

**AUKA CAPITAL CORP.**  
**(also referred to as the "Corporation")**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE PERIOD ENDED September 30, 2023**

The following management discussion and analysis ("**MD&A**") is dated November 23, 2023, is in respect of the period ended September 30, 2023, and should be read in conjunction with the unaudited interim financial statements for the three month period ended September 30, 2023 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.

**BUSINESS OVERVIEW, OUTLOOK AND INTERIM MD&A QUARTELY HIGHLIGHTS**

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.

On September 15, 2022, the Corporation filed its final prospectus (the "**Prospectus**") to become a Capital Pool Company ("**CPC**"), as defined pursuant to Policy 2.4 of the TSX Venture Exchange (the "**TSXV**") and a "Reporting Issuer" in each of the provinces of Ontario, Alberta and British Columbia.

From the date of incorporation (August 5, 2021) to September 15, 2022, the Corporation issued an aggregate of 5,000,000 seed shares at a price of \$0.05 per share to the founders of the Corporation, and on December 13, 2022 the Corporation announced the completion of its initial public offering (the "**Offering**") of a total of 7,500,000 common shares in the capital of the Corporation ("**Common Shares**") at a price of \$0.10 per share for gross proceeds of \$750,000.

The Common Shares of the Corporation were listed for trading on the TSX Venture Exchange on December 12, 2022 under the symbol AUK.P.

The Corporation has not commenced operations and has no significant assets other than cash. As a CPC, the Corporation's principal business objective is to identify and evaluate assets, properties or businesses with a view to a potential acquisition or participation by completing a qualifying transaction (a "**Qualifying Transaction**") subject, in certain cases, to shareholders' approval and acceptance by the TSXV. There is no assurance that the Corporation will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, the Corporation may not be able to obtain such financing on terms which are satisfactory to the Corporation.

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

	Period ended Sep 30, 2023	Year ended Dec 31, 2022
Total Assets	\$734,369	\$797,737
Total Liabilities	\$649	\$40,571
Net loss and comprehensive loss for the period	\$(10,554)	\$(233,175)
Basic net loss per share for the period	\$(0.00084)	\$(0.0341)
<u>Average Weighted Number of Common Shares</u>	12,500,000	6,847,260

For the year ended September 30, 2023 the Corporation reported no revenue, no discontinued operations, no non-current financial liabilities, and declared no cash dividends.

## RESULTS OF OPERATIONS

During the period ended September 30, 2023, the Corporation incurred a loss of \$10,554, with a basic net loss per share of \$0.00084. This compares to a loss of \$2,214 for the period ended June 30, 2022. The increased loss is primarily due to an increase in accounting and legal fees during the period ended September 30, 2023.

Accounting and legal for the year ended September 30, 2023 were \$10,554 compared to \$2,147 in the prior period.

## SUMMARY OF QUARTERLY RESULTS

	3 Months Ended September 30, 2023	3 Months Ended June 30, 2023	3 Months Ended March 31, 2023	3 Months Ended December 31, 2022
Total Revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$10,554	\$ 2,214	\$6,241	\$173,238

Basic and diluted loss per share	\$ 0.00084	\$ 0.0002	\$ 0.0005	\$ 0.0265
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## **SECOND QUARTER**

The Corporation began the first quarter with \$729,369 in cash. During the three months ended September 30, 2023, the Corporation spent \$9,904 on operating activities, net of working capital changes, and raised \$0 in share capital to end at September 30, 2023 with \$729,369 in cash.

## **OUTSTANDING SHARE DATA**

### **Common Shares**

On August 5, 2021 and February 28, 2022, the Corporation issued a total of 5,000,000 Common Shares as seed shares at a price of \$0.05 per share for gross proceeds of \$250,000. As at September 30, 2023 and as at the date of this MD&A, the Corporation had 12,500,000 Common Shares issued and outstanding.

### **Stock Options**

As at September 30, 2023, there were 750,000 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:**

The Corporation completed the Offering as a Capital Pool Company pursuant to Policy 2.4 of the TSX Venture Exchange. The Corporation received net proceeds of \$661,401, gross proceeds of \$750,000 less share issuance costs of \$88,599, consisting of \$88,599 cash and \$0 share-based issuance costs, representing the issuance of 7,500,000 common shares of the Corporation at an issuance price of \$0.10. Until the completion of a Qualifying Transaction, not more than 30% of the gross proceeds from the sale of all securities issued by the Corporation, totaling \$300,000 will be used for purposes other than evaluating businesses or assets.

As at September 30, 2023 the Corporation had net working capital of \$733,720 comprised of cash of \$729,369, credit card payable of \$649 and term deposit of \$5,000, 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 750,000 options to purchase Common Shares, which vested immediately, at an exercise price of \$0.10 per Common Share for

a period of ten 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 7,500,000 Common Shares for gross proceeds of \$750,000 (the "**Offering**").

There was no remuneration paid to key management personnel during the three months ended September 30, 2023. There was \$0 of share-based compensation in the form of stock options granted to directors and officers during the three months ended September 30, 2023. No other related party transactions have occurred during this period.

During the three months ended September 30, 2023, the Corporation incurred costs of \$9,836 in legal costs with a law firm related to one of the Corporation's directors.

## **CRITICAL ACCOUNTING ESTIMATES**

The Corporation's significant accounting policies and estimates are summarized in Note 3 of the financial statements for the period ended September 30, 2023.

## **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 \$1,000,000 at September 30, 2023. 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 lesser of 30% of the gross proceeds from the issuance of Common Shares issued in the Offering 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 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.