

MDK ACQUISITION INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended August 31, 2024

The following Management Discussion and Analysis (“MD&A”), which is dated October 23, 2024, provides a review of the activities, the results of operations and financial condition of MDK Acquisition Inc. (“MDK” or “the Company”) as at and for the three and nine months ended August 31, 2024 and should be read in conjunction with MDK’s unaudited condensed interim financial statements for the three and nine months ended August 31, 2024 (the “Condensed Interim Financial Statements”) and the audited financial statements for the year ended November 30, 2023. The Condensed Interim Financial Statements were prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

The Company’s management is responsible for the integrity of the unaudited condensed interim financial statements. In the preparation of the statements, estimates are sometimes necessary to determine the future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management is also responsible for ensuring that information disclosed externally, including the financial statements and this MD&A is complete and reliable. Management maintains a system of internal controls to provide reasonable assurance that the Company’s assets are safeguarded and to facilitate the preparation of relevant and timely information.

Description of Business

MDK Acquisition Inc. was incorporated under the Business Corporations Act of British Columbia on May 19, 2022 as a Capital Pool Company. Its principal business is the identification and evaluation of assets, or a business, and once identified, to negotiate the acquisition or participation in the assets of the business (the “Qualifying Transaction”).

As at August 31, 2024, the Company has not commenced commercial operations and has no assets other than cash. The Company will not carry on any business other than in the identification and evaluation of assets or business with a view to completing a Qualifying Qualification (“QT”) as defined under the policies of the Exchange.

Overall Performance

As of August 31, 2024, MDK accumulated deficit of \$200,226 (November 30, 2023 - \$156,166), had no debt and had current assets in excess of current liabilities to meet its anticipated expenditures for the next twelve months. Such expenditures are expected to include costs related to administrative overhead, transfer agent and filing fees, and due diligence costs relating to securing a Qualified Transaction. MDK’s continued operation will be dependent upon its ability to procure additional financing and/or securing a Qualified Transaction.

Selected Quarterly Results

The following selected financial data is derived from the Financial Statements of the Company prepared within acceptable limits of materiality and are in accordance with IFRS applicable to the preparation of condensed interim financial statements, including IAS 34.

Selected Statements of Financial Position Data

	For the Periods Ending						
	August 31, 2024 \$	May 31, 2024 \$	February 29, 2024 \$	November 30, 2023 \$	August 31, 2023 \$	May 31, 2023 \$	February 28, 2023 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss and comprehensive loss	(8,660)	(20,856)	(14,544)	(11,293)	(39,479)	(42,177)	(27,696)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	166,450	180,635	208,156	214,207	220,137	129,295	171,427
Total liabilities	16,791	22,316	28,981	20,488	15,125	35,827	35,782
Total shareholders' equity	149,659	158,319	179,175	193,719	205,012	93,468	135,645

Results of Operations

For the Three Months Ended August 31, 2024

During the three months ended August 31, 2024, the Company reported a net loss of \$8,660 (August 31, 2023 - \$39,479) due mainly to professional and transfer agent and filing fees. The Company continues to incur regulatory and professional fees necessary to keep the Company active as it seeks a Qualifying Transaction.

For the Nine Months Ended August 31, 2024

During the nine months ended August 31, 2024, the Company had a net loss of \$44,060 (August 31, 2023 - \$109,352) due mainly to professional and transfer agent and filing fees. The Company continues to incur regulatory and professional fees necessary to keep the Company active as it seeks a Qualifying Transaction.

Liquidity and Capital Resources

As at August 31, 2024, the Company has excess current assets over current liabilities of \$149,659. This includes cash of \$162,450, prepaid expenses of \$4,000 and \$16,791 in accounts payable and accrued liabilities. Management believes that it has sufficient cash to meet its ongoing obligations and its objective of completing a Qualifying Transaction.

Share Capital Information

On May 19, 2022, the Company issued 1 common share relating to its incorporation. On October 20, 2022, the Company issued 4,210,000 common shares in a private placement at \$0.05 per share for total cash considerations of \$210,500.

As at August 31, 2024 and the date of this report, the Company had 6,210,001 (November 30, 2023 – 6,210,001) common shares issued and outstanding.

The Company's participants in the first private placement including directors and officers of the Company signed escrow agreements and have placed 4,210,000 common shares into escrow. Escrowed shares will be released from escrow in stages over a period of 18 months from the date of the Final Qualifying Transaction Exchange Bulletin.

On June 28, 2023, the Company completed its initial public offering (the "IPO") in British Columbia, Alberta, and Ontario. 2,000,000 Common Shares were distributed at a price of \$0.10 per Common Shares for total gross proceeds of \$200,000.

Pursuant to an agency agreement (the "Agency Agreement") dated April 14, 2023, between the Company and Haywood Securities Inc. (the "Agent"), the Company agreed to pay the Agent a commission of 10% of the gross proceeds of the IPO, a corporate finance fee of \$10,000 (exclusive of applicable tax) and the Agent's expenses in connection with the IPO. The Company incurred cash share issue costs to date of \$60,615.

The Agent, and their sub-agents were granted non-transferable warrants to purchase Common Shares of the Company (the "Agent's Shares") equal to 10% of the Common Shares sold pursuant to the offering. The Agent's Shares are exercisable at \$0.10 per share and expires 60 months from the listing date of the Common Shares on the Exchange. The agent warrants were ascribed a fair value of \$10,949 using the Black Scholes Option Pricing Model.

As at August 31, 2024 and the date of this report, the Company had 200,000 warrants outstanding.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Risk and Uncertainties

MDK was only recently incorporated and does not own any ongoing business operations and has no assets other than cash. MDK's continued operation is dependent in part upon its ability to secure a Qualifying Transaction and to generate operating revenues and to procure additional financing. The Company has not identified a Qualifying Transaction. There is no assurance that the Company will identify and successfully negotiate the acquisition of any potential corporations, properties, assets or businesses, or any interests therein, nor that any such opportunities or businesses acquired will be profitable.

The directors and officers of the Company will only be devoting a small 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.

Strategic Risk

Currently the Company has limited resources of funding from which it can pay its existing obligations and on-going operating costs. If the Company is unable to obtain adequate financing, the Company's operation may be curtailed. Without future financing the Company may be unable to fund its ongoing obligations, in which case its ability to continue as a going concern may be adversely affected. Furthermore, there is no guarantee that the Company will be able to complete the acquisition of or participation in a new business opportunity. If a Qualifying Transaction is identified, the Company may find that even if the terms of an acquisition or participation are economical, it may not be able to finance the transaction without additional funds. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. The Company will also be competing with other companies, some of which may have greater resources and experience. No assurance can be provided that the Company will be successful in raising the funds required for an acquisition.

Possible Dilution to Current and Prospective Shareholders

The Company's operating plan, in part, depends on the acquisition of a business or participation in a business opportunity. To successfully accomplish the acquisition, it may require issuance of cash or shares, or possibly both. Any transaction involving the issuance of previously unissued common shares would result in dilution to present and prospective holders of common shares.

Dependent on Key Personnel

The Company largely depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

Forward-Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including “will”, “may”, “expects”, “should”, or “anticipates” or by discussion of strategy intention. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than those expressed or implied by such forward-looking statements.

These forward-looking statements involve risks and uncertainties, most of which are difficult to predict and generally beyond the control of MDK. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ include but are not limited to the future of regulatory initiatives, the size of and opportunities of Qualifying Transactions, general industry, and macroeconomic conditions. Investors should not place undue reliance on forward-looking statements as the plans, intentions, or expectations upon which they are based might not occur. The Company cautions that the foregoing list of factors is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Given these uncertainties, the read of the information is cautioned not to place undue reliance on such forward-looking statements.