20	0.01
570,000	570,000	Feb 28, 2023	1.20	0.17
50,000	50,000	May 1, 2023	1.20	0.02
20,000	20,000	May 4, 2023	1.20	0.01
6,650,000	6,650,000	Feb 24, 2025	0.16	3.56
8,690,550	8,690,550			3.95

e) Reserve

The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired unexercised options and warrants are transferred to deficit. During the six months period ended June 30, 2020, the Company transferred \$199,971 to deficit for expired options (June 30, 2019 - \$1,561,344) and \$2,571,514 for expired warrants (June 30, 2019 - \$Nil).

During the six months period ended June 30, 2020, the Company recorded \$884,247 of share-based payments to reserves. There were no share-based payments during the six months period ended June 30, 2019.

8. RELATED PARTY TRANSACTIONS

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

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

	June 30, 2020	December 31, 2019
Directors and officers of the Company	259	38
Related company	22	131
Total	281	169

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

The following amount due from related party and advancement represent other receivable included in current assets as well as investment in a related private company.

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

	June 30, 2020	December 31, 2019
Due from related party	132	95
Advancement	130	24

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

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

Concurrent with the MOU, the Company subscribed for 2,400,000 common shares of PNR at \$0.01, for a total investment of \$24,000. Further, during the six months period ended June 30, 2020, the Company subscribed for additional 3,686,749 common shares at \$0.02 and 652,152 common shares at \$0.05 for an additional investment of \$106,343. As of June 30, 2020, the Company's total investment amounts to \$130,343 and constitutes a 10.87% holding in PNR and includes a provision that will give the Company the right to nominate two directors to the board of directors of PNR. To June 30, 2020, the Company's investment has been classified as an advance as PNR has not yet issued the common shares certificate nor has it issued the final form of the Warrant to the Company. PNR intends to issue the Company within the next few weeks both the common share certificates and a non-transferable share purchase warrant (the "Warrant"), entitling the Company to purchase common shares of PNR up to 15% of the capital of PNR upon payment of US \$10 million prior to the fifth anniversary of the date of issue.

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

At June 30, 2020, the Company recorded \$132,324 due from the PNR.

(a) Related party transactions

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

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

During the six months period ended June 30, 2020, the Company recorded \$62,822 (June 30, 2019 - \$29,277) in fees charged by a legal firm in which the Company's chairman is a consultant.

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

Key management compensation was:

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

	June 30, 2020	June 30, 2019
Geological consulting fees – expensed	5	56
Management fees – expensed	249	374
Salaries - expensed	81	95
Share-based payments	671	-
Total	1,006	525

9. SUPPLEMENTAL CASH FLOW INFORMATION

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

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

	June 30, 2020	June 30, 2019
Decrease in accounts receivables	49	27
(Increase) in prepaid expenses	-	(1)
Increase (decrease) in trade payables and accrued liabilities	183	(23)
Total changes in working capital	232	3

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2020

(Expressed in Canadian dollars)

During the six months period ended June 30, 2020, the Company:

- i) transferred \$2,771,485 from reserve to deficit;
- ii) recorded \$49,094 the net change for accrued in exploration and evaluation expenditures;
- iii) Recorded \$106,343 as a further investment in PNR through reduction of amount receivable from PNR.

During the six months period ended June 30, 2019, the Company:

- i) transferred \$1,561,344 from reserve to deficit;
- ii) recorded \$172,059 in accrued exploration and evaluation expenditures.

10. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

11. SEGMENTED INFORMATION

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

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

	June 30, 2020	December 31, 2019
Equipment		
Canada	7	9
Greenland	17	19
Total	24	28

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For the three months ended June 30, 2020

(Expressed in Canadian dollars)

	June 30, 2020	December 31, 2019
Exploration and evaluation assets		
Canada	2,478	2,483
Greenland	36,233	36,150
Total	38,711	38,633

12. GENERAL AND ADMINISTRATIVE EXPENSES

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

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

	Three Months Ended June 30, 2020	June 30, 2019	Six Months Ended June 30, 2020	June 30, 2019
Consulting fees	36	84	84	165
Professional fees	46	26	81	35
Management fees	140	185	256	373
Investor relations	11	11	14	27
Filing fees	12	17	21	28
Salaries and benefits	93	147	168	278
General office expenses	21	48	40	147
Total	359	518	664	1,053

13. SUBSEQUENT EVENTS

On July 14, 2020, the Company announced that it intends to complete a non-brokered private placement to raise up to \$1,620,000. The placement will be by way of subscription agreement for up to 23,142,857 units at \$0.07 per unit. Each Unit will consist of one common share in the capital of the Company and one transferable common share purchase warrant ("Warrant") of the Company. Each Warrant will entitle the holder to acquire one common share of the Company within twenty-four (24) months following its issuance date, at a price of \$0.09. The warrants are subject to an acceleration clause such that if the closing market price of the common Shares on the TSX-V is greater than \$0.12 per Common Share for a period of 10 consecutive trading days at any day before the expiration date of such warrants, the Company may, at its option, accelerate the warrant expiry date to within 30 days.

On August 13, the Company closed the first tranche of its non-brokered private placement consisting of an aggregate of 15,481,077 units of the Company at a price of \$0.07 per Unit, for aggregate gross proceeds of \$1,083,675.39.