MDK ACQUISITION INC.

Condensed Interim Financial Statements

For the three and nine months ended August 31, 2024 and 2023

(Unaudited)

(Expressed in Canadian Dollars)

Notice of Disclosure of Non-Auditor Review of Unaudited Interim-Condensed Financial Statements

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the unaudited condensed 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 auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

MDK ACQUISITION INC.
Condensed Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)

As at		August 31, 2024		November 30, 2023
ASSETS				
Current assets				
Cash	$	162,450	$	213,995
Prepaid expenses		4,000		162
Amounts receivable		-		50
Total Assets	**$**	**166,450**	**$**	**214,207**
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	16,791	$	20,488
Total Liabilities		**16,791**		**20,488**
EQUITY				
Share capital (Note 3)		338,936		338,936
Reserve (Note 3)		10,949		10,949
Deficit		(200,226)		(156,166)
Total Equity		**149,659**		**193,719**
TOTAL LIABILITIES AND EQUITY	**$**	**166,450**	**$**	**214,207**

Nature and continuance of operations and going concern (Note 1)

Approved on behalf of the Board

Director ______”Dave King”__________ Director ______”Hani Zabaneh”_______

MDK ACQUISITION INC.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	For the three months ended August 31		For the nine months ended August 31	
	2024	2023	2024	2023
OPERATING EXPENSES				
Professional fees	$ 8,461	$ 21,704	$ 31,139	$ 75,591
Office and administration	199	202	702	694
Transfer agent and filing fees	-	17,573	12,219	33,067
Loss and comprehensive loss for the period	$ 8,660	$ 39,479	$ 44,060	$ 109,352
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding, basic and diluted	6,210,001	5,601,305	6,210,001	4,677,154

The accompanying notes are an integral part of these condensed interim financial statements

MDK ACQUISITION INC.

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares		Share Capital		Reserve		Deficit		Total Shareholders' Equity
Balance at November 30, 2022	4,210,001	$	198,862	$	-	$	(35,521)	$	163,341
Issue of common shares for cash	2,000,000		200,000		-				200,000
Share issuance costs	-		(48,977)						(48,977)
Loss for the period	-		-		-		(109,352)		(109,352)
Balance at August 31, 2023	6,210,001		349,885		-		(144,873)		205,012
Balance at November 30, 2023	6,210,001		338,936		10,949		(156,166)		193,719
Loss for the period	-		-		-		(44,060)		(44,060)
Balance at August 31, 2024	6,210,001	$	338,936	$	10,949	$	(200,226)	$	149,659

The accompanying notes are an integral part of these condensed interim financial statements

MDK ACQUISITION INC.
Condensed Interim Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

For the nine months ended		August 31, 2024		August 31, 2023
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	$	(44,060)	$	(109,352)
Changes in non-cash working capital item:				
Accounts payable and accrued liabilities		(3,697)		(20,256)
Accounts receivable		50		(1,604)
Prepaid expenses		(3,838)		9,838
Cash used in operating activities		(51,545)		(121,374)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Proceeds from issuance of shares		-		200,000
Share issuance costs		-		(60,615)
Cash provided by financing activities		-		139,385
Change in cash during the period		(51,545)		18,011
Cash, beginning of period		213,995		200,360
Cash, ending of period	$	162,450	$	218,371

The accompanying notes are an integral part of these condensed interim financial statements

1. Nature and Continuance of Operations and Going Concern

MDK Acquisition Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on May 19, 2022. The Company is classified as a Capital Pool Corporation as defined by TSX Venture Exchange Policy 2.4 ("the Exchange Policy"). The principal business of the Company is to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by the exercising of an option or by any concomitant transaction ("Qualifying Transaction").

The Company's head office is located at 3369 Huntleigh Court, Vancouver, British Columbia V7H 1C9. The registered and records office is on the 10th floor at 595 Howe St., Vancouver, British Columbia V6C 2T5.

These condensed interim financial statements have been prepared on the basis of the accounting principles applicable to 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 in the normal course of operations. As at August 31, 2024, the Company's management believes it has sufficient cash to fund the ongoing operations 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. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustment could be material.

2. Significant Accounting Policies

a) Statement of Compliance

These condensed interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim financial statements and the notes thereto should be read in conjunction with the audited financial statements of the Corporation for the year ended November 30, 2023.

These condensed interim financial statements were approved by the Board of Directors for issuance on October 23, 2024.

b) Basis of Presentation

These financial statements have been prepared on the historical cost basis and are presented in Canadian dollars, which is the Company's presentation currency.

2. Significant Accounting Policies (continued)

c) Critical Accounting Estimates and Judgments

The preparation of the condensed interim financial statements require management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. 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. Actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision. The preparation of these condensed interim financial statements requires management to make judgments regarding the Company's ability to continues as a going concern.

d) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

e) Loss per share

Basic loss per share is computed by dividing the net earnings (losses) by the weighted average number of outstanding common shares for the period.

f) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classifieds as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets/liabilities	**Classification**
Cash	FVTPL
Amounts receivable	Amortized cost
Accounts payable	Amortized cost

2. Significant Accounting Policies (continued)

f) Financial instruments (continued)

Measurement

Financial assets and liabilities at amortized cost: Financial assets and liabilities at amortized costs are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

g) Accounting standards issued but not yet effective

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's financial statements.

3. Share Capital

Authorized
Unlimited common shares without par value.

Issued
On May 19, 2022, the Company issued an incorporation share at a nominal value. In September 2022, the Company issued 4,210,000 common shares at $0.05 per share for gross proceeds of $210,500. The Company paid $11,638 for share issuance costs related to the private placement.

(Expressed in Canadian Dollars)

3. Share Capital (continued)

Issued (continued)

The Company's participants in the first private placement consisted of directors and officers of the Company who were issued a total of 4,210,000 common shares.

In June 2023, the Company completed its initial public offering ("IPO") and was listed on the TSX Venture Exchange through the issuance of 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000. In connection with the IPO, the Company incurred $48,977 in share issuance costs and granted 200,000 agent warrants. These agent warrants are exercisable for a period of 60 months from the listing date, at an exercise price of $0.10 per common share. The agent warrants were assigned a fair value of $10,949, determined using the Black-Scholes Option Pricing Model with the following assumptions: a risk-free rate of 3.24%, an expected life of 5 years, expected volatility of $61.38%, and a dividend yield of 0%.

Escrowed shares

All 4,210,000 common shares of the Company, that were issued and outstanding prior to the completion of the IPO, are subject to a CPC escrow agreement and will be released from escrow in stages over a period of 18 months following the date of the Qualifying Transaction.

Warrants

The continuity of the Company's outstanding warrants is as follows:

	August 31, 2024	
	Number of warrants	Weighted average Exercise price $
Warrants, beginning of the year	200,000	0.10
Granted	-	-
Warrants, end of the year	200,000	0.10

The weighted average remaining life of warrants at August 31, 2024 was 3.82 years.

At August 31, 2024, the following warrants were outstanding and exercisable:

Number of Warrants Outstanding	Exercise price ($)	Expiry date
200,000	0.10	June 28, 2028

Reserve

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

4. Financial Instruments and Risk Management

Fair values

The Company classifies the fair value of its financial instruments based on the following hierarchy based on the relative reliability of observable inputs used to value the instrument:

- **Level 1** – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Cash is classified under Level 1.
- **Level 2** – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company does not have any financial instruments classified under Level 2.
- **Level 3 –** Inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

Cash is measured using Level 1 inputs.

5. Financial Risk Factors and Capital Management

Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to the Company's cash is deemed to be minimal as it is held at a large Canadian financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures, through the management of its available cash, that there are sufficient cash balances to meet its short-term operational requirements. As at August 31, 2024, the Company had a cash balance of $162,450 to pay liabilities of $16,791. The Company's accounts payable and accrued liabilities are due within the current operating period. Liquidity risk is assessed as moderate.

Price risk

Price risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates. As at August 31, 2024 the Company is not exposed to price risk.

Capital management

The Company is a Capital Pool Company and manages its capital structure by making adjustments in response to changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, repurchase shares for cancellation through normal course issuer bids, or make special distributions to shareholders.

5. Financial Risk Factors and Capital Management (continued)

Capital management (continued)

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at August 31, 2024, the Company's shareholders' equity was $149,659, with current liabilities totaling $16,791. To ensure its ability to meet current and future liabilities obligations, the Company maintains capital levels above minimum regulatory requirements, financial strength rating requirements, and internally set capital guidelines and calculated risk management thresholds. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.