

## **Cumberland Resources Nickel Corp.**

### **Management Discussion and Analysis For the three and nine months ended June 30, 2024**

#### **Introduction**

This Management's Discussion and Analysis ("MD&A") for the three and nine months ended June 30, 2024 and 2023 is dated August 12, 2024, unless otherwise indicated and should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended June 30, 2024 and the audited consolidated financial statements for the years ended September 30, 2023 and 2022, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the for the period are not necessarily indicative of the results that may be expected for any future period.

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

Further information can be found on the company's profile on SEDAR+, at [www.sedarplus.ca](http://www.sedarplus.ca).

#### **Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; completion of the Transaction (defined below); and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **The Company**

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.

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 Company is an exploration and development company focused on the acquisition, exploration and development of mineral properties. Currently, the Company is focused on the St. Anthony Nickel Property, as described below.

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 (“CSE”) under the symbol “LAND”.

## Mineral Projects

### St. Anthony Nickel Property

On October 25, 2022, the Company acquired 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 prior to the Company's acquisition of the Property. Primary focus of exploration was based on historic lake sediment sampling completed by the Newfoundland Geological Survey.

No expenses were incurred on the property during the nine months ended June 30, 2024.

The current exploration budget recommended in the 43-101 report published on SEDAR+ February 2, 2023:

Prospecting/Mapping (20 day program) 40-man days @ \$1,000/day - \$40,000

Consumable and analytical costs \$25,000

Airborne Geophysical Survey 181 line-km @ \$750/line-km \$135,750

Consumables and processing costs \$30,000

Total Budget \$230,750

### **Summary of Quarterly Results (in accordance with IFRS)**

	QTR 3 2024	QTR 2 2024	QTR 1 2024	QTR 4 2023
Revenue	--	--	--	--
Net (loss) and comprehensive (loss)	(16,039)	(20,936)	(13,076)	(52,076)
Loss per common share basic and fully diluted	(0.00)	(0.00)	(0.00)	(0.00)

  

	QTR 3 2023	QTR 2 2023	QTR 1 2023	QTR 4 2022
Revenue	--	--	--	--
Net (loss) and comprehensive (loss)	(40,313)	(100,358)	(733,653)	(167,829)
Loss per common share basic and fully diluted	(0.00)	(0.00)	(0.02)	(0.00)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

### **Results of Operations**

For the three and nine months ended June 30, 2024, the Company recorded a net loss of \$16,039 and \$50,051, respectively. This is compared to a loss of \$40,313 and \$874,324, for the three months and nine months ended June 30, 2023, respectively. The losses are comprised of expenses for the periods

as detailed below.

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Expenses</b>				
General and administrative (i)	9,542	23,568	29,010	67,308
Professional fees (ii)	3,741	18,379	9,863	236,057
Exploration and evaluation asset expenditures	-	-	-	1,500
Regulatory	2,756	3,210	11,178	5,960
Share based payments (iii)	-	-	-	36,187
Listing cost (iv)	-	-	-	532,156
Total expenses	(16,039)	(45,157)	(50,051)	(879,168)
<b>Other income</b>				
Interest income	-	4,844	-	4,844
<b>Net Loss and Comprehensive for the Period</b>	<b>(16,039)</b>	<b>(40,313)</b>	<b>(50,051)</b>	<b>(874,324)</b>

- (i) Includes \$28,350 (2023 - \$28,350) of management fees (see related party section) for the nine months ended June 30, 2024.
- (ii) A decrease in legal and audit as more work was required in the prior period to complete the RTO, financing, restructuring as well as general corporate matters.
- (iii) Share based payments represent the value of stock options that vested during the period. 1,950,000 options were granted to officers, director and consultants of the Company on December 29, 2022. This is a non- cash expense.
- (iv) In connection with the RTO, the Company recognized a listing expense, such amount being equal to the consideration paid less the net asset acquired under the RTO. This is a non-cash expense.

## Liquidity and Capital Resources

As at June 30, 2024 the Company had current assets of \$117,341 (September 30, 2023 - \$197,843) (cash). The Company had current liabilities of \$46,150 (September 30, 2023 - \$76,601) resulting in a working capital of \$71,191 (September 30, 2023 - \$121,242).

The decrease in cash during the period of \$80,502 was the result of net cash used in operations. There was no cash used or generated from investing or financing activities during the three and nine months ended June 30, 2024.

At its current operating level, the Company does not have sufficient funds to cover short-term operational needs.

The primary need for liquidity is to fund exploration programs and to maintain general corporate operations. The primary source of liquidity has primarily been private financings.

The Company has no debt and no financial commitments.

Overall, given working capital at June 30, 2024, the Company will need to raise additional capital for exploration programs and to funds general operations in 2024.

The Corporation's principal source of financing is equity financing, the success of which depends on venture capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its exploration activities and be able to support its ongoing operations, the Company will need to continue its relations with the financial community to obtain further equity financing in the future. Outstanding options, if exercised, represent potential financing.

### **Outstanding Share Data**

As at the date of this MD&A, the Company had 65,610,425 common shares, and 3,616,666 stock options outstanding.

### **Off-Balance Sheet Arrangements**

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

### **Related Party Transactions**

During the nine months ended June 30, 2024, the Company was charged \$27,000 plus sales tax, (2023 - \$27,000) for consulting services by CFO Advantage Inc., a Company owned by the Chief Financial Officer of the Company. As at June 30, 2024, \$25,200 (September 30, 2023 - \$11,880) of the amount is included in accounts payable and accrued liabilities.

### **Capital Management**

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.

### **Risks and Uncertainties**

The following describes certain risks, events and uncertainties that could affect the Company and that each reader should carefully consider (please also refer to the Company's filing statement filed on SEDAR+ December 28, 2022, for additional risk factors).

External financing may be required to fund the Company's activities primarily through the issuance of common shares. There can be no assurance that the Company will be able to obtain adequate financing. The securities of the Company should be considered a highly speculative investment.

The Company has not generated any revenues and does not expect to generate revenues in the near future. In the event that the Company generates revenues in the future, the Company intends to retain its earnings in order to finance further growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

## **Risk Disclosures and Fair Values**

### *Fair Values*

At June 30, 2024, 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 \$46,150 of accounts payable and accrued liabilities are due within one year.

### *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 June 30, 2024, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

**Critical Accounting Estimates**

The Company's material accounting policies are summarized in Note 3 of the audited financial statements for the period ended September 30, 2023.