

Cumberland Resources Nickel Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended December 31, 2023 and 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.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

| | As at December 31, 2023 | As at September 30, 2023 |
|---|-------------------------------|--------------------------------|
| Assets | | |
| Current | | |
| Cash | \$ 146,127 | \$ 197,843 |
| Total Assets | \$ 146,127 | \$ 197,843 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 37,961 | \$ 76,601 |
| | 37,961 | 76,601 |
| Long Term | | |
| Other liabilities (Note 6) | 4,749 | 4,749 |
| | 42,710 | 81,350 |
| Shareholders' Equity | | |
| Share capital (Note 5) | 2,050,527 | 2,050,527 |
| Contributed surplus (Note 5) | 70,873 | 70,873 |
| Deficit | (2,017,983) | (2,004,907) |
| Total Shareholders' Equity | 103,417 | 116,493 |
| Total Liabilities and Shareholders' Equity | \$ 146,127 | \$ 197,843 |

Nature of and continuance of operations (Note 1)

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

Cumberland Resources Nickel Corp.**Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****For the three months ended December 31, 2023 and 2022****(Expressed in Canadian Dollars)**

| | 2023 | 2022 |
|---|--------------------|---------------------|
| Expenses | | |
| General and administrative | \$ 9,926 | \$ 9,000 |
| Professional fees | - | 153,310 |
| Regulatory | 3,150 | - |
| Share based payments | - | 36,187 |
| Listing cost (note 4) | - | 532,156 |
| Total expenses | (13,076) | (733,653) |
| Net Loss and Comprehensive for the Period | \$ (13,076) | \$ (733,653) |
| Basic and Diluted Loss Per Common Share | \$ (0.00) | \$ (0.02) |
| Weighted Average Number of Common Shares Outstanding | 65,610,425 | 42,783,742 |

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

Cumberland Resources Nickel Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

| | Share Capital | | Contributed Surplus | | Deficit | Shareholders' Equity (Deficit) |
|--|-------------------|---------------------|---------------------|-----------------------|---------------------|--------------------------------|
| | Number | Amount | | | | |
| Balance, September 30, 2022 | 40,000,000 | \$ 800,001 | \$ - | \$ (1,078,507) | \$ (278,506) | |
| 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 | - | 534,708 | |
| Share based payments (Note 5) | - | - | 36,187 | - | 36,187 | |
| Net loss and comprehensive loss for the period | - | - | - | (733,653) | (733,653) | |
| Balance, December 31, 2022 | 65,610,425 | \$ 2,050,527 | \$ 70,873 | \$ (1,812,160) | \$ 309,240 | |
| Balance, September 30, 2023 | 65,610,425 | \$ 2,050,527 | \$ 70,873 | \$ (2,004,907) | \$ 116,493 | |
| Net loss and comprehensive loss for the period | - | - | - | (13,076) | (13,076) | |
| Balance, December 31, 2023 | 65,610,425 | \$ 2,050,527 | \$ 70,873 | \$ (2,017,983) | \$ 103,417 | |

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

Cumberland Resources Nickel Corp.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the three months ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Cash provided by (used in): | | |
| Operating Activities | | |
| Net loss for period | \$ (13,076) | \$ (733,653) |
| Share based payments | - | 36,187 |
| Listing cost | - | 532,156 |
| Changes in working capital balances: | | |
| Accounts payable and accrued liabilities | (38,640) | 155,692 |
| Cash Used in Operating Activities | (51,716) | (9,618) |
| Investing Activities | | |
| Cash acquired on reverse takeover | - | 81,588 |
| Cash Provided by Investing Activities | - | 81,588 |
| Financing Activities | | |
| Share issue costs | - | (21,435) |
| Cash Provided by Financing Activities | - | (21,435) |
| Change in cash | (51,716) | 50,535 |
| Cash, Beginning of period | 197,843 | 600,312 |
| Cash, End of period | \$ 146,127 | \$ 650,847 |

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

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

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 consolidated 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, 2023, the Company has not generated any revenue since inception and has a deficit \$2,017,983 (September 30, 2023 - 2,004,907). 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 consolidated financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

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

2. BASIS OF PRESENTATION

Approval of the Consolidated Financial Statements

The consolidated financial statements were reviewed by the Board of Directors and approved and authorized for use on February 26, 2024 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, 2023.

(b) Basis of Preparation

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

(c) Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

| Subsidiary name | Ownership | Jurisdiction |
|---|------------------|---------------------|
| Cumberland Resources Nickel Subco Corp. | 100% | British Columbia |

(d) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

1. Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:
 - Functional currency – The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly-owned subsidiary operates in.

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

2. BASIS OF PRESENTATION (continued)

- Stock options and warrants – Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of the shareholders' equity.
- Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements.

2. Critical accounting estimates

- Income taxes and recoverability of potential deferred tax assets -Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

- Share-based payments - Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates Black- Scholes input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

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

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, 2023 annual financial statements, except for those noted below and the adoption of new standards and interpretations as of October 1, 2023.

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:

| | |
|---|-------------------|
| Net assets acquired and the consideration paid | |
| Cash | \$ 81,588 |
| Accounts payable | (80,486) |
| Other liabilities | (4,749) |
| Listing expense | 538,354 |
| Net assets acquired as at December 21, 2022 | \$ 534,707 |
| Consideration given | |
| 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 |
| | \$ 534,707 |

In connection with the RTO, the Company recognized a listing expense in the amount of \$534,707, 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.

Cumberland Resources Nickel Corp.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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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 December 31, 2023 and September 30, 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.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

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

| | Number | Weighted Average Exercise Price |
|---|------------------|---------------------------------|
| Outstanding – September 30, 2022 | - | - |
| Granted | 1,666,666 | \$ 0.020 |
| Granted | 1,950,000 | \$ 0.050 |
| Outstanding – September 30, 2023 and December 31, 2023 | 3,616,666 | \$ 0.036 |
| Exercisable – September 30, 2023 and December 31, 2023 | 3,616,666 | \$ 0.036 |

As at December 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 | 0.81 |
| 1,950,000 | 0.050 | Dec 29, 2025 | 1,950,000 | 2.00 |
| 3,616,666 | 0.036 | | 3,616,666 | 1.45 |

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.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

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 December 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 \$37,961 of accounts payable and accrued liabilities are due within one year.

Cumberland Resources Nickel Corp.
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 December 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 months ended December 31, 2023, the Company was charged \$9,000 plus sales tax, (2022 - \$9,000) for consulting services by CFO Advantage Inc., a Company owned by the Chief Financial Officer of the Company. As at December 31, 2023, \$6,300 (September 30, 2023 - \$11,880) of the amount is included in accounts payable and accrued liabilities.

10. EXPLORATION AND EVALUATION EXPENDITURES

On October 25, 2021, 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.

No costs were incurred on the property during the three months ended December 31, 2023 and December 31, 2022.