

**ANKH CAPITAL INC.**  
250 Howe Street 20<sup>th</sup> Floor  
Vancouver, BC  
V6C 3R8

October 30, 2023

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**MANAGEMENT'S DISCUSSION & ANALYSIS**

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This management's discussion & analysis ("MD&A") should be read in conjunction with our condensed interim financial statements and the accompanying notes for the three months ended August 31, 2023, which were prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting and are filed on the SEDAR+ website: <http://www.sedarplus.ca/>

All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated.

**FORWARD LOOKING INFORMATION**

This MD&A contains certain forward-looking statements and information relating to Ankh Capital Inc. that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to Ankh Capital Inc. or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, and the estimated cost and availability of funding for the completion of a Qualifying Transaction. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

**Overview**

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Ankh Capital Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 30, 2020. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO" or "Offering") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced operations and has no significant assets. The Company's head office is 250 Howe Street 20th Floor, Vancouver, BC V6C 3R8, Canada. The Company's registered and records office is located at 250 Howe Street 20th Floor, Vancouver, BC V6C 3R8, Canada.

The Exchange issued a bulletin approving the listing of the common shares as of market open on October 15, 2021, and the common shares started trading under the symbol "ANKH" on October 19, 2021.

## Summary of Quarterly Results

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The following is a summary of the Company's financial results for the eight most recently completed quarters which have been prepared using accounting policies consistent with IFRS:

| Quarterly period ended     | Aug 31, 2023<br>\$ | May 31, 2023<br>\$ | Feb 28, 2023<br>\$ | Nov 30, 2022<br>\$ | Aug 31, 2022<br>\$ | May 31, 2022<br>\$ | Feb 28, 2022<br>\$ | Nov 30, 2021<br>\$ |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Net revenues</i>        | Nil                | Nil                | Nil                | Nil                | Nil                | Nil                | Nil                | Nil                |
| <i>Net loss for period</i> | (12,369)           | (49,322)           | (14,092)           | (20,697)           | (26,127)           | (15,022)           | (14,080)           | (147,818)          |
| <i>Total Per share</i>     | (0.00)             | (0.00)             | (0.00)             | (0.00)             | (0.00)             | (0.00)             | (0.00)             | (0.02)             |

During the quarter ended August 31, 2023, net loss decreased to \$12,369 from \$49,322 for the quarter ended May 31, 2023, which was primarily related to legal fees.

During the quarter ended May 31, 2023, net loss increased to \$49,322 from \$14,092 for the quarter ended February 28, 2023, which was primarily related to legal fees.

During the quarter ended February 28, 2023, net loss decreased to \$14,092 from \$20,697 for the quarter ended November 30, 2022, which was primarily related to legal fees.

During the quarter ended November 30, 2022, net loss decreased to \$20,697 from \$26,127 for the quarter ended August 31, 2022, which was primarily related to legal fees.

During the quarter ended August 31, 2022, net loss increased to \$26,127 from \$15,022 for the quarter ended May 31, 2022, which was primarily related to legal fees.

During the quarter ended May 31, 2022, net loss increased to \$15,022 from \$14,080 for the quarter ended February 28, 2022, which was primarily related to legal fees.

During the quarter ended February 28, 2022, net loss decreased to \$14,080 from \$147,818 for the quarter ended November 30, 2021. The decrease was a result of timing of legal and transfer agent fees and share-based compensation related to options granted during the prior quarter.

Net loss from quarter ended November 30, 2021 increased to \$147,818 from \$39,550 quarter ended August 31, 2021 as a result of share-based compensation related to options granted.

## Plan of Operation

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Management's plans over the next twelve months consist primarily of seeking the acquisition of a new property or business.

## Results of Operations

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*Three months ended August 31, 2023*

During the three months ended August 31, 2023, the Company had a net loss of \$12,369 (2022 - \$26,127), which is primarily as a result of the following:

- i) Transfer agent fee of \$414 (2022 - \$2,077). The decrease was due to reduced activity during the current period.
- ii) Professional fees of \$11,955 (2022 - \$24,050). The decrease was due to reduced legal services rendered in the current period.

## Liquidity and Capital Resources

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As of August 31, 2023, we reported cash of \$719,903 (May 31, 2023 - \$945,413) and working capital of \$898,247 (May 31, 2023 - \$910,616).

The numbers included in this MD&A came from the financial statements that were prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for the financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported expenses, and the financial statement classifications used. Such adjustments could be material.

## Related Party Transactions

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Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and directors.

During the period ended August 31, 2023 and 2022, a law firm of which one of the directors is a partner provided services as follows:

|                   | August 31,<br>2023 | August 31,<br>2022 |
|-------------------|--------------------|--------------------|
| Professional fees | \$ 7,455           | \$ 19,551          |

As at August 31, 2023, \$Nil (May 31, 2023 - \$11,367) was included in accounts payable and accrued liabilities.

## Share Capital

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As at October 30, 2023, the Company had the following outstanding:

Common shares – 15,620,000 outstanding (6,220,000 in escrow)

Stock options:

| Options<br>Outstanding | Exercise<br>Price | Expiry Date   |
|------------------------|-------------------|---------------|
| 1,562,000              | \$0.10            | 15-October-26 |

Warrants:

| Warrants<br>Outstanding | Exercise<br>Price | Expiry Date   |
|-------------------------|-------------------|---------------|
| 1,000,000               | \$0.10            | 15-October-26 |

## Future Accounting Pronouncements

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Please refer to the Condensed Interim Financial Statements for the three months ended August 31, 2023 and 2022 on [www.sedarplus.ca](http://www.sedarplus.ca).

## Financial Instruments

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Please refer to the Condensed Interim Financial Statements for the three months ended August 31, 2023 and 2022 on [www.sedarplus.ca](http://www.sedarplus.ca).

## Capital Management and Financial Risk Management

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The Company's capital currently consists of shareholders' equity in the amount of \$898,247 as at August 31, 2023. Its principal source of cash is from the issuance of common shares. The Company'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 businesses or assets.

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 \$3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange Policy 2.4.

The Company 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 Company may attempt to issue new shares.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk, with the carrying value being the Company's maximum exposure. The Company's cash consists of funds held in trust. Management believes the Company's exposure to credit risk is not material.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with

financial liabilities that are settled by delivering cash or another financial asset. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand. As at August 31, 2023, the Company had a cash balance of \$719,903 (May 31, 2023 – \$945,413) to settle current liabilities of \$21,656 (May 31, 2023 – \$34,797).

### Market Risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Management does not believe the Company is exposed to significant currency, interest or other price risk.

### **Other Risk Factors**

Investment in the common shares must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. The following are risk factors associated with the Company:

- the Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash and prepaid. It has no history of earnings, and shall not generate earnings or pay dividends until at least after Completion of a Qualifying Transaction;
- investment in the common shares is highly speculative given the nature of the Company's business and present stage of development;
- the directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- there can be no assurance that an active and liquid market for the Company's common shares will develop and an investor may find it difficult to resell its common shares;
- the Company has only limited funds with which to identify and evaluate a potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;
- even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction. Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval;
- unless the shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the Common Shares;
- upon public announcement of a proposed Qualifying Transaction, trading in the Common Shares of the Company will be halted and will remain halted for an indefinite period of time, typically until a Sponsor has been retained and certain preliminary reviews have been conducted. The Common Shares of the Company will be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction; trading in the Common Shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required; neither the Exchange nor any securities regulatory authority passes upon the merits of the

proposed Qualifying Transaction;

- in the event that management of the Company resides outside of Canada or the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts;
- the Qualifying Transaction may be financed in whole or in part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;
- subject to prior acceptance by the Exchange, the Company may be permitted to loan or advance up to an aggregate of \$25,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover that loan; and
- the Company cannot be certain and provides no guarantee that, if a Qualifying Transaction is completed, the business acquired pursuant to the Qualifying Transaction will be profitable or ultimately benefit the Company and its shareholders. Neither the Exchange nor any securities regulatory authority passes on the merits of the proposed Qualifying Transaction. The Qualifying Transaction may also result in additional dilution to the Corporation's shareholders, increased debt or a change in control of the Corporation. Any failure to successfully integrate a business acquired pursuant to the Qualifying Transaction or a failure of such business to benefit the Corporation, could have a material adverse effect on the Company's business and results of operations.

### **Qualifying Transaction**

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On May 15, 2023, the Company entered into an amalgamation agreement with Quetzal Copper Limited ("Quetzal"), which the Company will acquire all of the issued and outstanding securities of Quetzal (the "Transaction").

Upon successful completion of the Transaction, it is anticipated that the combined entity (the "Resulting Issuer") will be listed as a Tier 2 Mining issuer on the TSX Venture Exchange ("TSXV") and will carry on the business of Quetzal. The Transaction is intended to constitute the Company's "qualifying transaction" pursuant to Policy 2.4 of the TSXV.

Pursuant to the terms of the Amalgamation Agreement, among other things, a wholly-owned subsidiary of the Company and Quetzal will amalgamate (the "Amalgamation") and all post-Subdivision (as defined below) securities of Quetzal will be exchanged for post-Consolidation (as defined below) equivalent securities of the Company on a one-for-1.0979668 basis (the "Exchange Ratio"), which may be amended upon finalization of the terms of the Private Placement.

In connection with completion of the Transaction:

- The Company will consolidate (the "Consolidation") all of the then issued and outstanding Common Shares on the basis of one post-Consolidation Common Share (each, a "Resulting Issuer Share") for each previously outstanding two Common Shares and each Option and Warrant will be adjusted in accordance with their respective terms to account for the Consolidation;
- Quetzal will subdivide (the "Subdivision") all of the then issued and outstanding Quetzal Common Shares on the basis of three post-Subdivision Quetzal Common Shares for each previously outstanding Quetzal Shares and each Quetzal Option will be adjusted in accordance with its terms to account for the Subdivision;

- all outstanding Quetzal Options, as adjusted for by the Subdivision, will be replaced with equivalent convertible or exchangeable securities of the Resulting Issuer entitling the holders thereof to acquire Resulting Issuer Shares in lieu of Quetzal Common Shares adjusted to reflect the Exchange Ratio, and otherwise bearing the same terms of the securities they replace; and
- the Company will change its name to “Quetzal Copper Corp.” or such other name as may be determined by Quetzal.

The Transaction is not a Non-Arm's Length Qualifying Transaction (as defined under the policies of the TSXV) and therefore will not require approval by the shareholders of Ankh under Policy 2.4 of the TSXV. The Transaction is further subject to, among other things, the approval by the shareholders of Quetzal and the approval of the TSXV.

In connection with and as a condition to the Transaction, Quetzal intends to complete an equity financing of Quetzal Common Shares for minimum gross proceeds of \$3,000,000 (the “Private Placement”). It is expected that the issue price per post-Subdivision Quetzal Common Share will be a minimum of \$0.20.

In connection with the Transaction, the Company has agreed to pay a finder's fee equal to 1% of the shares issued upon closing of the Transaction to the current shareholders of Quetzal, subject to the approval by the TSXV.

The Company has agreed to, subject to all regulatory approvals, lend Quetzal \$200,000 (paid on June 1, 2023) by way of a secured bridge loan (the “Bridge Loan”) at an annual interest rate of 8%. The Bridge Loan will be forgiven by the Company upon completion of the Transaction. The Bridge Loan will be repayable earlier of May 31, 2024 and six months from the termination of the Definitive Agreement in accordance with its terms.

#### **Additional Information**

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