



**NUNAVIK NICKEL MINES LTD**

*Interim condensed financial statements (unaudited)*

For the three-month periods ended on March 31, 2017 and 2016

# NUNAVIK NICKEL MINES LTD

---

## INTERIM CONDENSED FINANCIAL STATEMENTS

---

NOTICE TO READER	3
INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)	
Interim condensed statements of financial position	4
Interim condensed statements of loss and comprehensive loss	5
Interim condensed statements of changes in equity	6
Interim condensed statements of cash flows	7
Notes to interim condensed financial statements	8 - 16

## **Notice to Reader**

The accompanying unaudited interim condensed financial statements of Nunavik Nickel Mines LTD. (the "Company") for the three-month periods ended on March 31, 2017 and 2016 have been prepared by the management and are its responsibility. These unaudited interim condensed financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed financial statements have not been reviewed by the Company's auditors.

# NUNAVIK NICKEL MINES LTD

## INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

As at	(Unaudited - in Canadian dollars)		
	Notes	March 31, 2017	December 31, 2016
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		366,718	11,846
Sales taxes recoverable		3,464	1,620
Prepaid expenses and deposits		16	16
		370,198	13,482
<b>Non-current assets</b>			
Exploration and evaluation assets	5	62,691	60,009
<b>Total assets</b>		<b>432,889</b>	<b>73,491</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		7,946	12,175
Due to the controlling shareholder Golden Valley, without interest, due on demand		30,000	30,000
<b>Total liabilities</b>		<b>37,946</b>	<b>42,175</b>
<b>EQUITY</b>			
Share capital	6	2,835,413	2,557,466
Contributed surplus		158,071	158,071
Warrants	6	114,467	4,877
Deficit		(2,713,008)	(2,689,098)
<b>Total equity</b>		<b>394,943</b>	<b>31,316</b>
<b>Total liabilities and equity</b>		<b>432,889</b>	<b>73,491</b>

Going Concern (Note 2)  
Subsequent event (Note 11)

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

On behalf of the Board of Directors,

"Glenn J. Mullan"  
(signed Glenn J. Mullan)  
Director

"Dr. C. Jens Zinke"  
(signed C. Jens Zinke)  
Director

# NUNAVIK NICKEL MINES LTD

## INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three-month periods ended on	(Unaudited - in Canadian dollars)	
	March 31, 2017	March 31, 2016
	\$	\$
<b>Operating expenses</b>		
Exploration and evaluation expenses	-	4,285
Consulting fees	223	-
Audit and accounting fees	9,013	9,360
Legal fees	300	609
Regulatory and transfer agent fees	11,482	6,465
Office expenses and other	1,123	2,551
Travel and entertainment	1,651	2,061
<b>Operating loss</b>	23,792	25,331
<b>Other expenses (income)</b>		
Interest income	-	(420)
Interest expense	118	59
	118	(361)
<b>Net loss and comprehensive loss</b>	23,910	24,970
<b>Basic and diluted net loss per common share</b>	0.002	0.002
<b>Weighted average number of common shares outstanding</b>	13,496,535	12,881,994

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

# NUNAVIK NICKEL MINES LTD

## INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended on March 31, 2017 and 2016

(Unaudited - in Canadian dollars)

	Notes	Share capital		Contributed surplus	Warrants	Deficit	Total
		Number	\$	\$	\$	\$	\$
<b>Balance on January 1st, 2016</b>		12,881,994	2,557,466	137,283	4,877	(1,167,845)	1,531,781
Net loss and comprehensive loss		-	-	-	-	(24,970)	(24,970)
<b>Balance on March 31, 2016</b>		<u>12,881,994</u>	<u>2,557,466</u>	<u>137,283</u>	<u>4,877</u>	<u>(1,192,815)</u>	<u>1,506,811</u>
<b>Balance on January 1st, 2017</b>		12,881,994	2,557,466	158,071	4,877	(2,689,098)	31,316
Issuance of units under a private placement	6	4,353,461	174,138	-	108,837	-	282,975
Issuance of units as part of a finder's fee payment	6	225,200	9,008	-	5,630	-	14,638
Cost related to the issuance of units	6	-	(16,876)	-	-	-	(16,876)
Exercise of warrants	6	890,000	106,800	-	-	-	106,800
Expired warrants	6	-	4,877	-	(4,877)	-	-
Net loss and comprehensive loss		-	-	-	-	(23,910)	(23,910)
<b>Balance on March 31, 2017</b>		<u>18,350,655</u>	<u>2,835,413</u>	<u>158,071</u>	<u>114,467</u>	<u>(2,713,008)</u>	<u>394,943</u>

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

# NUNAVIK NICKEL MINES LTD

## INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three-month periods ended on

(Unaudited - in Canadian dollars)

	Notes	March 31, 2017	March 31, 2016
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss		(23,910)	(24,970)
Change in non-cash working capital items			
Sales taxes recoverable		(1,844)	(3,830)
Prepaid expenses and deposits		-	2,534
Accounts payable and accrued liabilities		3,972	265
		2,128	(1,031)
<b>Net cash related to operating activities</b>		<b>(21,782)</b>	<b>(26,001)</b>
<b>INVESTING ACTIVITIES</b>			
Additions to exploration and evaluation assets		(10,883)	(275)
<b>Net cash related to investing activities</b>		<b>(10,883)</b>	<b>(275)</b>
<b>FINANCING ACTIVITIES</b>			
Issuance of units under a private placement	6	282,975	-
Issuance of shares following the exercise of warrants	6	106,800	-
Cost related to the issuance of units	6	(2,238)	-
<b>Net cash related to financing activities</b>		<b>387,537</b>	<b>-</b>
<b>Increase (decrease) in cash</b>		354,872	(26,276)
<b>Cash, beginning of period</b>		11,846	70,571
<b>Cash, end of period</b>		<b>366,718</b>	<b>44,295</b>
Interest received		-	420

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

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Nunavik Nickel Mines Ltd (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, is involved in the process of exploring, evaluating and promoting its mineral properties and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Quebec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montreal, Quebec, H3B 1X9.

The Company's shares are listed on the TSX Venture Exchange under the symbol KZZ.

### NOTE 2. GOING CONCERN ASSUMPTION

These interim condensed financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at March 31, 2017, the Company has a cumulated deficit of \$2,713,008 (\$2,689,098 as at December 31, 2016). These material uncertainties cast significant doubts regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

### NOTE 3. BASIS OF PRESENTATION

These interim condensed financial statements, approved by the Board of Directors on May 12, 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting". These interim condensed financial statements as well as the related notes should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2016.

### NOTE 4. SUMMARY OF ACCOUNTING POLICIES

#### *Overall considerations*

The significant accounting policies that have been applied in the preparation of these interim condensed financial statements are summarized in Note 3 - Significant Accounting Policies, of the Company's annual audited financial statements for the year ended December 31, 2016.

#### *Accounting standards and interpretations issued and in effect during the period*

##### *IAS 7 – Statement of cash flows*

In January 2016, IASB amended IAS 7, "Statement of Cash Flows". The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017. The adoption of these amendments to IAS 7 had no effect on the Company's interim condensed financial statements.



# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 5. EXPLORATION AND EVALUATION ASSETS

The following tables presents a summary of exploration and evaluation assets by property:

	Balance as at January 1, 2016	Additions	Impairment	Balance as at December 31, 2016	Additions	Impairment	Balance as at March 31, 2017
	\$	\$	\$	\$	\$	\$	\$
Boston Bulldog Prospect (Ontario)	41,100	1,024	-	42,124	2,582	-	44,706
Shoot-Out Prospect - (Quebec)	-	7,680	-	7,680	50	-	7,730
Chibougamau-Chapais Prospect (Quebec)	-	10,205	-	10,205	50	-	10,255
Marymac Prospect (Quebec)	1,419,625	392	(1,420,017)	-	-	-	-
	<u>1,460,725</u>	<u>19,301</u>	<u>(1,420,017)</u>	<u>60,009</u>	<u>2,682</u>	<u>-</u>	<u>62,691</u>

The following table presents the additions to exploration and evaluation assets by property:

	Boston Bulldog	Shoot-Out	Chibougamau- Chapais	Marymac	Total
	\$	\$	\$	\$	\$
Acquisition and claim maintenance	2,193	50	50	-	2,293
Geology	389	-	-	-	389
<b>Balance, end of period</b>	<u>2,582</u>	<u>50</u>	<u>50</u>	<u>-</u>	<u>2,682</u>

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 5. EXPLORATION AND EVALUATION ASSETS (continued)

	December 31, 2016				
	Boston Bulldog	Shoot-Out	Chibougamau- Chapais	Marymac	Total
	\$	\$	\$	\$	\$
Acquisition and claim maintenance	100	7,066	2,868	550	10,584
Technical and field staff	-	614	3,434	-	4,048
Consultant fees	924	-	3,684	446	5,054
General expenses	-	-	219	-	219
Tax credits	-	-	-	(604)	(604)
<b>Balance, end of year</b>	<b>1,024</b>	<b>7,680</b>	<b>10,205</b>	<b>392</b>	<b>19,301</b>

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

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 5. EXPLORATION AND EVALUATION ASSETS (continued)

#### Marymac Prospect - Labrador Trough, Quebec

The Marymac Prospect located in the Labrador Trough of Quebec, consists of 43 Map Designated Units (each an "MDU"). The Company holds a 100% interest in the Marymac Prospect that is subject to a 2% net smelter royalty ("NSR") interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted pursuant to an agreement dated March 1, 2001. Since the Company is not planning any work in the near future, the Company made the decision to impair its Marymac Prospect at December 31, 2016.

#### Boston Bulldog Prospect - Kirkland Lake, Ontario

The Boston Bulldog Prospect is a group of 3 mining claims located in Kirkland Lake, Ontario. On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015 and March 24, 2017, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by Glenn J. Mullan, the previous CEO and a director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty. In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of \$5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur minimum mining operations expenditures of \$50,000 by April 7, 2018. In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. \$1,000,000 at any time on or before February 16, 2022.

#### Shoot-Out Prospect - Northern Quebec

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 63 claims located in the Raglan Belt of northern Quebec. The Company has a 100% ownership interest in this property that is subject to a 3% NSR in favour of the original vendors, one of which is a director and officer of the Company.

#### Chibougamau-Chapais Prospect - Central, Quebec

The Chibougamau-Chapais Prospect is a non-contiguous group of 40 claims, located in the Chibougamau area in central Quebec, which were staked by the Company in the second quarter of 2016. The Company intends to design and conduct a grass roots exploration program on this property in the coming future.

#### Fortin Prospect - Abitibi, Quebec

The Fortin Prospect is located in the central part of Ducros Township, approximately 80 kilometres northeast of the City of Val-d'Or, Quebec, and consists of 5 contiguous mining claims. The Company holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at anytime; 0.5% buyback for \$500,000 and 1% buyback for \$1,000,000. This prospect was impaired in the year ended December 31, 2013.

### NOTE 6. SHARE CAPITAL

#### Authorized

Unlimited number of voting common shares without par value.

#### Transaction on share capital

#### 2017

On March 30, 2017, the Company closed a non-brokered private placement pursuant to which it has issued 4,353,461 units at a price of \$0.065 per unit for a gross proceeds of \$282,975. Each unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of \$0.085 until March 30, 2019. The fair value of the 4,353,461 warrants was estimated at \$0.025 using the Black-Scholes pricing model with the following assumptions: an expected volatility of 127.7%, a risk-free interest rate of 0.79%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.08. As a result, the warrants were valued at \$108,837 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 6. SHARE CAPITAL (Continued)

In connection with the financing, the Company issued an aggregate 225,200 common shares at a deemed per share price of \$0.04 for \$9,008 representing 8% of the purchase proceeds received from subscribers introduced to the Company by the finders and issued 225,200 non-transferable finders warrants entitling the purchase of an aggregate 225,200 common shares of the Company at a per share price of \$0.085 until March 30, 2019, representing 8% of the number of units placed with the assistance of the finders. When granted, the fair value of the 225,200 non-transferable finders warrants of \$5,630, issued as compensation warrants to settle finder's fees, was established based on the value of the service received and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred regulatory fees in relation with the private placement of \$2,238.

The expected volatility used above in the assumptions was determined by reference to historical data of the Company's shares over the expected average life of the warrants. No special features inherent to the warrants granted were incorporated into measurement of fair value.

#### Warrants

The following table shows the changes in warrants:

	March 31, 2017		December 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	1,291,250	0.12	1,291,250	0.12
Issued	4,578,661	0.085	-	-
Exercised	(890,000)	0.12	-	-
Expired	(401,250)	0.12	-	-
Outstanding, end of period	<u>4,578,661</u>	<u>0.085</u>	<u>1,291,250</u>	<u>0.12</u>

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

	Exercise price	Number of warrants outstanding
Expiration date	\$	
March 30, 2019	0.085	<u>4,578,661</u>

### NOTE 7. SHARE-BASED PAYMENTS

#### Stock option plan

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange.

All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 7. SHARE-BASED PAYMENTS (Continued)

The Company's stock options are as follows for the reporting periods presented:

	March 31, 2017	Weighted average exercise price	March 31, 2016	Weighted average exercise price
	Number of options		Number of options	
		\$		\$
Outstanding, beginning of year	565,000	0.07	793,199	0.18
Granted	-	-	446,801	0.065
Forfeited	-	-	(675,000)	0.20
Outstanding, end of year	565,000	0.07	565,000	0.07

The fair value of the stock options granted of \$0.05 has been estimated on the date of issue, using the Black-Scholes option-pricing model with the following assumptions:

	December 31, 2016
Share price at date of grant	0.065 \$
Expected dividend yield	- \$
Expected volatility	100 %
Risk-free interest rate	0.64 %
Expected life	5 years
Exercise price at the date of grant	0.065 \$

For the year ended December 31, 2016, given the limited trading history of the Company's common shares, the underlying expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

The number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

	Exercise price	Number of options
Expiry date	\$	
April 3, 2019	0.065	60,000
November 20, 2019	0.08	58,199
May 16, 2021	0.065	446,801

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 7. SHARE-BASED PAYMENTS (Continued)

#### Restricted Share Unit Plan

At the annual general and special meeting of shareholders held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan will be adopted and implemented by the Company's Board upon receipt of acceptance by the Exchange. The RSU Plan provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be decided at the grant date. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 896,769 common shares. The Company has yet to make the submission to the Exchange to obtain its acceptance of the RSU Plan.

### NOTE 8. ADDITIONAL CASH FLOWS INFORMATION

Additional disclosures regarding cash flows that did not result in a cash outflow:

	March 31, 2017	March 31, 2016
Accounts payable and accrued liabilities included in exploration and evaluation assets	\$ (8,201)	\$ 5,556
Issuance of units as part of a finder's fee payment	14,638	-

### NOTE 9. RELATED PARTY TRANSACTIONS

#### Transactions with the parent company

On October 1, 2010 the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley pursuant to which Golden Valley will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a chief financial officer and investors relations services to the Company in consideration of \$96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started as of July 15, 2011 (the "Trading Date").

From June 1, 2012, Golden Valley has agreed to suspend the charges of the management fees to enable the Company to conserve cash for its operations. Accordingly, the Company has not been charged management fees by Golden Valley for the years ended December 31, 2016 and 2015. The Company will resume payment of the management fees when its cash situation will permit.

The Management Agreement is for an initial term of two years commencing on the Trading Date, and will be automatically renewed after the initial term for successive period of 12 months. The Management Agreement can be terminated at any time and by either party, upon delivery of a twelve-month written notice. The Management Agreement provides for the Fee to be reviewed on an annual basis.

The Company entered into an amending agreement (an "Amending Agreement") with Golden Valley dated as of May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that:

- if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control;
- if the Company terminates the Management Agreement within twelve months of the change of control; or
- if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control.

Then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 9. RELATED PARTY TRANSACTIONS (Continued)

Golden Valley shall be entitled to terminate the Management Agreement at any time giving to the Company at least 30 days prior notice in writing as long as the fee is not being paid to Golden Valley.

In addition, pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly charge equal to the hourly charge to Golden Valley, plus 10%. For the three-month period ended March 31, 2017, the Company incurred fees in the amount of \$714; \$491 was included in exploration and evaluation assets and \$223 was expensed (\$7,615 for the three-month period ended March 31, 2016, \$3,766 was included in exploration and evaluation assets and \$3,849 was expensed).

As at March 31, 2017, the Company had a balance payable of \$1,353 to Golden Valley (\$10,259 at December 31, 2016) included in accounts payable and accrued liabilities .

#### Transactions with key management

Key management personnel of the Company are the members of the board of directors, as well as the president and the chief financial officer. The remuneration of key management personnel includes the following expenses:

	March 31, 2017	December 31, 2016
Share-based payments	\$ -	\$ 13,344

The Company did not pay any compensation nor any other form of employment benefits or perquisites to its key management in the three-month periods ended March 31, 2017 and 2016. The services of the chief financial officer previously charged to the Company through the Management and Administrative Agreement were assumed by Golden Valley.

### NOTE 10. COMMITMENTS

The Company entered into a Management Agreement described in Note 9.

The Company entered into an indemnification agreement with each officer and director. The Company would indemnify its officers and directors to provide them with maximum protection permitted by law in lieu of a liability insurance.

As provided in the Mining Option Agreement on the Boston Bulldog prospect (Note 5), the Company has to incur minimum exploration and evaluation expenditures of \$50,000 before April 7, 2018.

### NOTE 11. SUBSEQUENT EVENT

#### Acquisition of the Abitibi Greenstone Belt Prospect - Quebec and Ontario

On April 18, 2017, the Company signed a Mining Option Agreement ("Option") with Golden Valley to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties. Pursuant to the terms of the Option, the Company must incur \$4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with \$500,000 to be incurred on or before December 31, 2018, \$750,000 to be incurred on or before the December 31, 2019, \$1,000,000 to be incurred on or before December 31, 2020, and \$1,750,000 to be incurred on or before December 31, 2021).

# NUNAVIK NICKEL MINES LTD

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

As at March 31, 2017 and 2016 and December 31, 2016

(Unaudited - in Canadian dollars)

### NOTE 11. SUBSEQUENT EVENT (Continued)

As consideration for the Option, the Company will issue 16,666,668 common shares to Golden Valley at a deemed price of \$0.12 per share for an aggregate deemed value of \$2,000,000 (issuable as to 4,166,667 common shares on or before each of December 31, 2018, 2019, 2020 and 2021). In addition, the Company has granted Golden Valley a royalty equal to 1.25% of the net smelter returns ("NSRs") from the 61 properties on the terms set out in the option agreement of which 1% may be bought back by the Company by paying Golden Valley \$5,000,000, at the Company option, in cash or shares at a deemed price per share equal to the market price of the Company's shares at the time of such election.

If the Company has issued the common shares and incurred the expenditures provided for in the option agreement, it may exercise the option on or before December 31, 2021.

The transactions contemplated by the option agreement is subject to acceptance by the TSX Venture Exchange.

The transactions contemplated by the option agreement will result in related party considerations pursuant to TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101, protection of minority security holders in special transactions. Both Golden Valley and the Company intend to rely on the exemption from the formal valuation requirement contained in Section 5.5(b) of MI 61-101 as no securities of either Golden Valley or the Company are listed or quoted on specified markets. As both Golden Valley and the Company propose obtaining from a majority of their respective disinterested, minority shareholders' written consent to the transactions contemplated by the option agreement, reliance on an exemption from the minority shareholder approval requirement of MI 61-101 will not be required.