

**JERICO EXPLORATIONS INC.**

**Interim Financial Statements**

**For the Three Months Ended December 31, 2021**

**(Stated in Canadian Dollars)**

**Notice to Reader**

The accompanying unaudited interim financial statements of Jerico Explorations Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited interim financial statements have not been reviewed by the Company's auditors.

Jerico Explorations Inc.  
Interim Statements of Financial Position  
(Stated in Canadian Dollars - Unaudited)

|                                                    | Note | December 31,<br>2021 | September 30,<br>2021 |
|----------------------------------------------------|------|----------------------|-----------------------|
| <b>ASSETS</b>                                      |      |                      |                       |
| Cash                                               |      | \$ 36,341            | \$ 40,897             |
| Sales tax receivable                               |      | 1,667                | 1,306                 |
| <b>TOTAL ASSETS</b>                                |      | <b>\$ 38,008</b>     | <b>\$ 42,203</b>      |
| <b>LIABILITIES</b>                                 |      |                      |                       |
| <b>Current liabilities</b>                         |      |                      |                       |
| Accounts payable and accrued liabilities           |      | \$ 31,838            | \$ 24,329             |
|                                                    |      | <b>31,838</b>        | <b>24,329</b>         |
| <b>NON CURRENT LIABILITIES</b>                     |      |                      |                       |
| Other liabilities                                  | 5    | 4,749                | 4,749                 |
| <b>TOTAL LIABILITIES</b>                           |      | <b>36,587</b>        | <b>29,078</b>         |
| <b>SHAREHOLDERS' DEFICIT</b>                       |      |                      |                       |
| Share capital                                      | 3    | 761,529              | 761,529               |
| Reserve                                            | 3    | 208,035              | 208,035               |
| Deficit                                            |      | (968,143)            | (956,439)             |
| <b>TOTAL DEFICIT</b>                               |      | <b>(1,421)</b>       | <b>(13,125)</b>       |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b> |      | <b>\$ 38,008</b>     | <b>\$ 42,203</b>      |

Going Concern – Note 1

Approved on behalf of the Board:

"Binyomin Posen"  
Director

"Yonatan Colman"  
Director

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

Jerico Explorations Inc.  
Interim Statements of Comprehensive Loss  
For the three months ended December 31, 2021 and 2020  
(Stated in Canadian Dollars - Unaudited)

|                                                                          | Note | Three months ended |                   |
|--------------------------------------------------------------------------|------|--------------------|-------------------|
|                                                                          |      | December 31, 2021  | December 31, 2020 |
| <b>Expenses</b>                                                          |      |                    |                   |
| Public company fees                                                      |      | \$ 1,415           | \$ -              |
| Professional fees                                                        |      | 10,289             | 2,250             |
| <b>Comprehensive loss for the year</b>                                   |      | <b>\$ (11,704)</b> | <b>\$ (2,250)</b> |
| <b>Loss per share – basic and diluted</b>                                |      | <b>\$ (0.00)</b>   | <b>\$ (0.00)</b>  |
| <b>Weighted average number of shares outstanding – basic and diluted</b> |      | <b>62,698,999</b>  | <b>6,699,001</b>  |

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

Jerico Explorations Inc.  
Interim Statements of Changes in Shareholders' Deficit  
For the periods ended December 31, 2021 and 2020  
(Stated in Canadian Dollars - Unaudited)

|                                           | Number of shares  | Amount            | Reserve           | Deficit             | Total             |
|-------------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| <b>Balance at September 30, 2020</b>      | 6,699,001         | \$ 691,529        | \$ 208,035        | (912,813)           | (13,249)          |
| Net and comprehensive loss for the period | -                 | -                 | -                 | (2,250)             | (2,250)           |
| Balance at December 31, 2020              | 6,699,001         | 691,529           | 208,035           | (915,063)           | (15,499)          |
| Issuance of shares for cash               | 55,999,998        | 70,000            | -                 | -                   | 70,000            |
| Net and comprehensive loss for the period | -                 | -                 | -                 | (41,376)            | (41,376)          |
| Balance at September 30, 2021             | 62,698,999        | 761,529           | 208,035           | (956,439)           | 13,125            |
| Net and comprehensive loss for the period | -                 | -                 | -                 | (11,704)            | (11,704)          |
| <b>Balance at December 31, 2021</b>       | <b>62,698,999</b> | <b>\$ 761,529</b> | <b>\$ 208,035</b> | <b>\$ (968,143)</b> | <b>\$ (1,421)</b> |

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

Jerico Explorations Inc.  
Interim Statements of Cash Flows  
For the three-month periods ended December 31, 2021 and 2020  
(Stated in Canadian Dollars - Unaudited)

|                                             | Three months ended |                   |
|---------------------------------------------|--------------------|-------------------|
|                                             | December 31, 2021  | December 31, 2020 |
| <b>Operating Activities</b>                 |                    |                   |
| Net loss for the year                       | \$ (11,704)        | \$ (2,250)        |
| Changes in non-cash working capital items:  |                    |                   |
| Sales tax receivable                        | (361)              | -                 |
| Accounts payable and accrued liabilities    | 7,509              | 2,250             |
| Net cash flows used in operating activities | (4,556)            | -                 |
| <b>Financing Activities</b>                 |                    |                   |
| Proceeds on issuance of common shares       | -                  | -                 |
| Net cash flows from financing activities    | -                  | -                 |
| Change in cash during the year              | (4,556)            | -                 |
| Cash, beginning of the year                 | 40,897             | -                 |
| <b>Cash, end of the year</b>                | <b>\$ 36,341</b>   | <b>\$ -</b>       |

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

**1. Nature of operations and going concern**

Jerico Explorations Inc. (the “Company” or “Jerico”) 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”) (trading symbol JRC). The Company was in the business of acquisition, exploration and development of mineral properties.

The address of the Company's corporate office and principal place of business #3606 - 833 Seymour Street Vancouver, British Columbia, V6B 0G4.

Until 2013, the Company was exploring its mineral property interests. At that time, it ceased all exploration. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for mineral properties and exploration advance were entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests. The Company’s success was subject to a number of risks including environmental risks, contractual risks, legal and political risks, fluctuations in the price of minerals and other factors beyond the Company’s control.

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 (“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.

On April 27, 2021, the Company received partial revocation orders from the BCSC and the ASC authorizing the Company to complete a non-brokered private placement for aggregate gross proceeds of \$70,000, through the issuance of 55,999,998 common shares in the capital of the Company at a price of \$0.00125 per common share (the “Offering”). The Company completed the Offering on June 2, 2021.

On September 20, 2021, the Company announced that it had received full revocation orders from the BCSC and the ASC.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at December 31, 2021, the Company has working capital of \$6,170, an accumulated deficit of \$968,143 and has not generated revenue from operations. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon its ability to attain profitable operations and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations.

The Company will have to raise funds in the future to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

Further, in March 2020, the World Health Organization declared coronavirus COVID – 19 a global pandemic which 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.

## **2. Significant accounting policies**

### ***Statement of Compliance with International Financial Reporting Standards ("IFRS")***

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issue on February 24, 2022 by the directors of the Company.

### ***Basis of Presentation***

These financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments, which are measured at fair value as explained in the significant accounting policies set out in Note 2. The financial statements are presented in Canadian dollars which is the Company's functional currency.

### ***Management estimates and assumptions***

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- 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.

### ***Share-based Payments***

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of share-based payments is charged to the statement of comprehensive loss with a corresponding credit recorded to the reserve account. The fair value of options is determined using the Black-Scholes Option Pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall

be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

The Company recognizes share issue costs for the fair value of agents' warrants issued as finder's fees in connection with private placements. The fair value calculated is recorded as share issue costs with a corresponding credit to the reserve account. The Company uses the Black-Scholes Option Pricing model to determine the fair value of the warrants issued.

The Black-Scholes Option Pricing model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

All equity-settled share-based payments are reflected in the reserve account, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in the reserve account is credited to share capital along with the consideration paid.

### Financial Instruments

IFRS 9 - Financial Instruments ("IFRS 9") includes finalized guidance on the classification and measurement of financial assets under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement, for the classification and measurement of financial liabilities.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Corporation can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement for each financial instrument:

| Financial Instrument                     | Classification |
|------------------------------------------|----------------|
| Cash                                     | FVTPL          |
| Amounts receivable                       | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of September 30, 2021 and 2020, except for cash – which are Level 1 financial instruments, none of the Corporation's financial instruments are recorded at fair value in the statements of financial position.

### ***Income Taxes***

#### ***Current income taxes:***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### ***Deferred income taxes:***

Deferred income tax is provided based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### ***Basic and Diluted Loss Per Share***

Basic loss per share is computed by dividing the net loss applicable to the common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. The dilution is calculated based upon the net number of common shares issued should "in the money" options and warrants be exercised and the proceeds used to repurchase common shares at the average market price during the period. For the periods presented, diluted loss per share was equal to basic loss per share as the dilutive effect was anti-dilutive.

### ***Share Capital***

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated to common shares.

#### **Nature of provisional liabilities**

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, provisions for risks and expenses are recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed in off-balance sheet commitments and litigation. The provisions are measured based on management's best estimate of outcome on the basis of facts known at the reporting date.

As at December 31, 2021 and September 30, 2021, the Company did not have any provisions.

#### **Accounting Standards issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended September 30, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **3. Share Capital**

#### **Authorized:**

Unlimited common shares without par value.

#### **Issued:**

|                                                     | <i><b>Number of common shares</b></i> | <i><b>\$ Amount</b></i> | <i><b>\$ Reserve</b></i> |
|-----------------------------------------------------|---------------------------------------|-------------------------|--------------------------|
| Common shares outstanding                           |                                       |                         |                          |
| <i>September 30, 2020</i>                           | 6,699,001                             | \$ 691,529              | \$ 208,035               |
| <i>Issued for cash</i>                              | 55,999,998                            | 70,000                  | -                        |
| <i>December 31, 2021 and<br/>September 30, 2021</i> | 62,698,999                            | \$ 761,529              | \$ 208,035               |

On June 2, 2021 the Company closed a non-brokered private placement for aggregate gross proceeds of \$70,000 (the "**Private Placement**"), through the issuance of 55,999,998 common shares in the share capital of the Company (each, a "**Common Share**" and collectively, the "**Common Shares**"), at a price of \$0.00125 per Common Share.

#### **Reserve:**

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

#### **Warrants:**

No warrants were issued in the periods ended December 31, 2021 or September 30, 2021. No warrants were outstanding at December 31, 2021 or September 30, 2021.

***Stock options:***

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.

Pursuant to the Company's 2021 Incentive Stock Option Plan, unless otherwise determined by the directors, a third of the stock options will vest on the grant date, a third will vest on the one year anniversary, and a third will vest on the second year anniversary, except for options granted to persons undertaking investor relations activities which must vest in stages over 12 months with no more than one quarter of the options vesting in any three (3) month period.

No Stock options were issued in the periods ended December 31, 2021 or September 30, 2021. No stock options were outstanding at December 31, 2021 or September 30, 2021.

**4. Related Party Transactions**

***Related party balances***

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 IAS 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 December 31, 2021 or September 30, 2021.

There were no amounts due to related parties in accounts payable and accrued liabilities at December 31, 2021 or September 30, 2021.

**5. Other Liabilities**

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.

**6. Financial Instruments and Risk Management**

The Company's financial instruments include trade payables, loan payable and due to related parties.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of

Directors approves and monitors its risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash accounts. This risk is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

***Liquidity and funding risk***

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions both liquidity and funding risk have been assessed as high.

The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financing activities and its holdings of cash.

Historically, the Company's sources of funding have been the issuance of equity securities for cash, primarily through private placements and amounts due from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity, or other funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2021:

|                               | <b>Within<br/>one year</b> | <b>Between one<br/>and five years</b> | <b>More than<br/>five years</b> |
|-------------------------------|----------------------------|---------------------------------------|---------------------------------|
| Accounts payable and accruals | \$ 31,838                  | \$ -                                  | \$ -                            |
| Other liabilities             | -                          | -                                     | 4,749                           |
|                               | <b>\$ 31,838</b>           | <b>\$ -</b>                           | <b>\$ 4,749</b>                 |

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

***Foreign currency 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 material currency risk as its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

***Fair values***

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

**7. Capital Management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including pursuit of merger and acquisition opportunities; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and financial markets in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, or adjusting spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be shareholders' equity, which at December 31, 2021 totaled a deficit of \$1,421 (September 30, 2021 - deficit of \$13,125). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the period ended December 31, 2021. The Company is not subject to any capital requirements imposed by a lending institution.

**8. Deferred Income Taxes**

This note has not been updated for the current period.

**9. Proposed Business Transaction**

On December 1, 2021, the Company signed a letter of intent dated with Cumberland Resources Corp. ("Cumberland"), in respect of a proposed business combination transaction (the "Transaction"). It is currently anticipated that the Transaction will occur as a share exchange, merger, or amalgamation and the final structure of the Transaction will be subject to receipt of tax, corporate and securities law advice for both the Company and Cumberland. Upon completion of the Transaction, the combined entity (the "Resulting Issuer") will continue to carry on the business of the Company. It is expected that upon completion of the Transaction, the Resulting Issuer will apply to list the common shares of Jerico for trading on the Canadian Stock Exchange (the "CSE").