



NICKEL NORTH EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,
2020 AND 2019

(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 SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	September 30, 2020	December 31, 2019 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 61,860	\$ 32,374
Sales tax recoverable and other receivables		4,314	6,518
Prepaid expenses and deposits		8,095	6,743
Restricted cash	5	28,750	28,750
Total current assets		103,019	74,385
Equipment	6	5,500	6,108
Exploration and evaluation assets	7	10,747,866	10,747,866
Total assets		\$ 10,856,385	\$ 10,828,359
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	8/10	\$ 366,814	\$ 265,884
Loan payable	10	1,227,898	1,092,269
Total current liabilities		1,594,712	1,358,153
Government loan	14	40,000	0
Deferred income tax liabilities		96,334	96,334
Total liabilities		1,731,046	1,454,487
Equity			
Share capital	9	11,101,459	11,101,459
Contributed surplus		736,112	736,112
Deficit		(2,712,232)	(2,463,699)
Total equity		9,125,339	9,373,872
Total liabilities and equity		\$ 10,856,385	\$ 10,828,359

Going concern (Note 2)

The financial statements were approved and authorized for issue by the board of directors on November 26, 2020 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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
EXPENSES					
Accounting and Audit		\$ 2,140	\$ -	\$ 13,212	\$ 17,000
Bank charges and interest		29,541	27,355	86,619	74,147
Consulting fees	10	32,313	42,813	112,439	109,189
Depreciation		179	215	609	645
Legal		965	2,139	10,723	6,302
Media and conference		-	-	-	950
Office administration and miscellaneous		3,472	2,518	10,288	18,480
Transfer agent and filing fees		641	535	14,879	9,898
Travel and promotion		-	-	-	884
Wages and benefits		-	-	-	58,954
		(69,251)	(75,575)	(248,769)	(296,449)
OTHER ITEMS					
Interest and other income		235	374	236	754
		235	374	236	754
Net and comprehensive loss for the period		\$ (69,016)	\$ (75,201)	\$ (248,533)	\$ (295,695)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		76,518,747	76,518,747	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, 2019	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
Comprehensive loss for the period				(205,238)	(205,238)
Balance, December 31, 2019	76,518,747	\$ 11,101,459	\$ 736,112	\$ (2,463,699)	\$ 9,373,872
Comprehensive loss for the period				(248,533)	(248,533)
Balance, September 30, 2020	76,518,747	\$ 11,101,459	\$ 736,112	\$ (2,712,232)	\$ 9,125,339

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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Nine Months Ended		Nine Months Ended	
	September 30, 2020		September 30, 2019	
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net loss for the year	\$	(248,533)	\$	(295,695)
Items not affecting cash:				
Depreciation		609		645
Interest		85,628		72,589
Changes in non-cash working capital items:				
Sales tax recoverable and other receivables		2,204		1,124
Prepaid expenses and deposits		(1,352)		(3,375)
Account and other payables		100,930		117,910
Net cash used in operating activities		(60,514)		(106,802)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Exploration and evaluation assets, net		-		(4,483)
Net cash used in investing activities		-		(4,483)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Government loan		40,000		-
Loan from related party		50,000		100,000
Net cash provided by financing activities		90,000		100,000
Change in cash and cash equivalents during the year		29,486		(11,285)
Cash and cash equivalents, beginning of the year		32,374		53,889
Cash and cash equivalents, end of the year	\$	61,860	\$	42,604

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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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 890, 580 Hornby Street, Vancouver, British Columbia, Canada, V6C 2E7.

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, 2019, 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 September 30, 2020, the Company had a working capital deficiency of \$1,491,693 and an accumulated deficit of \$2,712,232. 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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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:

- 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, 2019 were consistently applied to all the periods presented unless otherwise noted below.

Adoption of new accounting standards effective January 1, 2020

IAS 1 Presentation of Financial Statements (Amendment)

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. Earlier application is permitted.

The adoption of this standard did not have an impact on the Company's financial statement.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 7 Financial Instruments: Disclosure (Amendment)

In September 2019, the International Accounting Standards Board (IASB) issued amendments to IFRS 7 Financial Instruments: Disclosures, which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in November 2019. The amendments to IFRS 7 arise as a result of amendments made to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments to provide temporary relief from applying specific hedge accounting requirements that could have resulted in the discontinuation of hedge accounting solely due to the uncertainty arising from interest rate benchmark reform. Accordingly, IFRS 7 has been amended to provide specific disclosure requirements regarding uncertainty arising from interest rate benchmark reform, which include:

- Significant interest rate benchmarks to which the entity’s hedging relationships are exposed.
- The extent of the risk exposure the entity manages that is directly affected by the interest rate benchmark reform.
- How the entity is managing the process to transition to alternative benchmark rates.
- A description of significant assumptions or judgments the entity made.
- The nominal amount of the hedging instruments in those hedging relationships.

The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

The adoption of this standard did not have an impact on the Company’s financial statement.

4. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019
Cash	\$ 61,860	\$ 32,374
	\$ 61,860	\$ 32,374

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 September 30, 2020, the credit cards had a payable balance of nil (December 31, 2019 – \$7,301) in total.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Unaudited – Prepared by Management)

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6. EQUIPMENT

		Office Equipment
Cost		
Balance as at January 1, 2019	\$	15,100
Addition		-
Balance as at December 31, 2019		15,100
Addition		-
Balance as at September 30, 2020	\$	15,100
Accumulated depreciation		
Balance as at January 1, 2019	\$	8,132
Depreciation for the year		860
Balance as at December 31, 2019		8,992
Depreciation for the period		608
Balance as at September 30, 2020	\$	9,600
Net book value		
Net book value as at December 31, 2019	\$	6,108
Net book value as at September 30, 2020	\$	5,500

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Unaudited – Prepared by Management)

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7. EXPLORATION AND EVALUATION ASSETS

	January 1, 2019	Additions	December 31, 2019	Additions	September 30, 2020
Hawk Ridge Property, Quebec					
Acquisition costs					
Option payments	\$ 2,817,657	\$ -	\$ 2,817,657	\$ -	\$ 2,817,657
Other property costs	223,679	37,486	261,165	-	261,165
	3,041,336	37,486	3,078,822	-	3,078,822
Exploration costs					
Accommodation/camp	654,291	-	654,291	-	654,291
Assays	606,674	10,385	617,059	-	617,059
Drilling	1,919,144	-	1,919,144	-	1,919,144
Field supplies	823,250	-	823,250	-	823,250
Geological consulting	2,499,906	6,300	2,506,206	-	2,506,206
Miscellaneous	329,053	-	329,053	-	329,053
Transportation	1,740,024	-	1,740,024	-	1,740,024
Travel	365,263	-	365,263	-	365,263
	8,937,605	16,685	8,954,290	-	8,954,290
Exploration prepayment	-	(27,278)	(27,278)	-	(27,278)
Mining exploration tax credits	(1,217,231)	(40,738)	(1,257,969)	-	(1,257,969)
Balance, end of the period	10,761,710	(13,845)	10,747,865	-	10,747,865
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	1	-	1	-	1
Total balance, end of the period	\$ 10,761,711	\$ (13,845)	\$ 10,747,866	\$ -	\$ 10,747,866

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Unaudited – Prepared by Management)

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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.

During the period ended March 31, 2020, nil impairment loss is recorded on the Hawk Ridge Property (December 31, 2019 – \$27,278).

The exploration expenditures incurred on the property in Quebec are entitled to certain Quebec mining exploration tax credits.

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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
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(Expressed in Canadian Dollars)

8. ACCOUNTS AND OTHER PAYABLES

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

	September 30, 2020		December 31, 2019	
Accounts payable	\$	167,255	\$	97,463
Accrued expenses		199,559		161,120
Other payable		-		7,301
	\$	366,814	\$	265,884

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

	Number of Common Shares		\$
Balance, January 1, 2019, December 31, 2019 and September 30, 2020	76,518,747	11,101,459	

During the nine months period ended September 30, 2020, the Company had no common share transactions.

During the year ended December 31, 2019, the Company had no common share transactions.

As at September 30, 2020 and December 31, 2019, 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 nine months ended September 30, 2020 and during the years ended December 31, 2019, no stock options were granted.

During the nine months ended September 30, 2020 and during the year ended December 31, 2019, the Company had no stock option transactions.

No options to acquire common shares were outstanding at January 1, 2019, December 31, 2019 and September 30, 2020.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

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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 nine months ended September 30, 2020 and during the year ended December 31, 2019, 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 nine months ended September 30, 2020 and 2019:

- a) Incurred consulting fees of \$nil (September 30, 2019 - \$35,750) from a company controlled by the former Chief Executive Officer ("CEO") of the Company.
- b) Incurred consulting fees of \$45,000 (September 30, 2019 - \$20,000) from a company controlled by the Chief Executive Officer ("CEO") of the Company.
- c) Incurred consulting fees of \$29,000 (September 30, 2019 - \$nil) from the Chief Finance Officer ("CFO") of the Company.
- d) Incurred corporate consulting fees of \$22,500 (September 30, 2019 - \$22,500) from the Company's majority shareholder.
- e) 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. On July 16, 2019, the Company and the Sinotech entered into Amendment No.6 to the Loan Agreement ("Amendment No. 5") to further extend the repayment term of the loan to the Company to December 31, 2019, while also increasing the principal amount of the loan to \$1,039,849. The new principal amount comprises the current principal amount of the loan advanced to the Company to date and accrued interest thereon. The new principal amount will bear interest at a fixed rate of 10% per annum. All other terms and conditions of initial loan agreement between the Company and the Lender dated November 2, 2016 remain in force and are unamended except to the extent amended by the parties. On January 13, 2020, the Company and Sinotech entered into Amendment No.7 to the Loan Agreement ("Amendment No.6") to further extend the repayment term of the loan payable to December 31, 2020 and increase the principal amount of the loan to \$1,092,269.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
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10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

During the nine months ended September 30, 2020, the Company incurred interest expense of \$85,629 (September 30, 2019 - \$72,589) in relation to this loan payable. As at September 30, 2020, the total loan payable to Sinotech from the Company including accrued interest was \$1,227,898 (December 31, 2019 - \$1,092,269).

- f) Incurred director fees of \$15,939 (September 30, 2019 - \$10,626) from the directors of the Company which have been included in consulting fees in the statement of comprehensive loss.
- g) Included in account and other payables is \$366,814 (September 30, 2019 - \$215,771) 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 nine months ended September 30, 2020 and 2019 are as follows:

	Nine Months Ended		Nine Months Ended	
	September 30, 2020		September 30, 2019	
Wage and consulting fees	\$	112,439	\$	145,642

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended		Nine Months Ended	
	September 30, 2020		September 30, 2019	
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 nine months ended September 30, 2020 and for the nine months ended September 30, 2019.

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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

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:

		September 30, 2020		December 31, 2019	
FVTPL	(i)	\$	90,610	\$	61,124
Other financial liabilities	(ii)	\$	1,634,712	\$	1,358,153

- (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
		September 30, 2020						
Cash and cash equivalents	\$	61,860	\$	-	\$	-	\$	61,860
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 AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

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 September 30, 2020, the Company had a working capital deficiency of \$1,491,693 (December 31, 2019 – working capital deficiency of \$1,283,768). 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 September 30, 2020 are as follows:

	Carrying value	Contractual cash flows	< 1 year	1 – 3 years
Accounts and other payables	\$ 366,814	\$ 366,814	\$ 366,814	\$ -
Loan payable	\$ 1,267,898	\$ 1,267,898	\$ 1,227,898	\$ 40,000

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.

14. GOVERNMENT LOAN

Canada Emergency Business Account (CEBA) is intended to support businesses by providing financing for their expenses that cannot be avoided or deferred as they take steps to safely navigate a period of shutdown, thereby helping to position businesses for successful relaunch when the economy reopens during COVID-19 outbreak. This program provides interest-free loans of up to \$40,000 to small businesses and not-for-profits. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent.

The company has no plan regarding paying off the CEBA loan as of September 30, 2020.

15. SUBSEQUENT EVENTS

COVID-19 Outbreak

Subsequent to period-end, there has been a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. We anticipate this outbreak may increase difficulties in financing and increased government regulations, all of which may negatively impact the Company's business and financial condition.