

# **Anacott Acquisition Corporation**

## **Management's Discussion and Analysis**

**Financial period ended September 30, 2023**

Containing information as of October 18, 2023

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## **Caution Regarding Forward-Looking Information**

Certain of the statements made and information contained herein and in the financial statements is “forward-looking information” within the meaning of the *Securities Act* (Manitoba). These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included herein should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date hereof and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

## **Description of Business**

Anacott Acquisition Corporation (the “Company”) was incorporated under the Canada Business Corporations Act on September 24, 2020 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The head office and the registered office of the Company is located at 360 Main Street, Winnipeg, Manitoba, R3C 4G1.

The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as such term is defined in the policies of the Exchange. The Company has not commenced operations and has no significant assets other than cash. The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of (i) 30% of the gross proceeds realized by the Company in respect of the sale of its securities, and (ii) \$210,000 may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a Qualifying Transaction by the Company.

The following discussion and analysis of the operations, results and financial position of the Company should be read in conjunction with the condensed consolidated interim financial statements as of and for the nine-month period ended September 30, 2023 and the notes thereto (the “financial statements”). The financial statements are incorporated herein by reference.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and unless otherwise cited, references to dollar amounts are Canadian dollars. The financial statements were prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company had working capital of \$26,503 as of September 30, 2023. The

Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

## Overall Performance and Discussion of Operations

### Third Quarter Results

During the third quarter of the Company's 2023 financial year, its net loss was \$14,273. This represents an increase of \$9,043 over the \$5,230 loss for the same period last year. The majority of this increase was due to a \$4,604 increase in professional fees for the Company's annual general and special meeting of shareholders and a \$3,120 increase in regulatory fees, both of which relate to the proposed Qualifying Transaction with Ramp Metals Inc. (see "Proposed Qualifying Transaction").

### Nine-Month Results

During the first nine months of 2023, the Company experienced a loss of \$33,853. This represents a \$6,232 improvement from the \$40,085 loss during the same period last year. This change was primarily the result of a \$16,216 decrease in professional fees. Offsetting this somewhat was a \$9,228 increase in regulatory fees relating to the Qualifying Transaction referred to above.

### Cash Flow

As of its September 30, 2023 quarter-end, the Company had cash of \$28,938 as compared to \$94,688 at the beginning of the year – a decrease of \$65,750. All of this \$65,750 decrease related to cash used for operations.

### General

Current global uncertainty with respect to the war in Ukraine and the resurgence of inflation, and their effect on the Canadian economy and financial markets may have significant and as-yet unpredictable effects on the Company. While the impact remains unknown, these factors may have a material adverse effect on economic activity and could affect business plans, disrupt financial markets, and affect other factors relevant to the Company.

## Summary of Unaudited Quarterly Results

	2023			2022			2021
	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(14,273)	(4,971)	(14,609)	(36,788)	(5,230)	(30,399)	(4,456)
Net loss per share	-	-	-	(0.01)	-	(0.01)	-
							4 <sup>th</sup> Quarter
							\$ -
							(56,349)
							(0.01)

Variations in net loss from quarter to quarter were the result of variations in costs incurred in relation to proposed Qualifying Transactions.

During the fourth quarter of 2021 and the second and fourth quarters of 2022, the Company incurred legal fees relating to proposed Qualifying Transactions, which transactions were subsequently terminated.

The quarterly results summarized herein were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

## **Proposed Qualifying Transaction**

The Company entered into a binding merger agreement effective July 28, 2023 with Ramp Metals Inc. (“Ramp”) and 1429494 BC Ltd. (“Anacott Acquisition Co”), a wholly-owned subsidiary of the Company (the “Merger Agreement”) in respect of an arm’s length reverse-takeover transaction of Ramp by the Company (the “Proposed Transaction”), which will constitute the Company’s Qualifying Transaction (as such term is defined in Policy 2.4 – Capital Pool Companies of the Corporate Finance Manual of the TSX Venture Exchange (the “Exchange”).

The completion of the Proposed Transaction is subject to the satisfaction of certain conditions, including but not limited to: (i) the completion of a concurrent financing for gross proceeds of a minimum of \$1,000,000 (the “Concurrent Financing”) through the issuance of either units of the Company (each, an “Anacott Unit”) at a price of \$0.20 per Anacott Unit, and/or subscription receipts of Ramp (each, a “Ramp Subscription Receipt”) at a price of \$0.20 per Ramp Subscription Receipt; (ii) the completion of the Consolidation (as defined herein); and (iii) the receipt of all requisite regulatory, stock exchange, or governmental authorizations and consents, including the approval of the Exchange. Each Anacott Unit issuable in the Concurrent Financing will consist of one post-Consolidation common share of the Company (each, an “Anacott Share”) and one-half of one share purchase warrant, with each whole warrant exercisable into one post-Consolidation Anacott Share at a price of \$0.35 per Anacott Share for a period of 24 months, while each Ramp Subscription Receipt will be convertible into one Anacott Unit immediately prior to the closing of the Proposed Transaction.

Subject to satisfaction or waiver of the conditions precedent referred to herein and in the Merger Agreement, the Company and Ramp anticipate that the Proposed Transaction will be completed no later than October 27, 2023. There can be no assurance that the Proposed Transaction, the Consolidation or Concurrent Financing will be completed on the terms proposed above or at all.

### *The Proposed Transaction*

The Proposed Transaction will result in the Company acquiring all of the issued and outstanding securities of Ramp in exchange for the issuance of securities of the Company by way of a three-cornered amalgamation among Anacott Acquisition Co, Ramp and the Company, with the entity resulting from the amalgamation of Anacott Acquisition Co and Ramp becoming a wholly owned subsidiary of the Company. The existing shareholders of Ramp are expected to own a majority of the outstanding Anacott Shares after completion of the Proposed Transaction (the “Resulting Issuer Shares”) and the Company is expected to be renamed “Ramp Metals Inc.”

Immediately prior to the completion of the Proposed Transaction, it is anticipated that the Company will consolidate its issued and outstanding Anacott Shares on the basis of approximately 1.7603584 pre-consolidation Anacott Shares for each one post-consolidation Anacott Share (the “Consolidation”).

As consideration for the acquisition of all of the outstanding securities of Ramp, holders of the common shares of Ramp (each, a “Ramp Share”) will receive one post-Consolidation Anacott Share for each one Ramp Share held with a deemed value of \$0.20 per post-Consolidation Anacott Share. The final structure of the Proposed Transaction is subject to the receipt of tax, corporate and securities law advice by both the Company and Ramp.

Assuming the minimum of \$1,000,000 is raised under the Concurrent Financing, it is estimated that there will be approximately 31,412,025 Resulting Issuer Shares outstanding upon closing of the Proposed Transaction, and 31,752,355 Resulting Issuer Shares on a fully-diluted basis, with existing securityholders of the Company holding approximately 8.95% of the Resulting Issuer Shares, existing shareholders of Ramp holding approximately 75.31% of the outstanding Resulting Issuer Shares, and subscribers for Anacott Units and/or Ramp Subscription Receipts holding approximately 15.75% of the outstanding Resulting Issuer Shares, in each case, on a fully-diluted basis.

## **Liquidity and Capital Resources**

The Company does not yet generate positive cash flow from operations and is therefore reliant upon the issuance of its own common shares to fund its operations. As of the date hereof, the Company is adequately funded for the short-term. To fund its long-term plans, the Company must raise additional equity capital. There is, however, no certainty that such financings will be completed.

The Company has no debt obligations and no commitments other than as described herein and in its financial statements. Management expects that the Company presently has enough working capital to fund operating costs through at least December 2023.

## **Outstanding Share Data**

As of the date hereof, the Company has 4,400,896 common shares issued and outstanding.

Also as of the date hereof, the Company has outstanding warrants to purchase up to 199,104 shares at a price of \$0.10 per share until April 13, 2026 and options outstanding which may be exercised to purchase a total of 400,000 shares at a price of \$0.10 per share until November 26, 2025.

## **Transactions with Related Parties**

During the nine-month period ended September 30, 2023, the Company paid and accrued professional fees of \$11,181 in respect of services provided by Compliance Solutions Inc., a corporation controlled by a director.

## **Changes in Accounting Policies Including Initial Adoption**

The following standards were adopted by the Company effective January 1, 2023, but had no material impact on the financial statements:

### *Amendments to IAS 8: Definition of Accounting Estimates*

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

#### *Amendment to IAS 1: Presentation of Financial Statements*

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

#### *Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies*

These amendments continue the IASB's clarifications regarding applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

### **Financial Instruments and Other Instruments**

The fair value of the Company's cash and accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these instruments unless otherwise noted. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Company monitors and manages the risks relating to its financial instruments through analysis of exposures by degree and magnitude of risks. These risks include credit risk, market risk and liquidity risk.

#### *Credit risk*

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. As of September 30, 2023, such contractual obligations comprised cash held with high creditworthy financial institutions in the amount of \$28,938. Management considers this risk to be negligible.

#### *Market risk*

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Management considers this risk to be negligible.

#### *Liquidity risk*

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due or can only do so at excessive cost. As of September 30, 2023, the Company had working capital of \$26,503. Management anticipates that the Company will be able to meet its obligations as they become due.

### **Other Information**

Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

ON BEHALF OF THE BOARD

/s/ Michael Romanik

Michael Romanik, President