Canada Nickel Company Inc.

Audited Consolidated Financial Statements

For the Years Ended October 31, 2021 and 2020

(Expressed in Canadian Dollars, unless otherwise noted)

Canada Nickel Company Inc.

Management's Report on Consolidated Financial Statements

The consolidated financial statements of Canada Nickel Company Inc. have been prepared by, and are the responsibility of, the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and reflect management's best estimates and judgements based on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements fairly reflect the financial position and results of operations of the Company.

The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval. The Audit Committee also reviews with management the Company's systems of internal control, and reviews the scope of the external auditors' audit and non-audit work. The Audit Committee is composed entirely of directors not involved in the daily operations of the Company who are thus considered to be free from any relationship that could interfere with their exercise of independent judgement as a committee member.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

January 26, 2022

"Mark Selby"	"Wendy Kaufman"
Signed: Chief Executive Officer	Signed: Chief Financial Officer

Independent Auditor's Report

MNP LLP

To the Shareholders of Canada Nickel Company Inc.:

Opinion

We have audited the consolidated financial statements of Canada Nickel Company Inc. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2021 and October 31, 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2021 and October 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended October 31, 2021 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Blair Michael Mabee.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

January 26, 2022

Licensed Public Accountants

Canada Nickel Company Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at October 31	Note	**2021**	2020
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		**3,334,643**	11,167,265
Harmonized sales tax receivable		**3,300,595**	1,198,397
Accounts receivable		**352,700**	25,000
Loan receivable	4	**-**	160,224
Prepaid expenses		**430,226**	274,843
Total current assets		**7,418,164**	12,825,729
Non-current assets			
Exploration and evaluation assets	5	**47,304,907**	20,288,628
Equipment and right-of-use assets	6	**527,784**	35,161
Total assets		**55,250,855**	33,149,518
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	12,13	**6,992,243**	1,475,542
Flow-through share premium	7(b)	**959,399**	282,027
Total liabilities		**7,951,642**	1,757,569
Shareholders' equity			
Share capital	7	**51,036,468**	30,729,738
Share-based compensation and warrant reserves	8,9,10	**5,718,120**	3,739,483
Deficit		**(9,455,375)**	(3,077,272)
Total shareholders' equity		**47,299,213**	31,391,949
Total liabilities and shareholders' equity		**55,250,855**	33,149,518

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

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 13)
Subsequent events (Note 16)

Signed on behalf of the Board:

"Mark Selby"
Mark Selby, Director

"David Smith"
David Smith, Director

Canada Nickel Company Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

For the Years Ended October 31, 2021 and 2020

	Note	**2021**	2020
		$	$
Expenses			
Salaries and management fees	12	**861,374**	406,888
General and administrative costs		**496,148**	440,142
Professional fees		**623,943**	763,985
Consulting and advisory		**1,062,376**	850,864
Promotion and communication		**638,982**	614,415
Investor relations and marketing		**226,416**	228,658
Share-based compensation	9,10	**3,815,198**	1,165,057
Travel and other		**122,614**	196,263
		7,847,051	4,666,272
Flow-through share premium	7(b)	**(1,468,948)**	(1,589,000)
Net loss and comprehensive loss		**6,378,103**	3,077,272
Loss per share – basic and diluted	11	**$0.08**	$0.06
Weighted average number of shares outstanding		**83,927,453**	53,447,954

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

Canada Nickel Company Inc.
Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars)

For the Years Ended October 31, 2021 and 2020

	Note	**2021**	2020
		$	$
Operating activities			
Net loss		**(6,378,103)**	(3,077,272)
Adjustments for non-cash items:			
Share-based compensation		**3,815,198**	1,165,057
Flow-through share premium		**(1,468,948)**	(1,589,000)
Expenses paid or payable in shares		**210,000**	222,500
Changes in non-cash working capital items:			
Harmonized sales tax receivable		**(2,102,198)**	(1,198,397)
Accounts receivable		**(327,700)**	(25,000)
Prepaid expenses		**(155,383)**	(274,843)
Accounts payable and accrued liabilities		**105,417**	495,369
Net cash used in operating activities		**(6,301,717)**	(4,281,586)
Investing activities			
Exploration and evaluation expenditures	5	**(19,422,411)**	(10,708,159)
Purchase of equipment	6	**(412,758)**	-
Loan receivable, net of repayments	4	**-**	(160,224)
Net cash used in investing activities		**(19,835,169)**	(10,868,383)
Financing activities			
Proceeds from share issuances, net of issuance costs	7	**11,301,994**	24,622,228
Proceeds from exercise of warrants, compensation options and stock options	7,8	**7,002,270**	1,695,006
Net cash provided from financing activities		**18,304,264**	26,317,234
Cash and cash equivalents, beginning of year		**11,167,265**	-
Net change in cash and cash equivalents		**(7,832,622)**	11,167,265
Cash and cash equivalents, end of year		**3,334,643**	11,167,265
Supplementary disclosure			
Value of shares issued for acquisitions	5	**866,020**	8,615,000
Value of shares issued for settlement of accounts payable	7(c)	**864,250**	137,500

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

Canada Nickel Company Inc.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Note	Number of common shares	Share capital	Share-based compensation reserve	Warrants reserve	Deficit	Total
		#	$	$	$	$	$
Balance, October 31, 2019		1	-	-	-	-	-
Share issuance – private placements, net	7(a)	35,829,289	11,307,603	-	1,031,308	-	12,338,911
Share issuance – broker financings, net	7(a)	8,300,000	9,677,032	-	2,222,476	-	11,899,508
Share issuance - warrants exercised	8	3,035,026	2,438,880	-	(743,874)	-	1,695,006
Flow-through share premium	7(b)	-	(1,871,027)	-	-	-	(1,871,027)
Share issuance - acquisitions	5	32,500,000	8,615,000	-	-	-	8,615,000
Fair value of share-based compensation	9,10	-	-	1,165,057	-	-	1,165,057
Shares issued on settlement of accounts payable		275,000	137,500	-	-	-	137,500
Equity to be issued to settle accounts payable		-	424,750	-	64,516	-	489,266
Net loss for the year		-	-	-	-	(3,077,272)	(3,077,272)
Balance, October 31, 2020		**79,939,316**	**30,729,738**	**1,165,057**	**2,574,426**	**(3,077,272)**	**31,391,949**
Share issuance – flow-through shares, net	7(a)	2,981,000	11,341,994	-	-	-	11,341,994
Share issuance - warrants exercised	8	3,192,439	8,020,796	-	(1,886,429)	-	6,134,367
Share issuance – compensation options exercised	8	471,450	1,163,548	-	(456,373)	-	707,175
Flow-through share premium	7(b)	-	(2,146,320)	-	-	-	(2,146,320)
Fair value of share-based compensation	9,10	-	-	4,776,903	-	-	4,776,903
Share issuance – stock options exercised	9	642,914	280,889	(120,161)	-	-	160,728
Share issuance – restricted share units exercised	10	520,750	270,790	(270,790)	-	-	-
Share issuance - acquisitions	5	258,000	866,020	-	-	-	866,020
Shares issued to settle 2020 accounts payable		277,781	109,513	-	(64,513)	-	45,000
Shares issued to settle 2021 accounts payable		100,000	289,500	-	-	-	289,500
Shares to be issued to settle accounts payable		-	110,000	-	-	-	110,000
Net loss for the year		-	-	-	-	(6,378,103)	(6,378,103)
Balance, October 31, 2021		**88,383,650**	**51,036,468**	**5,551,009**	**167,111**	**(9,455,375)**	**47,299,213**

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

1. Nature of operations and going concern

Canada Nickel Company Inc. ("Canada Nickel" or the "Company") was incorporated on October 11, 2019 under the laws of the Province of Ontario, Canada, and its head office is located at 130 King Street West, Suite 1900, Toronto, Ontario, M5X 1E3.

On February 27, 2020, the Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "CNC" and its common shares also trade on the OTCQX Best Market under the symbol "CNIKF".

On July 21, 2020, the Company incorporated a wholly owned subsidiary NetZero Metals Inc.

The Company is engaged in the exploration and discovery of nickel sulphide assets to deliver future supply for the high growth electric vehicle, green energy and stainless steel markets. The Company owns 100 per cent of the Crawford Nickel Sulphide Project ("Crawford" or "the Project"), which is located adjacent to major infrastructure in the world class Timmins-Cochrane mining camp of northern Ontario, Canada. Subsequent to October 31, 2021 and as of January 26, 2022, the Company acquired 19 additional nickel targets located near the Project.

These consolidated financial statements have been prepared on the basis of a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company has a working capital deficit balance of $533,478 at October 31, 2021, and has incurred losses and negative cashflows from operations and has an accumulated deficit of $9,455,375. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

As at October 31, 2021, the Company did not have sufficient cash on hand to meet operational expenses for the next twelve months, but subsequent to October 31 received refunds of $3.1 million from its harmonized sales tax that was receivable as at October 31, 2021, and on January 5, 2022 entered into a US$10 million bridge loan facility (note 16). The Company plans to raise additional capital to repay the bridge loan facility and continue to execute its business plan and complete the feasibility study for Crawford. The Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

1. Nature of operations and going concern (continued)

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on various external factors such as; global oil prices, demand for base metals, labour availability, availability of essential supplies, value of the Canadian dollar and the ability to obtain funding. At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

The consolidated financial statements were approved by the Board of Directors on January 26, 2022.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements include the financial statements of Canada Nickel and its subsidiary, NetZero Metals Inc., from its respective date of control. All intercompany transactions and balances are eliminated on consolidation.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

Certain reclassifications were made to prior year consolidated financial statements to conform to current year presentation.

Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (functional currency), which is the Canadian dollar.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

2. Significant accounting policies (continued)

Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance a portion of its Canadian exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resources property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions for mine closure and restoration are made in respect of the estimated future costs of closure and restoration and for environmental rehabilitation costs (which include such costs as dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the accounting period when the related environmental disturbance occurs. The provision is discounted using a pre-tax rate and the accretion is included in finance costs.

Restoration activities will occur primarily upon closure of a mine but can occur from time to time throughout the life of the mine. As restoration projects are undertaken, their costs are charged against the provision as the costs are incurred.

The Company has no material provisions as at October 31, 2021.

Share capital, warrants and compensation options

Common shares, warrants and compensation options are classified as equity. The share capital represents the amount received upon issuance of shares. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit. The Black-Scholes option pricing model is used to determine the fair value of warrants and compensation options issued.

Consideration paid by holders on exercise of warrants and compensation options is credited to share capital combined with the fair value attributable to the same warrants and compensation options originally recorded in warrants reserve.

2. Significant accounting policies (continued)

Share-based compensation

The Company has share-based compensation plans that grant stock options and restricted share units to employees and non-employees. These plans are equity-settled, however, the Company has the option to cash settle in certain circumstances. For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, using an option pricing model.

The expense is recognized over the vesting period of the options or units granted and is recognized as an expense in earnings or capitalized as an exploration and evaluation asset with a corresponding credit to share-based compensation reserve. Any consideration paid by employees and non-employees on exercise of stock options is credited to share capital combined with any related share-based compensation expense originally recorded in share-based compensation reserve.

Loss per share

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares to the extent that they are not anti-dilutive.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

Exploration and evaluation assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, exploration and evaluation costs incurred are capitalized. Acquisition costs incurred in connection with the terms of option agreements are capitalized. All capitalized exploration and evaluation costs are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the consolidated statements of loss and comprehensive loss to the extent that they are not expected to be recovered.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “Mines under construction”. There is no amortization during the exploration and evaluation phase.

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

2. Significant accounting policies (continued)

Equipment and right-of-use assets

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

Depreciation is calculated using the using the straight-line method over the estimated useful life of the asset.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of loss and comprehensive loss in the period the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial period end, and adjusted if appropriate

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. After initial measurement, the amount of lease obligations is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company presents right-of-use assets in Equipment and right-of-use assets on the consolidated statements of financial position and lease obligations in Accounts payable and accrued liabilities on the consolidated statements of financial position.

The Company has elected to apply the exemptions not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Impairment of non-current assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indication of impairment, then the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2. Significant accounting policies (continued)

Impairment of non-current assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of loss and comprehensive loss.

Financial instruments

Classification

Summary of the Company's classification and measurements of financial assets and liabilities

	Classification	*Measurement*
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Loan receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments.

Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

2. Significant accounting policies (continued)

Financial instruments (continued)

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment of financial assets

Financial assets, other than those classified at fair value through profit and loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

2. Significant accounting policies (continued)

Critical accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Judgement is used mainly in determining how a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

(a) Accounting judgement

Significant areas where management's judgement has been applied include:

(i) Exploration and evaluation assets

Judgement is required to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of economic recoverability. In addition, management applies a number of estimates and assumptions in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies (if any), accessible facilities, existing permits and estimated future cash flows.

(ii) Functional and presentation currency

The functional and presentation currency for the Company and its subsidiaries applies estimates and assumptions to assess the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(iii) Going concern

Significant judgements used in the preparation of these consolidated financial statements include but are not limited to those relating to the assessment of the Company's ability to continue as a going concern. Judgement is required to determine the non-discretionary spending for the next 12 months and the potential cash in-flows for the same period.

(iv) Deferred taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery. As of October 31, 2021, the Company has not recognized any deferred income tax assets.

2. Significant accounting policies (continued)

Critical accounting judgements and estimates (continued)

(b) Use of estimates

As described above estimates and assumptions are contemplated with the described judgements. In addition, other significant areas requiring the use of management estimates and assumptions include:

(i) Impairment of accounts receivable and loan receivable

Expected credit losses on receivables requires the use of estimates and assumptions, including amongst others, historical default rates, forecast economic conditions, assessment of customer and related party financial condition and discount rates. The estimates and assumptions are subject to risk and uncertainty; hence, the Company's assessment of expected credit loss and forecast of economic conditions may not be representative of the customer's actual default in the future, which may impact the recoverable amount of the assets.

(ii) Impairment of non-current assets

Non-current assets are tested for impairment if there is an indicator of impairment. The impairment analysis generally requires the use of estimates and assumptions, including amongst others, long-term commodity prices, discount rates, length of mine life, future production levels, future operating costs, future capital expenditures and tax estimates. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances the carrying value of the assets may be impaired with the impact recorded in the consolidated statements of loss and comprehensive loss.

(iii) Decommissioning liability

The Company's accounting policy for the recognition of accrued site closure costs requires significant estimates and assumptions such as the requirements of the relevant legal and regulatory framework, the magnitude of possible disturbance and the timing, extent and costs of required closure, rehabilitation activity and applicable discount rates. Changes to these estimates and assumptions may result in actual expenditures in the future differing from the amounts currently provided. The decommissioning liability is periodically reviewed and updated based on the available facts and circumstances. Management's assumption is that there are currently no decommissioning liabilities at its sites, nor subject to known additional environmental liabilities or mitigation measures.

(iv) Share-based compensation, warrants and compensation options

The Company makes certain estimates and assumptions when calculating the fair values of share-based compensation and warrants granted. The significant estimations and assumptions include expected volatility, expected life, expected dividend rate, forfeiture rate and risk-free rate of return.

3. Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its expenditure obligations for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages the capital structure and adjusts it in light of changes in economic and industry conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's capital management approach in the period. The Company considers its Shareholders' Equity as capital which as at October 31, 2021 is $47,299,213.

4. Loan receivable

On June 26, 2020, the Company extended a $625,000 interest-free unsecured loan (the "Loan") to Noble Mineral Exploration Inc. ("Noble") maturing on June 25, 2021. Under the terms of the Loan, if Noble sold any of its Canada Nickel shares, a minimum of 50% of the proceeds from that sale must be used as repayment against the Loan until the principal amount of the Loan has been repaid. If Noble failed to make any payment due under the Loan, interest at 12% per annum would accrue (compounded monthly) retroactive to June 26, 2020 until all principal and interest has been repaid. Noble had the right to prepay the Loan at any time. In 2020, Noble repaid $464,776 of the Loan and in April 2021 the remaining $160,224 loan balance was forgiven as part of the transaction to acquire additional option properties (see Note 5) whereby, amongst other compensation, the Loan would be forgiven.

Also during the year ended October 31, 2020, the Company entered into a $250,000 promissory note with Noble and a $400,000 promissory note with Spruce Ridge Resources Ltd. ("Spruce Ridge"). The amounts advanced were unsecured, bear no interest and were due on demand. Both notes were fully repaid during the year ended October 31, 2020.

5. Exploration and evaluation assets

	Additions for the year ended and balance October 31 2020	Additions for the year ended October 31 2021	Balance October 31 2021
	$	$	$
Acquisition costs:			
Cash paid	2,500,000	195,000	2,695,000
Loan forgiven	-	160,224	160,224
Shares issued	8,615,000	866,020	9,481,020
Drilling	4,900,706	12,781,517	17,682,223
Assays	1,194,109	1,419,982	2,614,091
Geological	1,537,304	1,134,829	2,672,133
Consulting	436,961	2,926,277	3,363,238
Mineralogy	464,059	2,291,552	2,755,611
Access road	-	1,697,555	1,697,555
Obligations to stakeholders	332,743	1,012,106	1,344,849
Support costs	307,746	2,531,217	2,838,963
	20,288,628	**27,016,279**[1]	**47,304,907**

(1) Cash flow spend as per the consolidated statement of cash flows for the year ended October 31, 2021 was $19,422,411. The additions for the year ended October 31, 2021 in the chart above includes $2,102,449 of non-cash payments and $5,491,419 in net payables.

5. Exploration and evaluation assets (continued)

Crawford Nickel-Cobalt Sulphide Project ("Crawford")

In October 2019, Noble, Canada Nickel, Spruce Ridge and certain private investors entered into a binding letter of intent and a subsequent Implementation Agreement on November 14, 2019, to facilitate Canada Nickel's consolidation of 100% ownership of Crawford.

Under the terms of the Implementation Agreement a series of transactions were completed to consolidate Crawford. Following which, on November 29, 2019, the Company entered into a definitive agreement with Noble, Spruce Ridge and certain private investors to acquire and consolidate Crawford for consideration of $2 million cash paid to Noble, 12,000,000 common shares issued to Noble at an ascribed fair value of $3,000,000, and 20,000,000 common shares issued to Spruce Ridge at an ascribed fair value of $5,000,000.

Crawford Annex and Option Agreement with Noble

On May 22, 2020, the Company closed a definitive agreement with Noble to acquire an additional property and enter into option agreements on five other targets near Crawford.

The Company paid Noble $500,000 in cash and issued 500,000 Canada Nickel common shares (ascribed a fair value of $615,000) to acquire the Crawford Annex property and the option to earn up to an 80% interest in five additional nickel targets within Noble's Project 81 land package. The Crawford Annex comprises 4,909 hectares in Crawford and Lucas township and the five option areas (Crawford-Nesbitt-Aubin, Nesbitt North, Aubin-Mahaffy, Kingsmill-Aubin, and MacDiarmid) ("Option Properties") range in size of 903 to 5,543 hectares.

The Company can earn up to an 80% interest in each of the Option Properties on the following terms and conditions:

1) Canada Nickel can initially earn a 60% interest in each of the Option Properties within 2 years by:
   - funding at least $500,000 of exploration and development expenditures on each option property;
   - paying all property maintenance costs for each option property, including all applicable mining land taxes; and
   - making a payment to Noble of an additional $250,000 in cash or, at Noble's election, Canada Nickel common shares.
2) Canada Nickel has the right to then increase their interest to 80% in each of the Option Properties within three years by funding an additional $1,000,000 of exploration and development expenditures on each option property (for a total of $1,500,000 per option property over three years).

If the conditions to earn a 60% interest or 80% interest have been satisfied, a joint venture would be formed on that basis and a 2% net smelter return royalty would be granted to Noble on the portion of the property which hold mining claims and are without royalty obligations.

On February 17, 2021, the Company entered into a binding letter of intent (LOI) with Noble to consolidate ownership of the additional claims adjacent to the original MacDiarmid property option acquired in May 2020 (MacDiarmid Claims) through a new option agreement (MacDiarmid Option).

5. Exploration and evaluation assets (continued)

Crawford Annex and Option Agreement with Noble (continued)

In exchange for the MacDiarmid Option, the Company (i) issued 200,000 common shares of Canada Nickel to Noble (valued at $674,000), (ii) forgave the $160,224 loan owed by Noble to Canada Nickel, (iii) is taking all steps as are commercially reasonable to transfer $500,000 in assessment credits to Noble; and (iv) provided a net smelter return of up to 1.75% to Noble.

Under the terms of the MacDiarmid Option, a 60% interest in the MacDiarmid Claims will vest to Canada Nickel if it funds at least $100,000 of exploration and development expenditures on the MacDiarmid Claims within 18 months. An 80% interest in the MacDiarmid Claims will vest to Canada Nickel if it funds at least an additional $150,000 (for a total of $250,000) of exploration and development expenditures on the MacDiarmid Claims within 36 months. The Company will also be responsible for exploration expenditures and other costs required to maintain the MacDiarmid Claims in good standing (and to make certain related filings). If the conditions to earn a 60% interest or 80% interest have been satisfied, a joint venture would be formed between Canada Nickel and Noble on such proportionate basis.

On April 22, 2021, the Company entered into a binding letter of intent with Noble to acquire the Option Properties and the MacDiarmid Option (the "Transaction") plus additional claims held by Noble. Under the terms of the Transaction, the current option agreements with Noble will be terminated and Canada Nickel will acquire 100% of the optioned claims and other interests in return for 3.5 million of the Company's common shares. The Transaction also provides Canada Nickel with the right to re-purchase 1% (half) of the 2% royalty held by Noble in respect of certain properties for a re-purchase price of $1.5 million per property if re-purchased during the one-year period after closing, increasing to $2.5 million per property if re-purchased during the second year after closing. On December 17, 2021 the transaction was completed and Canada Nickel owns 100% of six additional properties – Crawford/Nesbitt/Aubin, Nesbitt North, Aubin/Mahaffy, Kingsmill/Aubin, MacDiarmid and Bradburn/Dargavel.

Acquisition of additional properties

In the second quarter of 2021, the Company entered into an option agreement to acquire certain patented mineral and surface rights located near Crawford and acquired additional concessions for consideration of $195,000 in cash and 58,000 common shares (valued at $192,020). Annual payments to maintain the option include $60,000 cash and 5,000 common shares on each anniversary date (commencing March 2022) until 2025. In the event the Company elects to acquire the property a final payment of $460,000 in cash and 5,000 common shares is required. Additional properties were also acquired post October 31, 2021 (refer to note 16).

6. Equipment and right-of-use assets

	Right-of-use assets	Equipment	Total
	$	$	$
Balance, October 31, 2019	-	-	-
Additions	-	35,161	35,161
Balance, October 31, 2020	-	35,161	35,161
Additions	140,768	431,917	572,685
Depreciation	(25,742)	(54,320)	(80,062)
Balance, October 31, 2021	**115,026**	**412,758**	**527,784**

Depreciation for equipment and right-of-use assets is recorded in Exploration and evaluation assets on the consolidated statements of financial position. A lease liability of $117,031 related to the right-of-use assets is recorded in Accounts payable and accrued liabilities.

7. Share capital

Authorized share capital

The authorized share capital consisted of an unlimited number of common shares without par value. All issued shares have been fully paid.

Common shares issued

		2020		**2021**	
	Note	Number of Common Shares	Share Capital	**Number of Common Shares**	**Share Capital**
		#	$	**#**	**$**
Balance, October 31		1	-	79,939,316	30,729,738
Share issuance - acquisitions	5	32,500,000	8,615,000	258,000	866,020
Share issuance - equity financings, net	7(a)	44,129,289	20,984,635	2,981,000	11,341,994
Flow-through share premium	7(b)	-	(1,871,027)	-	(2,146,320)
Share issuance – warrants exercised	8	3,035,026	2,438,880	3,192,439	8,020,796
Share issuance – compensation options exercised		-	-	471,450	1,163,548
Share issuance – stock options exercised		-	-	642,914	280,889
Share issuance – restricted share units exercised		-	-	520,750	270,790
Shares issued to settle 2020 accounts payable	7(c)	275,000	137,500	277,781	109,513
Shares issued to settle 2021 accounts payable	7(c)	-	-	100,000	289,500
Shares to be issued to settle accounts payable	7(c)	-	424,750	-	110,000
Balance, October 31		**79,939,316**	**30,729,738**	**88,383,650**	**51,036,468**

7. Share capital (continued)

(a) The Company completed the following equity financings in its years ended October 31, 2021 and 2020:

	Unit Price	Number of Common Shares	Number of Warrants/ Options	Gross Proceeds Received	Costs of Issue	Net Proceeds Received	Fair Value Warrants/ Options	Share Capital
	$	#	#	$	$	$	$	$
Fiscal year 2021 broker placement:								
July 27, 2021 issue[1]:								
Flow-through shares	4.10	2,981,000	-	12,222,100	-	12,222,100	-	
Costs	-	-	-	-	880,106	(880,106)	-	
Total July 27 issue								11,341,994
Total issuances 2021		**2,981,000**	**-**	**12,222,100**	**880,106**	**11,341,994**	**-**	**11,341,994**
Fiscal year 2020:								
Private placements								
November 13, 2019	0.25	10,300,000	-	2,575,000	60,000	2,515,000	-	2,515,000
December 3 to 20, 2019	0.25	3,370,000	-	842,500	96,040	746,460	-	746,460
December 20 to 30, 2019 flow-through shares	0.30	2,013,666	-	604,100	-	604,100	-	604,100
January 29 and February 13, 2020	0.25	1,442,000	-	360,500	46,107	314,393	-	314,393
February 14, 2020 flow- through shares	0.3625	4,000,000	-	1,450,000	-	1,450,000	-	1,450,000
February 19 and 21, 2020	0.25	3,874,333	-	968,583	25,000	943,583	-	943,583
May 5, 2020 issue[2]:								
Shares and ½ warrant	0.35	1,642,890	821,443	575,012	-	575,012	(146,047)	
flow-through shares	0.40	4,390,000	-	1,756,000	-	1,756,000	-	
Flow-through shares and ½ warrant	0.515	4,113,900	2,056,950	2,118,658	-	2,118,658	(449,328)	
Costs	-	-	608,807	-	443,781	(443,781)	(435,933)	
Total May 5 issue								2,974,581
September 10, 2020 flow-through	2.60	682,500	-	1,774,500	15,014	1,759,486	-	1,759,486
Broker placements:								
Sept 30, 2020 issue[3]:								
Shares and ½ warrant	1.50	5,350,000	2,675,000	8,025,000	-	8,025,000	(1,532,404)	
Costs	-	-	321,000	-	685,052	(685,052)	(432,997)	
Total September 30 issue								5,374,547
October 14, 2020 issue[4] Flow-through shares	1.70	2,950,000	-	5,015,000	-	5,015,000	-	
Costs	-	-	177,000	-	455,440	(455,440)	(257,075)	
Total October 14 issue								4,302,485
Total issuances 2020		**44,129,289**	**6,660,200**	**26,064,853**	**1,826,434**	**24,238,419**	**(3,253,784)**	**20,984,635**

7. Share capital (continued)

(1) July 27, 2021 issue

The Company completed a brokered private placement financing for aggregate gross proceeds of $12,222,100 through the issuance of 2,981,000 flow-through common shares at a price of $4.10 per flow-through common share. Costs of issue amounted to $880,106. The flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscriber. The associated share premium liability of $2,146,320 was recorded.

(2) May 5, 2020 issue

Each of the 2,878,393 warrants issued with the common shares and flow-through shares entitles the holder thereof to acquire one common share of the Company at a price of $0.57 per common share until November 5, 2022, subject to adjustment and acceleration in certain events. The acceleration event was triggered on July 16, 2020 (see Note 8).

Additionally, 608,807 broker warrants were issued in conjunction with this financing, of which 98,573 broker warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.35 per common share, 263,400 broker warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.40 per common share and 246,834 broker warrants entitles the holder thereof to acquire one common share of the Company at a price of $0.46 per common share until November 5, 2022.

The warrants and broker warrants issued were assigned an aggregate fair value of $1,031,308 using the Black-Scholes valuation model, relative value method, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.29% and expected life of 2.5 years.

(3) September 30, 2020 issue

Each of the 2,675,000 warrants issued with the common shares entitles the holder thereof to acquire one common share of the Company at a price of $2.10 per common share until September 30, 2022, subject to adjustment and acceleration in certain events.

Additionally, the Company issued non-transferable compensation options to subscribe for up to 321,000 units of the Company. Each compensation option or unit entitles the holder to acquire one common share and one-half of one warrant of the Company at $1.50 per common share until September 30, 2022. Once these common shares are purchased, the 160,500 warrants attributed to these shares entitles the holder to acquire one common share of the Company at $2.10 per common share until September 30, 2022.

The warrants and broker warrants issued were assigned an aggregate fair value of $1,965,401 using the Black-Scholes valuation model, relative value method, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.23% and expected life of 2 years.

(4) October 14, 2020 issue

The Company issued non-transferable compensation options to subscribe for up to 177,000 units of the Company. Each compensation option or unit entitles the holder to acquire one common share and one-half of one warrant of the Company at $1.50 per common share until October 14, 2022. Once these common shares are purchased, the 88,500 warrants attributed to these shares entitles the holder to acquire one common share of the Company at $2.10 per common share until October 14, 2022.

The warrants and broker warrants issued were assigned an aggregate fair value of $257,075 using the Black-Scholes valuation model, relative value method, with the following assumptions: dividend yield 0%, expected volatility 100%, risk-free rate of return 0.2% and expected life of 2 years.

7. Share capital (continued)

(b) Flow-through common shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers. The following table shows the amounts the Company is committed to spend on eligible Canadian exploration expenditures ("CEE"), the premium associated with each issue and the spending incurred as of October 31, 2021 and 2020.

	Commitment to Spend on CEE	Premium Liability	Eligible CEE Incurred to October 31, 2020	Eligible CEE Incurred to October 31, 2021
Equity raise:	$	$	$	$
December 20 – 30, 2019	604,100	100,683	604,100	-
February 14, 2020	1,450,000	450,000	1,450,000	-
May 5, 2020	3,874,659	678,794	3,874,659	-
September 10, 2020	1,774,500	641,550	993,759	780,741
October 14, 2020	5,015,000	-	-	5,015,000
July 27, 2021	12,222,100	2,146,320	-	6,758,856

As of October 31, 2020 the Company had a share premium liability of $282,027 and an obligation to incur an additional $5,795,741 in eligible CEE by December 31, 2021, which the Company did incur during 2021. As of October 31, 2021 the Company had a share premium liability of $959,399 and an obligation to incur an additional $5,463,244 in eligible CEE by December 31, 2022 related to its July 27, 2021 financing.

(c) In 2021, the Company issued 200,000 common shares to the First Nations in January 2021 (note 13), of which the value for 150,000 common shares ($192,250) was recorded in October 2020 and the value of $114,500 for the remaining 50,000 share obligation was recorded in January 2021. In addition, the Company settled its 2020 professional obligations of $342,013 with the issuance of 127,781 common shares ($232,500 recorded in October 2020). The Company also issued 50,000 common shares to settle additional advisory and professional fee obligations of $175,000 incurred in 2021 and has incurred an additional $110,000 of professional fees which will be settled in the equivalent value of common shares in 2022.

In 2020, 275,000 common shares were issued on settlement of accounts payable for the payment of certain consulting and advisory services. The Company has certain additional payables owing in common shares at October 31, 2020. This includes the 150,000 common share commitment owing to the First Nations (note 13) for value of $192,250 and advisory and professional fee obligations of $232,500 to be settled in the equivalent value of common shares.

8. Warrants and compensation options

The following table reflects the continuity of warrants and compensation options for the years ended October 31, 2021 and 2020:

	Number of warrants	Number of compensation options
	#	#
Balance, October 31, 2019	-	-
Granted	6,162,200	498,000
Exercised	(3,035,026)	-
Balance, October 31, 2020	**3,127,174**	**498,000**
Warrants issued on exercise of compensation options	235,725	-
Exercised	(3,192,439)	(471,450)
Balance, October 31, 2021	**170,460**	**26,550**

On March 15, 2021, under the terms of the September 30, 2020 warrant indenture, the Company accelerated the expiry date of the outstanding warrants from September 30, 2022 to April 27, 2021. Each of the warrants entitles the holder thereof to acquire one common share of the Company at a price of $2.10 per common share.

The Company received $5,981,798 from the exercise of 2,848,475 September 30, 2020 warrants and $111,855 from the exercise of 272,536 broker warrants from the May 5, 2020 financing. In addition, the Company received $707,175 from the exercise of 471,450 broker compensation options.

On July 16, 2020, under the terms of the May 5, 2020 warrant indenture, the Company accelerated the expiry date of the outstanding warrants from November 5, 2022 to September 14, 2020. All of the 2,878,393 warrants issued were exercised and the Company received proceeds of $1,640,684, of which $40,714 was received in 2021 from the late issuance of 71,428 common shares. In addition, the Company received $95,036 from the exercise of 228,061 broker warrants.

The following table reflects the warrants and compensation options outstanding as at October 31, 2021 and 2020:

Grant Date	Exercise Price	Outstanding as at October 31 2020	Outstanding as at October 31 2021	Expiry Date	Remaining Life (years)
	$				
May 5, 2020 warrants	0.57	71,428	-	-	-
May 5, 2020 broker warrants	0.35	54,359	4,612	5-Nov-22	1.0
May 5, 2020 broker warrants	0.40	179,933	45,320	5-Nov-22	1.0
May 5, 2020 broker warrants	0.46	146,454	58,278	5-Nov-22	1.0
September 30, 2020 warrants	2.10	2,675,000	-	30-Sept-22	-
September 30, 2020 compensation options	1.50	321,000	-	30-Sept-22	0.9
October 14, 2020 compensation options	1.50	177,000	26,550	14-Oct-22	1.0
Warrants issued from exercise of compensation options	2.10	-	62,250	30-Sept-22	0.9
	1.10	3,625,174	197,010		1.0

9. Stock options

The following table reflects the continuity of stock options for the fiscal years ended October 31, 2021 and 2020:

	2020	2021
	#	#
Balance, beginning of fiscal year	-	4,850,000
Stock options granted	4,850,000	1,404,500
Exercised	-	(642,914)
Forfeited	-	(390,001)
Balance, October 31	**4,850,000**	**5,221,585**

The following table reflects stock options outstanding as at October 31, 2021 and 2020:

Grant Date	Exercise Price	Outstanding as at October 31 2020	Outstanding as at October 31 2021	Vested and outstanding as at October 31 2021	Expiry Date	Remaining Life (years)
	$	#	#			
January 13, 2020	0.25	4,177,500	3,184,585	766,250	13-Jan-25	3.3
February 18, 2020	0.25	275,000	275,000	91,666	18-Feb-25	3.3
August 12, 2020	1.87	60,000	60,000	20,000	12-Aug-25	3.8
October 27, 2020	1.62	337,500	337,500	112,500	27-Oct-25	4.0
November 1, 2020	1.62	-	360,000	-	1-Nov-25	4.0
December 8, 2020	1.88	-	100,000	-	8-Dec-25	4.1
February 22, 2021	3.63	-	704,500		22-Feb-26	4.3
June 16, 2021	3.57	-	65,000		16-June-26	4.7
June 23, 2021	3.39	-	35,000		23-June-26	4.7
July 1, 2021	3.54	-	100,000		1-July-26	4.7
		4,850,000	5,221,585	990,416		3.6
Weighted average exercise price		$0.37	$1.06			

The options vest at a rate of one third on the anniversary date of the grant, and a further one third each year thereafter. Each stock option converts into one common share of the Company upon exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The Company, at its discretion, may settle stock options exercised through the issuance of common shares from treasury or cash.

The Company recorded share-based compensation expense related to stock options of $1,544,830 for the year ended October 31, 2021 ($418,996 for the year ended October 31, 2020) to the consolidated statements of loss and comprehensive loss and recorded $365,942 of share-based compensation expense as an increase to exploration and evaluation asset on the consolidated statements of financial position. In 2021, the Company received $160,728 from the exercise of 642,914 stock options. No options were exercisable in 2020.

9. Stock options (continued)

The following table summarizes the assumptions used in the Black-Scholes valuation model for the determination of the cost of stock options issued during the years ended October 31, 2021 and 2020.

	Jan 13 2020	Feb 18 2020	Aug 12 2020	Oct 27 and Nov 1 2020	Dec 8 2020	Feb 22 2021	June and July 2021
Risk free interest rate	1.66%	1.42%	0.30%	0.26%	0.32%	0.30%	0.65%
Expected life (years)	5	5	5	5	5	5	5
Volatility	100%	100%	100%	100%	100%	134%	117%
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Forfeiture rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value of options issued	$0.19	$0.19	$1.38	$1.20	$1.39	$3.14	$2.88

10. Restricted share units ("RSUs")

The following table reflects the continuity of RSUs for the years ended October 31, 2021 and 2020:

	2020	2021
	#	#
Balance, beginning of fiscal year	-	2,265,000
RSUs granted	2,265,000	1,119,484
Exercised	-	(520,750)
Forfeited	-	(54,250)
Balance, October 31	**2,265,000**	**2,809,484**

The following table reflects RSUs outstanding as at October 31, 2021 and 2020:

Grant Date	Grant Date Price and Fair Value	Outstanding as at October 31 2020	Outstanding as at October 31 2021	Vested as at October 31 2021
	$	#	#	#
March 3, 2020	0.52	2,122,500	1,601,750	-
August 12, 2020	1.87	30,000	30,000	30,000
October 27, 2020	1.62	112,500	112,500	112,500
November 1, 2020	1.62	-	230,000	-
December 8, 2020	1.88	-	68,617	-
February 22, 2021	3.63	-	661,895	-
June 16, 2021	3.57	-	27,900	-
June 23, 2021	3.39	-	17,500	-
July 1, 2021	3.54	-	59,322	-
	1.36	2,265,000	2,809,484	142,500

10. Restricted share units ("RSUs") (continued)

RSUs vest on the anniversary date of the grant, except for 1,601,750 RSUs from the March 3, 2020 grant which have a revised vest date of March 3, 2022. Under the Company's RSU rollover arrangement certain holders of RSUs that were granted in March 2020 elected to extend the applicable redemption date of the RSUs by twelve months in exchange for a supplemental grant equal to 10% of the number of extended RSUs. 160,175 RSUs have been granted on February 22, 2021 under these arrangements. These newly issued RSUs will vest one year from the date of grant.

Each RSU converts into one common share of the Company upon exercise. No amounts are paid or payable by the recipient on receipt of the RSU. The RSUs carry neither right to dividends nor voting rights. Upon vesting, the Company, at its discretion, may settle RSUs through the issuance of common shares from treasury or cash. The Company recorded share-based compensation expense related to RSUs of $2,270,368 for the year ended October 31, 2021 ($746,061 for the year ended October 31, 2020) to the consolidated statements of loss and comprehensive loss and recorded $595,763 of share-based compensation expense as an increase to exploration and evaluation asset on the consolidated statements of financial position.

11. Loss per share

	For the years ended October 31	
	2021	2020
Net loss	**$6,378,103**	$3,077,272
Weighted average number of common shares outstanding - basic	**83,927,453**	53,447,954
Effect of dilutive securities	**-**	-
Weighted average number of common shares outstanding - dilutive	**83,927,453**	53,447,954
Loss per share – basic and diluted	**$ 0.08**	$ 0.06

Diluted loss per share does not include the effect of stock options, RSUs, compensation options and warrants as they are anti-dilutive.

12. Related party transactions and balances

Related parties and related party transactions impacting the consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

A summary of the related party transactions and balances is as follows:

	For the years ended October 31	
	2021	2020
	$	$
Management and directors fees	**575,067**	380,000
Share-based compensation	**2,956,600**	715,784
Accounting and financial services	**-**	68,036

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties.

Amounts payable to related parties were as follows:

	As at October 31	
	2021	2020
	$	$
Fees owing to management for expense reimbursement	**-**	32,287
Fees owing to directors for board fees and advisory	**-**	47,970
Marrelli Support Services Inc.	**-**	24,178

Marrelli Support Services Inc. provided bookkeeping and office support services for the Company, including contract Chief Financial Officer ("CFO") services. Robert D.B. Suttie acted as CFO for the Company from December 1, 2019 to October 31, 2020.

13. Commitments and contingencies

At October 31, 2021 the Company has $6.2 million in payables owing with respect to exploration and evaluation assets and has lease obligations of $141,078 related to fiscal 2022 and $68,112 in fiscal years 2023 and 2024. In addition, the Company has an obligation to incur an additional $5,463,244 in eligible CEE by December 31, 2022 to meet the requirements from the July 27, 2021 flow-through share financing.

Canada Nickel entered into a Memorandum of Understanding ("MOU") with the Matachewan and Mattagami First Nations in relation to exploration and development operations at Crawford. The MOU establishes a commitment by Canada Nickel to engage in ongoing consultation and establish a mutually beneficial cooperative and productive relationship with the First Nations located in the Crawford Project area. The agreement also provides the communities with an opportunity to participate in the benefits of the Crawford Project through business opportunities, employment and training, financial compensation and consultation on environmental matters. Financial compensation to the First Nations includes the issuance of 200,000 common shares of the Company, which were issued in January 2021, and a commitment to pay a specified percentage of the annual expenses related to the Company's exploration program.

14. Financial instruments

Fair values

At October 31, 2021, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfer of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 – cash and cash equivalents
Level 2 – none
Level 3 - none

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk; and
- Liquidity risk

14. Financial instruments (continued)

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, and accounts receivable. All of the Company's cash is held at a Canadian bank, or funds held in trust with legal counsel in which management believes that the risk of loss is minimal, but the Company is subject to concentration of credit risk. Loans and account receivables consist of accounts receivable created in the course of normal business along with recoverable service taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash and from time to time with equity. As at October 31, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturity dates within one year. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. There have been no changes in the Company's strategy with respect to credit/liquidity risk in the period.

15. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 – 26.5%) to the effective tax rate is as follows:

	For the years ended October 31	
	2021	2020
	$	$
Net loss before income taxes	**6,378,103**	3,077,272
Expected income tax recovery	**1,690,197**	815,480
Effect of flow-through renunciation	**(1,845,437)**	-
Share based compensation and non-deductible expenses	**(1,265,895)**	(308,740)
Flow-through share premium	**389,271**	421,090
Share issuance cost booked directly to equity	**243,957**	666,870
Change in tax benefits not recognized	**787,907**	(1,594,700)
Income tax recovery	**-**	-

15. Income taxes (continued)

Deferred tax

The following table summarizes the components of deferred tax:

	As at October 31	
	2021	2020
	$	$
Deferred tax assets:		
Capital lease obligation	**30,480**	-
Operating tax losses carried forward	**2,274,820**	-
	2,305,300	-
Deferred tax liabilities:		
Right-of-use assets	**(30,480)**	-
Resource pools – mineral properties	**(2,274,820)**	-
	(2,305,300)	-
Net deferred tax liability	**-**	-

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	As at October 31	
	2021	2020
	$	$
Equipment	**54,320**	-
Share issuance costs	**2,510,340**	2,013,200
Operating tax losses carried forward	**310,154**	4,004,520
Net unrecognized deferred tax assets	**2,874,814**	6,017,720

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses of $310,154 expire in 2041.

Share issuance costs will be fully amortized in 2026. The remaining deductible temporary differences may be carried forward indefinitely.

16. Subsequent events

(1) On November 22, 2021, the Company announced the acquisition of 13 additional target properties within a 95 kilometre radius of Crawford. The consolidation of these properties underscores the Company's belief in the district-scale potential of the Timmins region.

The Company negotiated 18 separate agreements to directly acquire or earn-in to the properties. On signing, the Company will pay an aggregate of $521,500 in cash and issue an aggregate 2,239,000 common shares of the Company. As of January 26, 2022, $249,000 of this cash has been paid and 1,664,000 common shares issued. The table below shows the additional aggregate payments required to maintain the acquisition or earn-in to the properties.

	Cash	Shares
	$	#
On signing	521,500	2,239,000
Fiscal year 2022	100,000	-
Fiscal year 2023	400,000	961,000
Fiscal year 2024	300,000	220,000
Fiscal years 2025 and 2026	700,000	245,000
	2,021,500	3,665,000

In addition, there are commitments to fund exploration expenditures of at least $2.3 million in fiscal 2023 and $3.2 million in fiscal 2025/2026 on certain properties to earn-in.

(2) On December 17, 2021, the Company closed the Transaction with Noble to acquire the Option Properties and MacDiarmid Option plus additional claims and issued 3.5 million commons shares to Noble (refer to note 5 which describes the Transaction).

(3) On January 5, 2022 the Company closed a secured loan facility with Auramet International LLC ("Auramet") of US$10 million. The proceeds will be used to ensure the Company remains well-funded as it continues to aggressively advance the Crawford Nickel Sulphide Project through the first quarter of 2022 when the Company expects to conclude its strategic investor process. The loan is secured and matures on April 5, 2022, subject to the Company's right to extend the loan for a further three-month period at its option. The interest rate on the facility is 1% per month and has an arrangement fee of 2% of the loan amount. In connection with the loan, the Company issued 325,000 1-year share purchase warrants at a strike price of $3.94 per share.