

Quebec Nickel Corp.

**Condensed Interim Financial Statements
For the Three Months Ended June 30, 2022 and 2021
(Unaudited)**

Notice to Reader

Under National instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim financial statements by an entity's auditor.

Quebec Nickel Corp.
Statements of Financial Position
(Stated in Canadian Dollars)
(Unaudited)

	Notes	June 30, 2022	March 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 5,225,989	\$ 7,151,340
Sales tax recoverable		276,402	131,280
Prepaid expenses		385,692	401,623
Total current assets		5,888,083	7,684,243
Exploration and evaluation asset	3	3,243,523	1,537,025
TOTAL ASSETS		\$ 9,131,606	\$ 9,221,268
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		\$ 592,862	\$ 486,499
Deferred tax liability	4	1,310,500	1,310,500
		1,903,362	1,796,999
Shareholders' equity			
Common shares	5	9,149,730	9,149,730
Share-based payments reserve	6	1,245,933	1,245,933
Deficit		(3,167,419)	(2,971,394)
Total equity		7,228,244	7,424,269
TOTAL LIABILITIES AND EQUITY		\$ 9,131,606	\$ 9,221,268
Nature and continuance of operations	1		
Approved on behalf of the Board of Directors:			
<u>"David Patterson"</u> David Patterson, Director		<u>"Hani Zabaneh"</u> Hani Zabaneh, Director	

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

Quebec Nickel Corp.
Statements of Loss and Comprehensive Loss
(Stated in Canadian Dollars)
(Unaudited)

		For the three months ended June 30,	
	Notes	2022	2021
Expenses			
General and administrative		\$ 60,683	\$ 16,653
Management fees		21,000	-
Professional fees		40,352	7,373
Promotion and marketing		32,566	-
Transfer agent and filing fees		11,498	16,447
Travel		34,857	-
Loss before other items		(200,956)	(40,473)
Other income			
Interest income		4,932	-
Net loss before tax		(196,025)	(40,473)
Deferred tax expense		-	-
Loss and comprehensive loss for the period		\$ (196,025)	\$ (40,473)
Weighted average number of common shares outstanding			
Basic		71,616,438	35,945,826
Diluted		71,616,438	35,945,826
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)

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

Quebec Nickel Corp.

Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars)

(Unaudited)

	Common Shares		Share-based		
	Number	Amount	Payments Reserve	Deficit	Total
Balance at March 31, 2022	71,616,438	\$ 9,149,730	\$ 1,245,933	\$ (2,971,394)	\$ 7,424,269
Common shares issued for cash:					
Net loss for the period	-	-	-	(196,025)	(196,025)
Balance at June 30, 2022	71,616,438	\$ 9,149,730	\$ 1,245,933	\$ (3,167,419)	\$ 7,228,244
	Common Shares		Share-based		
	Number	Amount	Payments Reserve	Deficit	Total
Balance at March 31, 2021	35,929,342	\$ 1,439,591	\$ 74,000	\$ (104,520)	\$ 1,409,071
Exercise of stock options	1,500,000	75,000	-	-	75,000
Fair value of stock options exercised	-	32,278	(32,278)	-	-
Net loss for the period	-	-	-	(40,473)	(40,473)
Balance at June 30, 2021	37,429,342	\$ 1,546,869	\$ 41,722	\$ (144,993)	\$ 1,443,598

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

Quebec Nickel Corp.**Statements of Cash Flows**

(Stated in Canadian Dollars)

(Unaudited)

	For the three months ended June 30,	
	2022	2021
Operating activities		
Loss for the period	\$ (196,025)	\$ (40,473)
Changes in non-cash working capital items:		
Amounts receivable	(145,122)	(1,647)
Prepaid expenses	15,931	906
Trade and other payables	106,362	(5,040)
Net cash used in operating activities	(218,854)	(46,254)
Investing activity		
Purchase of exploration and evaluation assets	(1,706,498)	(550)
Net cash used in investing activity	(1,706,498)	(550)
Financing activity		
Proceeds from exercise of options	-	75,000
Net cash provided by financing activity	-	75,000
Change in cash and cash equivalents during the period	(1,925,351)	28,196
Cash and cash equivalents, beginning of period	7,151,340	1,083,150
Cash and cash equivalents, end of period	\$ 5,225,989	\$ 1,111,346
Supplemental Cash Flow Information		
Income taxes paid	\$ -	\$ -
Interest paid (received)	\$ -	\$ -

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

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Quebec Nickel Corp. (the “Company”) was incorporated on September 18, 2020 pursuant to the Business Corporations Act (British Columbia). On June 21, 2021, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission. On July 5, 2021, the Company’s common shares began trading on the Canadian Securities Exchange (“CSE”) under the symbol ‘QNI’.

These condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at June 30, 2022, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time.

During the first quarter of calendar 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, 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 any 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 Company and its operations in future periods.

As at June 30, 2022, the Company had not yet achieved profitable operations, has accumulated losses of \$3,167,419 since inception, and expects to incur further losses in the development of its business. These events and conditions indicate a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its mineral property exploration activities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these financial statements.

The office and principal place of business of the Company is located at 1100 – 1111 Melville Street, Vancouver, BC, V6E 2Y3.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

(Unaudited)

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim financial statements, including comparatives, are unaudited and have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

b) Basis of presentation

These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's financial statements for the three-month period ended June 30, 2022.

The preparation of condensed interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published and effective at the time of preparation.

These condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

c) Approval of the financial statements

The financial statements of the Company for the three-month periods ended June 30, 2022 and 2021 were reviewed, approved and authorized for issue by the Board of Directors on August 17, 2022.

d) Recent accounting pronouncements and changes to accounting policies

At the date of authorization of these financial statements, the IASB and IFRIC have issued new and revised Standards and Interpretations which are not yet effective, and none of which are expected to have a material impact on the financial statements.

3. EXPLORATION AND EVALUATION ASSET

On October 6, 2020, the Company entered into an agreement with Val-D'Or Mining Corporation ("Val-d'Or") for the purchase of 100% interest in a mineral property, referred to as the Ducros Property, located in the Val d'Or area of Quebec, Canada. The Company issued 3,589,341 special warrants at their fair value of \$0.05 for the purchase of the mineral property. The 3,589,341 special warrants were subsequently converted, at no additional cost, into 3,589,341 common shares of the Company.

Quebec Nickel Corp.
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June 30, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

3. EXPLORATION AND EVALUATION ASSET (continued):

As of June 30, 2022, the Company has staked 280 contiguous mining claims covering 15,147 hectares.

The Company is subject to net smelter returns royalties and an associated area of interest which includes the additional staked property. Commencing on October 6, 2024, the Company shall pay to Val-d'Or advance minimum yearly royalty payments of \$10,000.

During the three-month period ended June 30, 2022, the Company incurred the following exploration expenditures on the property:

	Three-months ended June 30,		Cumulative expenditures to June 30, 2022
	2022	2021	
Acquisition Costs			
Land acquisition	\$ -	\$ -	\$ 211,850
Exploration Costs			
Assays	140,643	-	189,669
Consulting	17,425	-	29,525
Drilling	560,912	-	945,265
Equipment rentals	14,271	-	17,040
Geology	682,665	550	1,121,569
Geophysics	240,897	-	545,431
Lodging and meals	21,389	-	31,061
Permits and licenses	19,042	-	63,459
Supplies and materials	9,253	-	88,653
	1,706,498	550	3,031,673
Total exploration & evaluation expenditures	\$ 1,706,498	\$ 550	\$ 3,243,523

4. DEFERRED TAX LIABILITY AND FLOW-THROUGH SHARE PREMIUM

During the year-ended March 31, 2022, the Company issued an aggregate of 23,240,846 flow-through shares (each, a "FT Share") for gross proceeds of \$6,700,004. The Company estimated the flow-through premium to be \$357,105 and recognized that amount as a liability.

On December 31, 2021, the Company renounced \$6,600,000 in flow-through expenditures. The renunciation of expenditures created a deferred tax liability of \$1,310,500.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

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5. COMMON SHARES

a) Authorized:

An unlimited number of common shares with no par value.

b) During the year-ended March 31, 2022, the Company issued 4,800,000 common shares pursuant to the exercise of 4,800,000 stock options at a weighted average price of \$0.08 per share for gross proceeds of \$366,000.

During the year ended March 31, 2022, the Company issued 3,479,600 common shares pursuant to the exercise of 3,479,600 warrants at \$0.10 per share for gross proceeds of \$347,960.

During the year ended March 31, 2022, the Company issued an aggregate of 27,407,496 common shares for gross proceeds of \$7,700,000 pursuant to the closing of a non-brokered private placement. The private placement was comprised of: 1) 4,166,650 units ("Unit"); 2) 10,444,000 flow-through shares ("FT Share"); 3) 8,035,446 Quebec flow-through shares ("Quebec FT Share"); and 4) 4,761,400 Premium flow-through units ("Premium FT Unit").

Each Unit was issued for proceeds of \$0.24 and comprised one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of \$0.32 for a period of two years from the closing date.

Each FT Share was issued for proceeds of \$0.25 per FT Share and comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

Each Quebec FT Share was issued for proceeds of \$0.26 per Quebec FT Share and comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada).

Each Premium FT Unit was issued for proceeds of \$0.42 per Premium FT Unit and comprised of one common share that qualifies as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada) and one-half of a common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of \$0.32 for a period of two years from the closing date.

The Company incurred \$589,683 in share issuance costs.

The Company also issued 1,918,524 finder's warrants to arm's length third parties. Each finder's warrant entitles the holder to acquire one common share of the Company for the price of \$0.24 per common share for a period of two years following the closing.

The fair value of the 1,918,524 finder warrants was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.95%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 2 years. The fair value of the finder's warrant was \$0.15 per warrant. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

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6. SHARE-BASED PAYMENTS RESERVE

a) Warrants:

The changes in warrants issued during the three-month period ended June 30, 2022 are as follows:

	Number of warrants	Weighted- average exercise price
Balance, beginning of period	-	\$ -
Issued	14,607,000	0.10
Balance, March 31, 2021	14,607,000	\$ 0.10
Issued	6,618,549	0.30
Exercised	(3,479,600)	0.10
Balance, March 31, 2022 and June 30, 2022	17,745,949	\$ 0.17

Warrants exercisable and outstanding as at June 30, 2022 are as follows:

Expiry Date	Number of warrants	Exercise Price
October 21, 2022	1,297,400	\$ 0.10
March 15, 2023	9,830,000	0.10
October 20, 2023	250,000	0.35
November 4, 2023	4,464,025	0.32
November 4, 2023	1,904,524	0.24
	17,745,949	

b) Stock Options:

On December 29, 2020, the Company adopted an option plan in accordance with the rules and policies of the CSE. The terms of any award are determined by the Board, provided that no options may be granted with an exercise price lower than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of the grant of the stock options, and (b) the date of grant of the stock options, and the term may not exceed 10 years. The aggregate number of securities available for issuance under the plan may not exceed 10% of the number of common shares of the Company issued and outstanding from time to time.

On July 28, 2021, the Company granted 3,400,000 stock options to directors, officers, and consultants, at an exercise price of \$0.11. The stock options expire on July 28, 2026 and vested immediately upon grant. The Company recognized \$314,500 for share-based payments.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

(Unaudited)

6. SHARE-BASED PAYMENTS RESERVE (continued):

b) Stock Options (continued):

The fair value of the 3,400,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.80%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 5 years. The fair value of the stock options was \$0.093 per option. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

On November 24, 2021, the Company granted an aggregate of 3,400,000 stock options to directors, officers, and consultants, at an exercise price of \$0.30. The stock options expire on November 24, 2023 and vested immediately upon grant. The Company recognized \$639,700 for share-based payments.

The fair value of the 3,400,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 1.04%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 2 years. The fair value of the stock options was \$0.188 per option. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

On December 15, 2021, the Company granted 200,000 stock options to a director at an exercise price of \$0.25. The stock options expire on December 15, 2023 and vested immediately upon grant. The Company recognized \$31,300 for share-based payments.

The fair value of the 200,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 0.95%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 2 years. The fair value of the stock options was \$0.157 per option. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

On February 9, 2022, the Company granted 800,000 stock options to a director and to officers at an exercise price of \$0.25. The stock options expire on February 9, 2024 and vested immediately upon grant. The Company recognized \$112,700 for share-based payments.

The fair value of the 800,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk-free interest rate of 1.36%, a dividend yield of nil, a weighted average expected annual volatility of the Company's share price of 125% and an expected life of 2 years. The fair value of the stock options was \$0.141 per option. The expected volatility assumption is based on the estimated volatility of early-stage mineral exploration companies. The risk-free interest rate is based on yield curves on the Canadian government zero-coupon bonds or Canadian government treasury bills with a remaining term equal to the options' expected life.

Quebec Nickel Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2022 and 2021

(Stated in Canadian Dollars)

(Unaudited)

6. SHARE-BASED PAYMENTS RESERVE (continued):

b) Stock Options (continued):

The changes in stock options issued during the year ended June 30, 2022 are as follows:.

	Number of options	Weighted- average exercise price
Balance, beginning of period	-	\$ -
Granted	2,700,000	0.05
Balance, March 31, 2021	2,700,000	\$ 0.10
Granted	7,800,000	0.21
Exercised	(4,800,000)	0.08
Balance, March 31, 2022 and June 30, 2022	5,700,000	\$ -

Stock options exercisable and outstanding as at June 30, 2022 are as follows:

Expiry Date	Number of options	Exercise Price
July 26, 2028	1,300,000	\$ 0.11
November 24, 2023	3,400,000	0.30
November 4, 2023	200,000	0.25
February 9, 2024	800,000	0.25
	5,700,000	\$ -

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to 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.

The following is a summary of the related party transactions that occurred during the three-month periods ended June 30, 2022 and 2021.

a) Compensation of key management personnel

The Company has determined that key management personnel consist of its Directors, the CEO, the CFO and the Vice-President of Exploration.

Quebec Nickel Corp.
Notes to the Condensed Interim Financial Statements
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(Stated in Canadian Dollars)
(Unaudited)

7. RELATED PARTY TRANSACTIONS (continued):

	Three months ended June 30,	
	2022	2021
Professional fees paid or accrued to a company controlled by the CFO of the Company	\$ 18,000	\$ -
Consulting fees paid or accrued to a company controlled by the VP Exploration of the Company	48,000	-
Fees paid to independent directors of the Company	6,000	-
Total	\$ 72,000	\$ -

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits.

8. FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash and cash equivalents consists of funds held at a Canadian chartered bank or occasionally, in trust with the Company's corporate lawyer. Management believes the Company's exposure to credit risk is minimal.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2022, the Company had a cash balance of \$5,225,989 to settle current liabilities of \$592,862. The Company expects to fund future expenditures through the issuance of capital stock.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to material currency or other price risk.

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8. FINANCIAL INSTRUMENTS (continued):

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as cash and cash equivalents comprise \$4,400,000 held at a Canadian chartered bank in cashable GICs which bear interest at 1% per annum as at June 30, 2022.

The Company had no interest rate swaps or financial contracts in place as at or during the periods ended June 30, 2022 and 2021.

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments. As at June 30, 2022 and 2021, the Company's financial instruments are cash and cash equivalents and trade and other payables. The amounts reflected in the statement of financial position approximate their fair values due to the short-term nature of these financial instruments.

9. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares and its principal source of cash is from the issuance of common shares. The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to acquire and explore mineral property assets. The Company does not have any externally imposed capital requirements to which it is subject. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new equity instruments.

As the Company's mineral property is in the exploration stage, the Company is dependent on external financing to fund its activities. In order to carry out its operations, the Company will spend its existing working capital and raise additional amounts as needed.