

# **FARSTARCAP INVESTMENT CORP.**

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

The following information, prepared as of August 28, 2025, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Farstarcap Investment Corp. (the "Company") for the three and nine months ended June 30, 2025, together with the audited financial statements of the Company for the year ended September 30, 2024 and the accompanying Management's Discussion and Analysis ("MD&A") for that fiscal period. The referenced financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 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.sedarplus.ca](http://www.sedarplus.ca).

### **FORWARD-LOOKING STATEMENTS**

This MD&A contains 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 28, 2025.

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 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 1100-1199 West Hastings Street, Vancouver, BC V6E 3T5. 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

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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.

## PROPOSED TRANSACTION

On April 29, 2025, the Company entered into an amalgamation agreement to acquire all of the issued and outstanding securities of BP Exploration Corp. (“BPEX”) by way of a three-cornered amalgamation (the “Transaction”). The Company intends to complete the Transaction to constitute a Qualifying Transaction in accordance with Policy 2.4 of the Exchange.

Pursuant to the amalgamation agreement, the Company will acquire from the shareholders of BPEX all the issued and outstanding shares of BPEX (“BPEX Shares”) in exchange for post-consolidated common shares of the Company on a one-for-one basis. The Company will also issue convertible securities in exchange for the convertible securities of BPEX, if unexercised prior to closing of the Transaction, on the same exchange ratio.

As a condition of closing of the Transaction, the Company will complete a consolidation of its common shares on the basis of four pre-consolidation shares for three post-consolidation shares (“Post-consolidation Farstarcap Share”). As consideration for the acquisition of all of the outstanding common shares of BPEX, the Company will issue one Post-consolidation Farstarcap Share for every BPEX share.

Prior to closing of the Transaction, BPEX will cancel one-third of 9,500,000 BPEX Shares issued at \$0.005 per share (the “BPEX Founder Shares”) and one-half of 7,258,759 BPEX Shares issued at \$0.025 per share (the “BPEX Seed Shares”). Each cancelled BPEX Seed Share will be replaced with a common share purchase warrant of BPEX exercisable at \$0.10 per share for a period of five years from the date of issue.

On August 21, 2025, the Company announced that the Exchange has granted conditional approval for the Company’s proposed Qualifying Transaction.

The closing of the Transaction will be conditional upon: (i) BPEX completing a concurrent private placement financing (the “Concurrent Financing”) for minimum gross proceeds of \$1,350,000 and maximum gross proceeds of \$2,500,000; (ii) approval from the Exchange; and (iii) such other conditions that are customary for this type of transaction.

BPEX is a private company existing under the laws of the British Columbia, Canada. BPEX has two silver projects in Bolivia, the Cosuño Project and Titiri Project.

## RESULTS OF OPERATIONS

### For the Nine Months Ended June 30, 2025

The Company recorded a loss of \$101,920 (\$0.02 per share) for the nine months ended June 30, 2025 as compared to a loss of \$60,884 (\$0.01 per share) for the nine months ended June 30, 2024. The increase in loss for the period ended June 30, 2025, is primarily due to an increase in professional fees and listing and filing fees compared to the period ended June 30, 2024 due to the Transaction. Professional fees incurred during the nine months ended June 30, 2025 was \$66,909 compared to \$45,887 during the nine months ended June 30, 2024. Listing and filing fees incurred during the nine months ended June 30, 2025 was \$34,582 compared to \$14,602 during the nine months ended June 30, 2024.

### For the Three Months Ended June 30, 2025

The Company recorded a loss of \$47,953 (\$0.01 per share) for the three months ended June 30, 2025 as compared to a loss of \$5,447 (\$0.00 per share) for the three months ended June 30, 2024. The increase in loss for the period ended June 30, 2025, is primarily due to an increase in professional fees and listing and

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filing fees compared to the period ended June 30, 2024 due to the Transaction. Professional fees incurred during the three months ended June 30, 2025 was \$25,645 compared to \$2,674 during the three months ended June 30, 2024. Listing and filing fees incurred during the three months ended June 30, 2025 was \$22,192 compared to \$2,656 during the three months ended June 30, 2024.

### 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, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Loss and comprehensive loss	(47,953)	(27,272)	(26,695)	(6,431)
Basic and diluted loss per share <sup>(1)</sup>	(0.01)	(0.00)	(0.00)	(0.00)
Working capital (deficit)	(95,178)	(47,225)	(19,953)	6,742

	Three Months Ended (\$)			
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Loss and comprehensive loss	(5,447)	(25,804)	(29,633)	(10,337)
Basic and diluted loss per share <sup>(1)</sup>	(0.00)	(0.00)	(0.01)	(0.00)
Working capital (deficit)	(18,568)	(33,121)	(7,317)	22,316

<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.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$69,426 (2024 - \$23,083) of cash during the nine months ended June 30, 2025. The Company's financing activities provided \$19,572 (2024 - \$20,000) of cash during the nine months ended June 30, 2025. The Company's aggregate operating, investing, and financing activities during the nine months ended June 30, 2025, resulted in a decrease in its cash balance from \$59,881 at September 30, 2024 to \$10,027 at June 30, 2025.

The Company's working capital deficit at June 30, 2025 was \$95,178 compared to working capital of \$6,742 at September 30, 2024.

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 that 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 working capital and the Company's capital resources are largely determined by its ability to compete for investors and associated financings.

### FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

On August 27, 2024, the Company closed a non-brokered private placement and issued 1,100,000 common shares at a price of \$0.05 per share for gross proceeds of \$55,000. In connection with the private placement, the Company incurred cash share issuance cost of \$3,259.

On September 26, 2024, the Company received \$40,000 in loans from lenders. The loans do not bear interest and are due on demand. \$30,000 in loans were received from related parties.

During the nine months ended June 30, 2025, the Company received \$19,572 in advances from BPEX to pay fees incurred in connection with the Proposed Transaction. The advances do not bear interest and are

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due on demand.

### 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.

Compensation paid or accrued to key management or companies controlled by key management personnel during the three and nine months ended June 30, 2025 was \$nil (2024 - \$nil).

As at June 30, 2025, \$30,000 (September 30, 2024 - \$30,000) in loans payable was owed to related parties.

In connection with the private placement that closed on August 27, 2024, two directors subscribed to the entire issue, equally, and purchased a total of 1,100,000 common shares for gross proceeds of \$55,000.

### FINANCIAL INSTRUMENTS

#### Financial Instruments Fair Value 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, accounts payable and accrued liabilities, advances payable and loans payable. The Company classified and measured cash, accounts payable and accrued liabilities, advances payable and loans payable 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 that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's 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

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exposed to material credit risk. The Company's exposure to and management of credit risk has not changed materially from that of the year ended September 30, 2024.

## Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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, 2025, all of the Company's liabilities were short-term and due on demand. As at June 30, 2025, the Company had a working capital deficit of \$95,178 (September 30, 2024 – working capital of \$6,742). The Company's exposure to and management of liquidity risk has not changed materially from that of the year ended September 30, 2024.

## Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk. The Company's exposure to and management of market risk has not changed materially from that of the year ended September 30, 2024.

- **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 believes it is not exposed to material interest rate risk as the Company's cash is earning interest at market rates, and the Company has no interest bearing financial liabilities.
- **Currency Risk**  
Currency 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 believes it is not exposed to material currency risk.
- **Other Price Risk**  
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer by factors affecting all similar financial instruments traded in the market. The Company believes it is not exposed to material other price risk.

## OUTSTANDING SHARE DATA

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

All share information is reported as of August 28, 2025, in the following table:

Type of Security	Number	Exercise Price (\$)	Expiry Date
Issued and outstanding common shares	6,710,001	N/A	N/A

## 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.

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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 consolidated financial statements for the three and nine months ended June 30, 2025 and 2024 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.sedarplus.ca](http://www.sedarplus.ca).