CLASS 1 NICKEL AND TECHNOLOGY LIMITED
(FORMERLY LAKEFIELD MARKETING CORP.)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

Wasserman
Ramsay

Chartered Professional Accountants

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Independent Auditors' Report

To the Shareholders of
Class 1 Nickel and Technologies Limited
(formerly Lakefield Marketing Corp.):

Opinion

We have audited the financial statements of Class 1 Nickel and Technologies Limited (formerly Lakefield Marketing Corp) (the "Company"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements, which indicates that for the year ended December 31, 2019 the Company incurred losses of $1,560,128 resulting in an accumulated deficit in the amount of $1,566,128 at year end. 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, 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 in this auditor's report. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 auditors' report is Kevin Ramsay.

Wasserman Ramsay

Markham, Ontario
May 22, 2020

Chartered Professional Accountants
Licensed Public Accountants

Class 1 Nickel and Technology Limited (formerly Lakefield Marketing Corp.)
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 174,205**	$ -
Accounts receivable	**2,760**	2
Due from related party (note 7)	**14,648**	-
Prepaid expenses	**7,900**	-
Total assets	**$ 199,513**	$ 2
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	**$ 48,047**	$ 6,000
Loans payable	**22,008**	-
Total liabilities	**70,055**	6,000
Shareholder's deficiency		
Share capital (note 6)	**1,695,586**	2
Deficit	**(1,566,128)**	(6,000)
Total shareholder's deficiency	**129,458**	**(5,998)**
Total shareholder's deficiency and liabilities	**$ 199,513**	$ 2

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

Nature of operations and going concern (note 1)
Commitments (note 9)
Subsequent event (note 10)

Approved on behalf of the Board:

"David Fitch" *Director*

"Matthew Gilbertson" *Director*

Class 1 Nickel and Technology Limited (formerly Lakefield Marketing Corp.)

Statements of Income (Loss) and Comprehensive Income (loss)
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Royalty payments	**$ 26,223**	**$ -**
Operating expenses		
Professional fees	**555,140**	-
Exploration and evaluation	**733,936**	-
General and administrative (note 7)	**81,270**	-
Regulatory	**4,501**	-
Listing expense	**227,480**	-
Gain on settlement of debt	**(15,976)**	-
	1,586,351	-
Net loss and comprehensive loss for the year	**$ 1,560,128**	$ -
Basic and diluted net income (loss) per share	**$ 0.038**	$ 0.000
Weighted average number of common shares outstanding	**41,263,456**	5,250,000

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

Class 1 Nickel and Technology Limited (formerly Lakefield Marketing Corp.)
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities		
Net loss for the year	$ (1,560,128)	$ -
Adjustments for:		
Shares issued in debt settlement	1,145,000	-
Shares issued in connection with reverse take-over	200,584	-
Changes in non-cash working capital items:		
Amounts receivable and sales tax receivable	(17,406)	-
Loans payable	22,008	-
Prepaid expenses	(7,900)	-
Amounts payable and other liabilities	42,047	-
Net cash used in operating activities	(175,795)	-
Financing activities		
Proceeds from issuance of units in private placement	350,000	-
Net cash provided by financing activities	350,000	-
Net change in cash and cash equivalents	174,205	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	$ 174,205	$ -

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

Class 1 Nickel and Technology Limited (formerly Lakefield Marketing Corp.)

Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Shares		Share capital		Deficit		Total
Balance, December 31, 2017	**10,029,209**	**$**	**2**	**$**	**(4,590)**	**$**	**(4,588)**
Net loss for the year			-		-		-
Balance, December 31, 2018	**10,029,209**	**$**	**2**	**$**	**(6,000)**	**$**	**(5,998)**
Shares issued in private placement	17,500,000		350,000		-		350,000
Shares issued for settlement of debt	57,250,000		1,145,000		-		1,145,000
Shares issued in connection with RTO	5,250,000		200,584		-		200,584
Net loss for the year			-		(1,560,128)		(1,560,128)
Balance, December 31, 2019	**90,029,209**	**$**	**1,695,586**	**$**	**(1,566,128)**	**$**	**129,458**

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

1. Nature of operations and going concern

Nature of business

Class 1 Nickel and Technology Limited (formerly Lakefield Marketing Corp.) ("Class 1" or the "Company") was incorporated on September 22, 2000, under the laws of the Province of Ontario. The principal business of the Company is mining exploration and development of minerals and precious metals in Canada. The corporate head office of the Company is located at 44 Victoria Street, Suite #1060, Toronto, Ontario.

Going concern uncertainty

At each reporting period, management assesses the basis of preparation of the financial statements. These financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the year ended December 31, 2019, the Company incurred a net loss of $1,560,128 respectively (December 31, 2018 - $nil) and had negative operating cash flows of $175,795 (December 31, 2018 - $nil). The Company has an accumulated deficit of $1,566,128 since inception (December 31, 2018 - $6,000) and does not have sufficient cash as at December 31, 2019 to meet its expected obligations over the next twelve months. These factors raise significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate cash flows from operations and to complete negotiations to obtain and successfully close additional funding from debt financing, equity financings or through other arrangements. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. Reverse take-over transaction

On September 23, 2019, the Company completed a business combination (the "Transaction") with Legendary Ore Mining Corporation ("Legendary") by way of a "three-cornered amalgamation", resulting in the reverse take-over of the Company by Legendary's former shareholders.

The Transaction was completed in accordance with the terms of an amalgamation agreement (the "Amalgamation Agreement") between the Company, Legendary and Bloom Retail Management Inc. ("Lakefield Subco"), a wholly-owned subsidiary of the Company. On closing of the Transaction, Legendary amalgamated with Lakefield Subco to form a new corporation, which became a wholly-owned subsidiary of the Company continuing under the name "Legendary Ore Mining Corporation". In exchange for all of the issued and outstanding common shares of Legendary, the Company issued 80 million common shares of the Company to the former Legendary shareholders. As a result, on closing, the former Legendary shareholders held approximately 89% of the 90,029,209 total outstanding shares of the Company.

Immediately prior to the Transaction taking effect, the Company changed its name to "Class 1 Nickel and Technologies Inc.". Upon the completion of the Transaction, the former directors and officers of the Company resigned from all offices with the Company and new directors and officers were appointed. The following is a description of each of the Company's newly appointed directors and officers.

2. Reverse take-over transaction (continued)

A summary of the costs in regards to the Transaction are listed below:

Net assets of Lakefield

		Amount
Net assets of Lakefield		
Cash	$	873
Accounts payable, accrued liabilities and loans payable		(27,769)
		(26,896)
Consideration given by Legendary		
5,250,000 shares of Legendary at a value of $0.02 per share	$	200,584
		200,584
Listing expense	**$**	**227,480**

3. 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”).

The policies applied in these financial statements are based on IFRSs issued and outstanding as of May 22, 2020, the date the Board of Directors approved the statements.

Basis of presentation

These financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL") as explained in the notes below. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company. All financial information is expressed in Canadian dollars unless otherwise stated and has been rounded to the nearest dollar.

Critical accounting judgments, estimates and assumption

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

3. Significant accounting policies (continued)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company title. Such properties may be subject to prior agreement or transfers and titles may be affected by undetected defects.

Non-current asset impairment

The application of the Company's accounting policy for impairment on exploration and evaluation ("E&E") assets requires judgemental in determining if the facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation expenditures

The point when an exploration property moves from exploration to development is subject to management's judgement.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgemental regarding future funding available for its exploration projects and working capital requirements.

Use of estimates

The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

3. Significant accounting policies (continued)

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted IFRS 16 and there was no material impact on the Company's financial statements. The Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

The Company adopted this standard and there was no impact to the financial statements.

3. Significant accounting policies (continued)

(b) Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company adopted this standard at January 1, 2019 and there was no material impact on the Company's financial statements.

Exploration and evaluation properties

The Company expenses exploration costs as incurred, other than those acquired through a business combination. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and evaluation activity.

Exploration and evaluation properties acquired through a business combination are capitalized on the consolidated statements of financial position.

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

Property option payments received are recognized in the consolidated statement of loss and comprehensive loss in the period they are received by the Company except for property option payments on properties obtained through a business combination which are recorded against the capitalized value on the consolidated statements of financial position.

Provisions and contingencies

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the year incurred. Discount rates using a pretax risk free rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other exploration and evaluation assets.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset or expensed if they relate to exploration and evaluation activities, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

3. Significant accounting policies (continued)

Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; any differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

Financial instruments

Effective January 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9"). In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: recognition and measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis without restating comparatives, however, this adoption had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

Classification	**IAS 39**	**IFRS 9**
Due to related parties	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

3. Significant accounting policies (continued)

Financial assets
Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash, amounts receivable, and advances are classified as financial assets measured at amortized cost.

Financial liabilities
Financial liabilities are classified as either financial liabilities at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs
Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement
Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3. Significant accounting policies (continued)

Expected credit loss impairment model
IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial instruments recorded at fair value on the statements of financial position 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 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Related party transactions

Parties are considered to be related if one party has the ability to directly or indirectly 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 or common significant influence. 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4. Financial instruments

The Company's risk exposure and the impact on the Company's financial instruments are described below.

Fair value

Financial instruments recognized at fair value in the statements of financial position have been prioritised into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. All financial instruments measured at fair value, at December 31, 2019, are as described in note 3.

4 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at December 31, 2019, the Company has sufficient cash and receivables to settle accounts payable of $70,055 (December 31, 2018 - $6,000).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and price risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to the nickel industry to determine the appropriate course of action to be taken by the Company.

5. Mining interest

The "Alexo-Dundonald Project" is an exploration stage, past-producing nickel-copper-cobalt sulphide project, located approximately 45 kilometers northeast of the city of Timmins, Ontario, Canada. Ontario. The Alexo-Dundonald Project combines the Alexo-Kelex and Dundonald properties and consists of 29 patented claims (19 with both mining and surface rights, nine with mining rights only and one with surface rights only), 40 leased claims (31 with both mining and surface rights and nine with mining rights only), 21 single cell mining claims and five boundary cell mining claims.The Company owns all the outstanding equity of Legendary Ore Mining Corporation, which holds a 100% interest in the mining claims, leases and properties comprising the Alexo-Dundonald Project, subject to certain tenure agreements and any rights or claims asserted in connection with historic royalty agreements granted in respect of the Alexo-Kelex and Dundonald properties.

The Alexo deposit was discovered in 1907, and between the years 1913 to 1919, 51,851 tonnes grading 4.5% nickel and 0.7% copper was extracted and sent to Sudbury, Ontario, for processing. Most recently, Canadian Arrow Mines Ltd shipped 6,000 tonnes grading 2.46% nickel, 0.31% copper, and 0.07% cobalt as part of a 10,000 tonne bulk sample permit held at the time, and started the reclamation of the project as part of a Closure Plan approved in 2004 and amended in 2011.

In addition, the Company has an option (the "Somanike Option") to acquire a 100% interest in the rights held by Vanicom Resources Limited, in an option to acquire the Somanike property, an exploration stage nickel-copper mine project, including the past-producing Marbridge Nickel Sulphide Mine located near Val d'Or, Quebec. The Company is concentrated on advancing the Alexo Project for the current time being and will continue to evaluate this option on an on-going basis.

(Expressed in Canadian Dollars)

6. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares without par value. All issued shares are fully paid.

	Number of common shares	Amount
Balance,December 31, 2017, December 31, 2018, and	10,029,209	$ 2
Private placement (i)	17,500,000	350,000
Issued for settlement of debt (ii)	57,250,000	1,145,000
issued in connection with RTO (iii)	5,250,000	200,584
Balance, December 31, 2019	90,029,209	$ 1,695,586

(i) During the year ended December 31, 2019, the Company completed a non-brokered private placement of 17,500,000 common shares of the Company for aggregate proceeds of $350,000. There were no warrants attached to the issuance of these shares.

(ii) During the year ended December 31, 2019, the Company issued 57,250,000 common shares of the Company to settle debt of $1,145,000. As a result of this transaction a gain of $15,976 was recorded in the statement of loss. There were no warrants attached to the issuance of these shares.

(iii) During the year ended December 31, 2019, the Company issued 5,250,000 common shares of the Company to the shareholders of Lakefield with a listed per unit price of $0.02. The shares were issued in connection with the RTO transaction resulting in the amalgamated entity of Class 1 Nickel and Technology Limited (formerly Lakefield Marketing Corp.). See note 2.

7. Related party transactions

The Company has $14,684 in amounts due from a company with common directors of Class 1. The amounts are accrued in the normal course of operation at their exchange value.

Key management includes directors and other key personnel, including the CEO, President and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company.

The Chief Executive Officer of the Company received cash remuneration of $126,532 for the year ended December 31, 2019 (2018 - $nil). There is no amounts payable as at December 31, 2019.

The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the year ended December 31, 2019, the Company paid or accrued professional fees of $13,278 (year ended December 31, 2018 - $nil) to MSSI. These services were incurred in the normal course of operations for general accounting and financial reporting matters. MSSI also provides bookkeeping services to the Company. As at December 31, 2019, MSSI was owed $4,919 (December 31, 2018 - $nil) with respect to services provided. The balance owed was recorded in the statement of financial position in accounts payable.

(Expressed in Canadian Dollars)

8. Income taxes

(a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2018 - 26.5%) were as follows:

	Year ended December 31, 2019	2018
Loss before income taxes	**$ (1,560,128)**	$ -
Expected income tax recovery based on the statutory rate:	**$ (413,434)**	$ -
Adjustments to expected income tax benefit:		
Exploration and evaluation expenditures	**195,000**	-
Unreconcilled differences	**218,434**	-
Deferred income tax recovery	**$ -**	$ -

Year of expiry		
	2026	78,000
	2027	6,000
	2028	900
	2029	36,000
	2030	28,000
	2031	200
	2032	160
	2033	130
	2034	100
	2035	100
	2036	100
	2037	100
	2038	153,000
	2039	620,000
		$ 922,790

9. Commitments

The Company has entered into a lease to rent office space with a related party, for $950 a month for a term of 12 months ending July 1, 2020. Due to the short term nature of the lease, it has not been accounted for under IFRS 16.

10. Subsequent events

Subsequent to December 31, 2019, the Company completed a non-brokered private placement of 9,500,000 common shares of the Company as $0.10 for gross proceeds of $950,000. A director of the Company subscribed for 6,000,000 shares in the placement.

Since December 31, 2019, 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 Corporation and its operating subsidiaries in future periods.