

# **FARSTARCAP INVESTMENT CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following information, prepared as of August 30, 2021, should be read in conjunction with the unaudited condensed interim financial statements of Farstarcap Investment Corp. ("the Company" or "Farstarcap") for the three and nine months ended June 30, 2021, together with the audited financial statements of the Company for the year ended September 30, 2020 and the accompanying Management's Discussion and Analysis ("MD&A") for that fiscal period. The referenced condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

The Company's condensed interim financial statements for the three and nine months ended June 30, 2021 and 2020 and this accompanying Management Discussion and Analysis contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of August 30, 2021.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **COMPANY DESCRIPTION**

The Company was incorporated under the Business Corporations Act of British Columbia on September 22, 2016. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange (the "Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange. The Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction ("Qualifying Transaction") in accordance with Policy 2.4 of the Exchange. The Company's head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

On February 13, 2019, the Company completed its IPO issuing 2,500,000 common shares of the Company

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at a price of \$0.10 per share for gross proceeds of \$250,000. In connection with the IPO, the Company entered into an Agency Agreement with Canaccord Genuity Corp. (the "Agent"). The Company paid an aggregate of \$50,300 in cash commission, corporate finance fee, legal and other expenses incurred by the Agent. In addition, the Company granted 250,000 non-transferable warrants to the Agent entitling the Agent to purchase common shares at a price of \$0.10 per share. The warrants expired unexercised on February 13, 2021. The Company's common shares were listed on the Exchange on February 13, 2019 under the symbol "FRS.P".

### PROPOSED TRANSACTION

On April 21, 2021, the Company entered into a Merger Agreement with Antares Gaming Corp. ("Antares") and 1299840 B.C. Ltd., a newly incorporated wholly owned subsidiary of Farstarcap, pursuant to which Farstarcap will acquire all of the issued and outstanding securities of Antares in exchange for the issuance of securities in Farstarcap, which will result in Antares becoming a wholly-owned subsidiary of Farstarcap (the "Antares Transaction"). The Antares Transaction will result in a reverse take-over of Farstarcap where existing security holders of Antares will own a majority of the issued and outstanding common shares in the capital of Farstarcap and Farstarcap will be renamed "Antares Gaming Corp." or such other name as Antares may determine. Farstarcap intends that the Antares Transaction will constitute its Qualifying Transaction pursuant to Policy 2.4.

Immediately prior to the completion of the Antares Transaction, it is anticipated that Farstarcap will consolidate the issued and outstanding Farstarcap common shares on a basis of 3.2839 pre-consolidation Farstarcap common shares for one post-consolidation Farstarcap common share.

In addition, prior to the completion of the Antares Transaction, the common shares in the capital of Antares (the "Antares Common Shares") will be subdivided (the "Subdivision") on the basis of 0.152 pre-Subdivision Antares Common Shares for 1 post-Subdivision Antares Common Share (a "Post-Subdivision Antares Common Share") such that there will be approximately 33,333,333 Post-Subdivision Antares Common Shares issued and outstanding immediately prior to the completion of the Antares Transaction (excluding securities issued by Antares in connection with the Private Placement (as defined below)). The completion of the Subdivision will also be a condition of the Antares Transaction. As consideration for the acquisition of all of the outstanding securities of Antares, shareholders of Antares will receive one (1) Post-Consolidation Farstarcap Common Share for each one (1) Post-Subdivision Antares Common Share (the "Exchange Ratio"). The final structure of the Antares Transaction is subject to the receipt of tax, corporate and securities law advice by both Farstarcap and Antares.

Antares intends to conduct, and it will be a condition of the Antares Transaction for Antares to close a concurrent non-brokered private placement (the "Private Placement") for aggregate gross proceeds of up to \$5,000,000 through the offering of securities of Antares at an issue price of \$0.60 per post-Subdivision Antares Common Share. Antares has agreed to pay finder's fees consisting of a cash fee of 8.0% of the aggregate gross proceeds raised and issue compensation warrants to the finder equal to 8.0% of the aggregate number of securities raised from parties participating in the Private Placement that were introduced by the finder.

Completion of the Antares Transaction is subject to Exchange approval.

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## RESULTS OF OPERATIONS

### For the nine months ended June 30, 2021

The Company recorded a loss of \$57,559 (\$0.02 per share) for the nine months ended June 30, 2021 as compared to a loss of \$49,352 (\$0.01 per share) for the nine months ended June 30, 2020. During the period ended June 30, 2021, the Company incurred \$46,203 (2020 - \$40,118) in professional fees relating to legal and accounting fees. Fees were greater in the period ended June 30, 2021, as the Company entered into an LOI with Antares.

### For the three months ended June 30, 2021

The Company recorded a loss of \$17,466 (\$0.01 per share) for the three months ended June 30, 2021, as compared to a loss of \$18,322 (\$0.01 per share) for the three months ended June 30, 2020. Loss for the three months ended June 30, 2021, included \$14,500 (2020 - \$15,617) of professional fees primarily related to the LOI with Antares.

## SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly results for the past eight quarters is as follows:

	Three Months Ended (\$)			
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Loss and comprehensive loss	(17,466)	(19,167)	(20,926)	(13,913)
Basic and diluted loss per share <sup>(1)</sup>	(0.00)	(0.01)	(0.01)	(0.00)
Working capital	113,333	130,799	149,966	170,892

	Three Months Ended (\$)			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Loss and comprehensive loss	(18,322)	(5,914)	(25,116)	(9,435)
Basic and diluted loss per share <sup>(1)</sup>	(0.01)	(0.00)	(0.01)	(0.00)
Working capital	184,805	203,127	209,041	234,157

<sup>(1)</sup> The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$56,932 (2020 - \$52,741) of cash for the nine months ended June 30, 2021. The Company's aggregate operating, investing, and financing activities during the nine months ended June 30, 2021, resulted in a decrease in its cash balance from \$184,095 at September 30, 2020 to \$127,163 at June 30, 2021.

The Company's working capital at June 30, 2021 was \$113,333 compared to working capital of \$170,892 at September 30, 2020.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. 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 its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company has no long-term debt.

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### **FINANCING ACTIVITIES AND CAPITAL EXPENDITURES**

There were no financing activities during the period ended June 30, 2021.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

### **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

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 members of the Board of Directors.

As at June 30, 2021, the Company had \$nil (September 30, 2020 - \$nil) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the three and nine months ended June 30, 2021, and 2020 was \$nil.

### **FINANCIAL INSTRUMENTS**

#### **Financial Instruments Hierarchy**

The Company has categorized fair value measurements of its financial instruments using a fair value hierarchy that reflects the reliability of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The Company classified and measures cash and accounts payable and accrued liabilities at amortized cost. The fair value of the Company's financial instruments approximates their carrying value due to their short-term to maturity.

The risks associated with financial assets and liabilities are as follows:

#### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

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## Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's management has determined that exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

## Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at June 30, 2021, all of the Company's liabilities are short-term and due on demand. At June 30, 2021, the Company had working capital of \$113,333 (September 30, 2020 - \$170,892).

## Foreign exchange risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign exchange risk is minimal.

## OUTSTANDING SHARE DATA

Authorized:      Unlimited common shares without par value.  
                         Unlimited preferred shares issuable in series.

All share information is reported as of August 30, 2021, in the following table:

Type of Security	Number	Exercise Price (\$)	Expiry Date
Issued and outstanding common shares	5,610,001	N/A	N/A
Stock options	250,000	0.10	February 13, 2024
Total	5,860,001		

## RISKS AND UNCERTAINTIES

The Company is currently in the process of identifying and evaluating assets or businesses in order to complete a Qualifying Transaction and has no source of revenue. The Company is not permitted to carry on any other business other than the identification and evaluation of assets or business to complete a Qualifying Transaction.

There can be no assurance the Company will successfully identify an assets or businesses to complete a Qualifying Transaction or have the necessary financial resources to complete a Qualifying Transaction. There can be no assurance that the Company will be able to successfully obtain the necessary financing in the future on terms acceptable to the Company or at all.

## DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three and nine months ended June 30, 2021, and 2020 and this accompanying MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).