



**NICKEL NORTH EXPLORATION CORP.**

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(Unaudited –Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT**

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**NICKEL NORTH EXPLORATION CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019 AND DECEMBER 31, 2018**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	Note	March 31, 2019	December 31, 2018
			(Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 46,777	\$53,889
Sales tax recoverable and other receivables		1,645	7,127
Prepaid expenses and deposits		3,369	5,706
Restricted cash	5	28,750	28,750
<b>Total current assets</b>		80,541	95,472
Equipment	6	6,753	6,968
Exploration and evaluation assets	7	10,769,563	10,761,711
<b>Total assets</b>		\$ 10,856,857	\$10,864,151
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts and other payables	8/10	\$ 167,702	\$100,843
Loan payable	10	915,471	893,470
<b>Total current liabilities</b>		1,083,173	994,313
Deferred income tax liabilities		194,574	194,574
<b>Total liabilities</b>		1,277,747	1,188,887
<b>Equity</b>			
Share capital	9	11,101,459	11,101,459
Contributed surplus		736,112	736,112
Deficit		(2,258,461)	(2,162,307)
<b>Total equity</b>		9,579,110	9,675,264
<b>Total liabilities and equity</b>		\$ 10,856,857	\$10,864,151

**Going concern (Note 2)**

The financial statements were approved and authorized for issue by the board of directors on May 29, 2019 and were signed on behalf by:

\_\_\_\_\_  
“Jingbin Wang”  
Director

\_\_\_\_\_  
“Yingting Guo”  
Director

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

**NICKEL NORTH EXPLORATION CORP.**  
**CONDENSED STATEMENTS OF COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	Note	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
<b>EXPENSES</b>			
Bank charges and interest		\$ 22,248	\$ 11,982
Consulting fees	10	32,313	32,313
Depreciation		215	215
Legal		2,407	200
Media and conference		950	-
Office administration and miscellaneous		4,620	4,798
Transfer agent and filing fees		6,027	6,040
Travel and promotion		46	1,267
Wages and benefits		27,500	29,457
		(96,326)	(86,272)
<b>OTHER ITEMS</b>			
Interest and other income(expenses)		(172)	(47)
		(172)	(47)
<b>Net and comprehensive loss for the period</b>		\$ (96,154)	\$ (86,319)
<b>Basic and diluted loss per common share</b>		\$ (0.00)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>		76,518,747	76,518,747

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

**NICKEL NORTH EXPLORATION CORP.**  
**CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, January 1, 2018	76,518,747	\$ 11,101,459	\$ 736,112	\$(1,883,684)	\$ 9,953,887
Comprehensive loss for the period	-	-	-	(86,319)	(86,319)
Balance, March 31, 2018	76,518,747	\$ 11,101,459	\$ 736,112	\$(1,970,003)	\$ 9,867,568
Comprehensive loss for the period	-	-	-	(192,304)	(192,304)
Balance, December 31, 2018	76,518,747	\$ 11,101,459	\$ 736,112	\$(2,162,307)	\$ 9,675,264
Comprehensive loss for the period	-	-	-	(96,154)	(96,154)
Balance, March 31, 2019	76,518,747	\$ 11,101,459	\$ 736,112	\$(2,258,461)	\$ 9,579,110

The accompanying notes are an integral part of these condensed interim financial statements

**NICKEL NORTH EXPLORATION CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (96,154)	\$ (86,319)
Items not affecting cash:		
Depreciation	215	215
Accrued interest on loan	22,001	11,835
Changes in non-cash working capital items:		
Sales tax recoverable and other receivables	5,482	10,258
Prepaid expenses and deposits	2,337	2,712
Account and other payables	64,239	32,271
Net cash used in operating activities	(1,880)	(29,028)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Exploration and evaluation assets, net	(5,232)	(15,431)
Net cash used in investing activities	(5,232)	(15,431)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	-	-
<b>Change in cash and cash equivalents during the period</b>	<b>(7,112)</b>	<b>(44,459)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>53,889</b>	<b>116,494</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 46,777</b>	<b>\$ 72,035</b>

Supplemental cash flow information (Note 12)

The accompanying notes are an integral part of these condensed interim financial statements

## **NICKEL NORTH EXPLORATION CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
(Unaudited – Prepared by Management)  
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### **1. NATURE OF BUSINESS**

Nickel North Exploration Corp. (the “Company”) was incorporated under the laws of British Columbia, Canada on February 27, 2007 as Orient Ventures Capital Inc. and changed its name to Nickel North Exploration Corp. on July 30, 2012. The Company maintains its registered and head office at Suite 1100, 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5.

The Company is currently engaged in the acquisition, exploration and evaluation of mineral property interests in Canada. The Company’s common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “NNX”.

### **2. BACKGROUND AND BASIS OF PREPARATION**

#### **Basis of preparation**

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standard Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a completed set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

#### **Basis of measurement**

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

#### **Going concern**

The Company is an exploration stage company. At present, the Company’s operations do not generate cash flow. As at March 31, 2019, the Company had a working capital deficiency of \$1,002,632 and an accumulated deficit of \$2,258,461. The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in the near future, which raises significant doubt about the Company’s ability to continue as a going concern. The directors, after reviewing the current cash position and having considered the Company’s ability to raise funds in the short term, believe that the going concern basis is appropriate in preparing its financial statements.

These financial statements do not include adjustments that would be required if going concern was not deemed an appropriate basis for preparation of the financial statements. These adjustments could be material.

#### **Use of estimates and judgements**

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period.

## **NICKEL NORTH EXPLORATION CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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### **2. BACKGROUND AND BASIS OF PREPARATION (continued)**

Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

Actual results could differ from these estimates. Significant areas requiring the use of management estimates and judgments include:

- i) The assessment of indications of impairment for exploration and evaluation assets and the measuring of the recoverable amount when impairment tests have been prepared involve judgment and estimates.
- ii) The determination of the fair value of stock options or warrants using stock option pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimates.
- iii) The determination of deferred income tax assets or liabilities requires judgment regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- iv) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements.
- v) The recognition of provisions for restoration, rehabilitation and environmental obligations.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out in the Company's annual financial statements for the year ended December 31, 2018 were consistently applied to all the periods presented unless otherwise noted below.

#### **Adoption of new accounting standards effective January 1, 2019**

**IFRS 16 Leases** - In June 2016, the IASB issued IFRS 16 – Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

There was no significant impact on the Company's financial statements from the adoption of IFRS 16.



**NICKEL NORTH EXPLORATION CORP.**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**4. CASH AND CASH EQUIVALENTS**

	March 31, 2019	December 31, 2018
Cash	\$ 46,777	\$ 13,889
Guaranteed investment certificates	-	40,000
	<u>\$ 46,777</u>	<u>\$ 53,889</u>

As at December 31, 2018, the Company's guaranteed investment certificate of \$40,000 bears interest at 1.3% per annum and matures in 2019.

**5. RESTRICTED CASH**

The Company has provided corporate credit cards to its directors with a credit limit totalling \$25,000 to pay the Company's expenses. As collateral for the credit cards, the Company has a one-year term deposit of \$28,750 earning annual interest at the prime rate minus 2% per annum. As at March 31, 2019, the credit cards had a payable balance of \$11,752 (December 31, 2018 – \$343) in total.

**6. EQUIPMENT**

	Office Equipment
<b>Cost</b>	
Balance as at January 1, 2018	\$ 15,100
Addition	-
Balance as at December 31, 2018	15,100
Addition	-
Balance as at March 31, 2019	<u>\$ 15,100</u>
<b>Accumulated depreciation</b>	
Balance as at January 1, 2018	\$ 7,021
Depreciation for the year	1,111
Balance as at December 31, 2018	8,132
Depreciation for the period	215
Balance as at March 31, 2019	<u>\$ 8,347</u>
<b>Net book value</b>	
Net book value as at December 31, 2018	\$ 6,968
Net book value as at March 31, 2019	<u>\$ 6,753</u>

**NICKEL NORTH EXPLORATION CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
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**7. EXPLORATION AND EVALUATION ASSETS**

	December 31, 2017	Additions	December 31, 2018	Additions	March 31, 2019
<b>Hawk Ridge Property, Quebec</b>					
Acquisition costs					
Option payments	\$ 2,817,657	\$ -	\$ 2,817,657	\$ -	\$ 2,817,657
Other property costs	214,384	9,295	223,679	4,420	228,099
	3,032,041	9,295	3,041,336	4,420	3,045,756
Exploration costs					
Accommodation/camp	654,291	-	654,291	-	654,291
Assays	597,146	9,528	606,674	2,382	609,056
Drilling	1,919,144	-	1,919,144	-	1,919,144
Field supplies	823,250	-	823,250	-	823,250
Geological consulting	2,487,656	12,250	2,499,906	1,050	2,500,956
Miscellaneous	329,053	-	329,053	-	329,053
Transportation	1,740,024	-	1,740,024	-	1,740,024
Travel	365,263	-	365,263	-	365,263
	8,915,827	21,778	8,937,605	3,432	8,941,037
Exploration prepayment	-	-	-	-	-
Mining exploration tax credits	(1,217,231)	-	(1,217,231)	-	(1,217,231)
Balance, end of the period	10,730,637	31,073	10,761,710	7,852	10,769,562
<b>Nairn Property, Ontario</b>					
Acquisition costs	242,182	-	242,182	-	242,182
Exploration costs					
Geological consulting	650	-	650	-	650
Miscellaneous	5,460	-	5,460	-	5,460
	248,292	-	248,292	-	248,292
Impairment	(248,291)	-	(248,291)	-	(248,291)
Balance, end of the period	1	-	1	-	1
<b>Total balance, end of the period</b>	<b>\$ 10,730,638</b>	<b>\$ 31,073</b>	<b>\$ 10,761,711</b>	<b>\$ 7,852</b>	<b>\$ 10,769,563</b>

## **NICKEL NORTH EXPLORATION CORP.**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

#### Hawk Ridge Property:

On March 29, 2012, the Company entered into an option agreement with Anthem Resources Inc. (“Anthem”) and its wholly-owned subsidiary (together the “Optionors”), which was subsequently amended on May 15, 2012 (the “First Amendment”), on February 15, 2013 (the “Second Amendment”), and on April 17, 2013 (the “Third Amendment”) whereby the Optionors granted the Company an option to acquire a 100% interest in the Hawk Ridge Ni-Cu-PGE Project in Northern Quebec (the “Hawk Ridge Property”) by making staged payments totaling \$2,000,000 in cash, \$907,919 equivalent in common shares of the Company and \$92,081 by services in kind to Anthem by December 31, 2013 as follows:

- Pay \$500,000 in cash (paid) and \$250,000 in common shares (issued) within five business day of TSX-V final approval of the transaction;
- Pay \$500,000 in cash (paid) and \$250,000 in common shares (issued) by December 31, 2012; and
- Pay \$1,000,000 in cash (reduced by \$92,081 for 20% of geophysical survey costs paid by the Company) and issue \$500,000 in common shares (\$500,000 divided by the greater of (A) the price per consideration share (“Share”), equal to 10% discount to the Share’s moving average trading price for the 20 day period immediately preceding the date of issuance, and (B) \$0.20) on or before December 31, 2013 (issued).

During the year ended December 31, 2013, under the Third Amendment, in lieu of paying \$1,000,000 in cash on or before December 31, 2013, the Company issued to the Optionors 3,631,675 units (the “Conversion Units”) equal to \$907,919 (\$1,000,000 less \$92,081 for the geophysical survey costs) divided by \$0.25 per Conversion Unit. Each Conversion Unit consists of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one additional common share for a period of two years, at an exercise price of \$0.35 per share in the first year and \$0.60 per share in the second year. In addition, the Company issued 2,500,000 common shares equal to \$500,000 divided by the greater of \$0.20 or a 10% discount to the 20 day moving average trading price of the Company for the 20 day period immediately preceding the date of issuance.

On May 1, 2013, the Company has fulfilled all option payments and acquired 100% ownership of the Hawk Ridge Property.

The property is subject to a 3% net smelter returns royalty (“NSR”) and the Company has the option to purchase one-third of the NSR (1%) for \$1,000,000.

The exploration expenditures incurred on the property in Quebec are entitled to certain Quebec mining exploration tax credits. As at December 31, 2015, \$133,394 of Quebec mining exploration tax credits were included in sales tax recoverable and other receivables. These Quebec mining exploration tax credits were received during the year ended December 31, 2016.

#### Nairn Property:

On August 23, 2013, pursuant to a property purchase agreement with Sino Minerals Corp. (“Sino Minerals”) entered into on June 27, 2013, the Company acquired all of Sino Mineral’s 100% interest in 14 mining claims covering a total area of approximately 2,860 hectares located in the Province of Ontario and known as the Nairn Property (the “Nairn Property”), subject to a 2% net smelter returns royalty over six of the claims and third party freehold patent surface rights over eight of the claims. In consideration for the Nairn Property, the Company issued to Sino Minerals 2,000,000 common shares at a market price of \$0.12 per share for a fair value of \$240,000.

The Company has no future planned exploration activity on the property and has recorded a write-down of \$248,291 for the year ended December 31, 2017 for the difference between the estimated recoverable amount as at December 31, 2017 of \$1 and the carrying value of the property.

**NICKEL NORTH EXPLORATION CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**  
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**8. ACCOUNTS AND OTHER PAYABLES**

The Company's accounts and other payables are as follows:

	March 31, 2019	December 31, 2018
Accounts payable	\$ 35,210	\$ 20,073
Accrued expenses	120,740	80,427
Other payable	11,752	343
	<b>\$ 167,702</b>	<b>\$ 100,843</b>

Accounts payable principally comprises amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

**9. SHARE CAPITAL**

**Authorized**

The Company has authorized an unlimited number of common shares with no par value and an unlimited number of non-voting, non-participating, non-cumulative preferred shares without par value issuable in series.

**Shares issued and outstanding**

	Note	Number of Common Shares	\$
Balance, January 1, 2018, December 31, 2018 and March 31, 2019		76,518,747	11,101,459

During the three months period ended March 31, 2019, the Company had no common share transactions.

During the year ended December 31, 2018, the Company had no common share transactions.

As at March 31, 2019 and December 31, 2018, the Company does not have any preferred shares outstanding.

**Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

During three months ended March 31, 2019 and during the years ended December 31, 2018, no stock options were granted.

During the three months ended March 31, 2019 and during the year ended December 31, 2018, the Company had no stock option transactions.

No options to acquire common shares were outstanding at January 1, 2018, December 31, 2018 and March 31, 2019.

## **NICKEL NORTH EXPLORATION CORP.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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#### **9. SHARE CAPITAL (continued)**

##### **Warrants**

The Company uses the residual value approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant. Agents' warrants are measured at fair value on the date of the grant as determined using a Black-Scholes option pricing model.

During three months ended March 31, 2019 and during the years ended December 31, 2018, the Company did not issue any warrants or have any warrant transactions.

#### **10. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company entered into the following related party transactions for the three months period ended March 31, 2019 and 2018:

- a) Incurred consulting fees of \$19,500 (March 31, 2018 - \$19,500) from a company controlled by the Chief Executive Officer ("CEO") of the Company.
- b) Incurred corporate consulting fees of \$7,500 (March 31, 2018 - \$7,500) from the Company's majority shareholder.
- c) On November 2, 2016 the Company entered into a loan agreement with its majority shareholder, Sinotech (Hong Kong) Corporation Limited. ("Sinotech") for the principal amount of \$300,000. The loan was unsecured, bore interest at 8% per annum and matured on December 31, 2016. On December 30, 2016 and June 28, 2017, the Company and Sinotech entered into loan amendment agreements and as of December 31, 2017, the total loan payable to Sinotech from the Company including accrued interest was \$624,148.

On May 31, 2018, the Company and Sinotech entered into Amendment No.3 to the Loan Agreement ("Amendment No.3") to further extend the repayment term of the loan to December 31, 2018, increase the principal amount of the loan to \$844,005 and increase the interest rate on the loan from 8% per annum to 10% per annum. On December 27, 2018, the Company and Sinotech entered into Amendment No.4 to the Loan Agreement ("Amendment No.4") to further extend the repayment term of the loan to March 31, 2019 and increase the principal amount of the loan to \$892,248. On March 18, 2019, the Company and Sinotech entered into Amendment No.5 to the Loan Agreement ("Amendment No.5") to further extend the repayment term of the loan payable to June 30, 2019 and increase the principal amount of the loan to \$1,012,048. The Company subsequently received the \$100,000 loan principal from Sinotech on April 26, 2019.

During the three months ended March 31, 2019, the Company incurred interest expense of \$22,001 (March 31, 2018 - \$11,835) in relation to this loan payable. As at March 31, 2019, the total loan payable to Sinotech from the Company including accrued interest was 915,471(December 31, 2018 - \$893,470).

- d) Incurred director fees of \$5,313 (March 31, 2018 - \$5,313) from the directors of the Company which have been included in consulting fees in the statement of comprehensive loss.
- e) Included in account and other payables is \$154,865 (March 31, 2018 - \$23,655) due to directors, officers and companies controlled by directors and officers for services rendered and unpaid director fees. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

## NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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### 10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Key management includes directors (executive and non-executive) and senior officers of the Company, including the CEO and Chief Financial Officer. The compensation paid or payable to key management personnel for the three months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Wage and consulting fees	\$ 52,313	\$ 54,270

### 11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

#### Significant non-cash investing and financing transactions

There were no significant non-cash investing or financing transactions for the three months ended March 31, 2019 and for the three months ended March 31, 2018.

### 12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, and acquire or dispose of assets. The Board of Directors does not establish quantitative return on capital criteria for management.

There were no changes in the Company's approach to capital management from the prior year. The Company is not subject to externally imposed capital requirements.

## NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
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### 13. FINANCIAL INSTRUMENTS

#### Fair values

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts and other payables, and loan payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value due to their short terms of maturity.

The following table summarizes the carrying values of the Company's financial instruments:

		March 31, 2019	December 31, 2018
FVTPL	(i)	\$ 75,527	\$ 82,639
Other financial liabilities	(ii)	\$ 1,045,766	\$ 962,220

- (i) Cash and cash equivalents, restricted cash  
(ii) Accounts and other payables and loan payable

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total March 31, 2019
Cash and cash equivalents	\$ 46,777	\$ -	\$ -	\$ 46,777
Restricted cash	\$ 28,750	\$ -	\$ -	\$ 28,750

#### Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

## NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

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### 13. FINANCIAL INSTRUMENTS (continued)

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As at March 31, 2019, the Company had a working capital deficiency of \$1,002,632 (December 31, 2018 – working capital deficiency of \$898,841). All of the Company's financial liabilities are classified as current.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements, issuance of debt, and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Significant contractual obligations in years subsequent to March 31, 2019 are as follows:

	Carrying value	Contractual cash flows	< 1 year	1 – 3 years
Accounts and other payables	\$ 130,295	\$ 130,295	\$ 130,295	\$ -
Loan payable	\$ 915,471	\$ 915,471	\$ 915,471	\$ -

#### *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions. The interest rate risks on cash and cash equivalents are not considered significant due to their short-term nature.