

North American Nickel Inc.
Form 20-F
April 24, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

X . ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: **000-14740**

North American Nickel Inc.

(Exact name of Registrant as specified in its charter)

Province of British Columbia, Canada

(Jurisdiction of incorporation or organization)

1055 West Hastings Street, Vancouver, BC, Canada, V6E 2E9

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

None

**Name of each exchange on which
registered**

None

Securities registered or to be registered pursuant to Section 12(g) of the Act. **Common Shares, no par value**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common shares as of the close of the period covered by the annual report:

368,581,886 inclusive of the conversion of the outstanding Series 1 Convertible Preferred Shares

Indicate by check mark if the registrant is a well-known seasoned issuer. .Yes .No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes No

Unless otherwise indicated, all references herein are expressed in Canadian dollars and United States currency is stated as U.S. \$_____.

THIS SUBMISSION SHOULD BE CONSIDERED IN CONJUNCTION WITH PREVIOUSLY FILED FORMS 20-F AND 6-K. THE AUDITED FINANCIAL STATEMENTS AND NOTES THERETO ATTACHED ARE AN INTEGRAL PART OF THIS SUBMISSION.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not required

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not required

ITEM 3. KEY INFORMATION

A. Selected financial data.

The following financial data summarizes selected financial data for our company prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) for the three fiscal years ended December 31, 2016, 2015 and 2014. The information presented below for the three year period ended December 31, 2016, 2015 and 2014 is derived from our financial statements which were examined by our independent auditors. The information set forth below should be read in conjunction with our audited annual financial statements and related notes thereto included in this annual report, and with the information appearing under the heading Item 5 Operating and Financial Review and Prospects .

North American Nickel Inc. (the Company) was incorporated on September 23, 1983. The Company changed its name from Widescope Resources Inc. to North American Nickel Inc. effective April 19, 2010. The Company s principal business activity is the exploration of natural resource properties.

Effective April 19, 2010 the Company s shareholders approved a special resolution to reorganize the Company s capital structure by consolidating in a reverse stock split the existing common shares on the basis of each two (2) old shares being equal to one (1) new share and concurrently increasing the authorized capital of the Company from 100,000,000 common shares without par value to an unlimited number of common shares without par value. All references to common shares, stock options, warrants and weighted average number of shares outstanding in this Form 20-F retroactively reflect the share consolidation unless otherwise noted. The net effect of the above was to reduce the existing outstanding common shares from 10,883,452 to 5,441,730.

North American Nickel Inc.

Selected Financial Data in accordance with IFRS for the years 2016, 2015, 2014, 2013 and 2012

(Expressed in Canadian Dollars)

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Net operating revenues	\$ 0	0	0	0	0
Loss from operations	\$ 0	0	0	0	0
Net loss	\$ (2,876,709)	(2,388,970)	(3,741,007)	(3,741,007)	(1,260,301)
Comprehensive loss	\$ (2,876,709)	(2,388,970)	(3,741,007)	(3,741,007)	(1,260,301)
Loss per share from operations	\$ (0.01)	(0.01)	(0.02)	(0.02)	(0.01)
Share capital	\$ 62,905,934	51,165,026	43,268,118	43,268,118	33,631,235
Common shares issued	368,581,886	207,629,506	169,964,679	169,964,679	140,576,584
Weighted average shares outstanding	269,778,932	188,384,506	157,986,561	157,986,561	111,753,433
Total assets	\$ 41,881,735	32,729,177	27,050,038	27,050,038	18,715,919
Net assets (liabilities)	\$ 41,700,387	32,479,573	26,752,694	26,752,694	18,679,879
Cash dividends declared per common share	\$ 0	0	0	0	0
Exchange rates (CAD\$ to U.S.\$) period average	\$ 1.3253	1.2785	1.1046	1.1046	1.0299

Exchange rates (CAD\$ to U.S.\$) for most recent six months

	Period High	Period Low
October 2016	\$ 0.7530	\$ 0.7574
November 2016	\$ 0.7418	\$ 0.7459
December 2016	\$ 0.7478	\$ 0.7517
January 2017	\$ 0.7552	\$ 0.7604
February 2017	\$ 0.7611	\$ 0.7648
March 2017	\$ 0.7517	\$ 0.7400
Exchange rate (CAD\$ to U.S.\$) April 18, 2016	\$ 0.7696	\$ 0.7761

B. Not required

C. Not required

D. Risk factors.

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

The Company has no viable commercial business.

Having no viable business it is difficult to determine a price for the common shares. That price must therefore be dependent on the value that each individual buyer and seller place on the future prospects of the company, rather than any objective measurement. This is a very risk position for shareholders, as the majority perception may turn negative and price decline severely.

The Company has limited funds.

Funds are the fuel needed to drive the company. Should current funds be consumed, and the company not be able to attract more capital, prospects for shareholders would become extremely negative, and shareholder losses will inevitably occur.

There is no assurance that the Company can access additional capital.

The company will need to demonstrate performance in order to attract additional capital. As the mineral exploration business has a high element of chance associated with it, it is possible that none of the current properties will have any value. The capital markets could perceive this to be a demonstration of poor performance, and be unwilling to provide additional funds. Should this happen, shareholders will incur significant losses.

There is no assurance that the transactions disclosed herein will be successful in its quest to find a commercially viable quantity of mineral resources.

Unless the Company is able to secure other more viable projects, providing better future prospects, buyer interest for common shares will decline severely, resulting in lower prices and significant shareholder losses.

There is no assurance that other prospective mineral properties or other assets can be acquired, and if acquired that the necessary additional capital can be attracted.

Either of these is possible. Either occurring will have the same inevitable outcome. Demand for the common shares will decline severely, resulting in a drop in trading price, and significant shareholder losses.

The Company has a history of operating losses and may have operating losses and a negative cash flow in the future.

This will mean that additional shares will need to be sold to fund operations. Without a concurrent improvement in future prospects, this will result in supply of stock exceeding demand, and much lower prices. This will cause shareholders to lose money.

The Company's auditors have indicated that U.S. reporting standards would require them to raise a concern about the company's ability to continue as a going concern.

Additional capital will need to be raised. This could result in the perception of lowered future prospects, lower demand for the Company's common share, lower stock prices, and shareholder losses.

There can be no assurance that a liquid market will develop for the Company's shares and therefore no assurance that shareholders will be able to sell their shares.

Lack of liquidity that prevents shareholders from selling, or limits their abilities to sell, will all too likely lead to significant losses for shareholders.

Management has little expertise in mining, which may ultimately cause shareholders to lose money.

Management may waste the Company's limited capital on worthless properties, or it may do the wrong things with properties that could have value. Either way, the outcome will be the same. Money will have been wasted without any corresponding creation of value. This will cause shareholders to lose patience and lose interest. This could lead to significantly increased selling of shares, driving down the price, and leading to losses for investors.

The Company's common stock is thinly traded so it is more susceptible to extreme rises or declines in price, and you may not be able to sell your shares at or above the price paid.

You may have difficulty reselling shares of our common stock, either at or above the price paid, or even at fair market value. The stock market often experiences significant price and volume changes that are not related to the operating performance of individual companies, and because our common stock is thinly traded it is particularly susceptible to such changes. These broad market changes may cause the market price of our common shares to decline, regardless of how well the company performs. This may be exaggerated by the fact that the shares trade on the over-the-counter bulletin board (OTCBB), which is owned and operated by the Financial Industry Regulatory Authority (FINRA). Trading on the OTCBB is often extremely sporadic, and subject to manipulation by market-makers, and short sellers. This may cause you to lose money as you may have difficulty selling the shares that you own.

The Company's common stock is subject to the penny stock regulations, which are likely to make it more difficult to sell.

A penny stock is generally a stock trading under \$5.00 per share, and not registered on a national securities exchange or quoted on the NASDAQ national market. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. These rules, intended to protect investors, generally have the result of reducing trading in such stocks, restricting the pool of potential investors, and making it more difficult for investors to sell their shares once acquired. Since our common shares are subject to the penny stock rules, you may find it more difficult to sell your shares.

As a foreign issuer, the Company is exempt from certain informational requirements of the Exchange Act to which domestic issuers are subject.

As a foreign issuer we are not required to comply with all of the informational requirements of the Exchange Act. As a result, there may be less information concerning our company publicly available than if we were a domestic United States issuer. In addition, our officers, directors, and principal shareholders are exempt from the reporting and short profit provisions of Section 16 of the Exchange Act, and the rules promulgated thereunder. Therefore, our shareholders may not know on a timely basis when our officers, directors, and principal shareholders purchase or sell shares of our common stock.

As a Canadian company with most assets and key personnel located outside the United States, you may have difficulty in acquiring United States jurisdiction, or enforcing a United States judgment against us, our key personnel, or assets.

As a Canadian company many of our assets and key personnel, including directors and officers, reside outside the United States. As a result, it may be difficult or impossible for you to effect service of process within the United States upon us or any of our key personnel or to enforce against us or any of our key personnel judgments obtained in United States courts, including judgments relating to United States federal securities laws. Canadian courts may not permit you to bring an original action in Canada, or recognize or enforce judgments of United States courts obtained against us predicated upon the civil liability provisions of federal securities laws of the United States, or of any state thereof. Furthermore, because many of our assets are located in Canada, it would be extremely difficult to access these assets to satisfy any award entered against us in a United States court. Accordingly, you may have more difficulty in protecting your interests in the face of actions taken by our management, members of our board of directors, or our controlling shareholders than you would otherwise as shareholders of a United States public company.

The Company does not intend to pay any common stock dividends in the foreseeable future.

We have never declared or paid a dividend on our common stock, and, because we have very limited resources, we do not anticipate declaring or paying any dividends in the foreseeable future. It is unlikely that the holders of our common shares will have an opportunity to profit from anything other than potential appreciation in the value of our common shares. If you require dividend income, you should not rely in an investment in our common shares to provide it.

Future issuances of common stock may depress stock prices and dilute your interest.

We may issue additional shares of our common stock in future financings, or grant stock options to our employees, officers, directors, and consultants under our stock incentive plan. Any such issuances could have the effect of depressing the market price of our common stock, and, in any case, would dilute the percentage ownership interests in our company of our shareholders. In addition we could issue securities having rights, preferences and privileges senior to those of our common shares. This could depress the value of our common shares.

ITEM 4. INFORMATION ON THE COMPANY

A. History and development of the Company.

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

In April 2010, the Company initiated a series of actions to realign its focus into the field of nickel exploration in the prolific nickel belts around Sudbury, Ontario and Thompson, Manitoba. Concurrently, the directors of the Company appointed new senior management to oversee the daily operations of the Company.

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

On August 15, 2011, the Company was granted an exploration license by the Bureau of Minerals and Petroleum of Greenland for exclusive exploration rights over an area totalling 4,841 square kilometres located near Sulussugut, Greenland.

On March 4, 2012, the Company was granted an additional exploration license by the Bureau of Minerals and Petroleum of Greenland for exclusive exploration rights over an area covering a total of 142 square kilometres license and located near Ininngui, Greenland.

On January 19, 2015, the Company signed an exclusivity agreement with Minelco AS ("Minelco") to acquire the deep water Seqi Port (the "Port"). A report was prepared summarizing environmental due diligence and preliminary assessment of reindeer by Golder Associates "INUPLAN" in and around the Port and upon further review, the decided to not pursue the Seqi Port assignment.

B. Business overview

In conjunction with the April 2010 refocusing of the Company on nickel exploration, as of April 23, 2010 the Company entered into an agreement with an independent third party that resulted in divesting its interest in Outback Capital Inc., and its remaining interest in the Rice Lake properties. The sale was completed as of May 31, 2010, and the proceeds from the sale were \$52,606.

In conducting its business operations, the Company is not dependent on any patented or license processes, technology, industrial, commercial or financial contract or new manufacturing processes.

With the dramatic and possibly unprecedented contraction of global financial markets experienced in 2008, a tidal wave of qualified people became available. Suddenly, capital became unavailable. Exploration companies everywhere reduced overhead.

Access to capital eased marginally toward the latter part of 2009 and beyond. More capital became available, and enthusiasm for mining projects increased at much the same time. The latter, because of expectations of increased inflation, brought increased demand for precious metals and because of the expectation of an increasing demand for base metals from Asia.

To focus on the expected increased demand for base metals, the Company entered into agreements to acquire rights to four properties in the Sudbury Ontario nickel belt, and one agreement to acquire 100% ownership of another property in the area of the Thompson Manitoba nickel belt. As part of this change in focus, the Company entered into an arm's length agreement to divest its interest in Outback Capital Inc., and through this, its interest in the Pine Falls Manitoba gold properties.

Concurrent with the refocusing of the Company in April 2010, the Company arranged two non-brokered private placements to finance working capital and the first exploration work at Post Creek and Bell Lake in the Sudbury nickel belt. It also attracted four new directors, each with significant experience in mineral exploration, to replace three previous directors, and add one additional director.

Effective August 15, 2011, the Company was granted an exploration license (the Sulussugut License) by the Bureau of Minerals and Petroleum (BMP) of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of \$5,742 (Danish Kroner (DKK) 31,400) upon granting of the Sulussugut License. The Sulussugut License was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year providing the Company meets the terms of the license, which includes that specified eligible exploration expenditures must be made. The application for another 5 year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2016 being the sixth year.

On the first 5 year license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately CDN \$15,808,386) between the years ended December 31, 2011 to 2015 by incurring \$26,110,746 on the Sulussugut License.

Effective March 4, 2012, the Company was granted an additional exploration license (the Ininngui License) by the BMP of Greenland for exclusive exploration rights over an area covering a total of 142 square kilometres. The license is located near Ininngui, Greenland. The Company paid a license fee of DKK 32,200 upon granting of the Ininngui License. The Ininngui License is valid for 5 years until December 31, 2016, with December 31, 2012 being the first

year. The Ininngui License is contiguous with the Sulussugut License.

On the first 5 year license, the Company completed the exploration requirements of an estimated minimum of DKK 8,696,900 (approximately CDN \$1,634,669) between the years ended December 31, 2012 to 2016 by incurring \$2,722,324 on the Ininngui License.

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

In May, 2012 the Company arranged a non-brokered private placement of up to 20,000,000 units at a price of \$0.17 per unit for aggregate proceeds of \$3,400,000, to the Sentient Group GP IV.

In April, 2013 the Company completed a non-brokered private placement of 41,494,692 units at a price of \$0.17 per unit for aggregate proceeds of \$7,054,098.

On May 29, 2014, the Company closed a private placement of 28,424,152 shares at a price of \$0.33 per share for proceeds of \$9,379,970.

On July 20, 2015, the Company closed a private placement of 29,054,079 units at a price of \$0.22 per unit for proceeds of \$6,391,897.

On January 4, 2016, the Company made and entered into a 10 year Metallic Minerals Lease with the Michigan Department of Natural Resources for an area covering approximately 320 acres. Under the terms of the lease, an annual rental fee will be required at a rate of US \$3.00 per acre per lease for years 1-5 and US \$6.00 per acre per lease year for the years 6-10. A minimum royalty of US \$10 per acre is due for the eleventh year of the lease and increases by \$US 5 per acre through to the twentieth year. For the twentieth year of the lease and thereafter for the life of the lease, the minimum royalty is US \$55 per acre per year.

On April 28, 2016 the Company issued to Sentient Executive GP IV Limited 952,380 common shares for a fee on the advance of the loan. The shares were booked at a fair value of \$95,238.

On April 22, 2016, the Company entered into a term loan with Sentient Executive GP IV Limited (Sentient) and received an advance of \$4,500,000. The loan is due on April 30, 2017 and has been made on an interest free basis. Sentient is to be paid 952,380 common shares, which is the equivalent value of 2.2% of the principal amount of the loan, as a fee for advancing the loan. The fee was booked at a fair value of \$95,238. The loan is subject to early pre-payment in the event that, during the term of the loan, the Company completes a private placement of gross proceeds of \$2,000,000 or more. On July 21, 2016, the Company closed its market offering of units of the Company for total gross proceeds of \$6,950,168 and on September 12, 2016, the Company closed a non-brokered private placement for gross proceeds of \$5,049,831.98 which being the maximum offering amount raised, Sentient was repaid the full loan of \$4.5 million.

On July 21, 2016 the Company issued 92,668,908 units at a price of \$0.075 per unit in a market offering for gross proceeds of \$6,950,168. The Company reported \$458,092 in issuance costs against the raised funds.

On July 21, 2016 the Company issued 1,203,695 warrants at a price of \$0.075 per unit for an agent fee to Paradigm as per the Company s amended and restated short form prospectus.

On September 12, 2016 the Company closed a non-brokered private placement and issued 67,331,093 units at a price of \$0.075 per unit for gross proceeds of \$5,049,932.

Organizational structure.

The Company is part of no other group. During the year ended June 30, 2006 Outback Capital Inc. dba Pinefalls Gold (PFG) a private Alberta corporation became a majority-owned subsidiary of the Company. PFG was incorporated under the Alberta *Business Corporations Act* on February 6, 2001. Effective May 31, 2010, the Company completed an agreement with an arm s length entity that resulted in it divesting of its interest in Outback Capital Inc. In June 2015 the Company incorporated North American Nickel (US) Inc. to hold a mineral lease in Michigan, which was granted in January 2016.

C. Property, plants and equipment.

The Company has a large land package in southwest Greenland, collectively known at the Maniitsoq property. In addition, the Company has two properties, Post Creek and Halcyon, in Sudbury nickel district of Ontario and a small property, Section 35, in the Mid-Continental Rift setting of Michigan. A figure showing the locations of all of the company s properties is displayed below.

Maniitsoq (Greenland Mineral Exploration Licenses 2011/54 and 2012/28)

The Greenland properties currently being explored for nickel-copper-copper-PGM sulphides by North American Nickel are exploration properties without mineral resources or reserves. The Maniitsoq project is centered 100 kilometres north of Nuuk, the capital of Greenland which is a safe, stable, mining-friendly jurisdiction. The centre of the project is located at 65 degrees 18 minutes north and 51 degrees 43 minutes west and has an arctic climate. It is accessible year-round either by helicopter or by boat from Nuuk or Maniitsoq, the latter located on the coast approximately 15 kilometres to the west. The deepwater coastline adjacent to Maniitsoq is typical of Greenland's southwest coast which is free of pack ice with a year-round shipping season. The optimum shipping conditions are due to the Irminger current, a tributary of the warming Gulf Stream flowing continuously past the south west coastline of Greenland. There is no infrastructure on the property; however, the Seqi deepwater pier and a quantified watershed for hydropower are located peripheral to the project. A location map for the property is given below.

The Maniitsoq property consists of two exploration licences, No. 2011/54 and No. 2012/28 comprising 2,689 and 296 square kilometres, respectively. The property is centred on the 75 kilometre by 15 kilometre Greenland Norite Belt which hosts numerous high-grade nickel-copper sulphide occurrences associated with mafic and ultramafic intrusions.

Between 1995 and 2011, various companies carried out exploration over portions of the project area. The most extensive work was carried out by Kryolitselskabet Øresund A/S Company (KØ) who explored the project area from 1959 to 1973. KØ discovered a number of surface and near surface nickel-copper sulphide occurrences and this work was instrumental in proving the nickel prospectivity of the Greenland Norite Belt.

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

Effective August 15, 2011, the Company was granted an exploration license, No. 2011/54(the Sulussugut License), by the Bureau of Minerals and Petroleum (BMP) of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of \$5,742 (Danish Kroner (DKK) 31,400) upon granting of the Sulussugut License. The Sulussugut License was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year providing the Company meets the terms of the license, which includes that specified eligible exploration expenditures must be made. The application for another 5 year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2016 being the sixth year.

Under the terms of the Sulussugut License the Company was obligated to reduce the area of the license by at least 30% (1,452 square kilometres) by December 31, 2013. The Company completed this prior to year-end 2013

The Greenland MLSA for the year 2016 has adjusted the minimum required exploration expenditures to zero. The accumulated exploration credits held at the end of 2016, DKK 161,413,194 (approximately CDN \$31,381,838) can be carried forward until 2019 DKK 41,153,864 and until 2020 DKK 120,259,330. There will be an annual licence fee on the Sulussugut License for year 6 and forward of approximately DKK 40,400. Details of required work expenditures and accrued work credits are tabulated and given below.

Sulussugut License - 2011/54

Exploration commitment	2011	2012	2013	2014	2015	2016
Fixed amount	145,600	148,800	310,400	313,200	317,500	-
	7,067,860					

4841 km2 of DKK 1.460 per km2							
4841 km2 of DKK 1.490 per km2			7,213,090				
3336 km2 of DKK 7.760 per km2				25,887,360			
2689 km2 of DKK 7.830 per km2					21,054,870	-	-
2689 km2 of DKK 7.940 per km2						21,350,660	-
Exploration Obligation		7,213,460	7,361,890	26,197,760	21,368,070	21,668,160	-
Total Credits Available							
Approved exploration expenditures		8,489,457	23,615,611	37,348,783	55,509,353	59,149,846	61,109,484
Exploration obligation		(7,213,460)	(7,361,890)	(26,197,760)	(21,368,070)	(21,668,160)	-
Credit from previous year		-	1,275,997	17,529,718	28,680,741	62,822,024	100,303,710
Total credit	DKK	1,275,997	17,529,718	28,680,741	62,822,024	100,303,710	161,413,194
Average Annual Rate DKK to CAD		0.1847	0.1726	0.1834	0.1968	0.1901	0.1969

Sulussugut License - 2011/54**Carry forward period:**

a)	DKK 41,153,864	from 2014 until December 31, 2019
b)	DKK 59,149,846	from 2015 until December 31, 2020
c)	DKK 61,109,484	from 2016 until December 31, 2020

On the first 5 year license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately CDN \$15,808,386) between the years ended December 31, 2011 to 2015 by incurring \$26,115,831 on the Sulussugut License.

In 2016, there was no exploration commitment. The Company completed approved expenditures for 2016 of DKK 61,109,484 (approximately CDN \$12,032,457). With a credit from 2014 of DKK 41,153,864 (approximately CDN \$8,099,080) and a credit from 2015 of DKK 59,149,846 (approximately CDN \$11,250,301), a commitment of \$nil left the Company with excess credits of DKK 161,413,194 (approximately CDN \$31,381,838).

Effective March 4, 2012, the Company was granted an additional exploration license, No. 2012/28 (the Ininngui License), by the BMP of Greenland for exclusive exploration rights over an area covering a total of 142 square kilometres near Ininngui, Greenland. The Ininngui License is contiguous with the Sulussugut License. The Company paid a license fee of DKK 32,200 upon granting of the Ininngui License. The Ininngui License was valid for 5 years until December 31, 2016, with December 31, 2012 being the first year. The application for another 5 year term on the Ininngui License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective March 3, 2017, with December 31, 2017 being the sixth year.

Details of required work expenditures and accrued work credits are tabulated and given below.

Ininngui License - 2012/28

Exploration commitment	2012	2013	2014	2015	2016
Fixed amount	148,800	155,200	313,200	317,500	323,000
142 km ² of DKK 1.490 per km ²	211,580				
265 km ² of DKK 1.550 per km ²		410,750			
265 km ² of DKK 7.830 per km ²			2,074,950		
296 km ² of DKK 7.940 per km ²				2,350,240	
296 km ² of DKK 8.080 per km ²					2,391,680
Exploration Obligation	360,380	565,950	2,388,150	2,667,740	2,714,680
Total Credits Available					
Approved exploration expenditures	2,871,899	2,965,890	5,470,428	6,276,098	6,789,943
Exploration obligation	(360,380)	(565,950)	(2,388,150)	(2,667,740)	(2,714,680)
Credit from previous year	-	2,511,519	4,911,459	7,993,737	11,602,095
Total credit	DKK 2,511,519	4,911,459	7,993,737	11,602,095	15,677,358

Average Annual Rate DKK to CAD	0.1726	0.1834	0.1968	0.1901	0.1969
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Ininngui License - 2012/28**Carry forward period:**

- | | | |
|----|----------------------|--------------------------------------|
| a) | DKK 2,611,317 | from 2014 until December 31,
2018 |
| b) | DKK 6,276,098 | from 2015 until December 31,
2019 |
| c) | DKK 6,789,943 | from 2016 until December 31,
2020 |

On the first 5 year license, the Company completed the exploration requirements of an estimated minimum of DKK 8,696,900 (approximately CDN \$1,634,669) between the years ended December 31, 2012 to 2016 by incurring \$2,722,022 on the Ininngui License.

In 2016 there was an exploration commitment of DKK 2,714,680 (approximately CDN \$534,520). The Company completed approved expenditures for 2016 of DKK 6,789,943 (approximately CDN \$1,336,940). With a credit from 2015 of DKK 11,602,095 (approximately CDN \$2,241,870) and commitment of DKK 2,714,680 for 2016, it leaves the Company with excess credits of DKK 15,677,358 (approximately CDN \$3,044,289).

The required minimum exploration expenditures on the Ininngui License for year 5, ending December 31, 2016 was based on an annual approximation of DKK 2,714,680 (approximately CDN \$534,520). The Ininngui License area was not reduced in 2016.

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

Should the Company not incur the minimum eligible exploration expenses on either 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 to December 31, 2012, the Company has not used the procedure for either license.

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.

For both licenses, at the expiration of the second licence period (years 6-10), the Company may apply for a new 3-year licence for years 11 to 13. Thereafter, the Company may apply for additional 3-year licences 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.

In conjunction with the granting of the Sulussugut License, on August 12, 2011, the Company entered into an arm's length Intellectual Property and Data Acquisition Agreement (the "IP Acquisition Agreement") with Hunter Minerals Pty Limited ("Hunter") and Spar Resources Pty Limited ("Spar"). Pursuant to the IP Acquisition Agreement, Hunter and Spar agreed to sell the IP Rights to the Company in consideration for the Company paying \$300,000 in cash (\$150,000 to each of Hunter and Spar which is paid) and the issuing of 12,960,000 share purchase warrants, 6,480,000 to each of Hunter and Spar exercisable for a period of five years expiring on August 30, 2016. The warrants were exercisable at the following prices, 4,750,000 of the warrants are at a price of \$0.50 per share, 4,750,000 of the warrants are at a price of \$0.70 per share and 3,460,000 of the warrants are at a price of \$1.00 per share. The warrants were subject to an accelerated exercise provision in the event the Company relinquished its interests in the Maniitsoq Licenses or any other mineral titles held within a defined area of interest without receiving consideration for such relinquishment. The granted warrants were recorded at a fair value of \$1,813,263 using the Black-Scholes option-pricing model. As of August 30, 2016 the warrants expired unexercised and the Company has reversed the fair value of \$1,813,263 to deficit. The Company also granted to each of Hunter and Spar or their designates a 1.25% net smelter returns royalty, subject to rights of the Company to reduce both royalties to a 0.5% net smelter returns royalty upon payment to each of Hunter and Spar (or their designates) of \$1,000,000 on or before the 60th day following a decision to commence commercial production on the mineral properties. On August 30, 2011 the Company issued 200,000 common shares at \$0.14 per share for a value of \$28,000 as a finder's fee on the Greenland project.

A NI 43-101 compliant Technical Report and updated 43-101 compliant Technical Report, both completed by J. F. Ravenelle and L. Weiershäuser, were completed in March 2016 and March 2017, respectively. Both reports were filed on SEDAR.

During the period 2011 to 2016, the Company has carried out extensive exploration drilling programs on the Maniitsoq property to search for Ni-Cu-Co-PGM sulphide deposits. Cumulative exploration expenditures totaled C\$36.6 million as of December 31, 2016. This work has included 29,841 metres of drilling in 133 drill holes, 13,497 line-kilometres of helicopter-borne time domain electromagnetic (TEM) surveying, 176 line-kilometres of surface TEM surveying, borehole electromagnetic surveys, surface induced polarization (IP) and gravity surveys, acquisition of Worldview-3 satellite-borne spectral data across the entire property, mapping and ground follow-up of exploration targets including prospecting and sampling, mineralogical, petrological and structural studies and 3D modeling.

The Company's exploration efforts have been focused on both following up nickel-copper sulphide occurrences (historic and discovered by the Company) and defining and testing new regional exploration targets. This work has been successful and resulted in the following:

·
identification of numerous new airborne EM anomalies;

·
discovery of new Ni-Cu-Co-PGM occurrences with significant drill intersections including P-004 and P-059 (both at Fossilik area), P-013, P-013 SE, P-032, P-053, P-059, and P-094;

·
sub-surface expansion of previously known mineralization at Imiak Hill, Mikissoq and Spotty Hill (collectively referred to as the Imiak Hill Complex or IHC), at Fossilik (P-058), Nunanguit (P-030) and Pingo (P-149);

·
delineation of discrete sulphide zones which remain open in one or more directions at five target areas including Mikissoq, Spotty Hill, P-013, P-053 and P-058

·
discovery of new norite-hosted sulphide gossans with anomalous nickel values;

·
identification of gradient IP chargeability anomalies in the IHC, Fossilik and P-030-032-094 areas which may be related to extensions of mineralized norite stratigraphy; and

·
increased understanding of the nature of the mineralization and related geophysical signatures as affected by secondary processes related to deformation and metamorphism.

Work completed in 2016 focussed on follow-up drilling at mineralized targets in order to identify selected sulphide zones for more detailed step-out drilling in 2017. This work resulted in the prioritization of the IHC and Fossilik areas where discrete sulphide zones have been defined by drilling and are open in one or more directions and where multiple exploration targets remain to be tested.

The figure and table below, respectively, show the location of mineralized targets on the property and a significant drill intersections.

Location of Significant Mineralized Targets

Summary of Drilling Assay Highlights

Target	Drillhole	Zone	From	To	Core Length (m)	True Width (m)	Ni %	Cu %	Co %	Pt+Pd+Au g/t
Imiak Hill Complex										
Imiak Hill	MQ-12-001		56.10	59.94	3.84	2.07	1.19	0.14	0.04	0.01
	MQ-12-002		55.90	70.08	14.18	7.14	1.33	0.38	0.04	0.01
	MQ-13-024		135.70	150.90	15.20	8.80	2.62	0.43	0.09	0.02
	Incl.		136.75	141.98	5.23	3.02	5.03	0.30	0.16	0.03
	MQ-13-026		156.70	175.32	18.62	12.35	4.31	0.62	0.14	0.02
	MQ-13-028		182.09	206.84	24.75	13.65	3.19	1.14	0.11	0.01
	MQ-14-037		220.51	231.54	11.03	6.65	3.07	0.53	0.08	0.02
	Incl.		220.51	223.76	3.25	1.96	6.48	0.29	0.17	0.02
	MQ-14-072		173.75	190.10	16.35	7.92	2.51	0.77	0.08	0.02
	Incl.		179.90	186.25	6.35	3.08	3.14	1.05	0.10	0.02
Spotty Hill	MQ-12-005		63.00	157.00	94.00	28.69	0.94	0.24	0.03	0.30
	Incl.		113.00	136.87	23.87	6.83	1.70	0.42	0.05	0.52
	MQ-14-009		79.00	96.50	17.50	6.43	0.27	0.06	0.01	0.08
	MQ-14-052		55.70	64.00	8.30	3.81	0.25	0.06	0.01	0.08
	MQ-14-058		167.32	202.05	34.73	18.73	0.53	0.17	0.02	0.18
	MQ-14-062		45.20	72.12	26.92	11.08	1.16	0.28	0.04	0.41
	Incl.		62.65	71.20	8.55	3.39	2.98	0.59	0.10	0.86
	MQ-14-065		50.00	111.29	61.29	20.54	0.66	0.17	0.02	0.25
	Incl.		79.50	90.10	10.60	3.38	1.69	0.34	0.05	0.50
	MQ-15-075		236.45	255.70	19.25	8.03	0.92	0.21	0.03	0.28
Incl.		236.45	252.00	15.55	6.73	1.06	0.24	0.04	0.31	
MQ-16-121		382.25	387.00	4.75	2.84	1.59	0.30	0.04	0.66	
Mikissoq	MQ-13-027	HW	33.84	58.82	24.98	20.02	0.71	0.31	0.02	0.06
		Central	66.99	70.09	3.10	2.48	0.53	0.18	0.02	0.02
		FW	88.25	96.00	7.75	6.21	0.76	0.28	0.02	0.07
	MQ-13-029	HW	45.00	71.22	26.22	18.02	0.48	0.22	0.02	0.04
		Central	82.01	103.51	21.50	14.90	0.68	0.48	0.02	0.05
		FW	103.51	113.50	9.99	6.96	4.65	0.33	0.12	0.14
	MQ-14-073	HW	57.75	77.58	19.83	12.65	0.76	0.26	0.02	0.04
		Central	88.50	101.40	12.90	8.27	0.83	0.24	0.02	0.05
		FW	112.54	117.34	4.80	3.10	2.10	0.27	0.05	0.04
	MQ-16-113	New	233.75	287.00	53.25	32.36	0.81	0.36	0.02	0.05
	Incl.		233.75	238.90	5.15	3.12	2.56	0.38	0.05	0.12
		And	256.00	261.00	5.00	3.04	1.10	0.57	0.03	0.10
		And	275.85	279.65	3.80	2.32	1.87	0.28	0.05	0.06
	MQ-16-117	New	268.70	342.75	74.05	37.59	1.08	0.54	0.03	0.11
Incl.		285.70	291.00	5.30	2.67	2.10	0.44	0.04	0.08	
	And	309.25	322.90	13.65	6.96	1.84	0.64	0.05	0.10	
	And	329.85	335.40	5.55	2.84	1.26	0.45	0.03	0.39	
MQ-16-118	New	322.00	369.00	47.00	21.40	0.51	0.25	0.01	0.15	
Incl.		323.00	338.00	15.00	6.80	1.03	0.32	0.02	0.17	
Fossilik Area										
P-058	MQ-12-007		78.24	82.31	4.07	2.03	0.30	0.13	0.01	0.02

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MQ-14-054	70.60	76.18	5.58	3.01	1.72	0.26	0.04	0.08
Incl.	70.60	71.22	0.62	0.33	6.18	0.56	0.16	0.08
And	73.65	74.46	0.81	0.44	5.23	0.07	0.11	0.35
MQ-14-059	22.26	24.00	1.74	0.44	2.54	2.75	0.07	0.09
Incl.	23.55	24.00	0.45	0.11	4.19	7.73	0.12	0.10
MQ-15-077	149.00	170.50	21.50	7.04	0.55	0.27	0.02	0.08
MQ-16-105	323.55	333.75	10.20	4.43	3.41	0.28	0.10	0.13
Incl.	324.20	328.30	4.10	1.78	4.85	0.29	0.14	0.13
And	330.90	331.85	0.95	0.41	6.31	0.12	0.18	0.07
MQ-16-111	392.09	395.15	3.06	1.04	3.93	0.25	0.10	0.09

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Target	Drillhole	Zone	From	To	Core	True	Ni %	Cu %	Co %	Pt+Pd+Au
					Length					Width (m)
P-059	MQ-15-078		79.25	91.40	12.15	NC	1.16	1.00	0.03	0.27
P-004	MQ-13-018		40.24	72.43	32.19	NC	0.59	0.18	0.02	0.21
	Incl.		51.75	56.28	4.53	NC	1.06	0.23	0.04	0.33
	MQ-14-051		231.14	235.45	4.31	NC	0.94	0.17	0.03	0.99
P-013 Area										
P-013	MQ-14-066		157.00	168.00	11.00	6.68	1.31	0.15	0.04	0.07
	Incl.		158.43	164.28	5.85	3.55	2.07	0.12	0.05	0.07
	MQ-14-068		126.70	142.55	15.85	12.06	0.87	0.27	0.03	0.09
	Incl.		130.85	134.25	3.40	2.59	2.07	0.34	0.06	0.15
	MQ-15-079		185.05	195.70	10.65	2.93	1.03	0.39	0.04	0.06
			200.75	206.00	5.25	1.43	1.15	0.18	0.03	0.07
	MQ-15-094		212.75	224.70	11.95	5.66	0.94	0.44	0.02	0.10
	Incl.		215.10	217.00	1.90	0.90	1.63	0.37	0.05	0.08
	And		220.20	224.70	4.50	2.13	1.23	0.22	0.03	0.08
P-013 SE	MQ-16-109		166.90	205.65	38.75	NC	1.19	0.43	0.03	0.23
	Incl.		166.90	180.25	13.35	NC	2.88	0.80	0.06	0.47
P-030-032-094 Area										
P-030	MQ-14-070		40.75	60.85	20.10	NC	0.63	0.20	0.02	0.18
	Incl.		53.30	54.50	1.20	NC	1.86	0.52	0.06	0.49
P-032	MQ-15-090		71.90	85.70	13.80	NC	0.79	0.27	0.02	0.07
	Incl.		71.90	77.00	5.10	NC	1.06	0.37	0.03	0.09
	And		84.20	85.70	1.50	NC	2.47	0.69	0.08	0.23
	MQ-15-100		122.50	130.50	8.00	NC	0.58	0.14	0.02	0.06
	Incl.		125.90	126.90	1.00	NC	1.60	0.34	0.05	0.19
P-094	MQ-16-124		55.00	63.00	8.00	NC	0.54	0.16	0.02	0.07
P-053 Area										
P-053	MQ-15-082	HW	93.00	116.70	23.70	16.12	1.98	0.62	0.09	0.19
	Incl.		93.00	104.50	11.50	7.84	1.12	0.91	0.05	0.12
	And		104.50	116.70	12.20	8.28	2.78	0.36	0.13	0.26
	MQ-15-084	HW	196.00	201.60	5.60	4.73	1.03	0.34	0.05	0.12
	Incl.		199.15	201.05	1.90	1.61	1.70	0.20	0.09	0.17
	MQ-16-106	HW	97.45	117.50	20.05	13.95	0.64	0.25	0.03	0.08
	Incl.		110.95	117.50	6.55	4.56	1.14	0.33	0.04	0.12
	And		111.65	113.60	1.95	1.36	2.12	0.42	0.08	0.18
	MQ-16-107	HW	192.70	196.15	3.45	2.30	1.10	0.19	0.04	0.11
	MQ-15-085	FW	229.50	230.85	1.35	1.10	0.98	0.45	0.05	0.14
	MQ-16-104	FW	294.45	295.70	1.25	0.83	2.42	0.09	0.09	0.12
	Incl.		295.20	295.70	0.50	0.33	4.39	0.05	0.15	0.19
P-149 (Pingo) Area										
P-149	MQ-14-041		85.35	108.55	23.20	NC	0.36	0.17	0.01	0.15
			107.35	107.85	0.50	NC	3.31	0.61	0.05	0.27

Abbreviations:

Ni = nickel Cu = copper Co = cobalt Pt = platinum Pd = palladium) Au = gold g/t = grams/tonne NC = not
calculated

Sudbury nickel properties:

The Sudbury properties currently being explored by North American Nickel are exploration properties without mineral resources or reserves. All properties can be readily accessed by paved and/or all-weather gravel roads and have access to water and diesel-power for exploration purposes. Sudbury is considered a world class nickel district. Multiple Ni-Cu-PGM deposits and past and currently producing mines are associated with the Sudbury Igneous Complex. Global nickel resources have been estimated at 1648 million tonnes at a grade of 1.20% nickel. The Sudbury properties have unique geologic characteristics of the Sudbury Basin. Quart Diorite and Sudbury Breccia, two lithologies that commonly host Sudbury nickel-copper-PGM (platinum group metal) mineralization, have been identified on the Post Creek property. The Sudbury properties are strategically located near the Whistle Offset Dyke structure hosting the past-producing Podolsky Cu-Ni-PGM mine owned by KGHM Polska Miedź S.A. (KGHM). A location map for the properties is given below.

Post Creek: The property is located 35 kilometres east of Sudbury in Norman, Parkin, Alymer and Rathburn townships and consists of 39 unpatented mining claims in two separate blocks, covering a total area of 912 hectares held by the Company. The center of the property occurs at UTM coordinates 513000mE, 5184500mN (WGS84, UTM Zone 17N). The Post Creek property lies adjacent to the Whistle Offset Dyke Structure which hosts the past producing Whistle Offset and Podolsky Cu-Ni-PGM mines. Post Creek lies along an interpreted northeast extension of the Whistle Offset Dyke trend. Offset Dykes and Footwall deposits account for a significant portion of all ore mined in the Sudbury nickel district and, as such, represent favourable exploration targets. Key lithologies are Quartz Diorite related to Offset Dykes and Sudbury Breccia associated with Footwall deposits.

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

.
A drill intersection returning 0.48% copper, 0.08% nickel, 0.054 grams/tonne palladium, 0.034 grams/tonne platinum and 0.020 grams/tonne gold over a core length of 0.66 metres; and

.
A grab sample from broken outcrop which returned 0.83% nickel, 0.74% copper, 0.07% cobalt, 2.24 grams/tonne Pt and 1.05 grams/tonne Pd.

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

During the period 2011 to 2016, the Company carried out exploration programs comprising ground geophysics (magnetics and electromagnetics), diamond drilling (1,533 metres in 7 drillholes), borehole electromagnetic surveys, georeferencing of selected claim posts, prospecting, trenching, geological mapping, sampling and petrographic studies. This work has identified new occurrences of Quartz Diorite (dyke and Sudbury Breccia, both of which are geologically significant lithologies known to host ore deposits associated with the Sudbury structure. Ground traverses, trenching and mapping carried out in 2016 outlined a Sudbury Breccia belt of at least 300 metres by 300 metres in size which lies along the same trend at the Whistle Offset Dyke located on KGHM property to the southwest. These findings support the potential for the Post Creek property to host both Footwall and Offset Dyke type deposits.

An Option Agreement dated April 5, 2010 and amended on March 12, 2013, was struck between John and Marie Brady and Widescope Resources Inc., now known as North American Nickel Inc. pursuant to a corporate name change dated April 19, 2010. North American Nickel now holds a 100% interest in the property having achieved certain Option Agreement requirements.

As per the Option Agreement Brady will retain a 2.5% NSR. Work commitments on the claims are set out at \$400.00 per unit (16 hectares) per year and are due to the Ontario Ministry of Development and Mines. Field work is completed and compiled, along with a statement of expenditures, and filed with the Ontario Ministry of Development and Mines by North American Nickel employees. The required work commitments are submitted to the Ontario Ministry of Development and Mines, on a form supplied by the Ministry. Expenditures, filed in excess of the annual work commitment, are banked and can be used towards future work requirements.

Halcyon: The property is located 35 Km NNE of Sudbury in the Parkin and Alymer townships and consists of 53 unpatented mining claims covering an area of approximately 864 hectares. Halcyon is adjacent to the Post Creek property and is located approximately 2 kilometers north of the Whistle Offset Dyke structure and the past-producing Podolsky mine of KGHM. Previous operators on the property defined numerous conductive zones based on induced polarization (IP) surveys with coincident anomalous soil geochemistry. Base and precious metal mineralization have been found in multiple locations on the property but follow-up work was never done. The former producing Jon Smith Mine (nickel-copper-cobalt-platinum) is situated 1 kilometre north of the property.

During the period 2011 to 2016, the Company carried out a small amount of exploration including ground geophysics (magnetics and electromagnetics), diamond drilling (301 metres in 1 drillhole), a borehole electromagnetic survey, georeferencing of selected claim posts, prospecting, geological mapping, sampling and petrographic studies. The single hole located on the southeast corner of the property was drilled with the purpose of providing geological information and to provide a platform for bore hole pulse EM (BHPEM). No anomalies were detected although quartz diorite breccia and partial melt material with 2-3% disseminated pyrrhotite and chalcopyrite was intersected over short core lengths. The property is strategically located adjacent to the Company's Post Creek property, located immediately to the south, where new occurrences of both Quartz Diorite and Sudbury Breccia have been identified.

An Option Agreement dated April 5, 2010 and amended on September 27, 2010 and March 12, 2013, was struck between John and Marie Brady and Widescope Resources Inc., now known as North American Nickel Inc. pursuant to a corporate name change dated April 19, 2010. North American Nickel now holds a 100% interest in the property having achieved certain Option Agreement requirements.

As per the Option Agreement Brady will retain a 2.5% NSR. Work commitments on the claims are set out at \$400.00 per unit (16 hectares) per year and are due to the Ontario Ministry of Development and Mines. Field work is completed and compiled, along with a statement of expenditures, and filed with the Ontario Ministry of Development and Mines by North American Nickel employees. The required work commitments are submitted to the Ontario Ministry of Development and Mines, on a form supplied by the Ministry. Expenditures, filed in excess of the annual work commitment, are banked and can be used towards future work requirements.

Section 35 Property

On January 4, 2016, the Company made and 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 require an annual rental fee at a rate of US \$3.00 per acre for years 1-5 and at a rate of US \$6.00 per acre for years 6-10. The Company shall pay a minimum royalty at a rate of US \$10.00 per acre for the 11th year onwards, with an increase of an additional US \$5.00 per acre per year up to a maximum of US \$55.00 per acre per year. A production royalty of between 2% - 2.5% is payable from production of minerals and/or mineral products from an established mining operation area. The Company paid the first year rental fee and the required reclamation deposit of \$14,327 (US \$10,000). The Department of Natural Resources shall annually review the level of the reclamation deposit and shall require the amount to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

The Section 35 property is strategically located 6 kilometres northwest of the Lundin Mining Corporation's Eagle Ni-Cu-PGM mine. The property was acquired due to its position over a portion of the North Sill which is an ultramafic intrusion interpreted to be of a similar age and geochemical signature to the intrusion hosting the Eagle Mine. The Company has not yet carried out any exploration on the property.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto included herein (see also Selected Financial Data). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Overview

With the acquisition of PFG effective June 30, 2006, the Company's primary focus shifted to mineral resource exploration operations rather than acquisitions. In April 2010, base metals became the main target commodity. The Company's management team, affiliates and directors have special expertise in the areas of operations, due diligence, financial analysis and corporate finance strategy with respect to emerging growth enterprises.

A. Operating Results

Historically, the Company has shown losses for the past several years. These losses result largely from having no revenue and significant exploration and administrative expenses related to operations. Prior to the 2006 completion of the PFG acquisition, the expenses of the Company were almost completely related to satisfying regulatory requirements, including the annual meeting, financial reporting, communications with shareholders; and seeking and evaluating acquisition prospects for suitability and ability to attract financing.

The Company will continue in the exploration business. The Company in December 2013 decided not to further pursue the 100% owned Thompson North Property which is part of the Thompson Nickel Belt and will allow the claims to lapse in 2014. The Company will also continue in the exploration on the acquired a large Ni-Cu-PGE land package in Greenland.

As a result of initiatives that were commenced on April 6, 2010, activities shifted from the Bissett area and precious metals, to base metals in and around Sudbury Ontario. As of August 15, 2011, activities also included work on an exploration program on the Sulussugut License in Greenland and as of March 4, 2012, activities also included work on an exploration program on the Ininngui License in Greenland. As of January 4, 2016, the Company entered into a 10 year Metallic Minerals Lease with the Michigan Department of Natural Resources for an area covering approximately 320 acres on the Section 35 Property.

Business overview

With the April 2010 entry into base metal exploration the Company is effectively a new company with its first focus on its Sudbury and Greenland properties. The Post Creek property is strategically located adjacent to the producing Podolsky copper-nickel-platinum group metal deposit of FNX Mining. The center of the property occurs at UTM coordinates 510217m E, 5182584m N (NAD83 UTM Zone 17N). The property lies along the extension of the Whistle Offset dike structure, which is a major geological control for Ni-Cu-PGM mineralization. The Company also has rights to explore the Halcyon property in the Sudbury area. The Company also was granted an exploration licence (the Sulussugut Licence) by the Bureau of Minerals and Petroleum (BMP) of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland and in 2012 the Company applied for and received a mineral exploration licence covering approximately 142 square kilometers contiguous with its original licence (2011/54). The two Greenland licences give the Company the exclusive right to explore for any commodity except for radioactive minerals and hydrocarbons over a 4,983 km² area on the southwest coast of Greenland centered at 65° 52' N latitude and 51° 52' W longitude. The area contains numerous historical nickel-copper sulphide occurrences associated with mafic-ultramafic intrusions.

Fluctuations in Results

The Company's annual operating results fluctuate, a little and revenues at this point are not generated. Expenses fluctuate on the basis of costs for exploration and related activities, and the ever increasing administrative and other costs of complying with the various regulatory requirements of a public company. We expect that these regulatory related expenses will continue to increase due to the upward pressure on professional fees charged to reporting companies, resulting from changes to securities legislation throughout North America.

With the April 2010 entry into the arena of base metal exploration the Company expects to report significant additional expenses in the future related to the exploration activities undertaken in the Sudbury area of Ontario, and the Maniitsoq Property in Greenland. Following the sale of Outback Capital Inc., the Company has no further expenses related to exploration in the Bissett area.

B. Liquidity and Capital Resources

Since the Company is organized in Canada, the Company's December 31, 2016 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

As at December 31, 2016, the Company had accumulated losses totaling \$23,972,138 and a working capital of \$3,289,791. The continuation of the Company is dependent upon the continued financial support of shareholders as well as obtaining additional financing for the current and subsequent resource projects.

As noted, these conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustment that might arise from uncertainty. The auditors' report includes an explanatory paragraph disclosing the Company's ability to continue as a going concern.

As at December 31, 2016 the Company had cash of \$630,482, short-term investments of \$2,700,000.

C. Research and development, patents and licenses, etc.

Not applicable

D. Trend information

The major trends impacting the company and its industry are lack of access to capital, caused by the severe global financial contraction, and the corresponding contraction of demand for most commodities. Only precious metals seem to have continuing and possibly increasing demand.

Impact of Inflation

The Company believes that inflation had minimal effect on costs related to its exploration activities in the 12 months ending December 31, 2016.

Quantitative and Qualitative Disclosures about Market Risk

Not applicable to the Company.

E. Off-balance sheet arrangements

Not applicable

F. Tabular disclosure of contractual obligations

Not applicable

Critical Accounting Policies and Estimates

Basis of preparation and accounting policies

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

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

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and provisions for restoration and environmental obligations.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;

the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses;

the classification of financial instruments; and

the determination of the functional currency of the Company.

Foreign currency translation

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

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

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

Exploration and evaluation assets

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

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

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

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

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

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

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

Restoration and environmental obligations

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

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

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

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

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

Impairment of assets

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

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

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

Financial instruments

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

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

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

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

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

The Company has classified its trade payable as other financial liabilities. Subsequent to initial recognition, trade payable and are measured at amortized cost using the effective interest rate method.

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

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

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

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

Income taxes

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

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

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

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

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

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

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

Share-based payments

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

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also recognized over the remaining vesting period.

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

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

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

Share capital

The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

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

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

Future Accounting Changes

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

New standard IFRS 9 Financial Instruments

This new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

It should be noted that the management discussed below is primarily involved with the Company's current activities. As the Company concludes an acquisition or merger, or embarks on any other type of project, additional personnel with differing areas of expertise will be utilized. Directors are elected annually by a majority vote of the shareholders and hold office until the next general meeting of the shareholders. Officers are appointed by, and serve at the discretion of, the board of directors. The names, place of residence, positions within the Company and the principal occupations of the directors and senior officers of the Company are set out below.

A. Directors and senior management.

Name, Municipality of Residence	Age	Principal Occupation and Position
Douglas E. Ford West Vancouver, B.C. Director	53	with the Corporation During the Past Five Years Director since September 10, 1992; General Manager of Dockside Capital, a private merchant banking and venture capital firm, from 1987 to present.
Keith Morrison Oakville, On Director, Chief Executive Officer	57	Director and CEO of Gedex Inc. 2008-2014, Director of Era Resources Inc. 2011-Present, Non-Executive Chairman of Security Devices International Inc. 2014-Present, Non-Executive Chairman of Osgood Mountain Gold Ltd. August 2016 Present.
Mark Fedikow Winnipeg, MB President	64	President of Mount Morgan Resources Ltd. 2001 present Director and VP of Exploration Services for VMS Ventures Inc. 2008 April 2015, Director and VP of Exploration IMetal Resources Inc. 2004-Present.
James Clucas North Vancouver, BC Director	74	Director of Search Minerals Inc. from June 2009 present; Director of INV Metals
Gilbert Clark Le Rouret, France Director	47	Managing Director 2003 - 2014 of European Mining Services, Private Mining Consultancy, Consultant Geologist with The Sentient Group 2010 - 2013, Senior Investment Advisor and Director of Sentient Asset Management Canada September 2013-2016, Director of North American Nickel May 2012 - Present, Private Mining & Mining Finance Consultant January 2017 Present.

John Sabine Toronto, On Director, Chairman	71	Counsel to Bennett Jones LLP 2013-Present, Counsel to Dentons LLP 2001-2013, Director of Lipari Energy Inc. 2011-2013, Uranium One Inc. 2013-2015, Algold Resources 2013-Present, and Seabridge Gold Inc. 2014-Present, Chairman, North American Nickel Inc. 2014-Present.
Alex Dann Ontario, Canada Chief Financial Officer	51	CFO since March 1, 2017, North American Nickel Inc., CFO since January 1, 2014 of Era Resources Inc. Prior appointments: CFO of Avion Gold Corporation, CFO of AXMIN Inc., and consultant to various mining companies.
Christopher Messina New York, NY Director	45	Advisor to a number of technology companies in the big data analytics, artificial intelligence, shipping, commodities and cyber security industries.

B. Compensation.

Management compensation is determined by the board of directors based on competitive prices for services provided. During the year ended December 31, 2016, directors and officers, including private companies controlled by directors and officers, as a group, paid or accrued a total of \$755,686 in management fees, paid or accrued a total of \$102,788 in salaries. See Item 7. Major Shareholders and Related Party Transactions for more detail on fees paid to members of management or to entities owned by them.

For the year ended December 31, 2016, the Company paid \$132,000 in compensation to Directors for acting as Directors. The Company does not have any pension or retirement plans, nor does the Company compensate its directors and officers by way of any material bonus or profit sharing plans. Directors, officers, employees and other key personnel of the Company may be compensated by way of stock options.

C. Board practices.

Pursuant to the provisions of the *Company Act* (BC), the Company's directors are elected annually at the regularly scheduled annual general meeting of shareholders. Each elected director is elected for a one-year term unless he resigns prior to the expiry of his term.

The Company has no arrangements in place for provision of benefits to its directors or upon their termination.

The Board has five committees in place, four of which have been recently implemented:

Audit Committee is made-up of Christopher Messina, James Clucas and Douglas Ford. The Audit Committee is an operating committee of the board of directors responsible for the oversight of financial reporting and disclosure. On May 2, 2006, the Company's board of directors adopted a new charter for the Audit Committee.

Corporate Governance Committee is made up of James Clucas, Douglas Ford, Gilbert Clark, and Secretary Cheryl Messier. The Corporate Governance Committee is responsible for reviewing and specifying the rules and procedures for making decisions in corporate affairs and establishing a complete Handbook for the company.

Compensation Committee is made up of Christopher Messina, James Clucas and Gilbert Clark. In addition to salary, the compensation committee determines the level of stock option compensation and stock warrants granted within the corporation.

Compliance Committee is made up of Mark Fedikow and Christopher Messina. The purpose of the Compliance Committee is to oversee the Company's implementation of programs, policies and procedures that are designed to respond to the various compliance and regulatory risks facing the Company. The Compliance Committee meet on a regular basis to oversee the dissemination of all corporate material.

Technical Oversight Committee is made up of Mark Fedikow. The Technical Oversight Committee provides general oversight and support to the Geological team and identifies technical issues and tasks necessary to support the activities of the Company.

D. Employees.

Effective at December 31, 2016 the Company had nine salaried employees.

E. Share ownership.

A total of ten percent (10%) of the common shares of the Company, outstanding from time to time, are reserved for the issuance of stock options pursuant to the Company's Incentive Stock Option Plan. During the year 6,058,000 stock options were granted to directors, consultants and employees. Other information on ownership is contained in the table below.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.**A. Major shareholders.**

The following table sets forth certain information regarding beneficial ownership of the Company's shares at December 31, 2016 by (i) each person who is known to own beneficially more than 5% of the Company's outstanding Common Stock, (ii) each of the Company's directors and executive officers and (iii) all current directors and executive officers as a group. The table does not reflect common shares held of record by depositories, but does include currently exercisable options and warrants which are included in the calculation of percentage of class ownership for each individual holder. As of December 31, 2016 there were 368,581,886 common shares issued and outstanding, 590,931 preferred shares outstanding, 12,823,000 exercisable options, 95,982,036 warrants which fully diluted is 477,977,853.

<u>Name of Beneficial Owner</u>	<u>Amount of Shares</u>	<u>Percent</u>
<i>Principal Holders</i>		
Sentient Group GP IV	223,143,154	60.54%
<i>Officers and Directors</i>		
Douglas Ford	557,600 ⁽¹⁾	
Keith Morrison	533,333	
Mark Fedikow	2,384,333 ⁽²⁾	
James Clucas	358,000	
Cheryl Messier	162,500	
Gilbert Clark	86,546	
John Sabine	893,942	
Christopher Messina	160,000	
All Officers and Directors as a Group (8 persons)	5,136,254	1.39%

(1) Includes 422,000 shares held through B.W.N. Oil Technologies Inc., 135,600 shares held through Dockside Capital Group Inc.

(2) Includes 1,910,000 shares held through Lee River Resources Ltd.

The Company issued 160,000,000 units for two financings one done through a prospectus and the other through a private placement at \$0.075 per share, for proceeds of \$12,000,000. The Company issued 1,203,695 warrants in lieu of cash, for an agency fee with a fair value of \$36,452. Share issuance costs of \$596,506 were incurred in relation to the financings.

B. Related party transactions.

Related party transactions were in the normal course of business and have been recorded at the exchange amount which is the fair value agreed to between the parties. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Related party balances - The following amounts due to related parties are included in trade payables and accrued liabilities

	December 31, 2016	December 31, 2015
Directors and officers of the Company	\$ 2,000	\$ 8,100
Companies controlled by directors of the Company	-	15,926
	\$ 2,000	\$ 24,026

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

Related party transactions

During the year ended December 31, 2016, the Company recorded \$15,885 (2015 - \$35,794) in rent and utilities expense to VMS Ventures Inc. a company that was a significant shareholder and related through common directors, which is included in general and administrative expense.

During the year ended December 31, 2016, the Company recorded \$346,768 (2015 - \$216,895) in fees charged by a legal firm in which the Company's chairman is a consultant. The fees have been allocated as \$91,825 (2015 - \$182,305) in legal fees \$254,943 (2015 - \$34,590) in share issuance costs.

During the year ended December 31, 2016, two significant shareholders acquired 120,428,939 (2015 25,448,503) common shares. The common shares were acquired as to 952,380 common shares (2015 Nil) at a fair value of \$95,238 (2015 \$Nil) as a finance fee (Note 12) and 119,686,559 (2015 25,448,503) common shares as part of the private placements at a price of \$8,960,742 (2015 - \$5,124,010) (Note 13).

Related party transactions - Key management personnel compensation:

	Year ended December 31, 2016	Year ended December 31, 2015
Geological consulting fees - expensed	\$ 5,370	\$ 72,104
Geological consulting fees - capitalized	44,010	94,039
Management fees - expensed	755,686	546,962
Property investigation - expensed	1,081	-
Salaries - expensed	102,788	77,333
Stock-based compensation	186,170	35,794
	\$ 1,095,105	\$ 826,232

a) Transactions with Sentient

On April 22, 2016, the Company issued a term note to Sentient Executive GP IV Limited and received an advance of \$4.5 million. The loan is due on April 30, 2017 and was made on an interest free basis. Sentient was issued 952,380 common shares as a fee for advancing the loan at a fair value of \$95,238. Under the terms of the loan, Sentient has the right at its option to require early pre-payment in the event that, during the term of the loan, the Company successfully completes an issuance of common shares to third parties for gross proceeds of not less than \$2 million. In the event the maximum offering amount is raised, being \$12 million, Sentient is required to be repaid the full loan of \$4.5 million. Since the maximum offering amount of \$12 million was raised Sentient was repaid the entire loan in September 2016.

On July 21, 2016, the Company closed an equity financing which Sentient Executive GP IV, Limited's participation in the offering was for a total of 52,145,467 units at \$0.075 per unit for \$3,910,910.03 and on September 12, 2016 the Company closed a non-brokered private placement which Sentient Executive GP IV, Limited's was issued 67,331,093 units at \$0.075 per unit for \$5,049,932 and now beneficially owns 223,143,155 common shares of the Company and 70,209,744 warrants.

C. Interests of experts and counsel

Not required.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 17 and our financial statements and accompanying notes beginning on page F-1.

B. Significant Changes

The Company is not aware of any significant change since December 31, 2016 that is not otherwise reported in this filing.

ITEM 9. THE OFFER AND LISTING

Effective December 21, 2006 our common shares became quoted on the United States OTC Bulletin Board, under the symbol WSCRF . On May 30, 2011 the common shares of the Company began trading under the symbol NAN on the TSX-V Venture Exchange. The table below sets forth the high and low prices expressed in Canadian dollars on the TSX-V and in United States dollars on the OTC in the United States for the Company's common shares for the past five years, for each quarter for the last two fiscal years, and for the last six months. Note this trading data does not take into effect the 2-old for 1-new reverse split effected on April 20, 2010.

	High (Canadian Dollars)	Low	High (United States Dollars)	Low
<u>Last Five Fiscal Years</u>				
2016	0.145	0.065	0.11	0.05
2015	0.28	0.08	0.23	0.06
2014	0.23	0.22	0.209	0.209
2013	0.25	0.25	0.226	0.22
2012	0.17	0.15	0.141	0.141
<u>2016</u>				
Fourth Quarter ended December 31, 2016	0.145	0.075	0.11	0.06
Third Quarter ended September 30, 2016	0.095	0.07	0.07	0.06
Second Quarter ended June 30, 2016	0.11	0.065	0.08	0.05
First Quarter ended March 31, 2016	0.10	0.065	0.07	0.05
<u>2015</u>				
Fourth Quarter ended December 31, 2015	0.19	0.08	0.14	0.06
Third Quarter ended September 30, 2015	0.23	0.12	0.18	0.10
Second Quarter ended June 30, 2015	0.26	0.18	0.21	0.15
First Quarter ended March 31, 2015	0.28	0.2	0.23	0.17
<u>Last Six Months</u>				
February 2017	0.085	0.075	0.07	0.05
January 2017	0.095	0.075	0.07	0.06
December 2016	0.115	0.09	0.09	0.06
November 2016	0.145	0.09	0.11	0.06
October 2016	0.105	0.075	0.08	0.06
September 2016	0.085	0.08	0.07	0.06

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The closing price of the Company's common shares as reported by the TSX-V on December 31, 2016 was C\$0.09. The closing price of the Company's common shares as reported by the OTCbb on December 31, 2016 was US\$0.06.

The Company's common shares are issued in registered form. Computershare Investor Services Inc. is the registrar and transfer agent for the Company's common shares.

The Company has no outstanding securities not listed on a marketplace other than incentive stock options and warrants. Since the beginning of the most recently completed financial year, stock options to purchase an aggregate 6,058,000 common shares were granted. The following table outlines the detail of each grant:

Number of Options	Exercise Price (CDN \$)	Grant Date
6,058,000	\$ 0.21	January 28, 2016

Since the beginning of the most recently completed financial year, warrants issued to purchase an aggregate 81,203,692 common shares were issued. The following table outlines the detail of each issuance:

Number of Warrants	Exercise Price (CDN \$)	Grant Date
46,334,451	\$0.12	July 21, 2016
1,203,695	\$0.075	July 21, 2016
33,665,546	\$0.12	September 12, 2016

ITEM 10. ADDITIONAL INFORMATION

A. Share capital

Not required

B. Memorandum and articles of association

1.

The Company was incorporated as Rainbow Resources Ltd. September 20 1983 under certificate of incorporation no. 268952 in the Province of British Columbia Canada. The name was changed to Widescope Resources Ltd. May 1 1984, to Gemini Technology Inc. September 13 1985, to International Gemini Technology Inc. September 23 1993, and to Widescope Resources Inc., effective July 12, 2006. The name was subsequently changed to North American Nickel Inc., effective April 19, 2010. No objects and purposes are described.

2.

If a director has a material interest in a matter subject to a vote, he must declare it and abstain from voting, or have his vote not counted, except for certain specific exclusions which include setting director compensation. There are no restrictions on directors issuing debt however shareholder approval may be required in connection with convertible debt or other debt driven requirements to issue shares. There is no retirement age or share ownership requirement for directors.

3.

Dividends are declared by directors and subject to any special rights, paid to all holders of shares in a class according to the number of shares held. Voting rights are one vote per share. Directors stand for election every year at the annual meeting. Shareholders have no rights to share directly in the company's profits. Subject to prior claims of creditors and preferred shareholders, common shareholders participate in any surplus in the event of liquidation according to the number of shares held. The Company may redeem shares by directors' resolution in compliance with applicable law unless the company is insolvent or may become insolvent by doing so. It must make its offer pro rata to every member who holds a class, subject to applicable stock exchange rules or company act provisions. The directors have wide discretion. Shareholders have no liability for further capital calls. No discriminatory provisions, against an existing or prospective shareholder of a substantial number of shares, are imposed by the articles.

4.

Rights of holders of any class of shares can only be changed with their consent, and in accordance with the company act. Consent must be in writing by the holders or by a three fourths majority of a vote of the holders, and by the consent of the British Columbia Securities Commission.

5.

A notice convening an annual general or special meeting must specify the place, date, hour, and in the case of a special meeting, the general nature of the special business, and must be given in accordance with the company act. There are no special conditions outlining rights of admission.

6.

There are no limitations on rights to own securities.

7.

There are no provisions to delay, defer, or prevent a change in control.

8.

Nothing in the articles requires ownership disclosure.

9.

Not applicable.

10.

Not applicable.

C. Material contracts

On December 23, 2009, the Company executed a letter of intent whereby the Company has an option to acquire the mineral claim known as the Post Creek Property located within the Sudbury Mining District of Ontario. The Company paid a non-refundable deposit of \$7,500. On April 5, 2010, the Company entered into an option agreement to acquire rights to Post Creek Property. On March 12, 2013, the Post Creek Property Option Agreement was amended, in order to acquire 100% working interests in the property, subject to certain net smelter return royalties (NSR) and advance royalty payments the Company agreed to the following amended consideration, which has been met, cash payments totalling \$137,500 and the issuance of 1,000,000 common shares. The Company has exercised its option on Post Creek and as of August 1, 2015, the Company is obligated to pay advances on the NSR of \$10,000 per annum, which will be deducted from any payments to be made under the NSR

On April 5, 2010, the Company entered into an option agreement to acquire rights to Halcyon Property. On March 12, 2013, the Halcyon Property Option Agreement was amended. In order to acquire up to a 100% working interest in the property, subject to certain net smelter return royalties (NSR) and advance royalty payments the Company agreed to the following amended consideration, which has been met, cash payments totalling \$120,000 and the issuance of 700,000 common shares. Further, commencing on the amended date of August 1, 2015, if the Company exercises its option, the Company will be obligated to pay advances on the NSR of \$8,000 per annum, which will be deducted from any payments to be made under the NSR.

On August 15, 2011, the Company was granted an exploration license (the Sulussugut License) by the Bureau of Minerals and Petroleum (BMP) of Greenland for exclusive exploration rights of an area located near Sulussugut, Greenland. The Company paid a license fee of \$5,742 (Danish Kroner (DKK) 31,400) upon granting of the Sulussugut License. The Sulussugut License was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year providing the Company meets the terms of the license, which includes that specified eligible exploration expenditures must be made. The application for another 5-year term on the Sulussugut License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2016 being the sixth year.

On March 4, 2012, the Company was granted an additional exploration license (the Ininngui License) by the BMP of Greenland for exclusive exploration rights over an area covering a total of 142 square kilometres. The license is located near Ininngui, Greenland. The Company paid a license fee of DKK 32,200 upon granting of the Ininngui License. The Ininngui License is valid for 5 years until December 31, 2016, with December 31, 2012 being the first year. The Ininngui License is contiguous with the Sulussugut License. The application for another 5-year term on the Ininngui License was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which is still pending approval.

In conjunction with the granting of the Sulussugut License, on August 12, 2011, the Company entered into an arms length Intellectual Property and Data Acquisition Agreement (the IP Acquisition Agreement) with Hunter Minerals

Pty Limited (Hunter) and Spar Resources Pty Limited (Spar). Pursuant to the IP Acquisition Agreement, Hunter and Spar agreed to sell the IP Rights to the Company in consideration for the Company paying \$300,000 in cash (\$150,000 to each of Hunter and Spar which is paid) and the issuing of 12,960,000 share purchase warrants, 6,480,000 to each of Hunter and Spar exercisable for a period of five years expiring on August 30, 2016. The warrants were exercisable at the following prices, 4,750,000 of the warrants are at a price of \$0.50 per share, 4,750,000 of the warrants are at a price of \$0.70 per share and 3,460,000 of the warrants are at a price of \$1.00 per share. The warrants were subject to an accelerated exercise provision in the event the Company relinquished its interests in the Maniitsoq Licenses or any other mineral titles held within a defined area of interest without receiving consideration for such relinquishment. The granted warrants were recorded at a fair value of \$1,813,263 using the Black-Scholes option-pricing model. As of August 30, 2016 the warrants expired unexercised and the Company has reversed the fair value of \$1,813,263 to deficit. Granting to each of Hunter and Spar or their designates a 1.25% net smelter returns royalty, subject to rights of NAN to reduce both royalties to a 0.5% net smelter returns royalty upon payment to each of Hunter and Spar (or their designates) of \$1,000,000 on or before the 60th day following a decision to commence commercial production on the mineral properties. On August 30, 2011 the Company issued 200,000 common shares at \$0.14 per share for a value of \$28,000 as a finder s fee on the Greenland project.

On January 4, 2016, the Company made and entered into a 10 year Metallic Minerals Lease with the Michigan Department of Natural Resources for an area covering approximately 320 acres. Under the terms of the lease, an annual rental fee will be required at a rate of US \$3.00 per acre per lease for years 1-5 and US \$6.00 per acre per lease year for the years 6-10. A minimum royalty of US \$10 per acre is due for the eleventh year of the lease and increases by \$US 5 per acre through to the twentieth year. For the twentieth year of the lease and thereafter for the life of the lease, the minimum royalty is US \$55 per acre per year.

The Company paid the first-year rental fee and the required bond of US \$10,000. The Department of Natural Resources shall annually review the level of the performance bond and shall require the amount of the bond to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

D. Exchange Controls

This summary is of a general nature only and is not intended to be, and should not be interpreted as, legal advice to any prospective purchaser. Accordingly, prospective purchasers of the Company's shares should consult with their own advisors with respect to their individual circumstances.

There are no laws or governmental decrees or regulations in Canada that restrict the export or import of capital, or which affect the remittance of dividends, interest or other payments to holders of the Company's securities who are not residents of Canada, other than withholding tax requirements. Reference is made to Item 7. Taxation .

There are no limitations imposed by the laws of Canada, the laws of Alberta or by the charter or other governing documents of the Company on the right of a non-resident to hold or vote common shares of the Company, other than as provided in the Investment Canada Act (the Investment Act) and the potential requirement for a Competition Act Review.

The following summarizes the principal features of the Investment Act and the Competition Act Review for a non-resident who proposes to acquire common shares. This summary is of a general nature only and is not intended to be, nor is it, a substitute for independent advice from an investor's own advisor. This summary does not anticipate statutory or regulatory amendments.

The Canadian Investment Act

The Canadian Investment Act generally prohibits implementation of a reviewable investment by an individual, government or agency thereof, corporation, partnership, trust or joint venture that is not a Canadian as defined in the Investment Act (a non-Canadian), unless, after review, the minister responsible for the Investment Act (the Minister) is satisfied that the investment is likely to be of a net benefit to Canada. Under the Investment Act, a United States citizen qualifies as a World Trade Organization Investor. Subject to the restrictions noted below, an investment in a Canadian business by a World Trade Organization Investor would be reviewable under the Investment Act only if it is an investment to acquire control of such Canadian business and the value of the assets of the Canadian business as shown on its financial statements is not less than a specified amount, which for 1999 was \$184 million. An investment in the shares of a Canadian business by a non-Canadian other than a World Trade Organization Investor when the Company is not controlled by a World Trade Organization Investor, would be reviewable under the Investment Act if it is an investment to acquire control of the Canadian business and the value of the assets of the Canadian business as shown on its financial statements is \$5 million or more, or if an order for review is made by the federal cabinet on the grounds that the investment relates to Canada's cultural heritage or national identity.

The acquisition by a World Trade Organization Investor of control of a Canadian business in any of the following sectors is also subject to review if the value of the assets of the Canadian business exceeds \$5 million (as shown on its financial statements): uranium, financial services (except insurance), transportation services and cultural businesses, which include broadcast media (publication, distribution or sale of books, magazines, periodicals, newspapers, music, film and video products and the exhibition of film and video products), television and radio services. As the Company's business does not fall under any of the aforementioned categories, the acquisition of control of the Company, in excess of the \$5 million threshold, by a World Trade Organization Investor would not be subject to such review.

A non-Canadian would acquire control of the Company for purposes of the Investment Act if the non-Canadian acquired a majority of the common shares.

The acquisition of less than a majority but one-third or more of the common shares would be presumed to be an acquisition of control of the Company unless it could be established that, on acquisition, the Company was not controlled in fact by the acquirer through the ownership of common shares. Notwithstanding the review provisions, any transaction involving the acquisition of control of a Canadian business or the establishment of a new business in Canada by a non-Canadian is a notifiable transaction and must be reported to Industry Canada by the non-Canadian making the investment either before or within thirty days after the investment.

Certain transactions relating to common shares are exempt from the Investment Act, including:

- .
an acquisition of common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- .
an acquisition of control of the Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the Investment Act; and
- .
an acquisition of control of the Company by reason of an amalgamation, merger, consolidation or corporate reorganization, following which the ultimate direct or indirect control in fact of the Company, through the ownership of common shares, remained unchanged.

Canadian Competition Act Review

Investments giving rise to the acquisition or establishment, directly or indirectly, by one or more persons of control over, or a significant interest in the whole or part of a business of a competitor, supplier, customer or other person are subject to substantive review by Canada's Competition Law Authority, the Director of Investigation and Research (the Director). If or when the Director concludes that a merger, whether by purchase or lease of shares or assets, by amalgamation or by combination, or otherwise, prevents or lessens, or is likely to prevent or lessen competition substantially, he may apply as may be necessary to eliminate the substantial lessening or prevention of competition. Such substantive merger review power applies to all mergers, whether or not they meet limits for pre-notification under the Competition Act.

In addition to substantive merger review, the Competition Act provides for a pre-notification regime respecting mergers of a certain size. The regime applies in respect of share acquisitions, asset acquisitions, amalgamations and combinations. For ease of reference, this filing refers specifically to share acquisition, although the pre-notification regime applies, with the appropriate modification, to other types of acquisition of control as well.

In order for a share acquisition transaction to be pre-notifiable, the parties to the transaction (being the person or persons who proposed to acquire shares, and the corporation the shares of which are to be acquired), together with their affiliates (being all firms with a 50% or more voting shares linkage up and down the chain) must have:

(i) aggregate gross assets in Canada that exceed \$400,000,000 in value, as shown on their audited financial statements for the most recently completed fiscal year (which must be within the last fifteen (15) months); or

(ii) aggregate gross revenue from sales in, from or into Canada that exceed \$400,000,000 for the most recently completed fiscal year shown on the said financial statements; and

(iii) the party being acquired or corporations controlled by that party must have gross assets in Canada, or gross revenues from sales in or from Canada, exceeding \$35,000,000 as shown on the said financial statements. Acquisition of shares carrying up to 20% of the votes of a publicly-traded corporation, or 35% of the votes in a private corporation, will not be subject to pre-notification, regardless of the above thresholds. However, exceeding the 20% or the 35% threshold, and again exceeding the 50% threshold, gives rise to an obligation of notification if the size threshold is met.

If a transaction is pre-notifiable, a filing must be made with the Director containing the prescribed information with respect to the parties, and a waiting period (either seven or twenty-one days, depending on whether a long or short

form filing is chosen) must expire prior to closing.

As an alternative to pre-notification, the Director may grant an Advance Ruling Certificate, which exempts the transaction from pre-notification. Advance Ruling Certificates are granted where the Director concludes, based on the information provided to him, that he would not have sufficient grounds on which to apply to the Competition Tribunal to challenge the Merger.

E. Taxation

This summary is of a general nature only and is not intended to be, and should not be interpreted as, legal or tax advice to any prospective purchaser or holder of the Company's shares and no representation with respect to the Canadian federal income tax consequences to any such prospective purchaser is made. Accordingly, prospective purchasers of the Company's shares should consult with their own tax advisors with respect to their individual circumstances.

The following summary describes the principal Canadian federal income tax considerations generally applicable to a holder of the Company's shares who, for purposes of the Income Tax Act (Canada) (the Canadian Tax Act) and the Canada-United States Income Tax Convention, 1980 (the Convention) and at all relevant times is resident in the United States and not resident in Canada, deals at arm's length with the Company, holds the Company's shares as capital property, and does not use or hold and is not deemed to use or hold the Company's shares in or in the course of carrying on business in Canada (a United States Holder).

This following summary is based upon the current provisions of the Canadian Income Tax Act, the regulations thereunder, all specific proposals to amend the Canadian Tax Act and the regulations announced by the Minister of Finance (Canada) prior to the date hereof and the Company's understanding of the published administrative practices of the Canada Customs and Revenue Agency (formerly Revenue Canada, Customs, Excise and Taxation). This summary does not take into account or anticipate any other changes in the governing law, whether by judicial, governmental or legislative decision or action, nor does it take into account the tax legislation or considerations of any province, territory or non-Canadian jurisdiction (including the United States), which legislation or considerations may differ significantly from those described herein.

Disposition of the Company's Shares

In general, a United States shareholder will not be subject to Canadian income tax on capital gains arising on the disposition of the Company's shares, unless such shares are taxable Canadian property within the meaning of the Canadian Income Tax Act and no relief is afforded under any applicable tax treaty. The shares of the Company would be taxable Canadian property of a non-resident if at any time during the five-year period immediately preceding a disposition by the non-resident of such shares, not less than 25% of the issued shares of any class or series of all classes of shares of the Company belonged to the non-resident, to persons with whom the non-resident did not deal at arm's length, or to the nonresident and persons with whom the non-resident did not deal at arm's length for purposes of the Canadian Income Tax Act. For this purpose, issued shares include options to acquire such shares (including conversion rights) held by such persons. Under the Convention, a capital gain realized by a resident of the United States will not be subject to Canadian tax unless the value of the shares of the Company is derived principally from real estate (as defined in the Convention) situated in Canada.

F. Dividends and Paying Agents

Not required

G. Statement by Experts

Not required

H. Documents on display

All documents referenced in this Form 20-F may be viewed at the offices of the Company during business hours 1055 West Hastings, Vancouver BC V6E 2E9, Canada, Telephone 604-770-4334.

I. Subsidiary Information

As of June 30, 2006 Outback Capital Inc. dba Pinefalls Gold (PFG) a private Alberta corporation become a majority-owned subsidiary of the Company. PFG was incorporated under the Alberta *Business Corporations Act* on

February 6, 2001. During the year ended December 31, 2010, the Company entered into an agreement with an independent third party whereby this party acquired Outback Capital Inc.

In June 2015 the Company incorporated North American Nickel (US) Inc. to hold a mineral lease in Michigan, which was granted in January 2016.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not required

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our chief executive officer and the chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2016. Based on this evaluation, our chief executive officer and chief financial officer concluded as of December 31, 2016 that our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets,

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the company.

Management has used the framework set forth in the report entitled Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission, known as COSO, to evaluate the effectiveness of the Company's internal control over financial reporting. Based on this assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2016.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting.

Our management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only our management's report in this annual report on Form 20-F.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

ITEM 16.

A. Audit Committee Financial Expert

Mr. Messina serves on the Audit Committee as a financial expert. Mr. Messina has worked in the capital markets as an investment banker, asset manager and entrepreneur in financial technology for 22+ years. He has an MBA in finance and strategy from the Australian Graduate School of Management, and over the years has worked on data services involved in corporate governance ratings, derivatives and fixed income markets and has extensive knowledge of valuation norms and accepted pricing conventions for a range of assets from the most liquid to the most illiquid.

Mr Clucas also serves on the Audit Committee. He qualified as a CMA in the United Kingdom and emigrated to Canada in 1970 to work for INCO Ltd where he rose to CFO of its Canadian Operations .In 1984 he left INCO and became involved in various public Exploration and Mine Development Companies. In 2006 he co-founded International Nickel Ventures and raised \$30 million and was and still listed on the Toronto Senior Exchange .In 2009 he became Chairman of Search Minerals and serves on the Audit Committee. He is familiar with all financial aspects of publicly listed companies including internal financial controls, corporate governance, compliance and financial reporting.

Mr. Douglas Ford. Mr. Ford has over thirty years experience as a venture capitalist and merchant banker. In his business background he has operated in senior operations roles and as a Chief Financial Officer of several publicly traded companies and private enterprises. In such roles, he has been responsible for all financial aspects of the entities including, internal financial controls, governance, compliance and financial reporting. He currently is CFO and Secretary of two companies listed on Canadian stock exchanges.

B. Code of Ethics

The Company has adopted a code of ethics applicable to its directors, principal executive officer, principal financial officer, principal accounting procedures, and persons performing similar functions. A copy of the Company's Code of Ethics will be made available to anyone who requests it in writing from the Company's head office.

C. Principal Accounting Fees and Services

(a) Audit Fees

Dale Matheson Carr-Hilton LaBonte, Chartered Accountants (DMCL) billed the Corporation \$20,500 as of December 31, 2016 (\$30,500 in the year ended December 31, 2015, \$23,460 in the year ended December 31, 2014, \$24,440 in the year ended December 31, 2013 \$19,420 in the year ended December 31, 2012, \$32,400 in the year ended December 31, 2011, \$28,815 in the year ended December 31, 2010; \$20,000 in 2009, \$12,000 in 2008, \$14,500 in 2007; \$13,000 in 2006; \$9,000 in 2005; and \$6,200 in 2004.

(b) Audit Related Fees

DMCL billed the \$2,000 - \$3,000 for audit related services in the year ended December 31, 2010; \$3,000 in 2009; \$nil in 2008; \$1,000 in 2007; \$nil in 2006, \$nil in 2005 and \$nil in 2004.

(c) Tax Fees

DMCL billed the Company \$1,250 for the tax year 2016, \$1,250 for the tax year 2015, \$1,500 for the tax year 2014, \$1,500 for the tax year 2013, \$1,500 for the tax year 2012, \$1,600 for the tax year 2011, and did not provide the Corporation with any professional services rendered for tax compliance, tax advice and tax planning in the years ended December 31, 2011, 2010, 2009, 2008, 2007, 2006 and 2005.

(d) All Other Fees

DMCL bill the Corporation \$14,500 for services in the year ended December 31, 2016, and nil in previous years.

(e) Audit Committee Pre-Approval Policies and Procedures

To ensure continuing auditor objectivity and to safeguard the independence of our auditors, our audit committee has determined a framework for the type and authorization of non-audit services which our auditors may provide. The audit committee has adopted policies for the pre-approval of specific services that may be provided by our auditors. The dual objectives of these policies are to ensure that we benefit in a cost effective manner from the cumulative knowledge and experience of our auditors, while also ensuring that the auditors maintain the necessary degree of independence and objectivity.

Our audit committee approved the engagement of Dale Matheson Carr-Hilton LaBonte to render audit and non-audit services before they were engaged by us.

D. Exemption From the Listing Standards for Audit Committees

Not Applicable

E Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not Applicable

ITEM 17. FINANCIAL STATEMENTS

The financial statements and notes thereto as required by Item 17 are attached hereto and found immediately after the text of this Registration Statement. The auditors' report of Dale Matheson Carr-Hilton LaBonte LLP, independent registered public accountants, on the audited financial statements and notes thereto is included immediately preceding the audited financial statements.

Independent Auditors' Report.

Statements of financial position as at December 31, 2016 and 2015.

Statements of comprehensive loss for the years ended December 31, 2016 and 2015.

Statement of changes in shareholders' equity for the years ended December 31, 2016, 2015 and 2014.

Statements of cash flows for the years ended December 31, 2016 and 2015.

Notes to the financial statements.

ITEM 18. FINANCIAL STATEMENTS

Not applicable. See Item 17. Financial Statements above.

ITEM 19. EXHIBITS

12.1 Certification of Chief Executive Officer pursuant to s.302 of the Sarbanes-Oxley Act of 2002

12.2 Certification of Chief Financial Officer pursuant to s.302 of the Sarbanes-Oxley Act of 2002

13.1 Certification of Chief Executive Officer pursuant to s.906 of the Sarbanes-Oxley Act of 2002

13.2 Certification of Chief Financial Officer pursuant to s.906 of the Sarbanes-Oxley Act of 2002

19.1 Management Discussion & Analysis as of April 18, 2017.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NORTH AMERICAN NICKEL INC

Date: April 18, 2017

By:

/s/ Keith Morrison

Name: Keith Morrison

Title: CEO as duly authorized signatory

NORTH AMERICAN NICKEL INC.

Consolidated Financial Statements

For the Year Ended December 31, 2016

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR S REPORT

To the Shareholders of North American Nickel Inc.

We have audited the accompanying consolidated financial statements of North American Nickel Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows 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 as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor s Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that cast substantial doubt about North American Nickel Inc.'s ability to continue as a going concern.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

April 18, 2017

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

	Notes	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash		\$ 630,482	\$ 524,923
Short-term investments	7	2,700,000	2,300,000
Receivables	8	26,283	65,367
Prepaid expenses and deposits		114,374	41,711
Total current assets		3,471,139	2,932,001
Non-current assets			
Property, plant and equipment	9	54,400	93,328
Exploration and evaluation assets	10	38,341,869	29,703,848
Reclamation deposit	10	14,327	-
Total non-current assets		38,410,596	29,797,176
Total assets		\$ 41,881,735	\$ 32,729,177
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11,14	\$ 181,348	\$ 249,604
Total current liabilities		181,348	249,604
SHAREHOLDERS EQUITY			
Share capital - preferred	13	590,931	590,931
Share capital - common	13	62,315,003	50,574,095
Reserve	12,13	2,766,591	5,134,560
Deficit		(23,972,138)	(23,820,013)
Total shareholders equity		41,700,387	32,479,573
Total liabilities and equity		\$ 41,881,735	\$ 32,729,177

Nature of continuance of operations (Note 1)
Subsequent events (Note 19)

APPROVED BY THE DIRECTORS:

/s/ Keith Morrison, Director
Keith Morrison

/s/ Doug Ford, Director
Doug Ford

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

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

	Notes	Year Ended December 31, 2016	Year Ended December 31, 2015
Expenses			
Amortization	9	\$ 41,979	\$ 72,675
Consulting	14	218,465	193,065
Filing fees		76,588	32,733
Investor relations		221,195	203,702
General and administrative	14	168,591	168,721
Management fees	14	755,686	603,953
Professional fees	14	127,780	197,790
Property investigation and port development	14	15,316	163,571
Salaries and benefits	14	290,458	232,626
Share-based payments	13, 14	308,464	258,567
Travel and accommodation		162,134	156,692
Loss before other items		(2,386,656)	(2,284,094)
Other items:			
Finance fee	12	(95,238)	-
Interest income		27,674	36,916
Interest on capital contribution loan	12	(264,452)	-
Foreign exchange loss		(158,037)	(141,791)
Total comprehensive loss for the year		\$ (2,876,709)	\$ (2,388,970)
Loss per common share - basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding			
- basic and diluted		269,778,932	188,384,506

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

NORTH AMERICAN NICKEL INC.
Consolidated Statement of Changes In Shareholder s Equity
(Expressed in Canadian Dollars)
For the years ended December 31,
2016 and 2015

	Notes	Number of shares	Share capital	Preferred Stock	Reserve	Deficit	Total
Balance at December 31, 2014		169,964,679	\$ 42,677,187	\$ 590,931	\$ 5,199,706	(21,715,130)	\$ 26,752,694
Net and comprehensive loss		-	-	-	-	(2,388,970)	(2,388,970)
Share capital issued - private placement	13	29,054,079	6,391,897	-	-	-	6,391,897
Share-based payments	13	-	-	-	258,567	-	258,567
Forfeited/expired stock options	12	-	-	-	(284,087)	284,087	-
Stock options exercised	13	1,149,000	172,350	-	(57,450)	-	114,900
Warrants exercised	13	7,461,748	1,566,967	-	-	-	1,566,967
Share issue costs	13,14	-	(234,306)	-	17,824	-	(216,482)
Balance at December 31, 2015		207,629,506	50,574,095	590,931	5,134,561	(23,820,013)	32,479,573
Net and comprehensive loss		-	-	-	-	(2,876,709)	(2,876,709)
Share capital issued - private placement	13	160,000,000	12,000,000	-	-	-	12,000,000
Finance fee	12,13,14	952,380	95,238	-	-	-	95,238
Capital contribution on issuance of loan	12,13	-	-	-	264,452	-	264,452
Capital contribution reallocation on settlement of loan	12,13	-	264,452	-	(264,452)	-	-
Forfeited/expired stock options	13	-	-	-	(911,321)	911,321	-
Share-based payments	13	-	-	-	308,464	-	308,464
Share issue costs	13,14	-	(618,782)	-	48,151	-	(570,631)
Expired warrants	13	-	-	-	(1,813,263)	1,813,263	-
Balance at December 31, 2016		368,581,886	\$ 62,315,003	\$ 590,931	\$ 2,766,591	(23,972,138)	\$ 41,700,387

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

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

	Year Ended December 31, 2016	Year Ended December 31, 2015
OPERATING ACTIVITIES		
Loss for the year	\$ (2,876,709)	\$ (2,388,970)
Items not affecting cash		
Amortization	41,979	72,675
Share-based payments	308,464	258,567
Finance fee	95,238	-
Interest expense on loan	264,452	-
Interest Income	(27,674)	(36,916)
	(2,194,250)	(2,094,644)
Changes in non-cash working capital items:		
Receivables	36,361	(37,348)
Prepaid expenses and deposits	(72,663)	(20,312)
Trade payables and accrued liabilities	(15,758)	(110,503)
Other:		
Interest received	30,397	65,324
Cash used in operating activities	(2,215,913)	(2,197,483)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(8,604,243)	(9,023,331)
Trade payables in the prior year for exploration and evaluation expenditures	(86,276)	-
Reclamation deposit	(14,327)	-
Short-term investments	(400,000)	3,700,000
Purchase of equipment	(3,051)	(137,662)
Cash used in investing activities	(9,107,897)	(5,460,993)
FINANCING ACTIVITIES		
Proceeds on issuance of common shares	12,000,000	6,391,897
Share issuance costs	(570,631)	(216,482)
Proceeds from exercise of warrants	-	1,566,967
Proceeds from exercise of options	-	114,900
Cash provided by financing activities	11,429,369	7,857,282
Increase in cash during the year	105,559	198,806
Cash at beginning of year	524,923	326,117
Cash at end of year	\$ 630,482	\$ 524,923

Supplemental cash flow information - (Note 15)

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

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1.

NATURE AND CONTINUANCE OF OPERATIONS

North American Nickel Inc. (the Company) was incorporated on September 23, 1983, under the laws of the Province of British Columbia, Canada. The head office, principal address and records office of the Company are located at PO Box 63623 Capilano, North Vancouver, British Columbia, Canada, and V7P 3P1. The Company's common shares trade on the TSX Venture Exchange (TSX-V) 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 consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The ability of the Company to continue operations as a going concern is ultimately dependent upon achieving profitable operations. To date, the Company has not generated profitable operations from its resource activities and will need to invest additional funds in carrying out its planned exploration, development and operational activities. These 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.

2.

SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements were approved by the board of directors on April 18, 2017.

Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable to the preparation of these financial statements.

Basis of preparation and functional currency

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The presentation and functional currency of the Company and its subsidiary is the Canadian dollar. All amounts in these consolidated financial statements are expressed in Canadian dollars, unless otherwise indicated.

Basis of consolidation

These consolidated financial statements include the accounts 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.

Subsidiaries are controlled by the Company. Control exists when the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control is lost.

2.

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

Intercompany transactions and balances between the Company and its subsidiary are eliminated in full on consolidation.

Foreign currency translation

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

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

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

Exploration and evaluation assets

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

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

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

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

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

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

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

2.

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

Restoration and environmental obligations

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

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

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

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

Impairment of assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets, are subject to impairment tests

whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

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

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

Financial instruments

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

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

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

2.

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

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

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

The Company has classified its trades payable as other financial liabilities. Subsequent to initial recognition, trades payable are measured at amortized cost using the effective interest rate method.

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

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

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

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period and does not include outstanding options and warrants. Dilutive loss per common share is not presented differently from basic loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

Income taxes

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

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

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

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

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

2.

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

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

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

Share-based payments

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

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also recognized over the remaining vesting period.

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

When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on

management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

Share capital

The Company's common shares, preferred shares and share warrants shares are classified as equity instruments.

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

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

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

2.

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

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

Equipment	Depreciation rate
Exploration equipment	20%
Computer software	50%
Computer equipment	55%

3.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company has not early adopted the following new standard and is currently assessing the impact that it will have on its future financial statements.

New standard IFRS 9 Financial Instruments

This new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement . IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial

statements.

4.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies.

On an on-going basis, management evaluates its judgements and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances, as the basis for its judgments and estimates. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates.

Critical Accounting Estimate

The following is the key estimate and assumption uncertainty that has a significant risk of resulting in a material adjustment within the next financial year.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by 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 an appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 13.

4.

USE OF ESTIMATES AND JUDGEMENTS (cont. d)

Critical Judgments Used in Applying Accounting Policies

Restoration provisions

Management's best estimates regarding the restoration provisions are based on the current economic environment. Changes in estimates of contamination, restoration standards and restoration activities result in changes to provisions from period to period. Actual restoration provisions will ultimately depend on future market prices for future restoration obligations. Management has determined that the Company does not have any significant restoration obligations as at December 31, 2016.

Going concern

Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative to do so. Assessment of the Company's ability to continue as a going concern requires the consideration of all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This information includes estimates of future cash flows and other factors, the outcome of which is uncertain. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern those uncertainties are disclosed.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances.

Management is required to assess impairment in respect of exploration and evaluation assets. The triggering events for exploration and evaluation asset impairment are defined in *IFRS 6 Exploration and Evaluation of Mineral Resources* and are as follows:

.

the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

.

substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

.

exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

.

sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of loss in the period the new information becomes available.

Income taxes

The Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that future taxable profits will be available against which they can be utilized.

5.

CAPITAL MANAGEMENT

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

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

There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not exposed to externally imposed capital requirements.

6.

FINANCIAL INSTRUMENT AND RISK MANAGEMENT

All financial instruments are measured in the statement of financial position at amortized cost. The carrying amount of the Company's financial instruments approximate their fair value due to the short term maturity of these instruments.

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

a)

Credit Risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash, short-term investments and receivables. Cash and short-term investments are held with one reputable Canadian chartered bank and are closely monitored by management. Financial instruments included in receivables consist primarily of GST recoverable from the Canadian government and interest earned on investments. Management believes that the credit risk concentration with respect to financial instruments included in cash, short-term investments and receivables is minimal.

b)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2016, the Company held cash of \$630,482 (2015 - \$524,923), and short-term investments of \$2,700,000 (2015 - \$2,300,000) and had current liabilities of \$181,348 (2015 - \$249,604). All of the Company's liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

c)

Market Risk

i)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company had cash balances and short-term investments, and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit worthiness of its banks. Interest rate risk is minimal.

ii)

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company operates

in Canada and Greenland and a portion of exploration and evaluation assets are incurred in US dollars, Euros and Danish Kroner. Consequently, the Company is exposed to foreign currency risk.

The Company's Canadian dollar equivalent of financial assets and liabilities that are denominated in Danish Kroner consist of accounts payable of \$23,086 (2015 - \$3,029).

6.

FINANCIAL INSTRUMENT AND RISK MANAGEMENT (con d)

iii)

Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

7.

SHORT-TERM INVESTMENTS

Short-term investments are comprised of a highly liquid Canadian dollar denominated guaranteed investment certificate with an initial term to maturity greater than ninety days, but not more than one year, that is readily convertible to a contracted amount of cash. The counter-party is a Canadian financial institution. At December 31, 2016, the instrument was yielding an annual interest rate of 1.10% - 1.20% (2015 - 0.90% - 1.20%). The fair market value of the Company's short-term investment approximates its carrying value at the balance sheet dates..

8.

RECEIVABLES

	December 31, 2016	December 31, 2015
Sales taxes receivable	\$ 17,038	\$ 53,732
Interest receivable	8,911	11,635
Other receivable	334	-
	\$ 26,283	\$ 65,367

9.

EQUIPMENT

	Exploration Equipment		Computer Equipment		Computer Software		Total
Cost:							
At December 31, 2015	\$ 46,674	\$	7,141	\$	135,881	\$	189,696
Additions	-		3,051		-		3,051
At December 31, 2016	\$ 46,674	\$	10,192	\$	135,881	\$	192,747
Amortization:							
At December 31, 2015	\$ 27,668	\$	3,592	\$	65,108	\$	96,368
Charge for the year	3,801		2,791		35,387		41,979
At December 31, 2016	\$ 31,469	\$	6,383	\$	100,495	\$	138,347
Net book value:							
At December 31, 2016	\$ 15,205	\$	3,809	\$	35,386	\$	54,400

9.

EQUIPMENT (cont. d)

	Exploration Equipment	Computer Equipment	Computer Software	Total
Cost:				
At December 31, 2014	\$ 46,674	\$ -	\$ 5,360	\$ 52,034
Additions	-	7,141	130,521	137,662
At December 31, 2015	\$ 46,674	\$ 7,141	\$ 135,881	\$ 189,696
Amortization:				
At December 31, 2014	\$ 18,333	\$ -	\$ 5,360	\$ 23,693
Charge for the year	9,335	3,592	59,748	72,675
At December 31, 2015	\$ 27,668	\$ 3,592	\$ 65,108	\$ 96,368
Net book value:				
At December 31, 2015	\$ 19,006	\$ 3,549	\$ 70,773	\$ 93,328

10.

EXPLORATION AND EVALUATION ASSETS

	Canada Post Creek Property	Halcyon Property	United States Section 35 Property	Greenland Maniitsoq Property	Total
Acquisition					
Balance, December 31, 2015	\$ 258,000	\$ 198,000	\$ -	\$ 11,497	\$ 467,497
Acquisition costs - cash	10,000	8,000	2,656	8,942	29,598
Balance, December 31, 2016	268,000	206,000	2,656	20,439	497,095
Exploration					
Balance, December 31, 2015	1,005,504	147,650	-	28,083,197	29,236,351
Administration	-	-	-	131,808	131,808

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Camp costs	-	-	-	2,160,232	2,160,232
Charter aircraft	-	-	-	2,472,235	2,472,235
Corporate social responsibility	-	-	-	62,736	62,736
Drilling expenses	573	-	-	1,799,029	1,799,602
Environment, health & safety	-	-	-	1,690	1,690
Geology	77,529	25,524	-	857,990	961,043
Geophysics	-	-	-	953,818	953,818
Remote sensing	-	-	-	67,903	67,903
Technical Studies (recovery)	1,188	132	-	(3,964)	(2,644)
	1,084,794	173,306	-	36,586,674	37,844,774
Total, Balance December 31, 2016	\$ 1,352,794	\$ 379,306	\$ 2,656	\$ 36,607,113	\$ 38,341,869

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10.

EXPLORATION AND EVALUATION ASSETS (cont. d)

	Post Creek Property	Canada	Halcyon Property	Greenland Maniitsoq Property	Total
Acquisition					
Balance, December 31, 2014	\$ 238,000	\$	179,000	\$	11,497
Acquisition costs - cash	20,000		19,000	-	39,000
Balance, December 31, 2015	258,000		198,000	11,497	467,497
Exploration					
Balance, December 31, 2014	976,009		118,233	19,095,015	20,189,257
Administration	-		-	231,500	231,500
Assay and sampling	-		-	187,774	187,774
Camp costs	-		-	1,945,505	1,945,505
Charter aircraft	-		-	2,712,656	2,712,656
Claim fees and assessment fees	458		686	1,135	2,279
Consulting services	26,976		8,200	1,328,844	1,364,020
Drilling expenses	-		-	542,346	542,346
Equipment and supplies	335		20,531	201,430	222,296
Equipment rental	-		-	12,747	12,747
Environment, health & safety	-		-	4,300	4,300
Geophysics	-		-	1,229,367	1,229,367
Licenses and fees	-		-	9,180	9,180
Shipping and printing costs	-		-	110,061	110,061
Survey costs	-		-	33,659	33,659
Storage	-		-	8,422	8,422
Technical Studies	-		-	79,020	79,020
Telephone	-		-	681	681
Travel and accommodation	1,726		-	349,555	351,281
	1,005,504		147,650	28,083,197	29,236,351
Total, December 31, 2015	\$ 1,263,504	\$	345,650	\$	28,094,694
				\$	29,703,848

10.

EXPLORATION AND EVALUATION ASSETS (cont. d)

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

Post Creek

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

On April 5, 2010 and as amended on March 12, 2013, the Company entered into an option agreement to acquire a 100% interest in the Post Creek Property, subject to certain net smelter return royalties (NSR) and advance royalty payments. To December 31, 2015, the Company has completed the required consideration and acquired its interest in the Post Creek Property. Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$10,000 per annum, totalling \$10,000 during the year ended December 31, 2016 (paid) (2015 - \$5,000), the total of which will be deducted from any payments to be made under the NSR.

During the year ended December 31, 2016, the Company incurred exploration expenditures totalling \$79,290 (2015 - \$29,495) on the Post Creek Property.

Halcyon

On April 5, 2010 and as amended on March 12, 2013, the Company entered into an option agreement to acquire rights to Halcyon Property, subject to certain NSR and advance royalty payments. To December 31, 2015, the Company has completed the required consideration and acquired its interest in the Halcyon Property. Commencing August 1, 2015, the Company is obligated to pay advances on the NSR of \$8,000 per annum, totalling \$8,000 (paid) during the year ended December 31, 2016 (2015 - \$4,000), the total of which will be deducted from any payments to be made under the NSR.

During the year ended December 31, 2016, the Company incurred \$25,656 (2015 - \$29,417) in exploration expenditures on the Halcyon Property.

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 licence period (years 6-10), and the Company may apply for a further 3-year licence for years 11 to 13. Thereafter, the Company may apply for additional 3-year licences 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.

10.

EXPLORATION AND EVALUATION ASSETS (cont d)

Maniitsoq (cont d)

Sulussugut License

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 (Danish Kroner (DKK) 31,400) upon granting of the *Sulussugut License*. The *Sulussugut License* was valid for 5 years until December 31, 2015, with December 31, 2011 being the first year. The application for another 5 year term on the *Sulussugut License* was submitted to the Greenland Mineral Licence & Safety Authority (MLSA) which was effective on April 11, 2016, with December 31, 2016 being the sixth year.

To December 31, 2015, under the terms of the preliminary license, the Company completed the exploration requirements of an estimated minimum of DKK 83,809,340 (approximately CDN \$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 can be carried forward until 2019. Under the terms of the second license period, the Company has no minimum required exploration for the year ended December 31, 2016. As of December 31, 2016, the Company has spent \$33,873,399 on exploration costs for the *Sulussugut License* (2015 - \$26,115,831).

The Company was obligated to pay a licence fee of \$7,982 (DKK 40,400) during the year ended December 31, 2016. The license fee provides for renewal of the *Sulussugut License* until 2010.

Under the terms of the preliminary *Sulussugut License* the Company was obligated to reduce the area of the license by at least 30%, which was accomplished.

During the year ended December 31, 2016, the Company had approved exploration expenditures of DKK 61,109,484 (approximately CDN \$12,032,457) which puts the total carried credits for the *Sulussugut License* at DKK

161,413,194 (approximately CDN \$31,381,838).

Ininngui License

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* is valid for 5 years until December 31, 2016, with December 31, 2012 being the first year. The *Ininngui License* is contiguous with the *Sulussugut License*.

To December 31, 2016, the Company's expenditures exceeded the minimum requirement and the Company has a surplus of DKK 15,677,358 (approximately CDN \$3,044,289), and the Company was granted a credit for the excess, which may be used towards future expense requirements on the *Ininngui License* until years 2018 DKK 2,611,317, 2019 DKK 6,276,098 and 2020 DKK 6,789,943, and should the Company be granted an extension on the exploration license. The required minimum exploration expenditures on the *Ininngui License* for year 5, ending December 31, 2016 is DKK 2,714,680 (approximately CDN \$534,520). As of December 31, 2016, the Company has spent \$2,721,257 on exploration costs for the *Ininngui License* (2015 - \$1,967,366).

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 to December 31, 2016, the Company has not used the procedure for the license.

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* require an annual rental fee at a rate of US \$3.00 per acre for years 1-5 and at a rate of US \$6.00 per acre for years 6-10. The Company shall pay a minimum royalty at a rate of US \$10.00 per acre for the 11th year onwards, with an increase of an additional US \$5.00 per acre per year up to a maximum of US \$55.00 per acre per year. A production royalty of between 2% - 2.5% is payable from production of minerals and/or mineral products from an established mining operation area. The Company paid the first year rental fee and the required reclamation deposit of \$14,327 (US \$10,000). The Department of Natural Resources shall annually review the level of the reclamation deposit and shall require the amount to be increased or decreased to reflect changes in the cost of future reclamation of the leased premises.

11.**TRADE PAYABLES AND ACCRUED LIABILITIES**

	December 31, 2016	December 31, 2015
Trade payables	\$ 133,289	\$ 164,057
Amounts due to related parties (Note 14)	2,000	24,026
Accrued liabilities	46,059	61,521
	\$ 181,348	\$ 249,604

12.**LOAN PAYABLE**

On April 22, 2016, the Company issued a term note to Sentient Executive GP IV Limited (Sentient) and received a loan of \$4,500,000 (the Loan). The Loan was due on April 30, 2017 and was made on an interest free basis. Sentient is a significant shareholder of the Company.

Following the guidance of IFRS 13 Fair Value Measurements and IAS 39 Financial Instruments: Recognition and Measurement, the Company discounted the Loan at an interest rate of 15% per annum, being the estimated market rate. Accordingly, upon issuance, the Company recorded an amount of \$264,452 to reserves, which was to be amortized as interest expense over the term of the Loan.

Under the terms of the Loan, Sentient had the right, at its option, to require early pre-payment in the event that, during the term of the Loan, the Company successfully completed an issuance of common shares to third parties for gross proceeds of not less than \$2,000,000. In the event the maximum offering amount is raised, being \$12 million, Sentient was required to be repaid the full loan of \$4,500,000. During the year ended December 31, 2016, the Company closed private placements (Note 13), which triggered full repayment of the Loan. The Company repaid the Loan and, accordingly, the full amount of \$264,452 was reallocated to share capital on settlement and recorded on the statement of comprehensive loss as interest expense.

The Company also issued Sentient 952,380 common shares, at a fair value of \$95,238, as a finance fee for advancing the Loan.

13.

SHARE CAPITAL

a)

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

b)

Common shares issued and outstanding

Year ended December 31, 2016:

On April 28, 2016 the Company issued 952,380 common shares at a fair value of \$95,238, as a finance fee (Note 12).

On July 21, 2016, the Company closed a private placement of 92,668,907 units at a price of \$0.075 per unit for gross proceeds of \$6,950,168. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase an additional common share at a price of \$0.12 per share until July 21, 2018. Share issuance costs of \$570,631 were incurred in connection with the private placement. The Company also issued 1,203,695 agent's warrants, exercisable at \$0.075 per warrant until July 21, 2018. The Company allocated a fair value of \$48,151 to the agent's warrants under the Black-Scholes Option Pricing Model with the following assumptions: expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.57% and an expected volatility of 91.06%. The Company also granted the agent an overallotment option, which expired unexercised.

On September 12, 2016, the Company closed a private placement and issued 67,331,093 units at a price of \$0.075 per unit for gross proceeds of \$5,049,832. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase an additional common share at a price of \$0.12 per share until September 12, 2018.

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13.

SHARE CAPITAL (cont d)

b)

Common shares issued and outstanding (cont d)

Year ended December 31, 2015:

The Company issued 1,149,000 common shares for stock options exercised at \$0.10 per share for proceeds of \$114,900. The Company reallocated \$57,450 from share-based payments reserve to share capital upon exercise.

The Company issued 7,461,748 common shares for warrant exercises at \$0.21 per share for proceeds of \$1,566,967.

On July 20, 2015, the Company closed a private placement of 29,054,079 units at a price of \$0.22 per unit for proceeds of \$6,391,897. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the purchaser to purchase an additional common share at a price of \$0.30 per share until July 20, 2017. Share issuance costs of \$216,482 were incurred in connection with the private placement. The Company also issued 251,370 broker's warrants, exercisable at \$0.30 per warrant until July 20, 2017. The Company allocated a fair value of \$17,824 to the broker's warrants under the Black-Scholes Option Pricing Model with the following assumptions: expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.42% and an expected volatility of 89.61%.

c)

Preferred shares issued and outstanding

At December 31, 2016, there are 590,931 (2015 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 \$0.90.

d)

Warrants

A continuity schedule of outstanding common share purchase warrants at December 31, 2016 is as follows:

	December 31, 2016		December 31, 2015	
	Number	Weighted Average	Number	Weighted Average
	Outstanding	Exercise Price	Outstanding	Exercise Price
Outstanding, beginning of year	27,738,344	\$ 0.49	25,137,030	\$ 0.47
Issued	81,203,692	0.12	14,778,344	0.12
Cancelled/ Expired	(12,960,000)	0.71	(4,715,282)	0.21
Exercised	-	-	(7,461,748)	0.21
Outstanding, end of year	95,982,036	\$ 0.15	27,738,344	\$ 0.49

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13.

SHARE CAPITAL (cont d)

d)

Warrants (cont d)

At December 31, 2016, the Company had outstanding common share purchase warrants exercisable to acquire common shares of the Company as follows:

Warrants		Weighted Average remaining contractual		
Outstanding	Expiry Date	Exercise Price	life (in years)	
14,778,344	July 20, 2017	\$ 0.30	0.55	
46,334,451	July 21, 2018 *	\$ 0.12	1.55	
1,203,695	July 21, 2018	\$ 0.075	1.55	
33,665,546	September 12, 2018 *	\$ 0.12	1.70	
95,982,036			1.45	

* The warrants are subject to an acceleration clause such that if the volume-weighted average trading price of the Company's common shares on the TSX-V exceeds \$0.18 per common share for a period of 10 consecutive trading days at any date before the expiration date of such warrants, the Company may, at its option, accelerate the warrant expiry date to within 30 days. To December 31, 2016, the Company's common shares have not met the criterion for acceleration.

e)

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.

The changes in stock options during the year ended December 31, 2016 are as follows:

	December 31, 2016		December 31, 2015	
	Number	Weighted Average	Number	Weighted Average
	Outstanding	Exercise Price	Outstanding	Exercise Price
Outstanding, beginning of year	9,872,500	\$ 0.37	12,548,000	\$ 0.31
Granted	6,058,000	0.21	1,350,000	0.25
Cancelled/ Expired	(3,107,500)	0.34	(2,876,500)	0.11
Exercised	-	-	(1,149,000)	0.10
Outstanding, end of year	12,823,000	\$ 0.30	9,872,500	\$ 0.37

During the year ended December 31, 2016, the Company granted 6,058,000 incentive stock options to employees, directors and consultants with a maximum term of 5 years. All stock options were fully vested during the year. The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The granting of these options resulted in a stock-based compensation expense of \$283,158. The Company recorded a further \$25,306 in stock-based compensation for previously issued stock options that vested during the year.

During the year ended December 31, 2015, the Company granted 1,350,000 incentive stock options to employees, directors and consultants with a maximum term of 5 years. Of the total, 200,000 options granted to a consultant vest 25% every 3 months and all other options vested immediately. The Company calculates the fair value of all stock options using the Black-Scholes Option Pricing Model. The granting of these options resulted in a stock-based compensation expense of \$231,603. The Company recorded a further \$26,964 in stock-based compensation for previously issued stock options that vested during the year.

13.

SHARE CAPITAL (cont d)

e)

Stock options (cont d)

The fair value of stock options granted and vested during the year ended December 31, 2016 was calculated using the Black-Scholes options pricing model with the following weighted-average assumptions:

	December 31, 2016	December 31, 2015
Expected dividend yield	0%	0%
Expected share price volatility	110.6%-113.17%	157.90% - 170.53%
Risk-free interest rate	0.68% - 0.79%	0.64% - 0.79%
Expected life of options	5 years	5 years

Details of options outstanding as at December 31, 2016 are as follows:

Options	Options	Weighted Average	Exercise	remaining contractual
Outstanding	Exercisable Expiry Date	Price	life (in years)	
1,240,000	1,240,000 August 13, 2017	\$ 0.24		0.06
150,000	150,000 January 15, 2018	\$ 0.15		0.01
200,000	200,000 April 22, 2018	\$ 0.15		0.02
150,000	150,000 July 29, 2018	\$ 0.20		0.02
200,000	200,000 September 30, 2018	\$ 0.37		0.03
2,440,000	2,440,000 July 9, 2019	\$ 0.62		0.48
200,000	200,000 August 27, 2019	\$ 0.32		0.04
100,000	100,000 September 26, 2019	\$ 0.26		0.02
350,000	350,000 November 5, 2019	\$ 0.21		0.08
1,000,000	1,000,000 December 19, 2019	\$ 0.22		0.23
900,000	900,000 February 3, 2020	\$ 0.275		0.22

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450,000	450,000	October 5, 2020	\$ 0.20	0.13
5,443,000	5,443,000	January 28, 2021	\$ 0.21	1.73
12,823,000	12,823,000			3.07

f)

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 year ended December 31, 2016, 1,275,000 stock options (2015 Nil) and 12,960,000 warrants (2015 Nil) expired unexercised. Accordingly, the Company transferred \$2,724,584 (2015 - \$Nil) from the reserve to deficit.

The Company initially recorded an amount of \$264,452 to the reserve, which was amortized as interest expense over the term of the Loan and reallocated to share capital upon settlement (Note 12)..

14.

RELATED PARTY TRANSACTIONS

Related party balances - The following amounts due to related parties are included in trade payables and accrued liabilities (Note 11):

	December 31, 2016	December 31, 2015
Directors and officers of the Company	\$ 2,000	\$ 8,100
Companies controlled by directors of the Company	-	15,926
	\$ 2,000	\$ 24,026

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

Related party transactions

During the year ended December 31, 2016, the Company recorded \$15,885 (2015 - \$35,794) in rent and utilities expense to VMS Ventures Inc. a company that was a significant shareholder and related through common directors, which is included in general and administrative expense.

During the year ended December 31, 2016, the Company recorded \$346,768 (2015 - \$216,895) in fees charged by a legal firm in which the Company's chairman is a consultant. The fees have been allocated as \$91,825 (2015 - \$182,305) in legal fees and \$254,943 (2015 - \$34,590) in share issuance costs.

During the year ended December 31, 2016, one significant shareholder acquired 120,428,939 (2015 - 25,448,503) common shares. The common shares were acquired as to 952,380 common shares (2015 - Nil) at a fair value of \$95,238 (2015 - \$Nil) as a finance fee (Note 12) and 119,476,559 (2015 - 25,448,503) common shares as part of the private placements at a price of \$8,960,742 (2015 - \$5,124,010) (Note 13).

At December 31, 2016, Sentient holds more than 50% of the Company's issued and outstanding common shares.

Related party transactions - Key management personnel compensation:

	Year ended December 31, 2016	Year ended December 31, 2015
Geological consulting fees - expensed	\$ 5,370	\$ 72,104
Geological consulting fees - capitalized	44,010	94,039
Management fees - expensed	755,686	546,962
Property investigation - expensed	1,081	-
Salaries - expensed	102,788	77,333
Stock-based compensation	186,170	35,794
	\$ 1,095,105	\$ 826,232

15.

SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2016, the Company:

i)

recorded \$264,452 to reserves, which was subsequently reallocated to share capital and amortized as interest expense over the term of the Loan (Note 12);

ii)

transferred \$2,724,584 from reserve to deficit (Note 13);

iii)

recorded \$48,151 in fair value of agent's warrants to share issuance costs (Note 13); and

iv)

recorded \$33,778 in accrued exploration and evaluation expenditures.

During the year ended December 31, 2015, the Company:

i)

transferred \$284,087 from reserve to deficit (Note 13); and

ii)

recorded \$86,276 in accrued exploration and evaluation expenditures.

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16.

COMMITMENTS

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)

Management fees: \$27,083 per month effective December 2014.

ii)

COO fees: \$10,000 per month effective January 2015 to May 2015.

iii)

Directors fees: \$2,000 stipend per month for independent directors and \$3,000 stipend per month for the chairman of the board.

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.

17.

SEGMENTED INFORMATION

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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 10). The Company's geographic segments are as follows:

	December 31,	December 31,
	2016	2015
Equipment	\$	
Canada	39,196	\$ 74,322
Greenland	15,204	19,006
	\$ 54,400	\$ 93,328
Exploration and evaluation assets		
Canada	\$ 1,732,100	\$ 1,609,154
Greenland	36,607,113	28,094,694
United States	2,656	-
	\$ 38,341,869	\$ 29,703,848

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18.

INCOME TAXES

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

	Year ended December 31, 2016	Year ended December 31, 2015
Net loss	\$ (2,876,709)	\$ (2,388,970)
Statutory tax rate	26.0%	26.0%
Expected income tax recovery at the statutory tax rate	\$ (747,944)	\$ (621,132)
Permanent differences and other	(79,769)	6,308
Change in valuation allowance	827,713	614,824
Net deferred Income tax recovery	\$ -	\$ -

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

	December 31, 2016	December 31, 2015
Exploration and evaluation assets	\$ 13,673	\$ 10,604
Loss carry-forwards	2,365,726	1,660,698
Share issuance costs	174,995	66,293
Cumulative eligible capital	32,372	32,372
Equipment	90,775	79,861
	2,677,541	1,849,828
Valuation allowance	(2,677,541)	(1,849,828)
Net deferred tax asset	\$ -	\$ -

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

Canadian	Canadian	Canadian	Canadian
non-capital	net-capital losses	resource	share issue

	losses		pools		costs
2030	\$ 695,500	\$ -	\$ -	\$ -	-
2031	517,383	-	-	-	-
2032	645,332	-	-	-	-
2033	847,020	-	-	-	-
2034	1,484,420	-	-	-	-
2035	2,140,932	-	-	-	-
2036	2,711,646	-	-	-	-
No expiry	-	56,712	38,408,785	673,059	
	\$ 9,042,233	\$ 56,712	\$ 38,408,785	\$ 673,059	

19.**SUBSEQUENT EVENTS**

Subsequent to December 31, 2016:

a)

the Company granted 8,137,500 incentive stock options to certain directors, officers, employees and consultants of the Company at a price of \$0.12 per common share for a period of 5 years;

b)

the Company entered into a Drilling Contract (the Contract), on March 25, 2017, for services set to commence on or after June 1, 2017. A break fee of \$200,000 is payable by the Company, if the Company elects to terminate the Contract prior to June 1, 2017; and

c)

the Company filed a preliminary short form prospectus in connection with a proposed marketed offering of units of the Company for gross proceeds of up to \$15,000,000. The offering will be priced in the context of the market with the specifics of the offering to be determined at the time of pricing.