This management discussion and analysis ("MD&A") of H2 Ventures 1 Inc. (the "Company" or "we") is for the year ended December 31, 2022 and is performed by management using information available as of April 11, 2023. We have prepared this MD&A with reference to National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. This MD&A should be read in conjunction with the accompanying audited financial statements as at December 31, 2022 and for the year then ended and the related notes thereto. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. This MD&A complements and supplements, but does not form part of, the Company's financial statements.

All amounts are expressed in Canadian dollars, unless otherwise indicated.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements and are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors, as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Company

H2 Ventures 1 Inc. is classified as a capital pool company ("CPC") for the purposes of the policies of the TSX Venture Exchange ("TSX-V" or "Exchange"). As a result, the Company's current business is to identify and evaluate businesses and assets with a view to completing a "Qualifying Transaction". Any proposed Qualifying Transaction is subject to approval by the Exchange and in the case of a non-arm's length Qualifying Transaction is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange. The Company filed a prospectus for an initial public offering ("IPO") of the Company's common shares on December 9, 2021. On February 9, 2022, the Company completed its IPO and issued 50,000,000 shares for gross proceeds of $5,000,000. Upon completion of the IPO, the Company had 61,200,000 common shares issued and outstanding. The common shares commenced trading on the TSX-V under the symbol "HO.P" on February 16, 2022. Pursuant to the policies of the TSX-V, the proceeds raised from the issuance of common shares and any subsequent financing will be utilized for the identification and evaluation of assets or businesses with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds to finance an acquisition and reasonable general and administrative expenses.

Selected Annual Information

The following table sets forth the selected financial information for the year ended December 31, 2022 and the period from April 26, 2021 (date of incorporation) to December 31, 2021. This information has been derived from the Company's financial statements and should be read in conjunction with the financial statements and the notes thereto.

	December 31, 2022 $	December 31, 2021 $
Total assets	5,000,598	500,744
Total non-current financial liabilities	-	-

	Year Ended December 31, 2022 $	Period from April 26, 2021 (date of incorporation) to December 31, 2021 $
Total revenue	-	-
Total comprehensive income (loss)	5,708	(150,255)
Basic and diluted earnings (loss) per common share	0.00	(0.02)
Cash dividends declared per share	-	-

The year ended December 31, 2022, was the second period of operations with a net profit for $5,708. In the prior period, the Company had incurred a net loss of $150,255. The decrease in comprehensive loss was mainly driven by legal fees and share-based payments related to the issuance of common shares in June 2021, with no such activity in 2022, and offset by interest income from the guaranteed investment certificate ("GIC") account during the year.

Results of Operations

At December 31, 2022, the Company had no continuing source of operating revenues and related expenditures.

Results for year ended December 31, 2022

For the year ended December 31, 2022, the Company recorded a net income of $5,708 (period from April 26, 2021 (date of incorporation) to December 31, 2021 – net loss of $150,255). The decrease in the net loss of $155,963 is mainly due to the following changes:

- Legal fees decreased from $88,664 in the comparative period to $14,535 in the year ended December 31, 2022 due to the activity related to the IPO completed in the prior period and no such activity in this year.
- Consulting fees incurred $34,162 due to due diligence work, corporate secretary, investor relations and capital market consulting services occurred during the year ended December 31, 2022, whereas no such expenses incurred in the prior period.
- Share-based payments decreased from $37,000 in the prior period to $nil in the year ended December 31, 2022 as no stock option was granted in the current year.
- Interest income increased from $156 in the prior period to $96,172 in the year ended December 31, 2022 due to interest received from the GIC account with the IPO funding money.

Results for three months ended December 31, 2022

For the three months ended December 31, 2022, the Company recorded a net income of $10,013 (2021 – net loss of $50,370).

The decrease in the net loss of $60,383 is mainly due to the following changes:

- Legal fees decreased from $43,349 in the comparative period to $10,399 in the three months ended December 31, 2022 due to the activity related to the IPO completed in the comparative period and no such activity in the current period.
- Interest income increased from $nil in the comparative period to $47,747 in the three months ended December 31, 2022 due to interest received from the GIC account with the IPO funding money.

Summary of Quarterly Financial Results

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements:

Period ended	Net profit (loss) for the period $	Loss per share $
December 31, 2022	10,013	0.00
September 30, 2022	19,555	0.00
June 30, 2022	(11,946)	(0.00)
March 31, 2022	(11,914)	(0.00)
December 31, 2021	(50,370)	(0.00)
September 30, 2021	(62,743)	(0.01)
June 30, 2021	(37,143)	(0.01)

The Company was incorporated on April 26, 2021 and, as such, does not have eight quarters to report.

The variability of the net loss during the seven most recent quarters is mainly due to significant expenses related to activities and services utilized in connection to the Company's completion of the prospectus and completion of the IPO during the quarter ended March 31, 2022.

During the quarter ended December 31, 2022, the net profit decreased by $9,542 from the quarter ended September 30, 2022 due to an increase in consulting fee for due diligence work performed, accrued audit fee, and legal and professional fee.

During the three months ended September 30, 2022, the net profit increased by $31,501 from the three months ended June 30, 2022. This change is due to a decrease in consulting fees and accounting expenses together with an increase in interest received from the GIC account.

During the three months ended June 30, 2022, the net loss is similar to the three months ended March 31, 2022. There is an increase in consulting expenses due to consulting fees in 2021 that were charged in this quarter and offset with interest received from the GIC account.

During the quarter ended March 31, 2022, the net loss decreased by $38,456, as the IPO completed in February 2022 and its related expenses, were incurred during the quarter ended December 31, 2021.

Due to limited historical activity in the Company and its recent increase in activity in preparation of the prospectus and filing its IPO, no trends have been noted in reviewing the summary of selected financial information for the year ended December 31, 2022.

The Company has not earned any revenue since inception.

Liquidity and Capital Resources

The Company has financed its operations to date through the issuance of common shares. As at December 31, 2022, the Company had cash and cash equivalents on hand of $4,995,348 to meet its obligations of $36,687.

The Company estimates that certain amounts will be used for identifying and evaluating assets, and approximately $55,000 will be used for general and administrative expenses until the completion of a Qualifying Transaction.

Outstanding Share Data

As of the date of this MD&A, 61,200,000 common shares were issued and outstanding (December 31, 2022 - 61,200,000). The outstanding securities and options have been summarized in the following table.

	As at the date of this MD&A	**As at December 31, 2022**
Common shares issued and outstanding	61,200,000	61,200,000
Agent's warrants	4,000,000	4,000,000
Stock options	1,000,000	1,000,000

On June 4, 2021, the Company granted the directors' stock options, which entitle the holders to purchase an aggregate of up to 1,000,000 common shares at a price of $0.05 per common share for a period of 5 years from the date of grant, in accordance with the policies of the TSX-V. These stock options and the shares acquired pursuant to the exercise of such CPC stock option are to be held in escrow, subject to the CPC escrow agreement.

On February 9, 2022, pursuant to an 3 between the Company and Canaccord Genuity Corp. ("Agent"), the Agent was granted non-transferable agent's warrants to purchase up to 4,000,000 common shares at a price of $0.10 per common share, exercisable for a period of 24 months from the date of the completion of the IPO.

Related Party Transactions

The Company entered into an advisory services agreement with Moneta on May 1, 2021, a corporation controlled by a director of the Company. Moneta provides corporate secretary, investor relations and capital market consulting services. During the year ended December 31, 2022, $31,500 in fees were expensed to Moneta.

At December 31, 2022, the amount due to related party of $150 (period from April 26, 2021 (date of incorporation) to December 31, 2021 - $150) is owed to the chief executive officer of the Company for reimbursements of expenses in the normal course of business. The amount is unsecured, non-interest-bearing and payable on demand.

During the year ended December 31, 2022, the Company did not grant any stock options to directors and officers (period from April 26, 2021 (date of incorporation) to December 31, 2021 - 1,000,000 stock options).

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at the date of this MD&A.

Proposed Transactions

There are at present no transactions outstanding that have been proposed but not approved by either the Company or regulatory authorities.

Liquidity and Capital Management

As at December 31, 2022, the Company had net working capital of $4,963,911 (December 31, 2021 - $446,745) comprised of cash and cash equivalents, accounts payable and accrued liabilities, and due to related party. This included accounts payable and accrued liabilities and due to related party of $36,687 (December 31, 2021 - $53,999) and cash and cash equivalents of $4,995,348 (December 31, 2021 - $485,744). As a result, the Company is not exposed to liquidity risk, and has sufficient funds to meet its ongoing obligations and to meet its objective of completing a Qualifying Transaction. The Company does not generate revenue from operations and any significant improvements in working capital would result from the issuance of share capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

Financial Instruments

The Company's financial instruments, consisting of cash and cash equivalents, accounts payable and accrued liabilities and due to related party, approximate fair values due to the relatively short-term maturities of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Risks and Uncertainties

The Company's sole objective is to identify a satisfactory Qualifying Transaction. The closing of any proposed Qualifying Transaction is subject to a number of terms and conditions, including completion of due diligence procedures by parties to the transaction and receipt of all required regulatory approvals; there is no assurance that a transaction will be completed. If the Company does not complete a Qualifying Transaction within the time permitted by the Exchange, its common shares could be delisted.

The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms that are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The Company's financial condition and results of operations may be negatively affected by economic and other consequences of world events, such as the conflict in Ukraine and the threat of pandemics. While the Company expects any direct impacts of world events to the current and future business to be limited, the indirect impacts on the economy, supply chain and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the British Columbia *Business Corporations Act* ("BCBCA") in dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interest of the Company.

Critical Accounting Estimates

The Company's significant accounting policies are summarized in Note 3 to the audited financial statements for the year ended December 31, 2022.

Future Changes in Accounting Policies

The following standards have been issued but are not yet effective:

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The amendment is expected to have no impact on the Company.

International Accounting Standard ("IAS") 1 Presentation of Financial Statements

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the years beginning on or after January 1, 2023. The amendment is expected to have no impact on the Company.

Additional Information

For further detail, see the Company's audited financial statements for the year ended December 31, 2022. Additional information about the Company can also be found on SEDAR at www.sedar.com.