NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

Consolidated Financial Statements

For the Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Nickel One Resources Inc.

We have audited the accompanying consolidated financial statements of Nickel One Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. 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 auditors' 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 we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Nickel One Resources Inc. as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Nickel One Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 28, 2017

NICKEL ONE RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Financial Position as at December 31,
(Expressed in Canadian Dollars)

	Note	2016	2015
Assets			
Current assets:			
Cash		$ 746	$ 1,041
Sales tax receivable		8,069	8,065
Loan receivable	5	15,048	-
Prepaid expense and deposits		76,194	-
Investments	6	87,727	40,000
		$ 187,784	$ 49,106
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 226,398	$ 96,804
Current loans payable	8	10,000	-
Loans payable to related parties	13	2,000	-
Flow-through premium liability		5,408	-
		243,806	96,804
Shareholders' equity:			
Capital stock	9	4,783,288	2,120,948
Reserves	9	558,188	290,168
Deficit		(5,397,498)	(2,458,814)
		(56,022)	(47,698)
		$ 187,784	$ 49,106

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

On behalf of the Board:

"Raymond Strafehl" Director *"Scott Jobin-Bevans"* Director

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

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31,
(Expressed in Canadian Dollars)

	Note	2016	2015
Expenses			
Consulting		$ 257,000	$ -
Professional fees		46,149	58,621
Transfer agent and filing fees		23,831	-
Investor relations		175,632	6,534
Exploration and evaluation	7	508,253	37,531
General and administrative		20,284	482
Rent		10,250	-
Share-based compensation	9	252,793	-
Travel and promotion		24,315	-
Results from operations		(1,318,507)	(103,168)
Other items			
Interest income	5	1,424	-
Non-cash listing expense on completion of Transaction	4	(1,695,063)	-
Amortization of flow-through premium liability		72,092	-
Gain on debt settlement		3,643	-
Unrealized gain (loss) on investments		(2,273)	10,000
		(1,620,177)	10,000
Net and comprehensive loss for the year		(2,938,684)	(93,168)
Loss per share – basic and diluted		$ (0.12)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted		24,261,472	13,036,966

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

NICKEL ONE RESOURCES INC.

(An Exploration Stage Company)
Consolidated Statements of Cash Flows for the years ended December 31,
(Expressed in Canadian Dollars)

	Note		2016		2015
OPERATING ACTIVITIES					
Net loss for the year		$	(2,938,684)	$	(93,168)
Items not involving cash					
Share-based compensation	9		252,793		-
Interest income	5		(1,422)		-
Amortization of flow-through premium liability			(72,092)		-
Gain on debt settlement			(3,643)		-
Unrealized loss (gain) on investments			2,273		(10,000)
Non-cash listing expense on completion of Transaction	4		1,695,063		-
Change in non-cash working capital items:					
Sales tax receivable			8,021		(5,133)
Prepaid expense and deposits			(16,296)		-
Accounts payable and accrued liabilities			(11,297)		84,465
			(1,085,284)		(23,836)
INVESTING ACTIVITIES					
Investments	6		(50,000)		-
			(50,000)		-
FINANCING ACTIVITIES					
Proceeds from private placement	9		1,239,890		-
Private placement share issuance costs	9		(60,824)		-
Proceeds from options exercised	9		44,000		-
Loan repayment	8		(22,000)		-
Transaction costs included in equity	4		(66,592)		-
Cash acquired in the Transaction	4		515		-
			1,134,989		-
Decrease in cash			(295)		(23,836)
Cash, beginning of the year			1,041		24,877
Cash, end of the year		$	746	$	1,041
Non-cash items:					
Shares for debt	9	$	197,212	$	-
Fair value of finders warrants	9	$	36,958	$	-
Transfer of reserves on exercise of options	9	$	21,733	$	-

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

NICKEL ONE RESOURCES INC.
(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Capital Stock					
	Note	Shares	Amount	Subscriptions Received	Reserves	Deficit	Total shareholders' equity
Balance at December 31, 2014		3,050,000	$ 2,120,948	$ -	$ 290,168	$ (2,365,646)	$ 45,470
Loss for the year		-	-	-	-	(93,168)	(93,168)
Balance at December 31, 2015		3,050,000	$ 2,120,948	$ -	$ 290,168	$ (2,458,814)	$ (47,698)
Redline share consideration to Tyko	4	13,036,966	1,303,696	615,000	-	-	1,918,696
Transaction finder's fee shares	4	976,848	97,685	-	-	-	97,685
Transaction share issuance costs	4	-	(66,592)	-	-	-	(66,592)
Private placements	9	12,465,297	1,239,890	(615,000)	-	-	624,890
Private placement issuance costs	9	-	(97,784)	-	36,960	-	(60,824)
Flow-through share premium, net issuance costs		-	(77,500)	-	-	-	(77,500)
Shares for debt	9	1,972,115	197,212	-	-	-	197,212
Share-based compensation	9	-	-	-	252,793	-	252,793
Options exercised	9	440,000	65,733	-	(21,733)	-	44,000
Loss for the year		-	-	-	-	(2,938,684)	(2,938,684)
Balance at December 31, 2016		31,941,226	$ 4,783,288	$ -	$ 558,188	$ (5,397,498)	$ (56,022)

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

1. Nature and continuance of operations

Nickel One Resources Inc. (“Nickel One” or the "Company") is a mineral exploration and development company listed on the TSX Venture Exchange (“TSX-V”) under the symbol “NNN” and is engaged in the exploration of mineral properties. The address of the Company's corporate head office and principal place of business is 1110 - 1111 West Georgia Street, Vancouver, BC, V6E 4M3.

On February 23, 2016, Redline Resources Inc. (“Redline”) completed its share exchange transaction (the “Transaction”) between Tyko Resources Inc. (“Tyko”) and Redline, pursuant to which Redline acquired all of the issued and outstanding common shares of Tyko (being 13,036,966 common shares, the “Tyko Shares”) in exchange for the issuance of common shares of Redline on the basis of one common share of Redline for each of Tyko’s common shares outstanding. Upon completion of the Transaction, Redline changed its name to Nickel One Resources Inc. and Tyko became a wholly-owned subsidiary of the Company.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. These material uncertainties may cost significant doubt as to the Company’s ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved by the Board of Directors on April 28, 2017.

2. Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss or available for sale, which are stated at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Significant accounting policies

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Tyko Resources Inc. All inter-company transactions and balances have been eliminated upon consolidation.

3. Significant accounting policies (continued)

Mineral exploration and evaluation expenditures

Pre-exploration costs are expensed in the year they are incurred. All direct and indirect costs pertaining to exploration and evaluation of mineral properties are expensed in the period in which they are incurred. These direct exploration and evaluation expenditures include such costs as acquisition costs, materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration & evaluation activities are expensed in the period in which they occur under another classification.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction’.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are recorded in income.

Financial instruments

Financial assets and liabilities are initially recognized at fair value on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss (“FVTPL”), (2) financial assets available-for-sale, (3) financial assets held-to-maturity, (4) loans and receivables, and (5) other financial liabilities. Measurement in subsequent periods depends on the financial instrument’s classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in profit or loss. Financial assets “available-for-sale” are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest rate method.

Financial instrument fair values are classified within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Valuation based on directly or indirectly observable inputs (other than Level 1 inputs) such as quoted interest or currency exchange rates; and
- Level 3 Valuation based on significant inputs that are not based on observable market data such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company’s cash and investments are classified as FVTPL. Subsequent measurement is at fair value using level 1 observable inputs. Changes in fair value are recognized in profit or loss.

Sales tax receivable and loan receivable are classified as loans and receivables and are thus recorded at amortized cost using the effective interest rate method. Amounts are recorded net of anticipated collection costs, if any. Due to their predominantly short term nature, the Company estimates that their fair values approximate their carrying values.

Accounts payable and accrued liabilities, current loans payable, and loans payable to related parties are classified as other financial liabilities, initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of these amounts, the Company estimates that their fair value approximates their carrying value.

3. Significant accounting policies (continued)

Income taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred taxes are recognized in net income except to the extent that they relate to a business combination or items recognized directly in equity or profit or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is possible that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Provision

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation 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 rehabilitation asset is depreciated on the same basis as the related asset.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation 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.

For the years presented the Company has no provisions for environmental rehabilitation.

3. Significant accounting policies (continued)

Capital stock

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, 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, net of tax, from the proceeds.

Flow-through shares
The Company will from time to time issue flow-through common shares to finance a significant portion of its 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 expenditures being incurred, the Company derecognizes the liability and recognizes a future tax liability for the amount of tax reduction renounced to the shareholders. The pro-rata amount of the premium is recognized as finance income and the related deferred tax is recognized as a deferred 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.

Share-based payments

The Company applies the fair value method of accounting for all stock option awards. Under this method, compensation expense attributed to the award of options to employees is measured at the fair value of the award on the date of grant, and is recognized over the vesting period of the award. Share-based payments to non-employees are valued based on the fair value of the service received, if reliably determinable, otherwise based on the fair value of the award granted. Valuation is calculated based on the date at which the Company receives the service. If and when the stock options are ultimately exercised, the applicable amounts of other equity reserves are transferred to capital stock.

The fair value of instruments granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions under which the instruments are granted. The fair value of the awards is adjusted by an estimate of the number of awards that are expected to vest as a result of non-market conditions. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to vest based on the non-market conditions including the impact of the revision to original estimates, if any, with corresponding adjustments to equity.

Warrants issued with a common share, as part of a unit offering, are valued using the residual value method. A value representing the premium to the market-price that is obtained (if any) during the issuance is attributed to the warrant.

Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

3. Significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Critical estimates

Share-based Payment Transactions

The Company measures the cost of options granted for goods and services with reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Significant areas of judgment

Information regarding significant areas of critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 1 – Going concern assessment

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 – New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2017.
- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian Dollars)

4. Non-cash listing expense on completion of transaction

As consideration for 100% of the outstanding common shares of Tyko, Redline issued 13,036,966 common shares in the capital of Redline to Tyko's shareholders. At the time of closing, Redline paid transaction costs of $66,592 in addition to the $1,740 deferred acquisition costs, and a finder's fee of 976,848 common shares (the "Finder's Fee Shares") valued at $0.10 per share.

The acquisition has been accounted for as a reverse take-over and is not considered to be a business combination as defined in IFRS 3 *Business Combinations* since Redline was inactive prior to the acquisition and its activities were limited to the management of cash resources and the maintenance of its listing. Accordingly, the acquisition has been accounted for as a share-based payment transaction in accordance with IFRS 2 *Share-based Payment*.

As the share and share-based consideration allocated to the former shareholders of Tyko on closing of the acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the common shares, the value in excess of the net identifiable assets acquired on closing was expensed in the statement of comprehensive loss as non-cash listing expense as Tyko shareholders acquired Redline's public listing as a result of the transaction. Upon completion of the Transaction, Redline's equity accounts were eliminated. The fair value of the consideration was determined based on the fair value of the common shares which was determined in relation to the common shares issued in the private placement (see Note 9).

The fair value of all the consideration given and charged to non-cash listing expense was comprised of:

Share consideration to Tyko	$	1,303,696
Finder's fee shares		97,685
Deferred acquisition costs		1,740
	$	1,403,121
Identifiable net assets assumed:		
Cash	$	515
Prepaid, expense, deposits, and deferred costs		676,638
Receivables		21,654
Accounts payable and accrued liabilities		(234,825)
Loans payable		(140,924)
		323,058
Adjustment for subscription received		(615,000)
Net deficiency		(291,942)
Unidentified asset acquired		
Non-cash listing expense		1,695,063
Total identifiable assets acquired and non-cash listing expense	$	1,403,121

Transaction costs of $66,592 comprised of $13,753 TSX filing fees and $52,839 legal and advisory fees were incurred and have been recorded in capital stock as share issuance costs.

5. Loan receivable

Upon completion of the Transaction, the Company acquired a $13,629 loan receivable from Redline Minerals Inc. ("RMI") comprised of a principal balance of $4,175 and accrued interest of $9,454. The Chief Executive Officer of RMI was also the Chief Executive Officer of Redline prior to the completion of the Transaction, and is a director of Nickel One. Interest is payable on the loan at the rate of 10% per annum and the principal plus interest is due at the earliest of twelve months following the first advance on May 4, 2012 under the loan agreement or the date RMI obtains financing sufficient to repay the loan amount outstanding. The loan is secured against RMI's current and hereafter-acquired assets.
At December 31, 2016, the total outstanding amount of the loan plus accrued interest was $15,048 (2015 - $nil).

(Expressed in Canadian Dollars)

6. Investments

The Company has an investment in common shares of Canadian International Minerals Inc. and Finore Mining Inc. The fair value of the listed investment has been determined directly by reference to published price quotations in an active market. Realized and unrealized gains and losses are reflected in profit or loss.

7. Exploration and evaluation expenditures

The Company performed the following work on their properties during the year:

	December 31, 2016	December 31, 2015
Manitouwadge:		
Assays and surveying	$ 17,547	$ 4,643
Claims	-	797
Drilling	398,037	-
Field costs	6,488	4,341
Geological consulting	10,505	27,750
Report	6,000	-
Staking and line cutting	18,126	-
Travel and support	8,406	-
LK Project:		
Claims	162	
Travel and support	42,982	-
	$ 508,253	$ 37,531

Manitouwadge
The Company conducts exploration and evaluation expenditures on a property consisting of 52 unpatented mining claims in Northwestern Ontario that are held 100% by the Company.

LK Project
On January 31, 2017, the Company signed a Definitive Agreement with Finore Mining Inc. ("Finore") for the purchase of 100% interest in the Lantinen Koillismaa Platinum Group Element-Copper-Nickel (PGE-Cu-Ni) project ("LK Project") located in North-central Finland. The Agreement stipulates that the Company will pay Finore 5 million common shares of Nickel One and 2.5 million common share purchase warrants exercisable at $0.12 for 24 months from the date of closing, and contribute up to $100,000 ($50,000 contributed as at December 31, 2016) towards any future private placement planned by Finore to acquire a 100% interest in the project through the purchase of Nortec Minerals Oy, the wholly-owned Finnish subsidiary of Finore. Nickel One will abide by all the underlying agreements with respect to ownership of the LK Project.

8. Loans payable

	December 31, 2016	December 31, 2015
Loans payable and accrued interest acquired from the Transaction	$ 140,924	$ -
Shares for debt settlement	(108,924)	-
Repayment of loans payable	(22,000)	-
	$ 10,000	$ -

(Expressed in Canadian Dollars)

8. Loans payable (continued)

Upon closing of the Transaction, Nickel One acquired $140,924 in loans payable and accrued interest to arm's length parties with the following terms:

Loans payable and accrued interest	Interest per annum	Maturity date
$ 2,500	0%	No specific repayment terms
10,000	0%	Earlier of the closing of the Transaction, or March 31, 2016
1,002	0%	November 15, 2015
61,566	10%	December 31, 2017
43,856	12%	December 31, 2017
22,000	10%	December 31, 2017
$ 140,924		

Concurrent with the Transaction, the Company settled $108,924 of loans payable as part of the Company's shares for debt transaction (Note 9), and repaid $22,000 owing to a Company with common officers on February 25, 2016.

The remaining $10,000 balance in loans payable is non-interest bearing, unsecured, and matured upon completion of the Transaction.

9. Capital stock

Tyko was authorized to issue an unlimited number of common shares with no par value. Pursuant to the closing of the Transaction on February 23, 2016, Redline acquired all the issued and outstanding shares of Tyko as described in Notes 1 and 4 in exchange for the 13,036,966 common shares of Redline, which subsequently changed its name to Nickel One Resources Inc. A finder's fee of 976,848 common shares was issued in connection with the Transaction.

The authorized capital stock of Nickel One consists of an unlimited number of common shares with no par value.

Private placement

Concurrent with the closing of the Transaction on February 23, 2016, the Company closed a financing of $880,000 comprising of:

- 4,166,667 flow-through units ("FT unit") at $0.12 per FT unit for gross proceeds of $500,000. Each FT unit consists of one flow-through common share and one-half of one non-flow through share purchase warrant ("Warrant"); and
- 3,800,000 non-flow-through units ("NFT unit") at $0.10 per NFT unit for gross proceeds of $380,000. Each NFT unit consists of one NFT common share and one-half of one warrant.

Each whole warrant entitles the holder to purchase one additional common share at a price of $0.15 for 24 months.

A flow through premium liability of $77,500 was recorded in connection with the issuance of the FT units.

In aggregate, the financing was subject to the following finders' fees: $57,576 of cash commission and other fees and 541,333 finder's warrants with an exercise price of $0.15 exercisable for a period of two years. The Company has recorded the fair value of these finder warrants in the amount of $35,893 as share issuance costs.

(Expressed in Canadian Dollars)

9. Capital stock (continued)

On October 12, 2016, the Company completed the first tranche of a non-brokered private placement and issued 787,500 units at a price of $0.08 per unit for gross proceeds of $63,000. On December 5, 2016, the Company closed the second tranche of the private placement and issued 3,711,130 units at a price of $0.08 per unit for gross proceeds of $296,890. A total of 28,000 warrants, valued at $1,065, were issued and $3,250 of cash were paid as finder's fees for the private placement. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of $0.12 per share.

Shares for debt

Concurrent with the closing of the Transaction on February 23, 2016, the Company issued 1,972,115 common shares at a deemed price of $0.10 per share to settle $197,212 past debt owed to former directors and officers of Redline (Note 13(b)), comprising of $108,924 in loans payable (Note 8), $80,610 in accounts payable, and $7,678 in loans payable to related parties.

No shares were issued during the year ended December 31, 2015.

Warrants

The number and weighted average exercise prices of warrants are as follows:

	Number of warrants	Weighted average exercise price
Outstanding warrants, December 31, 2015 and 2014	-	-
Granted	6,851,982	$0.14
Cancelled	(50,000)	$0.15
Outstanding warrants, December 31, 2016	6,801,982	$0.14

As at December 31, 2016, warrants enabling the holders to acquire common shares are as follows:

Expiry date (mm/dd/yyyy)	Number of warrants	Weighted average remaining life in years	Weighted average exercise price
02/23/2018	4,524,667	1.15	$0.15
10/12/2018	413,750	1.78	$0.12
12/05/2018	1,863,565	1.93	$0.12
	6,801,982	1.40	$0.14

Stock options

Share-based payments relating to options vested during the year ended December 31, 2016 using the Black-Scholes option pricing model was $252,793 (2015 - $nil), which was recorded as reserves on the statements of financial position and as share-based compensation expense on the statement of operations and comprehensive loss. The associated share-based compensation expense for the options granted during the period was calculated based on the following assumptions:

	2016
Forfeiture rate	0.00%
Estimated risk-free rate	0.51%-0.71%
Expected volatility	100%-140%
Estimated annual dividend yield	0.00%
Expected life of options	1-5 years

(Expressed in Canadian Dollars)

9. Capital stock (continued)

Stock options (continued)

The number and weighted average exercise prices of the stock options are as follows:

	Number of options	Weighted average exercise price
Outstanding options, December 31, 2015 and 2014	-	-
Granted	2,515,000	$0.14
Exercised	(440,000)	($0.10)
Outstanding options, December 31, 2016	2,075,000	$0.15

440,000 stock options were exercised during the year ended December 31, 2016. Accordingly, the related share-based compensation expense of $21,733 was reallocated to capital stock.

As at December 31, 2016, the Company has outstanding stock options exercisable as follows:

Expiry date (mm/dd/yyyy)	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
03/29/2021	2,075,000	4.24	$0.15	1,556,250
	2,075,000	4.24	$0.15	1,556,250

10. Income Taxes

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

		2016		2015
Loss for the year	$	(2,938,684)	$	(93,168)
Expected income tax (recovery)	$	(764,000)	$	(25,000)
Change in statutory, foreign tax, foreign exchange rates and other		4,000		(3,000)
Permanent difference		48,000		(1,000)
Impact of flow through share		121,000		-
Share issue cost		(17,000)		-
Change in unrecognized deductible temporary differences		608,000		29,000
Total income tax expense (recovery)	$	-	$	-

The significant components of the Company’s deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2016		2015
Deferred tax assets (liabilities):				
Exploration and evaluation assets	$	22,000	$	11,000
Share issue costs		14,000		-
Marketable securities		8,000		7,000
Non-capital losses available for future period		909,000		44,000
		953,000		51,000
Unrecognized deferred tax assets		(953,000)		(51,000)
Deferred income tax asset	$	-	$	-

(Expressed in Canadian Dollars)

10. Income Taxes (continued)

The significant components of the Company’s temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2016	Expiry date range	2015	Expiry date range
Temporary differences				
Exploration and evaluation assets	86,000	No expiry date	38,000	No expiry date
Canadian eligible capital (CEC)	1,000	No expiry date	1,000	No expiry date
Share issue costs	53,000	2037 to 2040	-	No expiry date
Marketable securities	52,000	No expiry date	50,000	No expiry date
Non-capital losses available for future period	3,505,000	2017 to 2036	166,000	2016 to 2035

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. Nature and extent of risks arising from financial instruments

The Company's financial instruments are exposed to certain risks, including credit risk, liquidity risk, market risk and interest rate risk. Management believes the Company's not exposed to significant market or interest rate risk.

The Company's financial instruments consist of cash, sales tax receivable, loan receivable, loans payable, loans payable to related parties, and accounts payable and accrued liabilities. The fair values of financial assets and financial liabilities approximate their carrying amounts due to the short term maturity of the instruments.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables. The Company's cash is held through a large Canadian financial institution. The Company’s receivables consist of sales tax receivable due from the Government of Canada of $8,069 (December 31, 2015 - $8,065), and a loan receivable of $15,048 (December 31, 2015 - $nil).

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12 of these financial statements. As at December 31, 2016, the Company had a cash balance of $746 (December 31, 2015 - $1,041) to settle current liabilities of $243,806 (December 31, 2015 - $96,804). The Company will need to raise sufficient funds to meet its obligations.

Other Market Price Risk
The Company's investments are subject to equity price risk as they are listed on public stock exchanges (TSX-V). The values of these investments will fluctuate as a result of changes in market prices. Recently, the markets have experienced extreme volatility; therefore the sensitivity analysis is performed using 15%. For such investments, a 15% increase in the equity prices at the reporting date would have increased equity by $13,160; an equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

(Expressed in Canadian Dollars)

12. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of equity. 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. There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

13. Related party transactions

a) Definitive acquisition

On December 31, 2010, the Company entered into a Definitive Acquisition Agreement with certain shareholders (the Vendor). Under the terms of the agreement, the Company has the option to acquire certain surface and mineral rights subject to the following conditions:

i. The Company issue common shares to the Vendor as follows:

Upon signing of the agreement December 30, 2010	3,000,000 common shares (issued)
On December 30, 2011	3,000,000 common shares (issued)
On December 30, 2012	3,000,000 common shares (issued)

ii. During the 109 day period ended December 31, 2010, the company issued 1,500,000 warrants to the Vendor to purchase one common share per warrant at the exercise price of $0.10 per share. If there is a public unit offering of shares with included warrants in the Company's common stock, within 12 months prior of a stipulated anniversary payment, the Vendor shall receive an additional one-half share purchase warrant for each consideration share due at the particular anniversary date with an exercise price per share at the rate set in the public unit offering for the same time frame as offered to the public. During the year ended December 31, 2013, the 1,500,000 warrants expired unexercised.

iii. The Company incur exploration expenditures on the property within the following times:

Prior to December 30, 2011	$200,000
Prior to December 30, 2012	$600,000 additional
Prior to December 30, 2013	$1,000,000 additional

As additional consideration for the sale of the property the Vendor shall receive a 3% net smelter return royalty, one-half of which may be purchased by the Company at any time for $1,500,000.

Upon completion of the above conditions the title to the properties will be transferred to the Company. The Company may at any time let the option lapse by not meeting the above conditions. The Company may also accelerate any or all of the share consideration or exploration expenditures.

During the option period, the Company will have the sole and exclusive right to enter on and conduct mining on the properties provided the option is in good standing.

13. Related party transactions (continued)

a) Definitive acquisition (continued)

During 2011, 2012, and 2013, the Company did not meet the exploration expenditure requirement of $200,000, $600,000, and $1,000,000 respectively; the Vendors waived the condition.

On January 21, 2015, the Company and Vendors agreed to the following acknowledgments pursuant to the Definitive Acquisition Agreement:

- The Company has not incurred the required exploration expenditures by December 31, 2013.
- The Vendors do not release the Company of its obligation to incur such exploration expenditures but do hereby waive the requirement for the Company to incur such exploration expenditures within the time frame set out.
- The Company shall be required to proceed diligently and to exercise its best efforts with respect to incurring the exploration expenditures required.

As at December 31, 2016, the Company has spent $1,141,198 since the acquisition of the property by Tyko in 2010.

b) Due to related parties

The balance payable to related parties as at December 31, 2016 was $61,461 (December 31, 2015 - $40,596) and is included in accounts payable and accrued liabilities. This amount comprises $44,756 payable to the President (December 31, 2015 - $nil), $1,133 payable to a director (December 31, 2015 - $nil), $7,500 (December 31, 2015 - $11,250) payable to a former director, $7,968 (December 31, 2015 - $25,596) payable to a law firm of which one of the partners is a former director, $104 payable to an officer and companies controlled by the officer (December 31, 2015 - $nil), and $nil (2015 - $3,750) payable to a former director. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

Loans payable to related parties as at December 31, 2016 consists of a $2,000 (December 31, 2015 - $nil) loan from a former director. The loan is non-interest bearing, unsecured and has no fixed terms of repayment.

c) Other transactions

During the year ended December 31, 2016, the Company incurred $10,000 (2015 - $nil) in Transaction fees to the President.

On April 1, 2016, the Company entered into an office lease agreement with a company controlled by the Chief Financial Officer for a 12 month term at $1,000 per month.

14. Subsequent events

On April 5, 2017, the Company issued 682,697 common shares at a deemed price of $0.08 per share to settle $54,616 in accounts payable owed to the legal counsel.

On April 12, 2017, the Company announced a non-brokered private placement of up to 5,000,000 units at a price of $0.05 per unit to raise aggregate proceeds of up to $250,000. Each unit consists of one common share and one half common share purchase warrant. Each whole common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of $0.08 per share. The Company has closed the first tranche of the private placement and issued 2,250,000 units at a price of $0.05 per unit for gross proceeds of $112,500. $1,400 in cash and 32,000 warrants were paid as finders fees for the first tranche of the private placement. Subscriptions of $35,000 were received in advance for the second tranche of the private placement.