



NICKEL NORTH EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,
2023 AND 2022

(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, 2023 AND DECEMBER 31, 2022
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	September 30, 2023	December 31, 2022
(Audited)			
ASSETS			
Current assets			
Cash and cash equivalents		\$ 28,235	\$ 35,308
Sales tax recoverable and other receivables		9,505	36,675
Prepaid expenses and deposits		14,465	42,007
Restricted cash	4	-	28,750
Total current assets		52,205	142,740
Total assets		\$ 52,205	\$ 142,740
LIABILITIES AND EQUITY			
Current liabilities			
Accounts and other payables	6/8	\$ 146,794	\$ 60,893
Loan payable	8	153,553	45,805
Convertible debenture	8	1,847,875	1,716,280
Government loan	11	34,122	34,122
Total current liabilities		2,182,344	1,857,100
Deferred income tax liabilities		11,152	11,152
Total liabilities		2,193,496	1,868,252
Equity			
Share capital	7	12,118,042	12,118,042
Contributed surplus		817,420	775,335
Deficit		(15,076,753)	(14,618,889)
Total equity		(2,141,291)	(1,725,512)
Total liabilities and equity		\$ 52,205	\$ 142,740

Going concern (Note 2)

The financial statements were approved and authorized for issue by the board of directors on November 29, 2023 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 CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
OPERATING EXPENSES					
Accounting and Audit		\$ -	\$ -	\$ 25,584	\$ 16,156
Bank charges and interest	8	49,381	42,426	139,889	122,083
Consulting fees	8	44,063	84,773	164,498	202,358
Legal		450	14,092	8,416	34,823
Media and conference		979	12,905	15,895	25,137
Office administration and miscellaneous		11,533	17,640	26,802	41,278
Transfer agent and filing fees		314	26,827	21,208	45,964
Share-based compensation	7	5,521	-	42,085	-
		(112,241)	(198,663)	(444,377)	(487,799)
EXPLORATION EXPENSES		(11,473)	(245,537)	(13,973)	(285,980)
OTHER ITEMS					
Interest and other income		-	-	486	-
Net and comprehensive loss for the period		\$ (123,713)	\$ (444,200)	\$ (457,864)	\$ (773,779)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		100,435,497	100,435,497	100,435,497	100,435,497

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total
Balance, January 1, 2022	79,806,247	\$ 11,200,084	\$ 736,112	\$ (13,683,652)	\$ (1,747,456)
Shares issued for cash	10,160,000	504,250	3,750	-	508,000
Shares issued for cash - flow through	6,000,000	270,000	-	-	270,000
Shares issuance for debt settlement	4,469,250	201,117	-	-	201,117
Share issuance costs	-	(57,409)	13,480	-	(43,929)
Net and comprehensive loss for the period	-	-	-	(773,779)	(773,779)
Balance, September 30, 2022	100,435,497	\$ 12,118,042	\$ 753,342	\$ (14,457,431)	\$ (1,586,047)
Balance, January 1, 2023	100,435,497	\$ 12,118,042	\$ 775,335	\$ (14,618,889)	\$ (1,725,512)
Net and comprehensive loss for the period	-	-	42,085	(457,864)	(415,779)
Balance, September 30, 2023	100,435,497	\$ 12,118,042	\$ 817,420	\$ (15,076,753)	\$ (2,141,291)

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

NICKEL NORTH EXPLORATION CORP.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the year	\$ (457,864)	\$ (773,779)
Items not affecting cash:		
Accrued interest	8 139,343	121,365
Share-based compensation	42,085	-
Changes in non-cash working capital items:		
Sales tax recoverable and other receivables	27,170	(20,482)
Prepaid expenses and deposits	27,542	(66,308)
Account and other payables	85,901	(83,563)
Net cash used in operating activities	(135,823)	(822,767)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Return of retracted cash	28,750	-
Net cash used in investing activities	28,750	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of capital stock	-	987,534
Loan from related party	100,000	100,000
Net cash provided by financing activities	100,000	1,087,534
Change in cash and cash equivalents during the year	(7,073)	264,767
Cash and cash equivalents, beginning of the year	35,308	10,116
Cash and cash equivalents, end of the year	\$ 28,235	\$ 274,883

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, 2023 AND 2022

(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”).

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, 2023, the Company had a working capital deficiency of \$2,130,139 and an accumulated deficit of \$15,076,753. 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 material uncertainty and may cast 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 condensed 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, 2023 AND 2022

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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:

- i) The determination of deferred income tax assets or liabilities requires judgment regarding future income tax rates and the likelihood of utilizing tax carry-forwards and temporary differences. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- ii) 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.

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.

Covid-19

During the year, there was 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. In 2022 with safety conditions permitting, the Company resumed exploration operation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash held at banks. There's no cash equivalents as of September 30, 2023

Restricted cash

Restricted cash consist of term deposit held as collateral for corporate credit card

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Depreciation of the equipment is calculated using the straight line basis, net of any estimated residual value, over their estimated useful lives. Computer equipment is depreciated over 3 years.

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

NICKEL NORTH EXPLORATION CORP.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral properties and exploration expenditures

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential or in the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, drilling and other work involved in searching for minerals.

Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities or by acquisition. Evaluation expenditures include the cost of:

- (i) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- (ii) determining the optimal methods of extraction and metallurgical and treatment processes;
- (iii) studies related to surveying, transportation, and infrastructure requirements;
- (iv) permitting activities; and
- (v) economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

Exploration and evaluation expenditures incurred on a license where a NI 43-101 – Standards of Disclosure for Mineral Projects (“43-101”) compliant resource has not yet been established are expensed as incurred until sufficient evaluation has occurred in order to establish a 43-101 compliant resource and on completion of a pre-feasibility study. Costs expensed during this phase are included in “exploration and evaluation expenses” in the consolidated statements of operations and comprehensive loss.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Mine development costs are capitalized if management determines that there is sufficient evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when the technical feasibility and commercial viability of extraction of the mineral resource is demonstrable considering long-term metal prices. Prior to capitalizing such costs, management determines if there is a probable future benefit that will contribute to future cash inflows, the Company can obtain the benefit and control access to it, and if the transaction or event giving rise to the benefit has already occurred.

If the Company does not have sufficient evidence to support the probability of generating positive economic returns in the future, mine development costs are expensed in the consolidated statements of operations and comprehensive loss.

Impairment of non-financial assets

Management assesses the equipment for indicators of impairment at each statement of financial position date or whenever events or conditions indicate that its carrying amount may not be recoverable. If, after management review, it is determined that there are events or conditions that indicate the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for decommissioning and restoration obligations

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected future cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. Such costs arise from the decommissioning of site preparation work, discounted to their net present value which is capitalized to the carrying amount of the asset. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognized as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at September 30, 2023 and 2022, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Government assistance

Mining tax credits and mining duties are recorded in the year of receipt. Quebec mining exploration tax credits for certain exploration expenditures incurred in Quebec are treated as a reduction of the exploration and evaluation costs of the respective mineral property.

Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the amounts will be received.

Government grants toward current expenses are recognized in profit or loss for the period as other income.

Government grants towards expenses of future accounting periods are deferred and recognized in income as related expenses are incurred.

Financial instruments

i) Financial assets

All financial assets are classified and measured at amortized costs, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”).

Financial assets are initially recognized at fair value plus transaction costs, except for FVTPL. FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss when incurred.

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of these financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortized cost using the effective interest rate method. The Company does not have any financial assets measured at amortized cost.

NICKEL NORTH EXPLORATION CORP.

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Upon initial recognition of equity securities, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate its equity securities that would otherwise be measured at FVTPL to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the instrument; instead, it is transferred to retained earnings. The Company does not have any financial assets classified as FVTOCI.

By default, all other financial assets are measured subsequently at FVTPL. The Company's cash and cash equivalents and restricted cash are measured at FVTPL.

ii) Financial Liabilities

All financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities at amortized cost are initially recognized at fair value minus transaction costs, FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss when incurred.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method except for financial liabilities at FVTPL. The Company's accounts and other payables, loan payable, convertible debenture and CEBA loan are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in the statement of comprehensive loss. The Company does not have any financial liabilities classified as FVTPL.

iii) Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of comprehensive loss.

iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NICKEL NORTH EXPLORATION CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value (typically common shares) and then the residual value, if any, to the less easily measurable component (typically warrants).

Convertible Debentures

The convertible debenture is recorded using the residual method, where the convertible debenture was bifurcated into a debt component and equity component comprised of the convertible feature embedded within the liability. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognized in the contributed surplus within shareholders' equity, net of income tax effects.

Loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the earnings/loss attributable to common shareholders equals the reported earnings/loss attributable to owners of the Company. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to contributed surplus. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, expected forfeitures, and the risk-free interest rate (based on government bonds).

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.

NICKEL NORTH EXPLORATION CORP.

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FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Current income taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

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

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issue, share capital is recorded at the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. The flow-through share premium liability is reduced upon incurring qualifying expenditures and renouncement by the Company of the tax benefits associated with the related expenditures. To the extent that suitable deferred income tax assets are available, the Company will reduce any deferred income tax liability and record a deferred income tax recovery or expense.

Newly adopted and future accounting standards

New standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

4. 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 GIC of \$28,750 earning annual interest at the prime rate minus 2.9% per annum. As at September 30, 2023, the GIC amount of \$28,750 with interests were fully refunded as the corporate credit card was cancelled.

NICKEL NORTH EXPLORATION CORP.

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5. EXPLORATION AND EVALUATION EXPENSES

The following is a summary of accumulated exploration and evaluation expenses:

Hawk Ridge Property, Quebec		
December 31, 2021	\$	10,763,555
Expenditures		318,571
December 31, 2022	\$	11,082,126
Expenditures		13,973
September 30, 2023	\$	11,096,099

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.

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5. EXPLORATION AND EVALUATION EXPENSES (Continued)

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

The company has completed the following exploration program in the summer of 2022,

- Approx. 25km², 100m x 300m grid lines based, total 400 soil samples have been collected along the 50km long structure at the five previously defined targets.
- 110 mineralized or lithological rock samples were collected mainly within four targets including Falco 7, Hope Advance, Gamma and Pio zone.
- 25km² surface prospecting and mapping have been completed.
- High-grade Ni-Cu massive sulfides, "Raglan type potato" mineralization have been defined and expanded at the four targets including Falco 7, Hope Advance, Gamma and Pio zone.
- Samples from massive sulfide area at Falco 7 zone were tested with higher Zn and As anomalies may indicate the existing of new type of mineralization at Hawk Ridge project.
- High-grade massive sulfide area up to 100m by 200m at Falco 7 zone northwest has not been drilled previously, which may be related to the mafic-ultramafic intrusion center.

During the nine months ended September 30, 2023, the Company had incurred \$13,973 (September 30, 2022 - \$285,980) in exploration expenditures.

	September 30, 2023	September 30, 2022
Claim cost	\$ 10,605	\$ 31,672
Accommodation/camp	-	15,338
Assays	68	876
Drilling	-	34,903
Field supplies	-	23,515
Geological consulting	3,300	91,635
Transportation	-	80,911
Travel	-	7,130
Total cost	\$ 13,973	\$ 285,980

The Company has entered into an option agreement (the "Option Agreement") dated March 6, 2023 to sell a 100% undivided interest in the Hawk Ridge Project 1844 Resources Inc. ("1844") in exchange for a series of cash payments, share issuances and funding of exploration expenditures, separated into five phases.

Phase One

1844 is entitled to acquire a 10% undivided interest in Hawk Ridge on the date that is two business days following the approval of the Option Agreement (the "Effective Date") by the TSX Venture Exchange (the "Exchange") by paying \$1,000,000 and issuing 1,000,000 common shares in the capital of the 1844 ("Common Shares") to the Company.

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5. EXPLORATION AND EVALUATION EXPENSES (continued)

Phase Two

If 1844 exercises the First Option, it can acquire an additional 10% undivided interest in Hawk Ridge by paying \$1,000,000 and issuing 1,000,000 Common Shares to the Company on the first anniversary of the Effective Date and incurring \$500,000 of exploration expenditures before the first anniversary of the Effective Date (the “Second Option”).

Phase Three

If 1844 exercises the Second Option, it can acquire an additional 20% undivided interest in Hawk Ridge by paying \$1,000,000 and issuing 2,000,000 Common Shares to the Company on the second anniversary of the Effective Date and incurring \$500,000 of exploration expenditures before the second anniversary of the Effective Date (the “Third Option”).

Phase Four

If 1844 exercises the Third Option, it can acquire an additional 40% undivided interest in Hawk Ridge by paying \$2,000,000 and issuing 3,000,000 Common Shares to the Company on the third anniversary of the Effective Date and incurring \$1,000,000 of exploration expenditures before the third anniversary of the Effective Date (the “Fourth Option”).

Phase Five

If 1844 exercises the Fourth Option, it can acquire an additional 20% undivided interest in Hawk Ridge by paying \$1,000,000 and issuing 3,000,000 Common Shares to the Company on the fourth anniversary of the Effective Date and incurring \$1,000,000 of exploration expenditures before the fourth anniversary of the Effective Date (the “Fifth Option” and, collectively with the First Option, Second Option, Third Option and Fourth Option, the “Options”).

Completion of the transaction is subject to several conditions including, but not limited to, final approval of the Exchange and all other necessary approvals including shareholder approval by the Company shareholders for the Fourth and Fifth Options. Pursuant to the terms of the Option Agreement the Company is required to receive lock-up and support agreements from shareholders holding not less than 60% of the Company's common shares.

The Company has received the Exchange’s conditional approval and shareholder approval for the transaction. The Company is working with 1844 toward completion of the first option under the option agreement.

6. ACCOUNTS AND OTHER PAYABLES

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

	September 30, 2023	December 31, 2022
Accounts payable	\$ 90,857	\$ 8,449
Accrued expenses	55,938	36,250
Other payable	-	16,194
	<u>\$ 146,794</u>	<u>\$ 60,893</u>

Please also refer to Note 8 for breakdown of due to related party balances included in accounts and other payables.

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7. 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.

Issued share capital

During the nine months period ended September 30, 2023, the Company had no common share transactions.

On December 15, 2021, the company issued 3,287,500 number of shares to settle the outstanding payable balance of \$164,594 at a price of \$0.03 per share based on closing share price on the share issuance date. A gain of \$65,969 was recorded on the settlement of the payable balances.

On April 29, 2022, the Company issued 9,410,000 units (each an "Unit") at \$0.05 per Unit for gross proceeds of \$470,500. Each Unit comprised of one common share in the capital of the company (a "Share") and one full common share purchase warrant (a "Warrant"). Each full Warrant shall be exercisable into one Share at an exercise price of \$0.075 for two years from the date of issuance date. \$470,500 was recorded as share capital and no value was recorded as warrants. 42,700 broker warrants were issued, and its value was determined to be \$1,641.

On May 26, 2022, the Company issued 750,000 Units at \$0.05 per Unit for gross proceeds of \$37,500. Each Unit comprised of one common share in the capital of the company and one Warrant. Each full Warrant shall be exercisable into one Share at an exercise price of \$0.075 for 2 years from the date of issuance date. \$37,500 was recorded as share capital and no value was recorded as warrants.

On August 11, 2022, the company issued 6,000,000 flowthrough units (the "FT Units") at \$0.05 per FT Unit for gross proceeds of \$300,000. Each FT Unit consists of one common share and one non-transferable share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one additional common share of the Company at \$0.075 per common share. The Warrants will have an expiry date of two years from the date of issuance, subject to certain acceleration clauses. On issue, \$270,000 was recorded to share capital based on the trading value of an ordinary common share. The difference between the proceeds and the ordinary common share value, \$30,000 was recorded as a flow-through share premium liability. No value was recorded as warrants. The flow-through share premium liability was reduced and recognized as income upon incurring qualifying expenditures and renouncement by the Company of the tax benefits associated with the related expenditures. 420,000 broker warrants was issued and its value was determined to be \$11,838.

On August 16, 2022, the Company issued 4,469,250 shares for debt settlement with related parties loan in the aggregate amount of \$223,463. The fair value of issued shares was determined to be \$201,116 resulting in a gain of \$22,346 from debt settlement recognized in the statements of loss and comprehensive loss.

As at September 30, 2023, the Company does not have any preferred shares outstanding.

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7. 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 the year ended December 31, 2022, 5,600,000 stock options were granted to employees, directors, and external consultants of the company. The options will vest over a period of one year, with 25% vested every three months starting on January 24, 2023.

	Number of options	Weighted average Exercise price
Outstanding, December 31, 2021	-	\$ -
Granted	5,600,000	0.06
Expired	-	-
Outstanding, December 31, 2022 and June 30, 2023	5,600,000	\$ 0.06

In the year ended December 31, 2022, the Company recorded \$21,993 share-based compensations related to these stock options granted. During the years ended December 31, 2021, no stock options were granted. Stock options granted to employees and directors are measured on the date of the grant as determined using a Black-Scholes option pricing model assuming no expected dividends and following assumptions. Unvested stock options granted to external consultants are revalued at period ends.

	2022
Expected stock price volatility	116% - 138%
Risk-free interest rate	4.11%
Expected life of warrants	2 Years
Forfeiture rate	0%

Warrants

During the year ended December 31, 2022, 462,700 warrants were issued to the agents. The value for the agents' warrants was determined to be \$13,480. Agents' warrants are measured at fair value on the date of the grant as determined using a Black-Scholes option pricing model assuming no expected dividends and the following assumptions:

	2022
Expected stock price volatility	126% - 182%
Risk-free interest rate	4.11%
Expected life of warrants	2 Years
Forfeiture rate	0%

Expiry date	Exercise Price	Number of warrants outstanding
April 29, 2024	\$ 0.075	9,410,000
May 26, 2024	0.075	750,000
August 10, 2024	0.075	6,420,000
	\$ 0.075	16,622,700

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8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into the following related party transactions for the nine months ended September 30, 2023 and 2022:

- a) Incurred consulting fees of \$99,000 (September 30, 2022 - \$70,000) and exploration expenses of \$nil (September 30, 2022-\$6,000) from companies controlled by the Chief Executive Officer (“CEO”) of the Company; incurred office rental of \$1,000 (September 30, 2022-\$5,000) from a company related to the CEO.
- b) Incurred consulting fees of \$22,500 (September 30, 2022- \$19,500) from the Chief Finance Officer (“CFO”) of the Company. Incurred corporate consulting fees of \$7,500 (September 30, 2022 - \$7,500) from an individual associated with a shareholder of the Company.
- 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.

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. On January 13, 2020, the Company and the Sinotech entered into Amendment No.7 to the Loan Agreement (“Amendment No. 6”) to further extend the repayment term of the loan to the Company to December 31, 2020, while also increasing the principal amount of the loan to \$1,092,269. On April 3, 2020, an additional \$50,000 loan was received from Sinotech.

On December 22, 2020, another loan agreement was entered and \$100,000 was received by the Company in January 2021. 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 August 19, 2022, the Company settled an aggregate amount of \$1,654,995 in loan from SinoTech through the issuance of a convertible debenture due on August 19, 2023, with an interest rate of 10% per annum. SinoTech has the right to convert the loan amount to the common shares of the company at the price of \$0.05 per share. The company determined that the fair value of the debt component of the convertible debt approximate the total value. Therefore, no amount was recorded for the equity component. As at September 30, 2023, the convertible debentures balance was \$1,847,875 (December 31, 2022 - \$1,716,280); the loan payable balance was \$153,553 (December 31, 2022 - \$45,805).

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8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

On May 06, 2023, the Company entered into a loan agreement with Sinotech for a loan to the company in the principal amount of \$100,000 for a term of one year. The principal amount will bear interest at a fixed rate of 10 per cent per annum. The Loan is unsecured and the Company did not pay any bonus to SinoTech in connection with the Loan.

During the nine months ended September 30, 2023, the Company incurred interest expense of \$7,749 (September 30, 2022 - \$23,213) in relation to the loan payable and interest expense of \$131,959 (September 30, 2022 - \$19,044) in relation to the convertible debenture.

- d) Incurred director fees of \$12,188 (September 30, 2022 - \$13,438) 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 \$117,313 (September 30, 2022 - \$58,563) 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.
- f) On December 15, 2021, the Company issued 3,287,500 shares to various creditors to settle indebtedness of the Company in the aggregate amount of \$164,594 (the “Debt Settlement”). The fair value of issued shares was determined to be \$98,625, resulting in a gain of \$65,969 from debt settlement recognized in the statements of loss and comprehensive loss. The Debt Settlement has received approval of the TSX Venture Exchange (the “Exchange”). All Shares issued pursuant to the Debt Settlement will be subject to a four month hold period from the date of issue. The Company negotiated the Debt Settlement with non-arm's length creditors. Pursuant to the Debt Settlement, certain directors and officers of the Company participated in the Debt Settlement. 1,487,500 shares were issued to directors and officers of the Company. (Note 7)
- g) On August 16, 2022, the Company issued 4,469,250 shares for debt settlement with related parties loan in the aggregate amount of \$223,463. The fair value of issued shares was determined to be \$201,117 resulting in a gain of \$22,346 from debt settlement recognized in the statements of loss and comprehensive loss. (Note 7)

9. 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.

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10. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts and other payables, CEBA loan, loan payable and convertible debenture. The fair value of these financial instruments approximates their carrying value due to their current nature or short terms of maturity.

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

		September 30, 2023	September 30, 2022
FVTPL	(i)	\$ 28,235	\$ 303,633
Other financial liabilities	(ii)	\$ 2,182,344	\$ 1,928,726

(i) Cash and cash equivalents, restricted cash

(ii) Accounts and other payables, CEBA loan, loan payable and convertible debenture

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, 2023
Cash and cash equivalents	\$	28,235	\$ -	\$ -	\$ 28,235

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.

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10. FINANCIAL INSTRUMENTS (continued)

Financial risk management (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, 2023, the Company had a working capital deficiency of \$2,130,139 (December 31, 2022 – working capital deficiency of \$1,714,360). 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, 2023 are as follows:

	Carrying value	Contractual cash flows	< 1 year	1 – 3 years
Accounts and other payables	\$ 146,794	\$ 146,794	\$ 146,794	\$ -
Loan payable	\$ 153,553	\$ 153,553	\$ 153,553	\$ -
Convertible debenture	\$ 1,847,875	\$ 1,847,875	\$ 1,847,875	\$ -
CEBA loan	\$ 60,000	\$ 60,000	\$ 60,000	\$ -

Interest rate risk

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

11. 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 \$60,000 to small businesses and not-for-profits. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of up to 33 percent (up to \$20,000). As at December 31, 2022, the Company received total \$60,000 (2021 – \$60,000) government loan. The carrying value of government loan is \$34,122 (2021 – \$34,122) by using 16% discount rate, assuming repayment of \$40,000 by December 31, 2022 in order to get the loan forgiveness.

The government extended the repayment due date from December 31, 2022 to December 31, 2023 in order to be eligible for the \$20,000 forgiveness.

The company intends to payoff the CEBA loan by December 31, 2023.