

**JERICO EXPLORATIONS INC.**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE NINE MONTHS ENDED**

**JUNE 30, 2021**

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For the Nine Months Ended June 30, 2021

**Introduction**

The following interim Management's Discussion and Analysis (the "MD&A") of the consolidated financial position and results from operations of Jerico Exploration Inc. (the "Company"), is for the nine-month period ended June 30, 2021. This MD&A should be read in conjunction with the Company's financial statements for its fiscal years ended September 30, 2020 and 2019 along with accompanying notes to the statements for the years then ended, and unaudited interim financial statements for the nine months ended June 30, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 17, 2021, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The registered office and the head office of the Corporation is located at 3606 – 833 Seymour Street, Vancouver, BC V6B 0G4.

This MD&A is dated as of August 17, 2021.

**Additional Information**

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

**Business Overview and Corporate Update**

**Description of the Business**

The Company is currently focused on identifying suitable assets or businesses to acquire or merge with, with a view to maximizing shareholder value. The Company was previously engaged in the business of evaluating, acquiring and exploring mineral properties, but the business failed. The Company was incorporated under the *Business Corporations Act* (British Columbia) on March 8, 2006.

### **Corporate Update and Outlook**

On March 1, 2004, the Company entered into a Mining Property Lease and Option to Purchase Agreement for the right to acquire up to a 100% in the Harmony claim block (subject to a 1% new production royalty), comprising 9 claims in the Hualapai Mining District of Mohave County, Arizona. The agreement required a series of payments totaling US\$100,000 (completed in the year ended September 30, 2007).

At September 30, 2012, management determined that the development of the project had been delayed and that market conditions were difficult. An impairment review concluded that a write down of the property to \$1 was required at that time. The Company attempted, without success to vend the claims to interested parties. No further work was done and the claims were eventually dropped.

On Monday, March 11, 2013, the Company received notice from the TSX Venture Exchange that the Corporation's common shares were suspended from trading effective March 8, 2013, as a result of a Cease Trade Order ("BCSC CTO") issued by the British Columbia Securities Commission ("BCSC"). The CTO was issued because the Corporation was delayed in filing its first quarter financial statements, management discussion and analysis, and officer certifications for the first fiscal quarter ended December 31, 2012. The Alberta Securities Commission ("ASC") issued a cease trade order (the "ASC CTO") against the Company on June 10, 2013 for the Company's failure to complete its financial filings. The shares were delisted on March 11, 2015.

The Company has been dormant from September 30, 2012 to December 31, 2020.

On June 2, 2021, the Company received partial revocation orders from the BCSC and the ASC and completed a non-brokered private placement for aggregate gross proceeds of \$70,000, through the issuance of 56,000,000 common shares in the capital of the Company at a price of \$0.00125 per common share (the "Offering"). The Company has applied for full revocations of the BCSC CTO and ASC CTO.

The Company's assets were written off in 2013 and the Company's liabilities were reclassified as statute barred in 2015.

The Company's business is managed by the directors and officers and augmented by independent professionals retained to advise the Company on its business.

### **Changes to Board of Directors and Management**

Effective February 2, 2021, Pamela Egger has resigned from the Board. The Company also announced that Greg Poleman resigned April 5, 2013 and Alan Stevenson resigned November 10, 2013. The Company has appointed Nikolai Vassev, Sidonio Gonsalves and John Kasakevich to the Board in order to fill the vacancies created by the foregoing resignations. In addition, Nikolai Vassev has been appointed as Chief Executive Officer and Chief Financial Officer of the Company.

## **Financial Performance**

### **Selected Annual Financial Information**

The table below summarizes key operating data for the last three fiscal years.

	Year Ended Sept. 30, 2020 (unaudited) \$	Year Ended Sept. 30, 2019 (unaudited) \$	Year Ended Sept. 30, 2018 (unaudited) \$
Total assets	Nil	Nil	Nil
Total liabilities	13,249	4,749	4,749
Revenue	Nil	Nil	Nil
Net loss and comprehensive loss	(8,500)	Nil	Nil
Net loss and comprehensive loss per share	(0.00)	0.00	0.00
Weighted average shares outstanding	6,699,001	6,699,001	6,699,001

### **Selected Quarterly Financial Information**

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

Three Months Ended	Assets	Liabilities	Net Loss and Comprehensive Loss	Net Loss and Comprehensive Loss Per Share	Weighted Average Shares Outstanding
June 30, 2021	\$ 50,074	\$ 33,077	\$ (24,574)	\$ (0.00)	23,929,770
March 31, 2021	Nil	23,680	(12,930)	(0.00)	6,699,001
December 31, 2020	Nil	15,499	(2,250)	(0.00)	6,699,001
September 30, 2020	Nil	13,249	(8,500)	(0.00)	6,699,001
June 30, 2020	Nil	4,749	-	0.00	6,699,001
March 31, 2020	Nil	4,749	-	0.00	6,699,001
December 31, 2019	Nil	4,749	-	0.00	6,699,001
September 30, 2019	Nil	4,749	-	0.00	6,699,001

### **Three months ended Jun 30, 2021 compared to the three months ended June 30, 2020**

The Company reported a loss of \$24,574 in the period ended June 30, 2021. Professional fees related to an accrual for audit and financial statement preparation costs, and legal fees to rehabilitate the Company's listing and work on the private placement, and public company costs for regulators, comprised the 2021 expenses. The Company was dormant from September 2012 until December 2020.

## **Nine months ended June 30, 2021 compared to the nine months ended June, 2020**

The Company reported a loss of \$39,754 in the period ended June 30, 2021. Professional fees related to an accrual for audit and financial statement preparation costs, and legal fees to rehabilitate the Company's listing and work on the private placement, and regulator fees, comprised the 2021 expenses. The Company was dormant from September 2012 until December 2020.

### **Related Party Transactions**

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with International Accounting Standards 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Company did not report any remuneration of directors and key management personnel for the periods ended June 30, 2021 and 2020.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties. The amounts payable to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

### **Financial Condition**

#### **Cash Flow**

At June 30, 2021, the Company held cash of \$49,304.

Cash of \$70,000 was raised via a private placement of 56,000,000 common shares on June 2, 2021. Cash will be used to reduce payables and pay operating expenses, mostly related to working with regulators to solve deficiencies in the Company's public listing.

The working capital changes during the June 30, 2021 period reflected the proceeds from the private placement, partly offset by expenses to prepare and audit the financial statements, and regulator fees. The working capital did not change during the June 30, 2020 period.

The proceeds will be applied to payment of outstanding payables and for general working capital. Cash is expected to be applied as follows:

Payables and accruals	\$ 10,750
Regulatory fees	20,000
Operating costs	39,250
	<u>70,000</u>

### **Critical Accounting Estimates and Changes in Accounting Policies**

All significant critical accounting estimates are fully disclosed in Note 2 of the financial statements for the years ended September 30, 2020 and 2019.

### **Liquidity and Capital Resources**

The Company had working capital of as of June 30, 2021 of \$21,746 (September 30, 2020 - \$8,500). The Company held cash of \$49,304 as at June 30, 2021 (September 30, 2020 - \$Nil).

Management is currently reviewing alternative sources of capital to meet its obligations and short-term working capital requirements. While the Company plans to continue to monitor closely its spending, conditions in the capital markets continue to make it difficult for companies without viable businesses to raise additional capital. The Company may require substantial additional capital to fund any new project or complete any potential corporate transaction.

Historically, the Company has used the net proceeds from issuances of its securities to provide sufficient funds for it to meet its operational plans and other contractual obligations when due. However, given the current market conditions affecting the small capitalization sector, the current trading price of the Company's common shares and other uncertainties discussed herein, there can be no assurance that the Company will be able to obtain sufficient additional funds on favorable terms, or at all, in order to carry out its objectives. As mentioned elsewhere in this MD&A, the Company is evaluating various strategic alternatives and, if it decides to pursue any such alternative, it may also require additional funds to carry out its strategic plans in amounts that cannot be determined as of the date hereof, which funds may also be unavailable to the Company on favorable terms or at all.

### **Financial Instruments and Financial Risk Factors**

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at June 30, 2021 and September 30, 2020, the Company

carried cash of \$49,304 at fair value, being Level 1 assets. The Company had no other financial instruments carried at fair value to classify in the fair value hierarchy.

As at June 30, 2021 and September 30, 2020, carrying amounts of cash approximate fair market value instruments. Amounts receivable, accounts payable and accrued liabilities on the statement of financial position are recorded at their amortized cost.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous periods.

(a) Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and cash equivalents, and financial instruments included in amounts receivable is remote.

(b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its obligations when due. At June 30, 2021, the Company had cash and cash equivalents of \$49,304 (September 30, 2020 - \$Nil) available to settle current liabilities of \$28,329 (September 30, 2020 - \$8,500). The Company's accounts payable are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

The Company has no cash and cash equivalents balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign Exchange Risk

While the Company's functional currency is the Canadian dollar, major purchases could be transacted in Canadian dollars or United States dollars. As at June 30, 2021, the Company does not hold foreign currency balances.

## **Off-Balance Sheet Arrangements**

At June 30, 2021, there were no off-balance sheet arrangements.

## **Outstanding Share Data**

As at June 30, 2021 and the date of this MD&A, the Company had 62,699,001 common shares issued and outstanding. The Company had no warrants and no stock options outstanding at June 30, 2021 or at the date of this MD&A.

## **Risk Factors**

Until a business combination is completed, the Company's risk factors are those related to a successful corporate transaction. The ability of the Company to continue operations is dependent upon its ability to find and close a corporate transaction. Other risk exposures and the impact on the Company's financial instruments are summarized below.

The risks, objectives, policies and procedures from previous years have been adjusted to reflect the pursuit of a corporate transaction. Other risk exposures and the impact on the Company's financial instruments are summarized below.

## **Current Global Financial Conditions and Trends**

Securities of small capitalization companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments globally, and market perceptions of the attractiveness of particular industries. The price of the securities of companies is also significantly affected by short-term changes in the economic and political environments in the countries in which the Company does business. As of June 30, 2021, the global economy continues to be in a period of significant economic volatility, in large part due to US, European, and Middle East economic and political concerns which have impacted global economic growth.

## **COVID-19**

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposing quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and



severity of these developments and the impact on the financial results and condition of the Company in future periods.

### **Dependence on Key Individuals**

The Company's business and operations are dependent on retaining the services of a small number of key individuals. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these individuals. The loss of one or more of these individuals could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key individuals.

### **Capital Management**

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support identifying suitable assets or businesses to acquire or merge with, with a view to maximizing shareholder value. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company currently is dependent on external financing to fund its activities. In order to carry out future activities and pay on-going administrative costs, the Company will raise additional amounts as needed. The Company will continue to assess new business opportunities if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management in the period ended June 30, 2021. On February 2, 2021, the Company announced that Pamela Egger, Greg Poleman and Alan Stevenson had resigned from the Board. The Company appointed Nikolai Vassev, Sidonio Gonsalves and John Kasakevich to the Board in order to fill the vacancies created by the foregoing resignations. In addition, Nikolai Vassev was appointed as Chief Executive Officer and Chief Financial Officer of the Company.

The Company is not currently subject to externally imposed capital requirements.

### **Corporate Transactions**

The Company could pursue corporate transactions with the ultimate goal to effect a business combination. There is no assurance that a such a transaction could be reached or, even if a transaction is entered into, the transaction will close on the disclosed terms or at all.

## Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain “forward-looking information” 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”, “budgeted”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. 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 statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements.

The Company is pursuing a course of action to pursue a corporate transaction. This course of action may require additional capital. There is no guarantee that the Company will be successful in finding a corporate transaction, or if such transaction is found, that the transaction can be successfully completed. There is no guarantee that, should additional funds be required, such funds would be available to the Company or that if such funds were available the terms would not be onerous.

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 the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. 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.