

**CUMBERLAND RESOURCES NICKEL CORP.  
(FORMERLY, JERICO EXPLORATIONS INC.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED**

**SEPTEMBER 30, 2022**

## **CUMBERLAND RESOURCES NICKEL CORP. (FORMERLY, JERICO EXPLORATIONS INC.)**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended September 30, 2022

#### **Introduction**

The following is the management's discussion and analysis (the "**MD&A**") of the financial position and results from operations of Cumberland Resources Nickel Corp. (formerly, Jerico Explorations Inc.) (the "**Company**"), for the year ended September 30, 2022. This MD&A should be read in conjunction with the Company's financial statements for its fiscal years ended September 30, 2022 and 2021, along with accompanying notes to the statements for the years then ended.

The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The Company's financial statements for its fiscal years ended September 30, 2022 and 2021 were prepared in accordance with International Financial Reporting Standards ("**IFRS**").

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (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, British Columbia, V6B 0G4.

This MD&A is dated as of January 13, 2023.

#### **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).

On 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 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 2,082,556 common shares in the capital of the Company at a price of \$0.0336 per common share (the "**Offering**"). The Company completed the Offering on June 2, 2021. T

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

On December 16, 2022, the Company changed its name to Cumberland Resources Nickel Corp.

On December 21, 2022, the Company closed its RTO transaction. In connection with the Business Combination, the Company completed a three-cornered amalgamation including 1381720 B.C. Ltd. (“Subco”), a wholly owned subsidiary of the Company, and the Target. As a result of the amalgamation, each holder of a common share of the Target received one Cumberland Share in consideration.

Upon completion of the Business Combination, the Resulting Issuer has 65,610,425 Cumberland Shares issued and outstanding on an undiluted basis, of which the former shareholders of the Company hold approximately 15.24%, the former shareholders of the Target hold approximately 84.76% of the issued and outstanding Cumberland Shares on an undiluted basis.

On December 29, 2022, the Company commenced trading on the Canadian Securities Exchange.

On December 29, 2022, the Company granted 1,950,000 stock options with a three-year term and an exercise price of \$0.05 per share.

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 was appointed as Chief Executive Officer and Chief Financial Officer of the Company.

Effective November 16, 2021, Nikolai Vassev resigned as Director, Chief Executive Officer and Chief Financial Officer of the Company. Binyomin Posen was appointed as Director, Chief Executive Officer and Chief Financial Officer of the Company. Yonatan Colman was appointed to the Board of Directors at this time.

Effective December 21, 2022, Yonatan Colman resigned from the Board of Directors. Binyomin Posen continues in the role of Director, and Chief Executive Officer, while resigning as Chief Financial Officer of the Company. Kyle Appleby was appointed as Chief Financial Officer. David Shisel and Erin Wilson were appointed to the Board of Directors at this time.

## **Financial Performance**

### **Selected Annual Financial Information**

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

	Year Ended Sept. 30, 2022 (unaudited) \$	Year Ended Sept. 30, 2021 (unaudited) \$	Year Ended Sept. 30, 2020 (unaudited) \$
Total assets	\$31,595	\$42,203	Nil
Total liabilities	89,247	29,078	13,249
Revenue	Nil	Nil	Nil
Net loss and comprehensive loss	(70,777)	(43,626)	(8,500)
Net loss and comprehensive loss per share	(0.03)	(0.05)	(0.03)
Weighted average shares outstanding	2,331,682	933,803	249,126

On March 22, 2022, the common shares were consolidated on a 26.89 to 1 basis, resulting in 2,331,682 common shares outstanding. All prior periods in this document have been adjusted as if the common share consolidation occurred at the beginning of the period.

The Company was dormant until December 31, 2020. At that time, expenses have been incurred to rehabilitate the Company's listing on a stock exchange and pursue a corporate transaction.

### **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 Gain (Loss) and Comprehensive Gain (Loss)	Net Gain (Loss) and Comprehensive Gain (Loss) Per Share	Weighted Average Shares Outstanding
September 30, 2022	\$ 31,595	\$ 96,394	\$ 20,868	\$ 0.02	2,331,682
June 30, 2022	31,595	110,115	(23,353)	(0.01)	2,331,682
March 31, 2022	34,558	89,726	(56,588)	(0.02)	2,331,682
December 31, 2021	38,008	36,587	(11,704)	(0.01)	2,331,682
September 30, 2021	42,203	29,078	(3,872)	(0.00)	2,331,682
June 30, 2021	50,074	33,077	(24,574)	(0.03)	889,913
March 31, 2021	Nil	23,680	(12,930)	(0.05)	249,126
December 31, 2020	Nil	15,499	(2,250)	(0.01)	249,126

On March 22, 2022, the common shares were consolidated on a 26.89 to 1 basis, resulting in 2,331,682 common shares outstanding. All prior periods in this document have been adjusted as if the common share consolidation occurred at the beginning of the period.

The Company was dormant until December 31, 2020. At that time, expenses have been incurred to rehabilitate the Company's listing on a stock exchange and pursue a corporate transaction.

### **Year ended September 30, 2022 compared to the year ended September 30, 2021**

The Company reported a loss of \$70,777 in the year ended September 30, 2022 compared to \$43,626 in the year ended September 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 most of the expenses in both periods.

### **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 years ended September 30, 2022 and 2021.

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 September 30, 2022, the Company held cash of \$31,595.

Cash of \$70,000 was raised via a private placement of 2,082,556 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 September 30, 2022 period mostly reflected professional expenses to prepare and audit the financial statements and legal costs to rehabilitate the listing, and regulator fees.

The proceeds of the June 2021 placement will be applied to payment of outstanding payables and for general working capital. Cash is expected to be applied as follows:

	<u>Plan</u>	<u>Actual</u>
Payables and accruals	\$ 10,750	\$ 10,750
GST receivable	-	-
Regulatory fees	20,000	6,675
Operating costs	39,250	20,980
Cash	-	31,595
	<u>\$ 70,000</u>	<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, 2022 and 2021.

### **Liquidity and Capital Resources**

The Company had a working capital deficiency of as of September 30, 2022 of \$52,903 (September 30, 2021 – working capital of \$17,874). The Company held cash of \$31,595 as at September 30, 2022 (September 30, 2021 - \$40,897).

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 September 30, 2022, the Company carried cash of \$31,595 (September 30, 2021 - \$40,897) 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 September 30, 2022 and 2021, 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 September 30, 2022, the Company had cash of \$31,595 (September 30, 2021 - \$40,897) available to settle current liabilities of \$84,498 (September 30, 2021 - \$24,329). 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 September 30, 2022, the Company does not hold foreign currency balances.

### Off-Balance Sheet Arrangements

At September 30, 2022, there were no off-balance sheet arrangements.

### Outstanding Share Data

As at September 30, 2022 and 2021, the Company had 2,331,682 common shares issued and outstanding, and had no warrants and no stock options outstanding.

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

On October 21, 2022;

- the Company announced the closing of a non-brokered private placement for aggregate gross proceeds of \$108,575 (the "**Private Placement**"), through the issuance of 5,428,743 common shares in the capital of the Company (each a "**Common Share**"), at a price of \$0.02 per Common Share.
- the Company announces it has entered into debt settlement agreements with certain creditors in order to settle \$44,800 in outstanding liabilities (the "**Outstanding Liabilities**"). The Company has issued 2,240,000 Common Shares at a deemed price of \$0.02 per Common Share in settlement of the Outstanding Liabilities
- the Company announces that it has granted 1,666,666 options (the "**Options**") to certain directors, officers and consultants of the Company, to acquire Common Shares at a price of \$0.02 per Common Share for a period of two years from the date of grant.

On December 21, 2022, the Company closed its RTO transaction. The Resulting Issuer has 65,610,425 Cumberland Shares issued and outstanding on an undiluted basis, of which the former shareholders of the Company hold approximately 15.24%, the former shareholders of the Target hold approximately 84.76% of the issued and outstanding Cumberland Shares on an undiluted basis.

On December 29, 2022, the Company granted 1,950,000 stock options with a three-year term and an exercise price of \$0.05 per share.

## **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 September 30, 2022, 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 year ended September 30, 2022. During the 2021 fiscal year, the Company announced that Pamela Egger, Greg Poleman and Alan Stevenson have resigned from the Board. 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.

Effective November 16, 2021, Nikolai Vassev resigned as Director, Chief Executive Officer and Chief Financial Officer of the Company. Binyomin Posen was appointed as Director, Chief Executive Officer and Chief Financial Officer of the Company. Yonatan Colman was appointed to the Board of Directors at this time.

Subsequent to September 30, 2022, the Company completed its RTO transaction and management of the Company was changed as follows:

- Binyomin Posen – Chief Executive Officer and Director
- Kyle Appleby – Chief Financial Officer
- David Shisel – Director
- Erin Wilson – Director.

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

## Corporate 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 was anticipated that the Transaction would 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”) would continue to carry on the business of the Company. It was expected that upon completion of the Transaction, the Resulting Issuer will apply to list the common shares of the Company for trading on the Canadian Stock Exchange (the “CSE”).

On December 16, 2022, the Company changed its name to Cumberland Resources Nickel Corp.

On December 21, 2022, the Company closed its RTO transaction. In connection with the Business Combination, the Company completed a three-cornered amalgamation including 1381720 B.C. Ltd. (“Subco”), a wholly owned subsidiary of the Company, and the Target. As a result of the amalgamation, each holder of a common share of the Target received one Cumberland Share in consideration.

Upon completion of the Business Combination, the Resulting Issuer has 65,610,425 Cumberland Shares issued and outstanding on an undiluted basis, of which the former shareholders of the Company hold approximately 15.24%, the former shareholders of the Target hold approximately 84.76% of the issued and outstanding Cumberland Shares on an undiluted basis.

On December 29, 2022, the Company commenced trading on the Canadian Securities Exchange.

## 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 able to successfully complete the transaction. 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.