

AUKA CAPITAL CORP.
UNAUDITED - INTERIM FINANCIAL STATEMENTS
March 31, 2023

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these interim financial statements and accompanying notes.

Auka Capital Corp.

Non-Consolidated Statement of Financial Position - Unaudited March 31, 2023

ASSET

CURRENT ASSET

Cash	\$760,697
	\$760,697

LIABILITY

CURRENT LIABILITY

Accounts payable	\$9,773

SHAREHOLDERS EQUITY

SHARE CAPITAL	\$1,000,000
DEFICIT	(\$249,076)

	\$750,924

	\$760,697

Auka Capital Corp.

Non-Consolidated Statement of Loss - Unaudited March 31, 2023

REVENUE	\$-
Expenses	
Accounting and Legal Expense	(\$6,241)
	(\$6,241)
NET LOSS	(\$6,241)

Auka Capital Corp.
Statement of Cash Flow - Unaudited
March 31, 2023

OPERATING ACTIVITES

Net Loss	(\$6,241)
Change in non-cash working capital	
Accounts payable and accrued liabilities	(\$30,798)
	(\$37,039)

DECREASE IN CASH	(\$37,039)
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CASH, beginning of year	\$797,737

CASH, end of year	\$760,698

Auka Capital Corp.

Non-Consolidated Statement of Changes in Equity - Unaudited March 31, 2023

	Share capital	Deficit	Total equity
Balance, August 5, 2021 (Dat of incorporation)			
Net loss	\$-	(\$9,659)	(\$9,659)
Issuance of share capital	\$125,000	\$-	\$125,000
Balance, December 31, 2022	\$125,000	(\$9,659)	\$115,341
Net Loss	\$-	(\$233,175)	(\$233,175)
Issuance of share capital for cash	\$875,000	\$-	\$875,000
Balance, December 31, 2022	\$1,000,000	(\$242,834)	\$757,166
Net Loss		(\$6,241)	(\$6,241)
Issuance of share capital for cash	\$-		\$-
	\$1,000,000	(\$249,075)	\$750,925
Balance, March 31, 2023	\$1,000,000	(\$249,075)	\$750,925

AUKA CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023

NATURE OF BUSINESS

Auka Capital Corp. (the "Company") was incorporated on August 5, 2021 under the laws of the Province of Alberta, Canada as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

Head office is located at 1600, 421 7th Avenue SW, Calgary Alberta, T2P 4K9.

The principal business of the Company is the identification and evaluation of assets, or a business, and once identified or evaluated, to negotiate the acquisition or participation in the business (the "Qualifying Transaction"), subject to, if a non-arm's length Qualifying Transaction, receipt of majority approval of the minority shareholders and acceptance by regulatory authorities.

Until the completion of a Qualifying Transaction, the Company will not carry on any other business.

1. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC's).

The financial statements were approved by the Board of Directors and authorized for issue on May 30, 2023.

The financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for the Statement of Cash Flows.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. GOING CONCERN

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As at March 31, 2023 the Company's management believes it has sufficient cash to satisfy its financial obligations for the next 12 months. The continuation of the Company is dependent upon the continuing financial support of shareholders and the completion of a Qualifying Transaction.

AUKA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash consists of balances with financial institutions. Cash in bank deposit accounts, at times, exceeds federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

SHARE-BASED PAYMENTS

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

INCOME TAXES

Income tax comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rate and laws that have been enacted or substantively enacted at the statement of financial statement date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are presented as non-current.

AUKA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES, continued

**CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND MEASUREMENT
UNCERTAINTY**

The preparation of the Company's financial statements, in conformity with IFRS, requires management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and judgments have been applied in a manner consistent with prior periods.

The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined. See Note 5.

AUKA CAPITAL CORP.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES, *continued*

FINANCIAL INSTRUMENTS

Financial instruments are measured at fair value on initial recognition, which is typically the transaction price unless a significant financing component is present. Subsequent measurement is dependent on whether the instrument is classified as "amortized cost", "fair value through profit or loss" or "fair value through other comprehensive income". The classification of financial assets is determined by their characteristics and their context in the Company's business model.

The Corporation classifies financial assets and liabilities as follows:

- Amortized cost: Cash and accounts payable and accrued liabilities are held by the Company to collect or pay contractual cash flows and are measured at amortized cost. Financial instruments measured at amortized cost are recognized initially at fair value, adjusted for any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest rate method, less any impairment losses.
- Fair value through profit or loss or fair value through other comprehensive income: The Company does not have financial instruments that meet the criteria to be measured at fair value and, accordingly, no financial instruments are measured at fair value through profit or loss or fair value through other comprehensive income.

AUKA CAPITAL CORP.

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4. SHARE CAPITAL

The Company is authorized to issue an unlimited number of Preferred Shares without nominal or par value and an unlimited number of Common Shares without nominal or par value.

The Company has the following Common Shares issued and outstanding:

	Mar. 2023	Dec. 2022
Issued		
12,500,000 Common Shares	\$ 1,000,000	\$ 1,000,000

During the period ended December 31, 2022, the Company issued 2,500,000 Common shares at \$0.05 per share and completed their initial public offering issuing an additional 7,500,000 Common shares at \$0.10 per share.

Upon completion of the initial public offering Canaccord Genuity Corp. (the Agent) received warrant options to purchase 750,000 Common Shares at a price of \$0.10 per share for period of five years from September 15, 2022, which is the date of the listing of the Common Shares on the Exchange.

Upon closing of the initial public offering December 13, 2022, the Company granted 758,875 incentive stock options to its directors and officers which are exercisable within ten years from the date of the grant at an exercise price of \$0.10 per Common Share.

	2023		2022	
	Options outstanding	Exercise price	Options outstanding	Exercise price
Warrant options	750,000	0.10	750,000	0.10
Incentive stock options	758,875	0.10	758,875	0.10
	1,508,875	-	1,508,875	-

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4. SHARE CAPITAL, continued

Management uses the Black-Scholes valuation model to estimate the value of all options issued. For the year-ended March 31, 2023 management believes the value of the options in aggregate is nil (2022 - nil), based on applying the following inputs to the valuation model:

Risk-free Interest Rate - 2.50%

Exercise Price - \$0.10

Share Price - \$0.10

Expected Dividend Yield - 0.00%

Expected Life of Warrants - two categories;

- 5 years for warrant options

- 10 years for incentive stock options

Expected Volatility - 0.00%

For the year-ended March 31, 2023, no options or warrants were exercised (2022 - nil).

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5. RELATED PARTY TRANSACTIONS

The Company is related to Gowling WLG (Canada) LLP by virtue of a partner in Gowling WLG (Canada) LLP who is a director and corporate secretary of the Company. Transactions and balances with these related parties are as follows:

Professional fees in the amount of \$0 (2022 - \$15,446) paid to the related party for matters pertaining to the review of prospectus drafts, initial public offering filings, share issuance, and completion during the year.

These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

The Company's financial instruments include cash, and accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their short-term maturities.

The Company's activities are exposed to a variety of financial risks, including price risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance.

The Company is exposed to the following risks in respect of certain of the financial instruments held:

(a) LIQUIDITY RISK

The Company does have a liquidity risk in the accounts payable and accrued liabilities of \$6,241 (2022 - \$40,571). Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, and maintains an adequate cash balance to repay trade creditors as they become payable. In the opinion of management the liquidity risk exposure to the Company is low and is not material.

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7. CAPITAL MANAGEMENT

The Company is a Capital Pool Company and considers items included in shareholders' equity as capital. The Company has no debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets.

In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company had share capital of \$1,000,000 as of March 31, 2023 (2022 - \$1,000,000).

The Company currently has no source of revenues. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is dependent upon the continuing financial support of shareholders and the completion of a Qualifying Transaction.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets of 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 Corporation. These restrictions apply until completion of a qualifying transaction by the Company as defined under the policies of the Exchange Policy 2.4.