



NICKEL NORTH EXPLORATION

NICKEL NORTH EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(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, 2018 AND DECEMBER 31, 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	March 31, 2018	December 31, 2017
			(Audited)
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 72,035	\$116,494
Sales tax recoverable and other receivables		1,733	11,991
Prepaid expenses and deposits		3,014	5,726
Restricted cash	5	28,750	28,750
Total current assets		105,532	162,961
Equipment	6	7,613	7,828
Exploration and evaluation assets	7	10,738,970	10,730,638
Total assets		\$ 10,852,115	\$10,901,427
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	8/10	\$ 50,974	\$25,803
Loan payable	10	635,984	624,148
Total current liabilities		686,958	649,951
Deferred income tax liabilities		297,589	297,589
Total liabilities		984,547	947,540
Equity			
Share capital	9	11,101,459	11,101,459
Contributed surplus		736,112	736,112
Deficit		(1,970,003)	(1,883,684)
Total equity		9,867,568	9,953,887
Total liabilities and equity		\$ 10,852,115	\$10,901,427

Going concern (Note 2)

The financial statements were approved and authorized for issue by the board of directors on May 29, 2018 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, 2018 AND 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
EXPENSES			
Bank charges and interest		\$ 11,982	\$ 6,264
Consulting fees	10	32,313	9,750
Depreciation		215	-
Legal		200	2,705
Media and conference		-	55
Office administration and miscellaneous		4,798	9,992
Transfer agent and filing fees		6,040	6,080
Travel and promotion		1,267	-
Wages and benefits		29,457	24,925
		(86,272)	(59,771)
OTHER ITEMS			
Interest and other income(expenses)		(47)	76
		(47)	76
Net and comprehensive loss for the period		\$ (86,319)	\$ (59,695)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		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, 2017	76,518,747	\$ 11,101,459	\$ 736,112	\$(1,435,831)	\$ 10,401,740
Comprehensive loss for the period	-	-	-	(59,695)	(59,695)
Balance, March 31, 2017	76,518,747	\$11,101,459	\$ 736,112	\$(1,495,526)	\$ 10,342,045
Comprehensive loss for the period	-	-	-	(388,158)	(388,158)
Balance, December 31, 2017	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

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, 2018 AND 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the period	\$ (86,319)	\$ (59,695)
Items not affecting cash:		
Depreciation	215	-
Accrued interest on loan	11,835	6,059
Changes in non-cash working capital items:		
Sales tax recoverable and other receivables	10,258	(1,914)
Prepaid expenses and deposits	2,712	2,690
Account and other payables	32,271	(20,370)
Net cash used in operating activities	(29,028)	(73,230)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Exploration and evaluation assets, net	(15,431)	(37,056)
Net cash used in investing activities	(15,431)	(37,056)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents during the period	(44,459)	(110,286)
Cash and cash equivalents, beginning of the period	116,494	319,006
Cash and cash equivalents, end of the period	\$ 72,035	\$ 208,720

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, 2018 AND 2017
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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 700, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3.

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, 2016, 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, 2018, the Company had a working capital deficiency of \$581,426 and an accumulated deficit of \$1,970,003. 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

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(Unaudited – Prepared by Management)

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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.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's annual financial statements for the year ended December 31, 2017 were consistently applied to all the periods presented unless otherwise noted below.

Recent accounting pronouncements

New accounting standards effective January 1, 2018

IFRS 9 *Financial Instruments* - IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, others gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was subsequently amended in November 2013 to add new general hedge accounting requirements. The final version of IFRS 9 was issued in July 2014 and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

IFRS 15 *Revenue from Contracts with Customers* – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

The Company has assessed that there is no impact on its financial statements.

New accounting standards issued but not yet effective

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.

The new and amended standards have not been early adopted in these financial statements and are not expected to have a material effect on the Company's future results and financial position.

NICKEL NORTH EXPLORATION CORP.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

(Unaudited – Prepared by Management)

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4. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017
Cash	\$ 72,035	\$ 16,494
Guaranteed investment certificates	-	100,000
	<u>\$ 72,035</u>	<u>\$ 116,494</u>

As at December 31, 2017, the Company's guaranteed investment certificate of \$100,000 bears interest at 0.8% per annum and matures in 2018.

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, 2018, the credit cards had a payable balance of \$6,169 (December 31, 2017 – \$7,274) in total.

6. EQUIPMENT

	Office Equipment	
Cost		
Balance as at January 1, 2017	\$	12,521
Addition		2,579
Balance as at December 31, 2017		15,100
Addition		-
Balance as at March 31, 2018	\$	15,100
Accumulated depreciation		
Balance as at January 1, 2017	\$	7,021
Depreciation for the year		251
Balance as at December 31, 2017		7,272
Depreciation for the period		215
Balance as at March 31, 2018	\$	7,487
Net book value		
Net book value as at December 31, 2017	\$	7,828
Net book value as at March 31, 2018	\$	7,613

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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7. EXPLORATION AND EVALUATION ASSETS

	December 31, 2016	Additions	December 31, 2017	Additions	March 31, 2018
Hawk Ridge Property, Quebec					
Acquisition costs					
Option payments	\$ 2,817,657	\$ -	\$ 2,817,657	\$ -	\$ 2,817,657
Other property costs	173,045	41,339	214,384	-	214,384
	2,990,702	41,339	3,032,041	-	3,032,041
Exploration costs					
Accommodation/camp	654,291	-	654,291	-	654,291
Assays	587,618	9,528	597,146	2,382	599,528
Drilling	1,909,144	10,000	1,919,144	-	1,919,144
Field supplies	823,250	-	823,250	-	823,250
Geological consulting	2,482,056	5,600	2,487,656	5,950	2,493,606
Miscellaneous	321,553	7,500	329,053	-	329,053
Transportation	1,738,942	1,082	1,740,024	-	1,740,024
Travel	365,263	-	365,263	-	365,263
	8,882,117	33,710	8,915,827	8,332	8,924,159
Exploration prepayment	-	-	-	-	-
Mining exploration tax credits	(1,217,231)	-	(1,217,231)	-	(1,217,231)
Balance, end of the period	10,655,588	75,049	10,730,637	8,332	10,738,969
Nairn Property, Ontario					
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	248,292	(248,291)	1	-	1
Total balance, end of the period	\$ 10,903,880	\$ (173,242)	\$ 10,730,638	\$ 8,332	\$ 10,738,970

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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, 2018 AND 2017
(Unaudited – Prepared by Management)
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8. ACCOUNTS AND OTHER PAYABLES

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

	March 31, 2018	December 31, 2017
Accounts payable	\$ 21,150	\$ 7,687
Accrued expenses	23,655	10,842
Other payable	6,169	7,274
	<u>\$ 50,974</u>	<u>\$ 25,803</u>

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, 2017, December 31, 2017 and March 31, 2018		76,518,747	11,101,459

During the three months period ended March 31, 2018, the Company had no common share transactions.

During the year ended December 31, 2017, the Company had no common share transactions.

Basic and diluted loss per share

The calculation of basic loss per share for the three months ended March 31, 2018 was based on net loss of \$86,319 (March 31, 2017 – \$59,695), attributable to common shareholders and a weighted average number of common shares outstanding of 76,518,747 (March 31, 2017 – 76,518,747). Diluted loss per share was calculated in a manner similar to basic loss per share except the weighted average number of shares outstanding is increased to include the assumed exercised of in-the-money stock options, warrants, and agent's warrants, if dilutive.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

(Unaudited – Prepared by Management)

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9. SHARE CAPITAL (continued)

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, 2018 and during the years ended December 31, 2017, no stock options were granted.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, Outstanding and Exercisable at January 1, 2017	327,250	\$ 0.20
Expired	(327,250)	\$ 0.20
Balance, Outstanding and Exercisable at December 31, 2017 and March 31, 2018	-	\$ -

No options to acquire common shares were outstanding at December 31, 2017 and March 31, 2018.

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, 2018 and during the years ended December 31, 2017, the Company did not issue any warrants.

The Balance of the outstanding and exercisable warrants of the Company as at January 1, 2017, December 31, 2017 and March 31, 2018 is nil.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into the following related party transactions for the three months period ended March 31, 2018 and 2017:

- a) Incurred consulting fees of \$19,500 (March 31, 2017 - \$9,750) from a company controlled by the Chief Executive Officer (“CEO”) of the Company.
- b) Incurred corporate consulting fees of \$7,500 (March 31, 2017 - \$nil) from an affiliated company.
- c) Incurred office and administration fees of \$nil (March 31, 2017 - \$6,000) from a company with directors in common.
- d) On November 2, 2016, the Company entered into a loan agreement with an affiliated company (the “Lender”). The principal of the loan was \$300,000 and the loan took effect on November 15, 2016. The loan is unsecured, bears interest at 8% per annum and matured on December 31, 2016. On December 30, 2016, the Company entered into an amendment agreement with the Lender to extend the repayment term of the loan from December 31, 2016 to June 30, 2017. Pursuant to the amendment, the \$2,959 of accrued interest on the \$300,000 loan, will be included in the aggregate principal sum and bear interest at a rate of 8% per annum. All other terms and conditions of loan agreement dated November 2, 2016 entered into between the Company and the Lender remain in force. On June 28, 2017, the Company and the Lender agreed to further extend the repayment term of the loan to the Company to June 30, 2018, while also increasing the principal amount of the loan to \$600,000 (the “Principal Amount”). The Principal Amount comprises the initial amount of the loan, interest accrued on the loan, and the additional amount that was advanced to the Company. The Principal bears interest at a fixed rate of 8% per annum. During the three months ended March 31, 2018, the Company incurred interest expense of \$11,835 on the loan. As of March 31, 2018, the loan payable balance including accrued interest is \$635,984.
- e) Incurred director fees of \$5,313 (March 31, 2017 - \$nil) from the directors of the Company.
- f) Included in account and other payables is \$23,655 (March 31, 2017 - \$18,750) 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.

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, 2018 and 2017 are as follows:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Wage and consulting fees	\$ 54,270	\$ 34,675

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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11. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
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, 2018 and for the three months ended March 31, 2017.

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.

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, 2018	December 31, 2017
FVTPL	(i)	\$ 100,785	\$ 145,244
Other financial liabilities	(ii)	\$ 663,303	\$ 639,109

(i) Cash and cash equivalents, restricted cash

(ii) Accounts and other payables and loan payable

NICKEL NORTH EXPLORATION CORP.

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FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS (continued)

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, 2018
Cash and cash equivalents	\$ 72,035	\$ -	\$ -	\$ 72,035
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.

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, 2018, the Company had a working capital deficiency of \$581,426 (December 31, 2017 – working capital deficiency of \$486,990). 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, 2018 are as follows:

	Carrying value	Contractual cash flows	< 1 year	1 – 3 years
Accounts and other payables	\$ 27,319	\$ 27,319	\$ 27,319	\$ -
Loan payable	\$ 635,984	\$ 635,984	\$ 635,984	\$ -

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.