FOUNTAINHALL CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JULY 31, 2023 AND 2022

Background

This Management Discussion and Analysis ("MD&A") of for Fountainhall Capital Corp. (the "Company") is prepared as at October 19, 2023 and should be read in conjunction with the Company's audited financial statements for years ended July 31, 2023 and 2022, which have been 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. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

The Company was incorporated on March 3, 2021 under the Business Corporations Act (British Columbia) and is a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4"). As a CPC, the Company's objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V ("Qualifying Transaction"). Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4.

As of the date of this MD&A, the Company's share capital comprises:

- Unlimited common shares authorized for issuance, of which 5,150,000 are issued and outstanding including 3,000,000 that are held in escrow and will be released ratably over a period up to 18 months following the completion of a Qualifying Transaction;
- Unlimited preferred shares authorized for issuance, of which none are issued and outstanding;
- 300,000 stock options, each exercisable for one common share at a price of $0.15 until December 14, 2026; and
- 100,000 warrants, each exercisable for one common share at a price of $0.15 until December 14, 2023.

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company completing a Qualifying Transaction on a timely basis and its ability to raise sufficient capital for long-term operations should a Qualifying Transaction not be completed on a timely basis. Readers are cautioned not to place undue reliance on these forward-looking statements.

Selected Financial Information

	July 31, 2023	July 31, 2022	July 31, 2021
	$	$	$
Total assets	**351,412**	399,712	222,227
Total long-term liabilities	**-**	-	-
Total shareholders' equity	**337,391**	388,691	216,652

	Year Ended July 31, 2023	Year Ended July 31, 2022	Period from Incorporation on March 3, 2021 to July 31, 2021
	$	$	$
Net loss for the period	**(51,300)**	(77,373)	(8,348)
Basic and diluted loss per share	**(0.01)**	(0.02)	(0.01)

Results of Operations

The Company currently has no business operations and until such time as the Company completes a Qualifying Transaction as defined by the TSX-V, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential Qualifying Transactions.

The Company incurred a loss of $51,300 for the year ended July 31, 2023 compared to a $77,373 loss for the comparative year ended July 31, 2022. The higher loss for the comparative year ended July 31, 2022 was mainly owing to the recognition of $37,931 share-based compensation expense for 300,000 stock options granted to directors of the Company on December 14, 2021.

Other administrative expenses are consistent and are mainly comprised of the following items:

- $18,900 (2022 - $18,900) for administrative and corporate services;
- $16,361 (2022 - $11,470) for transfer agent, shareholder communications, listing and filing fees. The higher fees in current year was due to the higher TSX-V annual fee and several more months of transfer agent fees as the Company started to pay monthly transfer agent fee after its IPO in December 2021; and
- $15,967 (2022 - $9,000) for professional fees comprising legal, auditing and accounting services. The higher fees in current year were due to additional accrual of $3,000 for yearend audit and $3,401 of legal fees (2022 - $Nil) on general corporate matters.

Quarterly Information

Results for recent fiscal quarters are as follows:

Three Months Ended	General and Administrative Expenses, Excluding Share-based Compensation	Stock-based Compensation	Net Loss	Basic & Diluted Loss per Share[2]
	$	$	$	$
July 31, 2023	18,094	-	18,094	-
April 30, 2023	12,747	-	12,747	-
January 31, 2023	7,213	-	7,213	-
October 31, 2022	13,246	-	13,246	-
July 31, 2022	15,099	-	15,099	-
April 30, 2022	11,524	-	11,524	-
January 31, 2022	7,792	37,931	45,723	0.01
October 31, 2021	5,027	-	5,027	-

Quarter Ended July 31, 2023

For the three months ended July 31, 2023, the Company incurred a loss of $18,094, compared to a loss of $15,099 for the comparative three months ended July 31, 2022. The losses are mainly comprised of the following items:

- $4,725 (2022 - $4,725) for administrative and corporate services;
- $1,339 (2022 - $1,339) for monthly transfer agent fees; and
- $12,000 (2022 - $9,000) for yearend audit accrual.

Financial Position and Liquidity

As at July 31, 2023, the Company had cash of $351,412. As a CPC, the Company's routine expenses are limited to general administrative costs such as TSX-V listing and filing fees, audit fees, legal fees and expenses for corporate and administrative services. Additional legal or other costs may be incurred to pursue a potential Qualifying Transaction, regardless of whether the transaction is ultimately completed. The Company's current cash balance is sufficient to pay its existing accounts payable and accrued liabilities, to maintain its existing level of operations for the next 12 months, and to pursue a limited number of potential Qualifying Transactions.

Related Party Transactions

The Company is party to a corporate services agreement with Earlston Management Corp. ("Earlston"), whereby Earlston provides various administrative, management and corporate services to the Company for a fee of $1,500 per month plus tax and out-of-pocket costs. Earlston is related to the Company by virtue of providing key management services and by having certain directors and officers in common. The Company's expense for administrative and corporate services for the year ended July 31, 2023 includes $18,900 (2022 - $18,900) in such costs incurred with Earlston of which $1,575 is included in accounts payable and accrued liabilities as at July 31, 2023 (July 31, 2022 - $1,575).

During the year ended July 31, 2022, the Company granted a total of 300,000 stock options to its directors. The stock options were fully-vested on their grant date and a related share-based compensation expense of $37,931 was recognized in the period.

Capital Management

In the management of capital, the Company defines capital as its shareholders' equity. As at July 31, 2023, the Company's shareholders' equity was $337,391. The Company's objectives when managing capital are to maintain a low level of on-going operating costs and to continue as a going concern until a Qualifying Transaction can be completed. The Company's current capital was received from the issuance of common shares and will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4. These expenditure restrictions limit the Company's on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed Qualifying Transaction, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of $4,000 per month for other general and administrative costs.

Financial Instruments and Risk Management

As at July 31, 2023, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities approximate their carrying values due to their short term to maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – 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); and
Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at July 31, 2023, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at July 31, 2023, the Company had a cash balance of $351,412 which is sufficient to settle current liabilities of $14,021 and anticipated short-term cash requirements, but that additional funding may be required to meet long-term requirements should a Qualifying Transaction not be completed on a timely basis. The Company's financial liabilities include trade payables that have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

i. Valuation of share-based compensation and warrants

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and compensatory warrants. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

ii. Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

The Company's significant accounting policies and estimates are included in Note 3 of its audited financial statements for the years ended July 31, 2023 and 2022.

Risks and Uncertainties

The Company's objective is to identify and complete a Qualifying Transaction and, as of the date of this MD&A, the Company is not pursuing any specific transaction. Until the Company completes a Qualifying Transaction, it will not have a source of recurring income, commercial operations, significant assets other that cash and shall not generate earnings or pay dividends.

Should the Company not complete a Qualifying Transaction on a timely basis, it may require additional capital financing and there is no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

The Company's success depends to a certain degree upon key members of its management to identify a potential Qualifying Transaction. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

Corporate Governance

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board comprises three individuals, one of whom holds all officer roles for the Company. All members of the Board comprise the Audit Committee.