

**Cumberland Resources Nickel Corp.  
(formerly Jerico Explorations Inc.)**

**Unaudited Condensed Interim Consolidated Financial Statements**

**For the three and six months ended March 31, 2023  
and the period from Incorporation (October 22, 2021) to March 31, 2022**

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Unaudited Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at,	March 31, 2023	September 30, 2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 269,671	\$ 14,937
Sales tax receivable	16,676	-
Restricted cash (Note 5)	-	585,375
Deferred transaction costs (Note 5)	-	8,560
<b>Total Assets</b>	<b>\$ 286,347</b>	<b>\$ 608,872</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 72,716	\$ 106,878
Share subscriptions received (Note 5)	-	780,500
	72,716	887,378
<b>Long Term</b>		
Other liabilities (Note 6)	4,749	-
	77,465	887,378
<b>Shareholders' Equity (Deficit)</b>		
Share capital (Note 5)	2,050,527	800,001
Contributed surplus (Note 5)	70,873	-
Deficit	(1,912,518)	(1,078,507)
<b>Total Shareholders' Equity (Deficit)</b>	<b>208,882</b>	<b>(278,506)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 286,347</b>	<b>\$ 608,872</b>

**Nature of and continuance of operations (Note 1)**

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

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Unaudited Condensed Interim Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	October 22, 2021 (incorporation) to March 31, 2022
<b>Expenses</b>				
General and administrative	\$ 34,740	\$ 9,000	\$ 43,740	\$ 10,501
Professional fees	61,368	4,547	217,678	18,739
Exploration and evaluation asset expenditures (note 10)	1,500	46,350	1,500	850,250
Regulatory	2,750	-	2,750	-
Share based payments	-	-	36,187	-
Listing cost (note 4)	-	-	532,156	-
Total expenses	100,358	59,897	834,011	879,490
<b>Net Loss and Comprehensive for the Period</b>	<b>\$ (100,358)</b>	<b>\$ (59,897)</b>	<b>\$ (834,011)</b>	<b>\$ (879,490)</b>
<b>Basic and Diluted Loss Per Common Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>65,610,425</b>	<b>40,000,000</b>	<b>54,149,406</b>	<b>40,000,000</b>

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

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)**  
**(Expressed in Canadian Dollars)**

	Share Capital		Contributed Surplus		Deficit	Shareholders' Equity (Deficit)
	Number	Amount				
<b>Balance, Incorporation on October 22, 2021</b>	-	\$ -	-	\$ -	-	\$ -
Common shares issued on incorporation	1	1	-	-	-	1
Common shares issued for property acquisition	39,999,999	800,000	-	-	-	800,000
Net loss and comprehensive loss for the period	-	-	-	(879,490)	(879,490)	(879,490)
<b>Balance, March 31, 2022</b>	<b>40,000,000</b>	<b>\$ 800,001</b>	<b>\$ -</b>	<b>\$ (879,490)</b>	<b>\$ (79,489)</b>	
<b>Balance, September 30, 2022</b>	<b>40,000,000</b>	<b>\$ 800,001</b>	<b>\$ -</b>	<b>\$ (1,078,507)</b>	<b>\$ (278,506)</b>	
Common shares issued on conversion of sub-receipts	15,610,000	780,500	-	-	-	780,500
Share issue costs	-	(29,995)	-	-	-	(29,995)
Issued pursuant to reverse takeover (Note 4)	10,000,425	500,021	34,686	-	-	534,707
Share based payments (Note 5)	-	-	36,187	-	-	36,187
Net loss and comprehensive loss for the period	-	-	-	(834,011)	(834,011)	(834,011)
<b>Balance, March 31, 2023</b>	<b>65,610,425</b>	<b>\$ 2,050,527</b>	<b>\$ 70,873</b>	<b>\$ (1,912,518)</b>	<b>\$ 208,882</b>	

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

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Unaudited Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	<b>Six months ended March 31, 2023</b>	<b>For the Period October 22, 2021 (date of incorporation) to March 31, 2022</b>
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net loss for period	\$ (834,011)	\$ (879,490)
Share based payments	36,187	-
Shares issued for property acquisition	-	800,000
Listing cost	532,156	
Changes in working capital balances:		
Deferred transaction costs	-	(5,335)
Sales tax receivable	(16,676)	
Accounts payable and accrued liabilities	(108,450)	31,262
<b>Cash Used in Operating Activities</b>	<b>(390,794)</b>	<b>(53,563)</b>
<b>Investing Activities</b>		
Cash acquired on reverse takeover	81,588	-
<b>Cash Provided by Investing Activities</b>	<b>81,588</b>	<b>-</b>
<b>Financing Activities</b>		
Share issue costs	(21,435)	-
Shares issued on incorporation	-	1
Proceeds of subscription receipts	-	780,500
<b>Cash Provided by Financing Activities</b>	<b>(21,435)</b>	<b>780,501</b>
<b>Change in cash</b>	<b>(330,641)</b>	<b>726,938</b>
<b>Cash, Beginning</b>	<b>600,312</b>	<b>-</b>
<b>Cash, Ending</b>	<b>\$ 269,671</b>	<b>\$ 726,938</b>
<b>Cash is comprised of the following:</b>		
Cash	\$ 269,671	\$ 141,563
Restricted cash	-	585,375
	<b>\$ 269,671</b>	<b>\$ 726,938</b>

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

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Cumberland Resources Nickel Corp. (formerly, Jerico Explorations Inc.) (the “Company”) was incorporated under the Canada Business Corporations Act on February 2, 2004 and commenced operations on that date. On August 26, 2005, the Company’s common shares were listed for trading on the TSX Venture Exchange (“TSX-V”). On December 21, 2022, the Company completed a transaction resulting in a reverse takeover (“RTO”) of the Company by Cumberland Resources Corp. (“CRC”). CRC was incorporated under the *Business Corporations Act* of British Columbia on October 22, 2021. The Reverse Takeover Transaction was completed by way of a three-cornered amalgamation (the “Amalgamation”) pursuant to which, among other things, (i) CRC amalgamated with a wholly-owned subsidiary of the Company, incorporated for the purposes of the Amalgamation, and (ii) all of the outstanding common shares in the capital of CRC were cancelled and, in consideration, the holders thereof received post-consolidation common shares in the capital of the Company on a 1:1 basis.

Prior to the completion of the RTO, the Company changed its name to “Cumberland Resources Nickel Corp.” and consolidated its common shares on a 26.89 to 1 basis, resulting in 2,331,682 common shares outstanding (the “Consolidation”). In connection with the RTO, CRC completed a private placement of subscription receipts (each, a “Subscription Receipt”) at a price of \$0.05 per Subscription Receipt, pursuant to which CRC issued an aggregate of 15,610,000 Subscription Receipts for aggregate gross proceeds of \$780,500 (the “Offering”). Concurrent with closing of the RTO, each Subscription Receipt was converted into one common share of the Company.

The Company is an exploration and development company focused on the acquisition, exploration and development of properties which are prospective for nickel and other metals.

The address of the Company’s registered and head office is #3606 - 833 Seymour Street Vancouver, British Columbia, V6B 0G. The common shares are listed for trading on the Canadian Securities Exchange under the symbol “LAND”.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2022, the Company has not generated any revenue since inception and has a deficit \$1,912,518. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary should the Company is unable to continue as a going concern. Such adjustments could be material.

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**

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**2. BASIS OF PRESENTATION**

**Approval of the Financial Statements**

The financial statements of the Company for the three and six months ended March 31, 2023, were reviewed by the Board of Directors and approved and authorized for use on May 30, 2023 by the Board of Directors of the Company.

*(a) Statement of Compliance to International Financial Reporting Standards*

These condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the period ended September 30, 2022.

*(b) Basis of Preparation*

The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

*(c) Use of Estimates and Assumptions*

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, and valuation of warrants.

*(d) Significant Judgments*

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's September 30, 2022 annual financial statements, except for those noted below and the adoption of new standards and interpretations as of October 1, 2022.

Accounting standards issued but not yet effective

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**4. REVERSE TAKEOVER**

On December 21, 2022, the Company completed the RTO, pursuant to which it acquired all of the issued and outstanding shares of CRC (Note 1). While the Company was the legal acquirer, CRC was the accounting acquirer since shareholders of CRC held and controlled the majority of the outstanding Common Shares upon completion of the RTO. As a result of the RTO, the consolidated financial statements and comparative information are presented with CRC as the continuing entity.

The acquisition of the Company was accounted for as an asset acquisition, as the assets acquired and liabilities assumed did not constitute a business, as defined in IFRS 3, Business Combinations. The total consideration was allocated to the fair value of the net assets acquired and liabilities assumed, as follows:

<b>Net assets acquired and the consideration paid</b>	
Cash	\$ 81,588
Accounts payable	(74,288)
Other liabilities	(4,749)
Listing expense	532,156
<b>Net assets acquired as at December 2, 2021</b>	<b>\$ 534,707</b>
<b>Consideration given</b>	
Common shares deemed issued – 10,000,425 @ \$0.05 per share	\$ 500,021
1,666,666 stock options at an exercise price of \$0.02	34,686
	<b>\$ 534,707</b>

In connection with the RTO, the Company recognized a listing expense in the amount of \$532,156, such amount being equal to the consideration paid less the net asset acquired under the RTO. The deemed consideration paid by CRC for the net assets of the Company (10,000,425 common shares), being the total shares of the Company prior to the RTO, was measured on the basis of the fair value of the equity instruments issued, considering the price per share ascribed from a CRC financing. This price was used as the estimated fair value as it was the most reliable basis of measurement.



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**5. SHARE CAPITAL**

(a) Shares authorized

The Company has authorized an unlimited number of common shares without par value.

(b) Common shares issued and outstanding

As at March 31, 2023, the Company had outstanding 65,610,425 common shares.

On October 22, 2021, the Company issued 1 common share at \$1 to its director on incorporation.

On October 25, 2021, the Company issued 39,999,999 common shares (at \$0.02 per common share) to acquire 100% interest in the St. Anthony Nickel Property.

On November 29, 2021, the Company completed a non-brokered private placement ("Private Placement") of 15,610,000 subscription receipts at a price of \$0.05 per subscription receipt (the "Company Subscription Receipts") for gross proceeds of \$780,500, of which 75% were classified as restricted cash as at September 30, 2022, and released on closing of the RTO. On the completion of the RTO (Note 4), each Subscription Receipt was automatically exchanged for one (1) freely tradeable common share of the Company. Share issue costs of \$29,995 (deferred until conversion of the subscription receipts) were incurred for legal fees and commissions and recorded as share issue costs.

(c) Stock option plan

Under the Company's 2021 Incentive Stock Option Plan, the Company is authorized to grant options of up to 10% of its issued and outstanding common shares to officers, directors, employees and consultants of the Company or its affiliated entities. The options can be granted for a maximum term of 10 years.

On October 21, 2022, the Company granted options to acquire up to an aggregate of 1,666,666 common shares at a price of \$0.02 per share to its directors, officers and consultants for a period of 2 years from the date of grant. As part of the RTO, replacement options were granted on the same terms. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: current share price \$0.03, expected volatility of 119%; expected dividend yield of 0%; risk-free interest rate of 4.16%; and expected life of 2 years. The options were valued at \$34,686.

On December 29, 2022, the Company issued 1,950,000 options to officers, directors and consultants of the Company exercisable for a period of three years at an exercise price of \$0.05 per option. 1,700,000 of the options were granted to officers and directors. The options vested immediately on the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: current share price \$0.03, expected volatility of 119%; expected dividend yield of 0%; risk-free interest rate of 3.77%; and expected life of 3 years. The options were valued at \$36,188.

Expected volatility in the above valuations was based on historical volatility of comparable companies

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
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**(Expressed in Canadian Dollars)**

**5. SHARE CAPITAL (continued)**

As at March 31, 2023, the weighted average exercise price of options outstanding and options exercisable were as follows:

	March 31, 2023	
	Number	Weighted Average Exercise Price
Outstanding – beginning of period	-	-
Granted	1,666,666	\$ 0.020
Granted	1,950,000	\$ 0.050
<b>Outstanding – end of period</b>	<b>3,616,666</b>	<b>\$ 0.036</b>
<b>Exercisable – end of period</b>	<b>3,616,666</b>	<b>\$ 0.036</b>

As at March 31, 2023 the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price (\$'s)	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
1,666,666	0.020	Oct 21, 2024	1,666,666	1.56
1,950,000	0.050	Dec 29, 2025	1,950,000	2.75
<b>3,616,666</b>	<b>0.036</b>		<b>3,616,666</b>	<b>2.20</b>

**6. OTHER LIABILITIES**

As part of the RTO, certain liabilities were assumed. Subsequent to the year ended September 30, 2014, the Company transferred \$4,749 of liabilities (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute barred under the Limitations Act (British Columbia). The Statute-barred Claims relate to liabilities of third parties. Under IFRS, a financial liability can only be derecognized from the Company's Statement of Financial Position when it is extinguished, meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation, but it does not formally extinguish the financial liability under IFRS.

It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's Statement of Financial Position as a result of the current interpretation of IFRS, but they are classified as non-current liabilities as the Company has no intention to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims.

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**

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**7. CAPITAL MANAGEMENT OBJECTIVE AND POLICIES**

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares and reserves, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity. The Company is not subject to any external capital restrictions.

**8. FINANCIAL INSTRUMENTS**

*Fair Values*

At March 31, 2023, the Company's financial instruments consist of cash, restricted cash, accounts payable and accrued liabilities and share subscriptions received. The fair value of these financial instruments approximates its carrying value due to the relatively short-term maturity of the instrument.

*Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

*Foreign Exchange Risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign exchange risk.

*Interest Rate Risk*

The Company is not exposed to any significant interest rate risk.

*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 out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Company's liabilities. The \$72,716 of accounts payable and accrued liabilities are due within one year.

**Cumberland Resources Nickel Corp. (formerly Jerico Explorations Inc.)**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars)**

**8. FINANCIAL INSTRUMENTS (continued)**

*Fair value of financial instruments*

The Company has a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Company's financial instruments. The hierarchy of inputs is summarized below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
- 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 asset or liability that are not based on observable market data.

The classification of a financial instrument in the fair value hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The Company measures its cash, deferred transaction costs and accounts payable and accrued liabilities, at amortized cost. As at March 31, 2023, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

**9. RELATED PARTY TRANSACTIONS**

During the three and six months ended March 31, 2023, the Company was charged \$18,000 for consulting services by CFO Advantage Inc., a Company owned by the Chief Financial Officer of the Company. \$3,150 of the amount is included in accounts payable and accrued liabilities.

During the three and six months ended March 31, 2023, the Company was charged \$15,000 by the Chief Executive Officer for management fees. \$5,650 of the amount is included in accounts payable and accrued liabilities.

**10. EXPLORATION AND EVALUATION ASSETS**

On October 25, 2022, the Company entered into an agreement to acquire 100% of the St. Anthony Nickel Property (located along the northeast coast of the Great Northern Peninsula, White Bay District of Newfoundland), from an arm's length party, in exchange of 39,999,999 common shares of the Company with a value of \$0.02 per share. The valuation was determined by arm's length negotiations between the parties, including with the subscribers of subscription receipts as to the pre-money valuation for this property. Very limited historical work had been done within the current boundaries of the St. Anthony Property. Primary focus of exploration was based on historic lake sediment sampling completed by the Newfoundland Geological Survey.

\$1,500 was incurred on the property during the three and six months ended March 31, 2023 for a geological consultant.

Breakdown of expenses incurred:

	Three months ended March 31, 2023	Cumulative
Acquisition costs	\$ -	\$ 800,000
Field Program	-	129,324
43-101 report	-	12,264
Digital survey	-	16,188
Analytical	-	3,201
Other	1,500	5,400
	<b>\$ 1,500</b>	<b>\$ 966,377</b>

**11. SUBSEQUENT EVENTS**

On April 27, 2023, the Company entered into a purchase agreement (the "Agreement") to acquire (the "Acquisition") 100% legal and beneficial interest in the Indigo Mineral Leases (the "Indigo Claims") from an arm's length individual (the "Vendor").

Pursuant to the Agreement, the Company will acquire a 100% right, title and interest in and to the Indigo Claims by paying the Vendor on closing of the Acquisition: (i) cash consideration of \$200,000; and (ii) the Company will issue the Vendor, or as the Vendor directs, 30,000,000 common shares of the Company (the "Payment Shares"). The Payment Shares will be issued at a deemed price equal to the maximum discount allowed on the Canadian Securities Exchange (the "CSE"). The Payment Shares will be subject to a contractual lock-up restricting the transfer of the Payment Shares as follows. The Payment Shares will be subject to a voluntary resale restriction from the date of issuance of the Payment Shares, with 20% of the Payment Shares (6,000,000 Payment Shares) being released on closing of the Acquisition and 20% of the Payment Shares (6,000,000 Payment Shares) being released every six (6) months thereafter.

In addition, the Company will grant a 3% net smelter royalty ("NSR") in favour of the Vendor payable on the Indigo Claims. One third (1/3) of the NSR or 1.0% can be purchased by the Company or nominee for \$2.0 million.

The Company will commission an NI 43-101 Technical Report ("Technical Report") to determine the size of the graphite resource, if any, on the Indigo Claims. If there is a resource on the Indigo Claims, as confirmed by the Technical Report, then the Company will provide the following additional cash payment to the Vendor: (i) \$2,500,000 if a Technical Report determines there is a resource of a minimum of 5.0 million tonnes of ore, but less than 10.0 million tonnes, with an average grading greater than 4.0% graphite; (ii) \$3,750,000 if a Technical Report determines there is a resource of minimum of 10.0 million tonnes of ore, but less than 15.0 million tonnes, with an average grading greater than 4.0% graphite; (iii) \$5,000,000 if a Technical Report determines there is a resource is a minimum of 15.0 million tonnes of ore, but less than 20.0 million tonnes, with an average grading greater than 4.0% graphite; or (iv) \$6,250,000 if a Technical Report determines there is a resource is a greater than 20.0 million tonnes of ore with an average grading greater than 4.0% graphite. Furthermore, as part of the Acquisition, the Company will pay an arm's length finders an aggregate of \$112,500 plus applicable taxes.