

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

1055 West Georgia Street, 1500 Royal
Centre, Vancouver, BC V6E 4N7

OVERVIEW

The following management discussion and analysis of the financial position of Hertz Lithium Inc. (the “Company”) and results of operations should be read in conjunction with the audited financial statements for the years ended July 31, 2022 and 2021 (the ‘Financial statements’). The Financial statements together with the following management discussion and analysis are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance.

Additional information related to the Company can be made available upon request from the Company’s head office located at: 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia, V6E 4N7, Canada.
Date of Report: February 16, 2023

NATURE OF BUSINESS AND OVERALL PERFORMANCE

The Company is engaged in the exploration and development of mineral resources, currently focusing on projects in the State of Arizona, US and is developing lithium extraction technologies in partnership with Penn State University.

At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for operations is raised primarily through public and private share offerings. It is not known whether the Company’s mineral properties contain reserves that are economically recoverable. The recoverability of amounts recorded by the Company for mineral property interests and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, the ability to raise funding for continued exploration and development, the completion of property option expenditures and acquisition requirements, and from proceeds from disposition.

On May 20, 2022, Bullrun Capital Inc. (‘Bullrun’) entered into an option agreement with the Penn State Research Foundation (‘PSRF’), a non-profit organization situated at University Park, PA, USA. Whereas PSRF, owns and controls certain innovative technology “A Novel process for extraction of lithium from Sponduemene” Bullrun got an option under the Patent rights to explore joint funding opportunities to further develop and commercialize such technology. The scientific process development group at Penn State Univ. has filed an international patent application for the process of lithium extraction and is currently under review process and pending.

On August 29, 2022 the company adopted and approved stock option plan to provide the company with a share related mechanism to encourage qualified directors, officers, employees and consultants to acquire common shares in the capital of the Company as long term investment. The number of common shares which will be available for purchase pursuant to the options granted at any point in time will equal 10% of the outstanding common shares of the Company at the time the common shares are reserved for issuance.

On August 30, 2022, the Company entered into an assignment and novation agreement with Bullrun Capital Inc. (the ‘Transferor’) to acquire the option to obtain patent rights with respect to the process for extraction of lithium. Pursuant to the agreement, the Company is required to pay USD 7,500 to the Transferor to acquire the rights which will expire on May 20, 2023.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

On September 6, 2022, the Company entered into an agency agreement with Canaccord Genuity Corp. to be the lead agent and sole bookrunner in respect of the proposed initial public offering at Canadian Stock Exchange (“CSE”). Proceeds raised from prospectus are expected to fund the operations for 12 months. The estimated operating and other material capital expenditures during that period of time are provided below.

| Use of Proceeds | Minimum Offering | Maximum Offering |
|--|--------------------------|--------------------------|
| Payment pursuant to the UMR Property Purchase Agreement ⁽¹⁾ | \$200,865 ⁽¹⁾ | \$200,865 ⁽¹⁾ |
| <u>Phase 1 of Recommended Work Program</u> | | |
| Conduct detailed field mapping, sampling, magnetic susceptibility, and spectrometer radiometric survey on the Project ⁽³⁾ | \$107,128 ⁽³⁾ | \$107,128 ⁽³⁾ |
| <u>Phase 2 of Recommended Work Program⁽⁴⁾</u> | | |
| Initiate Drill Campaign on Project ⁽³⁾ | \$162,500 | \$387,500 |
| Initiate Metallurgical Testing Program on Project ⁽³⁾ | \$162,500 | \$387,500 |
| Marketing and Investor Relations ⁽⁵⁾⁽⁶⁾ | \$100,000 | \$100,000 |
| Consulting, Management, and Director Fees ⁽⁷⁾ | \$354,104 | \$354,104 |
| Advancement of the Technology ⁽⁸⁾ | \$30,000 | \$30,000 |
| Estimated general and administrative expenses for 12 months ⁽⁹⁾ | \$90,000 | \$90,000 |
| Unallocated working capital | \$58,125 | \$73,125 |
| Total | \$1,265,222 | \$1,730,222 |

Notes :

- (1) See “See general Development of the business – acquisition of the project”
- (2) Based on Bank of Canada exchange rate of USD\$1 = CAD\$1.3391 on February 3, 2023.
- (3) See “Lucky Mica Project – Recommendations.”
- (4) The Company will require additional funding to complete Phase 2 of the recommended work program as set out in the Technical Report.
- (5) The Company has entered into a services agreement with 2686362 Ontario Inc. dba CannaCom Group (“CannaCom”) pursuant to which the Company has engaged CannaCom to develop and execute an awareness program for the Company, including a company profile, news articles, and video content. The services agreement contemplates an investment awareness project lasting a term of six months, which will begin following Closing and Listing. In consideration for the services provided the Company is required to pay CannaCom \$100,000 plus HST.
- (6) The Company has also entered into a branding contract with Milky Way Marketing Inc. + Blue Sun Productions Inc. (“Milky Way”) pursuant to which the Company has engaged Milky Way to prepare a thirty second video which will be completed and air following Closing and Listing. In consideration for the services provided the Company paid Milky Way \$30,712.50 (inclusive of GST) on September 22, 2022.
- (7) Comprised of: (i) \$240,000 payable to Kal Malhi pursuant to the KM Consulting Agreement; (ii) \$36,000 payable to Zara Kanji pursuant to the Kanji Consulting Agreement; (iii) \$42,000 payable to Milan Malhi pursuant to the MM Consulting Agreement; (iv) USD\$18,000 payable to Robert Barker pursuant to the Barker Management Agreement; and (v) \$12,000 payable to Pratap Reddy pursuant to the Reddy Consulting Agreement.
- (8) See “General Development of the Business – Intellectual Property.”
- (9) Comprised of: (i) \$40,000 for professional fees (legal and accounting); (ii) \$15,000 for corporate and shareholder communication; (iii) \$4,000 for Transfer Agent fees; (iv) \$12,500 for office and rent; (v) \$12,500 for regulatory fees; (vi) \$1,000 for travel; and (vii) \$5,000 for other general and administrative expenses.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

If the Over-Allotment Option is exercised, the Company will use the additional proceeds for working capital.

On September 16, 2022, the Company entered into a business promotion agreement with BTV business television to produce and broadcast graphical style TV spot Ads. The business television promotion can benefit the company to get investor exposure in Canada and United States.

On September 30, 2022, the Company granted 1,700,000 stock options to officers, directors, and consultants of the Company. The stock options can be exercised at a price of \$0.125 per share for a period of five years from the date of grant.

On October 24, 2022, the company adopted and approved a rolling restricted share unit plan (the 'RSU Plan') authorized the grant of restricted share units to the directors, officers, employees or consultants of the company or subsidiaries of the company. The maximum number of common shares ('Shares') available for issuance pursuant to the RSU Plan, together with any Shares reserved for issuance pursuant to any other share compensation arrangement, including but not limited to the Stock Option Plan, shall be determined from time to time by the directors of the Company, but in any case, shall not exceed 20% of the issued and outstanding Shares (on a non-diluted basis) immediately prior to the issuance of RSUs.

Since January 31, 2020, the COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Company continues to monitor the investment portfolio and assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the Company is uncertain.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of exploring and developing its resource properties, operating costs, the current capital market environment and global market conditions. As at July 31, 2022, the Company has a working capital deficit of \$21,796. For significant expenditures and resource property development, the Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company's operating commitments and further exploration and development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected.

CORPORATE STRUCTURE

Hertz Lithium Inc. was incorporated on February 15, 2019, in the province of British Columbia, Canada as Hybrid Ventures Inc. On January 24, 2022, the Company changed its name to Hertz Lithium Inc. The Company's head office and registered address is located at 1055 West Georgia Street, 1500 Royal Centre, Vancouver, British Columbia, V6E 4N7, Canada.

On February 9, 2022, the Company incorporated its wholly owned subsidiary, Hertz Lithium USA LLC. in the state of Utah to undertake exploration activities in the USA.

FORWARD LOOKING STATEMENTS

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable, including that the demand for mineral deposits develops as anticipated, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, and that there are no material unanticipated variations in the cost of energies or supplies. The Company makes no representation that reasonably prudent people in possession of the same information would reach the same conclusions.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

This MD&A may include certain “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive, strengths, goals, expansion and growth of the Company’s businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words “estimate”, “plan”, "anticipate", “expect”, “intend”, "believe" and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown 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. Such factors include, among others, risks related to the unavailability of capital and financing on acceptable terms, unfavorable market conditions, inherent risks involved in the exploration and development of mineral properties, uncertainties concerning reserve and resource estimates, results of exploration, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Additional factors are discussed in the section titled “Risks”.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, 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 the forward-looking statements.

MINERAL PROPERTY INTERESTS

As at July 31, 2022, the Company has a total of \$76,490 (July 31, 2021 – \$Nil) in exploration and evaluation assets as follows:

| | Lucky Mica Project, Arizona | Total |
|---|--|------------------|
| Balance July 31, 2021 | \$ - | \$ - |
| Acquisition cost: | | |
| Shares issued | - | - |
| Cash payment | 38,965 | 38,965 |
| | <u>38,965</u> | <u>38,965</u> |
| Exploration and evaluation expenditures: | | |
| Claim Maintenance fee | 24,510 | 24,510 |
| Geological exploration expense | 13,015 | 13,015 |
| | <u>37,525</u> | <u>37,525</u> |
| Balance July 31, 2022 | \$ 76,490 | \$ 76,490 |

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

Arizona Properties, USA

On April 21, 2022, the Company entered into a property purchase agreement with Utah Mineral Resources LLC ('UMR') and Bullrun Capital Inc. ("Bullrun") to acquire an undivided 100% beneficial interest in 112 mineral claims located in the State of Arizona, USA for the consideration noted below. UMR and Bullrun collectively referred as Vendor #1. Bullrun is controlled by an officer who is also the director of the Company.

- a) Issue of 6,000,000 common shares at a deemed price of \$0.025 per share (issued on August 29, 2022).
- b) Payment of USD\$150,000 in cash within 12 months of the effective date (April 21, 2023)

The Company will also agreed to pay 3% of Net Smelter Returns ("NSR Royalty 1") to Bullrun upon commencement of commercial production from these claims. The NSR Royalty may be reduced at any time from 3% to 2% by paying \$1,000,000 to Bullrun.

On June 8, 2022, the Company entered into another property purchase agreement with Marco Montecinos, Steve Hodges, and Jimmy Hodges (collectively "Vendor #2") to acquire an undivided 100% beneficial interest in 2 mineral claims located in the State of Arizona, USA in exchange for the following consideration:

- a) Payment of USD\$30,000 in cash on effective date of June 8, 2022 (paid on July 7,2022)
- b) Payment of USD\$30,000 in cash within 6 months of the effective date, being December 8, 2022 (paid on September 22, 2022).
- c) Issue 240,000 common shares at a deemed price of \$0.025 per share on the date the Company becomes a listed issuer.

The Company agreed to pay Vendor#2 the Net Smelter Returns Royalty ("NSR Royalty 2") of 1% upon commencement of commercial production from these claims. The NSR Royalty 2 may be extinguished at any time by paying \$300,000 to the Vendors.

During the year ended July 31, 2022, the company has incurred \$103,237 as property investigation expenses for geological survey, soil sampling, surface sampling on the Lucky Mica project.

The previous studies conducted on the property defined a target envelope tonnage of between 330,000 and 551,000 tones to a depth of 60m with average grades between 0.3% and 2.5% Li₂O. Seven (7) distinct pegmatite bodies were identified on the property, with most of the sampling and mapping to date focused on the first of these to be identified. These bodies could increase the mineral potential to between 330,000 and 3.0M tones across the Arizona Pegmatite Belt. Hertz's exploration plan is to target all the pegmatite bodies identified on the property, and to explore the multiple zones of lithium mineralization to assemble an economic resource tonnage and grade. The latest NI-43 101 technical report on the Lucky Mica project revealed that.

These properties are at an early exploration stage with geochemical data showing Li, Ta, and Nb anomalies. The Company has budgeted an exploration program of \$1.1 million during the year 2023 for further phases of the work.

As at July 31, 2022, the Arizona Properties has an aggregate carrying value of \$76,490 (July 31, 2021 – \$Nil).

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

SELECTED ANNUAL INFORMATION

| | Year ended July 31, 2022 \$ | Year ended July 31, 2021 \$ | Year ended July 31, 2020 \$ |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Statement of Operation | | | |
| Operating expenses | 194,952 | 44 | 1,276 |
| Loss from continuing operations | 194,952 | 44 | 1,276 |
| Earnings from discontinued operations | - | - | - |
| Loss and comprehensive loss for the year | 196,273 | 44 | 1,276 |
| Financial Position | | | |
| Current assets | 132,832 | - | - |
| Total assets | 209,322 | - | - |
| Total liabilities | 154,628 | 1,320 | 1,276 |
| Shareholders' equity (deficiency) | 54,694 | (1,320) | (1,276) |

Year ended July 31, 2022

During the year ended July 31, 2022, the Company had operating expenses of \$194,952 (2021 - \$44), and the total loss and comprehensive loss was \$196,273 (2021 - \$44). This is the first year of operations, therefore there are no comparatives. A more detailed analysis is given in the section "Overall Performance and Operational Activities".

RESULTS OF OPERATIONS

Operational activities:

During the year ended July 31, 2022, the Company had a loss and comprehensive loss of \$196,273 (2021 - \$44). This is the first year of operations, therefore there are no comparative figures except legal fees. The Company's significant expenses included the following:

Property investigation – \$103,237(2021 - \$Nil)
 Legal fees - \$24,817 (2021 - \$44)
 Marketing expenses- \$21,000 (2021 - \$Nil)
 Accounting fees - \$14,064 (2021 - \$Nil)
 Consulting fees - \$10,500 (2021 - \$Nil)
 Technology license fees - \$10,222 (2021 - \$Nil)
 Management fees - \$9,000 (2021 - \$Nil)

Property investigation expenses of \$103,237 includes below expenses incurred on Lucky Mica project before the acquisition of the mineral property.

| | July 31, 2022 | July 31, 2021 |
|--------------------------|-------------------|---------------|
| Technical report writing | \$ 14,996 | \$ Nil |
| Exploration work | 36,885 | Nil |
| Soil sampling and assay | 21,911 | Nil |
| UAV survey | 29,445 | Nil |
| | \$ 103,237 | \$ Nil |

Legal fees of \$24,817 (2021 - \$44) consist of regulatory compliance related to incorporation of US subsidiary, property acquisitions and general corporate matters.

Marketing expenses of \$21,000 (2021- \$Nil) consist of online publicity and business promotion expenses.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

Accounting fees of \$14,064 (2021- \$Nil) consist of expenses relating to the Company's financial recording and reporting activities.

Consulting fees of \$10,500 (2021- \$Nil) consist of \$9,000 fees paid to directors for the Company's marketing, business development, financing advisory (see "Transactions with Related Parties") and \$1,500 paid for corporate admin services. These expenses cannot be directly attributed to any project and have therefore been expensed as general consulting.

Technology license fees of \$10,222 (2021- \$Nil) relates to the option fee and license fee related to the technology patent.

Management fees of \$9,000 (2021- \$Nil) consist of payments made to the companies controlled by the CEO and CFO as discussed under the heading "Transactions with Related Parties."

Cash flows

This is the first year of operations, therefore there are no comparatives. A more detailed analysis is given in the section "Overall Performance and Operational Activities".

| Sources and Uses of Cash | July 31, 2022 | July 31, 2021 |
|--|----------------------|----------------------|
| Cash used in operating activities | \$ (59,004) | Nil |
| Cash used to invest activities | (76,490) | Nil |
| Cash sourced from financing activities | 252,287 | Nil |
| Total change in cash | \$ 116,793 | Nil |

Operating Activities

For the year ended July 31, 2022, cash used in operating activities was \$59,004 (2021- \$Nil).

Investing Activities

For the year ended July 31, 2022, cash used in investing activities of \$76,490 (2021- \$Nil) was primarily to acquire the mineral properties and to conduct exploration expenditures on the properties.

Financing Activities

For the year ended July 31, 2022, cash provided by financing activities totaled \$252,287 (2021 – \$Nil). The cash inflow is primarily attributed to proceeds from the flow-private placement financing closed on July 13, 2022, which generated total gross proceeds of \$178,500 and paid share issuance cost of \$12,463.

During the year ended July 31, 2022, the Company also received proceeds for subscriptions of \$86,250 in relation to a private placement closed subsequent to the year ended July 31, 2022.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following table provides a summary of the Company's eight quarterly results ending on July 31, 2022:

| | 31-July-22 | 30-Apr-22 | 31-Jan-22 | 31-Oct-21 |
|-------------------------|------------|-----------|-----------|-----------|
| Revenue | \$Nil | \$Nil | \$Nil | \$Nil |
| Net loss for the period | 188,258 | 8,015 | Nil | Nil |
| Loss per share | 0.53 | 8,015 | 0.00 | 0.00 |

| | 31-July-21 | 30-Apr-21 | 31-Jan-21 | 31-Oct-20 |
|-------------------------|------------|-----------|-----------|-----------|
| Revenue | \$Nil | \$Nil | \$Nil | \$Nil |
| Net loss for the period | 44 | Nil | Nil | Nil |
| Loss per share | 44 | 0.00 | 0.00 | 0.00 |

Increased loss for the quarter ended July 31, 2022, compared with the previous quarters was primarily because the Company began its operations and mineral exploration activities in this quarter. Also, with common shares issued in the private placement closed during the quarter ended July 31, 2022, loss per share has significantly reduced.

CAPITAL DISCLOSURE

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables.

LIQUIDITY & CAPITAL RESOURCES

As at July 31, 2022, the Company had a working capital deficit of \$21,796 and cash of \$116,793. The Company anticipates that it will require additional funds from either equity or debt financing for property exploration and to support general administrative expenses.

As at July 31, 2022 and on the date of this report, there were 7,140,001 (July 31, 2021 – 1) and 17,185,001 common shares issued and outstanding, respectively.

Share Capital Transactions:

During and after the year ended July 31, 2022:

On July 13, 2022, the Company closed a private placement and issued 7,140,000 common shares at \$0.025 per share for gross proceeds of \$178,500. The Company has also incurred \$12,463 as share issuance cost in relation to the closing of this private placement, which includes \$11,698 as legal fee.

On August 16, 2022, the Company issued 250,000 common shares at a price of \$0.025 per share for total gross proceeds of \$6,250.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

On August 29, 2022, pursuant to the property agreement dated April 21, 2022, the Company issued 6,000,000 common shares in connection with the acquisition of 112 mineral claims located at the Arizona USA.

On September 8, 2022, the Company closed a private placement and issued 3,795,000 units at a price of \$0.125 for gross proceeds of \$474,375. Each unit comprises of one common share and one common share purchase warrant exercisable at a price of \$0.25 for a period of two years.

As the Company is an initial stage exploration company, it does not generate, nor does it anticipate generating any revenue in the next fiscal year. The Company's mineral property interests do not currently generate cash flow from operations and, in order to continue operations and fund its expenditure commitments, it is dependent on equity financing through existing and new members, third party financing, and cost sharing arrangements to fund its work programs and operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than reported in the accompanying notes to the financial statements.

TRANSACTIONS WITH RELATED PARTIES AND EXECUTIVE COMPENSATION

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured. As at July 31, 2022, due to related parties amounted to \$110,133 (2021 - \$Nil).

Due to related parties

| | July 31, 2022 | July 31, 2021 |
|---|-------------------|---------------|
| Company controlled by the Chief Financial Officer ('CFO') - Zara Kanji | \$ 6,000 | \$ - |
| Director - Milan Malhi | 2,000 | - |
| Director - Bala Pratap Reddy | 1,000 | - |
| Company controlled by the former president who became the Chief Executive Officer ("CEO") and director of the Company in September 2022 - Kal Malhi | 101,133 | - |
| | \$ 110,133 | \$ - |

Amounts due to or from related parties are non-interest bearing, unsecured and no stated repayment date.

Subsequent to the year ended July 31, 2022, a company controlled by the CEO, who is also a director of the Company agreed not to demand the amount owed to it for repayment in 12 months after the closing date of the Company filing the final prospectus.

During the year, the company incurred the following amounts through transactions with officers and a company controlled by officers:

| | July 31, 2022 | July 31, 2021 |
|-----------------|------------------|---------------|
| Management fees | \$ 9,000 | \$ - |
| Accounting fees | 6,390 | - |
| Consulting fees | 9,000 | - |
| | \$ 24,390 | \$ - |

Management fees of \$9,000 (July 31, 2021 - \$Nil) consist of consulting fees charged by company controlled by the CFO.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

Accounting expenses of \$6,390 (July 31, 2021 - \$Nil) consist of fees for financial recording and reporting activities. charged by company controlled by CFO – Zara Kanji.

Consulting expenses consists of the following:

| | July 31, 2022 | July 31, 2021 |
|------------------------------|---------------|---------------|
| Director - Bala Pratap Reddy | \$ 3,000 | - |
| Director - Milan Malhi | 6,000 | - |
| | \$ 9,000 | \$ - |

On September 30, 2022, the Company granted 1,625,000 stock options to officers and directors of the Company. The stock options can be exercised at a price of \$0.125 per share for a period of five years from the date of grant.

| Name | Position | No. of options |
|---------------|------------------|------------------|
| Zara Kanji | CFO | 250,000 |
| Milan Malhi | CDO | 425,000 |
| Brad Kitchen | Former President | 500,000 |
| Robert Barker | Director | 250,000 |
| Pratap Reddy | Director | 200,000 |
| | | 1,625,000 |

On November 21, 2022, 500,000 stock options cancelled due to resignation of an officer of the Company.

FINANCIAL INSTRUMENTS

The Company's financial instruments are comprised of cash, taxes receivable, accounts payable and due to related parties.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash is valued using quoted market prices in active markets. Accordingly, it is included in Level 1 of the fair value hierarchy. Taxes receivable, accounts payable, and due to related parties are expected to be settled in a short term, and these have been considered to represent their market value. Therefore, these have also been categorized as Level 1.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

Financial Instrument Risks

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit concentration risk by holding cash. This risk is minimized by holding the investments in large Canadian financial institutions. The Company has no accounts receivable exposure.

b) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to minimal interest rate risk. Fluctuations in market interest rates do not have a significant impact on the Company's operations.

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

As at July 31, 2022, the Company had cash of \$116,793 (July 31, 2021- \$Nil) and a working capital deficit of \$21,796 (July 31, 2021 - \$1,320). Being in the preliminary stage of exploration, the company does not have any revenue generating mineral properties. In the past, company has funded its operations through equity financing, and it is expected to do the same to settle accounts payable of \$44,495 and the amounts due to the related parties of \$110,133 which fall due for payment within twelve months of the statement of financial position date.

e) Foreign Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered any foreign currency contracts to mitigate this risk.

PROPOSED TRANSACTIONS

The Company is planning to raise a minimum of \$1,500,000 through offering 12,000,000 units at a price of \$0.125 and a maximum of \$2,000,000 through offering 16,000,000 units at a price of \$0.125. Each unit shall consist of one common share of the Company and one common share purchase warrant exercisable within 24 months of the closing of the offering at an exercise price of \$0.25 per warrant. The Company entered into an agency agreement with

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

Canaccord Genuity Corp. to be the lead agent and sole bookrunner in respect of the proposed initial public offering at Canadian Stock Exchange ('CSE').

The Company will pay to the agent a cash commission equal to 7% of the gross proceeds of the offering and a corporate finance fee of \$50,000 (payable \$25,000 in cash and \$25,000 in common share at the offering price). As an additional compensation, the Company will also issue to the agent compensation warrant entitling the agent to purchase such number of common shares as is equal to 7% of the units sold pursuant to the offering at the offering price for a period of 24 months following the closing date.

CRITICAL ACCOUNTING ESTIMATES

For a detailed summary of the Company's significant accounting estimates, the readers are directed to Note 3 of the Notes to the consolidated financial statements for the years ended July 31, 2022, and 2021.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the Notes to the consolidated financial statements for the years ended July 31, 2022, and 2021.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listing of exploration expenditures and a breakdown of general and administrative expenses are provided in the consolidated financial statements for the years ended July 31, 2022, and 2021.

OTHER MATTERS

Legal proceedings

The Company is not aware of any legal proceedings.

Contingent liabilities

At the date of report, management was unaware of any outstanding contingent liability relating to the Company's activities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

RISKS

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade, proximity to infrastructure, Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

The discovery, development and acquisition of mineral properties are in many respects, unpredictable events. Future metal prices, capital equity markets, the success of exploration programs and other property transactions can have a significant impact on capital requirements.

the Company has entered into service agreement to verify title to its exploration properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

The Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. The Company has limited financial resources and the mining claims, which impose financial obligations on the Company. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

Further exploration and development of the various mineral properties in which the Company holds interests depends upon the Company's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. Failure to obtain additional financing on a timely basis could cause the Company to forfeit all or part of its interests in some or all of its Resource Properties and reduce or terminate its operations.

The Company's properties are in the exploration stages only and are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company could be forced to look for other exploration projects or cease operations. The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of the properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its current properties that may result in material liability to the Company.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in a mineral property that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.

HERTZ LITHIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
AS AT AND FOR THE YEARS ENDED JULY 31, 2022 and 2021

DIRECTORS/OFFICERS

Certain directors/officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors/officers of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

On February 15, 2019, Kulwant Malhi was appointed as the President and Secretary of the Company and effective April 26, 2022 Kulwant Malhi resigned from both of the above positions in the Company.

On February 1, 2022, Zara Kanji was appointed as the CFO of the Company.

On February 1, 2022, Bala Pratap Reddy was appointed as a director of the Company.

On February 1, 2022, Milan Malhi was appointed as a director and Corporate Development Officer of the Company.

On February 1, 2022, Jason Bahnsen was appointed as a director and Chief Executive Officer (CEO) of the Company and effective August 22, 2022 Jason Bahnsen resigned from both of the above positions in the Company.

On September 13, 2022, Kulwant Malhi appointed as CEO and director of the Company.

On September 13, 2022, Brad Kitchen was appointed as the president of the Company and effective November 21, 2022 Brad Kitchen resigned from his position in the company.

On September 16, 2022, Bala Pratap Reddy and Kulwant Malhi were appointed as members and Robert Barker was appointed as the chair of the audit committee of the Company.

List of Current director/officers of the Company is as follows:

Kal Malhi-CEO

Zara Kanji - CFO

Milan Malhi – Director and Corporate Development Officer

Robert W. Barker – Director and Audit chair

Bala Pratap Reddy – Director

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, raising funds to support exploration and operational activities, continuing exploration activities on its mineral properties and financing business ventures in the mineral resource industry.

ADDITIONAL INFORMATION

Additional information related to the Company can be made available by requesting further information from the Company's head office in the province of British Columbia, Canada.

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