

FARSTARCAP INVESTMENT CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - expressed in Canadian Dollars)
For the three and nine months ended June 30, 2022 and 2021

FARSTARCAP INVESTMENT CORP.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company's management.

The Audit Committee of the Board of Directors has reviewed the condensed interim financial statements and related financial reporting matters.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

FARSTARCAP INVESTMENT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - expressed in Canadian Dollars)

Notes	June 30 2022 \$	September 30, 2021 \$
ASSETS		
Current assets		
Cash	74,932	111,363
Prepaid	3,640	2,275
Total assets	78,572	113,638
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,871	6,020
EQUITY		
Share capital	4 397,468	397,468
Contributed surplus	31,943	31,943
Deficit	(352,710)	(321,793)
Total equity	76,701	107,618
Total liabilities and equity	78,572	113,638

Organization and nature of operations and going concern (Note 1)

Approved by the Board of Directors

"Robert McMorran" Director

"Neil MacRae" Director

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

FARSTARCAP INVESTMENT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS

For the three and nine months ended June 30, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended June 30,		Nine months ended June 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Expenses					
Professional fees		3,766	14,500	21,524	46,203
Listing and filing fees		2,199	2,836	9,139	10,997
Office expenses		69	130	254	359
Loss before other items		(6,034)	(17,466)	(30,917)	(57,559)
Net and comprehensive loss for the period		(6,034)	(17,466)	(30,917)	(57,559)
Basic and diluted loss per share		(0.00)	(0.00)	(0.01)	(0.02)
Weighted average number of shares outstanding		5,610,001	3,610,000	5,610,001	3,610,000

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

FARSTARCAP INVESTMENT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three and nine months ended June 30, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

	Number of shares #	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance, September 30, 2020	5,610,001	397,468	31,943	(258,519)	170,892
Net and comprehensive loss for the period	-	-	-	(57,559)	(57,559)
Balance, June 30, 2021	5,610,001	397,468	31,943	(316,078)	113,333
Net and comprehensive loss for the period	-	-	-	(5,715)	(5,715)
Balance, September 30, 2021	5,610,001	397,468	31,943	(321,793)	107,618
Net and comprehensive loss for the period	-	-	-	(30,917)	(30,917)
Balance, June 30, 2022	5,610,001	397,468	31,943	(352,710)	76,701

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

FARSTARCAP INVESTMENT CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended June 30, 2022 and 2021

(Unaudited - expressed in Canadian Dollars)

	2022	2021
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net loss for the period	(30,917)	(57,559)
Changes in non-cash working capital items		
Prepaid	(1,365)	(3,640)
Accounts payable and accrued liabilities	(4,149)	4,267
	<u>(36,431)</u>	<u>(56,932)</u>
Change in cash during the period	(36,431)	(56,932)
Cash – beginning of the period	111,363	184,095
	<u>74,932</u>	<u>127,163</u>
Supplemental cash flow information		
Interest paid	-	-
Income taxes paid	-	-

FARSTARCAP INVESTMENT CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS AND GOING CONCERN

Farstarcap Investment Corp. (“Farstarcap” or 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 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 and was listed on the Exchange.

As a CPC the Company is subject to certain cash restrictions. Proceeds raised from the issuance of common shares from the IPO may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuances of shares, or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative general expenses of the Company. The restrictions apply until completion of a Qualifying Transaction by the Company in accordance with Policy 2.4 of the Exchange. On February 19, 2021, the Company received final approval from the Exchange to remove the consequences of failing to complete a Qualifying Transaction within 24 months of listing, such as, requiring a transfer to the NEX Board and cancelling certain seed shares, and amended the escrow share release terms (Note 4).

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital.

As at June 30, 2022, the Company had no business operations and its only significant asset was cash. The ability of the Company to fund potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will complete a Qualifying Transaction or be able to finance such an investment or acquisition. Furthermore, there is no assurance that the business will be profitable. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the audited financial statements for the year ended September 30, 2021.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2022 and 2021
(Unaudited - expressed in Canadian Dollars)

These condensed interim consolidated financial statements were approved by the board of directors for use on August 26, 2022.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

For full details on the critical accounting estimates and judgements affecting the Company, please refer to the Company's annual financial statements and notes for the year ended September 30, 2021.

4. SHARE CAPITAL

- a) **Authorized:** Unlimited common shares without par value.
Unlimited preferred shares issuable in series.

The Company did not complete any financings or issue any shares during the nine-month period ended June 30, 2022 or 2021.

On February 20, 2018, the Company entered into an Escrow Agreement (the "Escrow Agreement") in accordance with the Exchange CPC Policy 2.4, with certain shareholders and 2,000,001 common shares were placed in escrow. Subject to the said Policy, the escrowed common shares will be released from escrow as follows: 10% on the completion of Qualifying Transaction, and 15% on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

On February 19, 2021, the Exchange approved an amendment to the escrowed share release terms to be as follows: 25% on the completion of Qualifying Transaction, and 25% on each of the dates 6 months, 12 months and 18 months following the initial release.

At June 30, 2022, 2,000,001 commons shares are held in escrow.

b) Stock Options

On December 1, 2017, the Company adopted a stock option plan (the "Stock Option Plan"), whereby the maximum number of non-transferable options to purchase common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Additionally, the maximum number of non-transferable options to purchase common shares reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a technical consultant. All options granted under the Stock Option plan will expire not later than the date that is ten years from the date that such options are granted. Options may be exercised the greater of 12 months after Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument pursuant to the laws of succession.

The balance of stock options outstanding and exercisable as at June 30, 2022 and September 30, 2021 and the changes for the periods then ended is as follows:

FARSTARCAP INVESTMENT CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2022 and 2021

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	Number of Options #	Weighted Average Exercise Price \$	Weighted Average Life Remaining (years)
Balance, September 30, 2020	250,000	0.10	3.36
Balance, September 30, 2021	250,000	0.10	3.12
Balance, June 30, 2022	250,000	0.10	1.62

As at June 30, 2022, the Company's stock options outstanding were as follows:

Expiry Date	Exercise price \$	Remaining life (years)	Options outstanding and exercisable
February 13, 2024	0.10	1.62	250,000

c) Warrants

The balance of warrants outstanding as at June 30, 2022 and September 30, 2021 and the changes for the periods then ended is as follows:

	Number of Warrants #	Weighted Average Exercise Price \$	Weighted Average Life Remaining (years)
Balance, September 30, 2020	250,000	0.10	0.37
Balance, September 30, 2021	250,000	0.10	-
Expired	(250,000)	0.10	-
Balance, June 30, 2022	-	-	-

d) Loss per share

The calculation of basic and diluted loss per share for the three and nine months ended June 30, 2022, was based on the loss attributable to common shareholders of \$6,034 (2021 - \$17,466) and \$30,917 (2021 - \$57,559) respectively, and the weighted average common shares outstanding of 5,610,000 (2021 - 5,610,000).

During the three and nine months ended June 30, 2022, potentially dilutive common shares totaling 250,000 (2021 - 500,000) were not included in the calculation of basic and diluted loss per share because their effect was anti-dilutive.

FARSTARCAP INVESTMENT CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2022 and 2021
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5. 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, 2022, the Company had \$nil (September 30, 2021 - \$nil) in 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, 2022 and 2021 was \$nil.

6. FINANCIAL INSTRUMENTS

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity.

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 or acquire assets.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investors and associated financings.

The Company is not subject to any externally imposed capital requirements.

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

FARSTARCAP INVESTMENT CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended June 30, 2022 and 2021

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- 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 its accounting for cash and accounts payable and accrued liabilities as at amortized cost. The fair values of the Company's financial instruments approximate their carrying values due to their short-terms 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 the Company's cash. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

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, 2022, all of the Company's liabilities are short-term and due on demand. At June 30, 2022, the Company had working capital of \$76,701 (September 30, 2021 - \$107,618).

Foreign Exchange Risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's functional 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.