

**AUKA CAPITAL CORP.**  
**(also referred to as the "Corporation")**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE PERIOD ENDING SEPTEMBER 30, 2022**

The following discussion and analysis should be read in conjunction with the unaudited interim financial statements for the three and nine month periods ended September 30, 2022, the Corporation's audited financial statements for the period from the date of incorporation (August 5, 2021) to December 31, 2021 and the notes thereto, in each case prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information regarding the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

#### **DATE**

This management's discussion and analysis ("**MD&A**") is dated November 28, 2022 and is in respect of the three and nine month periods ended September 30, 2022.

The discussion in this management's discussion and analysis focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates.

#### **DESCRIPTION OF THE CORPORATION'S BUSINESS AND OVERALL PERFORMANCE**

The Corporation was incorporated pursuant to articles of incorporation dated August 5, 2021 under the *Business Corporations Act* (Alberta). The head office and registered office address of the Corporation is Suite 1600, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9, Canada.

The Corporation is a Capital Pool Company ("**CPC**") as defined pursuant to Policy 2.4 of The TSX Venture Exchange (the "**TSXV**") and is seeking to identify and evaluate corporations, businesses or assets for acquisition and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval.

From the date of incorporation (August 5, 2021) to the period ended March 31, 2022, the Corporation issued an aggregate of 5,000,000 common shares in the capital of the Corporation ("**Common Shares**") at \$0.05 per share for gross proceeds of \$250,000.

#### **RISKS AND UNCERTAINTIES**

The Corporation does not have a history of earnings, nor has it paid any dividends. The Corporation has only limited funds and there is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the TSXV, at which time the exchange may suspend or de-list the Corporation's shares from trading.

#### **SELECTED FINANCIAL INFORMATION**

The Corporation was incorporated on August 5, 2021 and was not yet a "Reporting Issuer" pursuant to applicable securities legislation until September 15, 2022, the date of the final receipt

for the Corporation's Prospectus as issued by the Ontario, Alberta and British Columbia Securities Commissions, thereby becoming a "Reporting Issuer" in each of the provinces of Ontario, Alberta and British Columbia.

The following table is a summary of selected interim financial information (in Canadian dollars) derived from the Corporation's financial statements prepared in accordance with International Financial Reporting Standards:

	March 30, 2022	Sept 30, 2022
Total Assets	\$239,395	\$187,202
Total Liabilities	\$9,975	\$6,799
Net loss and comprehensive loss for the period	\$(10,921)	\$(8,232)
Basic and diluted net loss per share for the period	\$(0.0022)	\$(0.0120)
Weighted average shares outstanding	5,000,000	5,000,000

For the period ended September 30, 2022 the Corporation reported no discontinued operations and declared no cash dividends.

## **RESULTS OF OPERATIONS**

During the period ended September 30, 2022, the Corporation incurred a loss of \$(8,232) which mainly relates to \$7,880 in professional fees and \$353 in filing fees.

## **OUTSTANDING SHARE DATA**

### **Common Shares**

As at September 30, 2022 and the date of this MD&A, the Corporation had 5,000,000 Common Shares issued and outstanding.

### **Stock Options**

As at September 30, 2022, there were 5,000,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held. Further detail on the holders of such options may be found in the Corporation's Prospectus dated September 15, 2022, a copy of which may be found on [www.sedar.com](http://www.sedar.com).

## **LIQUIDITY AND CAPITAL RESOURCES:**

As at September 30, 2022, the Corporation had net working capital of \$180,404 comprised of cash of \$187,202 and accounts payable and accrued liabilities of \$6,799, which management considers to be sufficient for the Corporation to meet its ongoing obligations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has no off-balance sheet arrangements.

## **TRANSACTIONS WITH RELATED PARTIES:**

On June 13, 2022, the Corporation authorized the granting of 758,875 options to purchase Common Shares, at an exercise price of \$0.10 for a period of 10 years from the date of grant, to directors and officers of the Corporation, such options to be granted after the Corporation has completed its initial public offering of a total of 7,000,000 Common Shares for gross proceeds of \$750,000 (the "**Offering**").

There was no remuneration paid to key management personnel during the period ended September 30, 2022. There was \$0 of share-based compensation in the form of stock options granted to directors and officers during the period ended September 30, 2022. No other related party transactions have occurred during this period.

During the period the Corporation incurred costs of \$7,880 in legal costs with a law firm related to one of the Corporation's directors. Included in accounts payable as at September 30, 2022 is \$0 owing to the law firm.

## **FINANCIAL INSTRUMENTS**

The Corporation's senior management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Corporation. The Corporation's senior management provides assurance that the Corporation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured, and managed in accordance with the Corporation's policies and group risk appetite. All derivative activities, if any, for risk management purposes are carried out by a team that has the appropriate skills, experience, and supervision. It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

### *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. The cash is currently being held in a solicitor's trust account and a high quality financial institution.

### *Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

### *Interest rate risk*

The Corporation is not exposed to any significant interest rate risk.

### *Foreign currency risk*

The Corporation believes it is currently not exposed to foreign currency risk since all of its assets, liabilities and operations are denominated in Canadian dollars.

### *Price risk*

The Corporation believes it currently has no price risk. The carrying amount of cash, accounts payable and accrued liabilities approximates their fair value due to their short-term nature.

## **CRITICAL ACCOUNTING ESTIMATES**

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

The accounting estimates for share based payments is based on the Black-Scholes option valuation model which was developed for use in estimating the fair value of traded options which were fully tradable with no vesting restrictions. This option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Since the Corporation's stock options have characteristics significantly different from those of traded options and since changes in the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

## **CAPITAL RISK MANAGEMENT**

The Corporation's capital currently consists of common shares and options. The Corporation defines capital as total equity which was \$187,202 at September 30, 2022. Its principal source of cash is from the issuance of Common Shares. The Corporation's capital management objectives are to safeguard its ability to continue as a going-concern and to have sufficient capital to be able to identify, evaluate and then acquire an interest in a business or assets.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to issue new shares.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lessor of 30% of the gross proceeds from the issuance of shares issued in the IPO may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until the completion of a Qualifying Transaction.

## **SUBSEQUENT EVENTS**

None.

## **FORWARD LOOKING INFORMATION**

This MD&A contains forward-looking information in the "Risks and Uncertainties" and "Outlook" sections that involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond the Corporation's control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets, volatility of commodity prices, currency fluctuations, delays resulting from the inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the effect of general economic conditions in Canada and the United States, industry conditions, changes in laws and

regulations and changes in how they are interpreted and enforced, increased competition, the lack of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. The forward-looking information is made as at the date of this MD&A and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.