Holly Street Capital Ltd.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2021

Background

This management's discussion and analysis ("MD&A") of the operations, results, and consolidated financial position of Holly Street Capital Ltd. (the "Company") for the first quarter ended December 31, 2021, should be read in conjunction with the Company's condensed interim consolidated financial statements for the period ended December 31, 2021 and the notes to those consolidated financial statements in addition to the audited consolidated financial statements and related notes for the year ended September 30, 2021.

The effective date of this report is February 8, 2022.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC") issued and outstanding as at December 31, 2021. Except as otherwise disclosed, 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 under the *Business Corporations Act* (British Columbia) on July 31, 2019. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "Exchange" or "TSX-V") Policy 2.4. The principal business of the Company is the identification and evaluation of a Qualifying Transaction ("QT") and once identified, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

On December 17, 2019, the Company completed its Initial Public Offering ("IPO") on the Exchange raising gross proceeds of $250,000 through the issuance of 2,500,000 common shares at $0.10 per share. The Company's common shares were approved for listing on the Exchange and commenced trading effective December 19, 2019 under the symbol "HSC.P".

The head office, principal address and registered office of the Company are located at Suite 1500 - 1055 West Georgia St, P.O. Box 11117, Vancouver, B.C., V6E 4N7.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of an interest in assets or businesses which qualifies as a QT. Such an acquisition or investment will be subject to regulatory approval and may or may not require additional financing. There is no assurance that the Company will be able to complete a QT or that it will be able to secure the necessary financing to complete a QT. If the Company does not meet these requirements, the TSX-V may suspend from trading or delist the shares of the Company.

Completion of Initial Public Offering

The Company completed its IPO of 2,500,000 common shares at $0.10 per share for gross proceeds of $250,000 pursuant to a Prospectus dated November 29, 2019 filed with the British Columbia, Alberta and Ontario Securities Commissions. Pursuant to the IPO, the Company paid a cash commission of $25,000, paid corporate finance fee of $20,500, incurred an additional $16,978 in share issuance costs, and granted 250,000 agent options.

Overall Performance and Qualifying Transaction

The Company was incorporated on July 31, 2019. The Company does not have any operations to the date of this document and, until it completes a QT, will not conduct any business other than the identification and evaluation of businesses and assets for potential acquisition. Accordingly, the Company does not generate any revenue, nor does it pay any dividends.

As at December 31, 2021, the Company had a deficit of $266,324. The Company's potential acquisition of a QT and recurring operating losses and working capital needs may require that it obtain additional capital to continue its operation. Such outside capital may include the sale of additional common shares. During the period ended December 31, 2021, the Company's cash balance decreased to $218,634 from $258,560. The decrease is due primarily to the payment of trade payables and regular monthly overhead costs.

Qualifying Transactions

<u>Current Proposed Transaction</u>

The Company entered into a share exchange agreement with US Critical Metals Corp. ("USCM") on January 7, 2022 (the "Definitive Agreement"). The Definitive Agreement is in respect of a business combination transaction pursuant to which the Company will acquire all of the issued and outstanding securities of USCM (the "Proposed Transaction"). The Proposed Transaction will result in a reverse takeover transaction. In addition, it is anticipated that the Resulting Issuer will continue the business of USCM under the name "US Critical Metals Corp."

Prior to the closing of the Proposed Transaction with USCM, Holy will consolidate its outstanding Holly Shares on the basis of one (1) new Holly Share for each one and one half (1.5) old Holly Shares, such that, prior to closing of the Proposed Transaction, Holly would have approximately, 5,006,666 Holly Shares issued and outstanding. It is intended that Holly Shares would be issued to holders of USCM on the basis of one (1) post-consolidation Holly Share for every one (1) USCM, resulting in the issuance of an aggregate 27,500,000 post-consolidation Holly Shares to the shareholders of USCM. In addition, 25,000,000 post-consolidation resulting issuer warrants will be issued to the current holders of USCM warrants on the same terms and conditions as the current USCM warrants.

Concurrent with the Proposed Transaction, USCM will arrange a concurrent financing of Holly Street for gross proceeds of a minimum of $2,000,000 at a price no less than $0.25 per common share. In addition, USCM reserves the right to include a share purchase warrant as part of the financing.

USCM is a private company existing under the laws of B.C. and is based in Vancouver, British Columbia. USCM's material assets comprise of two mineral property option agreements. The agreements would provide the option to acquire 100% of the right, title and interest of the Haynes Stellite Project, comprising 23 lode claims located in Idaho, USA, subject to a 3.0% net-smelter royalty and an option to acquire 100% of the right, title and interest of the Clayton Ridge Lithium Project, comprising 90 unpatented mining claims located in Esmerelda County, Nevada, USA, subject to a 3.0% gross overriding royalty.

Clayton Ridge Lithium Project

On October 22, 2021, USCM, through its wholly owned subsidiary, US Energy Metals Corp., entered into a property purchase option agreement to acquire the Clayton Ridge Lithium Project. To exercise the option, a series of payments must be made as follows:

Milestone	**Payment Amount**
Upon signing the option agreement (the "Signing Date");	$25,000 cash
On the first anniversary of the Signing Date	$75,000 cash and 500,000 shares of USCM
On the second anniversary of the Signing Date	$75,000 cash and 500,000 shares of USCM
Upon listing of USCM shares on a recognized Canadian stock exchange	$50,000 cash and 500,000 shares of USCM
Upon completion of a 43-101 compliant technical report which confirms the presence on the Nevada Property of 2,000,000 tons of lithium carbonate equivalent.	1,000,000 shares of USCM

The underlying vendor will also maintain a 3 percent (3.0%) gross overriding return ("GOR") on production, subject to a buy-back provision whereby USCM can purchase back one percent (1.0%) of the GOR from the underlying vendor in exchange for US$1.0 million.

Haynes Stellite Project

On September 24, 2021, USCM, through its wholly owned subsidiary, US Energy Metals Corp., entered into a property purchase option agreement to acquire the Haynes Stellite Project. In addition to paying for annual BLM fees, 43-101 compliant report preparation fees, and fund an exploration program with no less than $100,000 in expenditures, in order to exercise the option, a series of payments must be made as follows:

Milestone	Payment Amount
Upon closing of a go public transaction resulting in the USCM Shares being listed on a recognized stock exchange in Canada	2,500,000 shares of USCM
Upon the listing of the USCM Shares on a recognized stock exchange in Canada	$50,000 cash
On the one-year anniversary of listing of the USCM Shares on a recognized stock exchange in Canada.	$50,000 cash

The underlying vendor will also maintain a 3% net smelter return royalty ("NSR") on production, subject to a buyback provision whereby USCM can purchase back 1.5% of the NSR from the underlying vendor in exchange for $1.5 million.

Previously Proposed Transactions

On June 2, 2020, the Company and Wolf Acquisition Corp. ("WOLF.P") entered into a binding letter of intent ("LOI") with Jasper Interactive Studios Inc. in respect of a proposed business combination. The LOI was terminated on July 15, 2020 by the Company and WOLF.P to focus on identifying another transaction which would constitute a Qualifying Transaction in accordance with Policy 2.4 – Capital Pool Companies of the Exchange.

On February 5, 2021, the Company entered into the Definitive Agreement with Southern Sky Resources Corp. ("Southern Sky"). Southern Sky is a private company existing under the laws of Ontario and is based in Toronto, Ontario. However, on April 15, 2021, the Definitive Agreement was terminated.

Selected Quarterly Results

The following table contains selected consolidated financial information for prior quarters:

Quarters Ended:	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
	$	$	$	$
Total expenses	32,110	23,255	9,346	38,816
Less interest income	-	-	-	-
Loss and comprehensive loss	(32,110)	(23,255)	(9,346)	(38,816)
Basic & diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

Quarters Ended:	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**
	$	$	$	$
Total expenses	6,252	36,130	7,131	10,761
Less interest income	-	-	-	-
Loss and comprehensive loss	(6,252)	(36,130)	(7,131)	(10,761)
Basic & diluted loss per share	(0.00)	(0.02)	(0.00)	(0.00)

During the three months ended December 31, 2021, the Company had a net loss of $32,110, compared to a net loss of $6,252 in the comparable period. During the most recent three-month period, the Company incurred additional fees with respect to the Proposed Transaction.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional consolidated financial information is available in the Company's audited consolidated financial statements for the period ended December 31, 2021. These consolidated statements are available on SEDAR at www.sedar.com.

The following addresses the specific disclosure requirements for venture issuers without significant revenues:

(a) Capitalized or expensed exploration and development costs – Not applicable
(b) Expensed research and development costs – Not applicable
(c) Deferred development costs – Not applicable
(d) General administrative expenses – the consolidated financial information is presented in the Consolidated Statement of Loss and Comprehensive Loss in the consolidated financial statements.
(e) Any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d) – None.

Profits

At this time, the Company is not anticipating profit or revenue from operations. The Company will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity financing to fund its search for a QT. For information concerning the business of the Company, please see "Company Overview".

Liquidity

As at December 31, 2021, the Company had cash of $218,634.

As at December 31, 2021, the Company had a working capital of $211,698 which is defined as current assets less current liabilities. This is expected to be adequate to maintain the Company's current levels of activity for the foreseeable future.

Capital Resources

On August 19, 2020, the Company completed a non-brokered private placement through the issuance of 3,010,000 common shares at a price of $0.05 per share for gross proceeds of $150,500.

On December 17, 2019, the Company completed its IPO of 2,500,000 common shares at $0.10 per share for gross proceeds of $250,000. Pursuant to the IPO, the Company paid a cash commission of $25,000, paid corporate finance fee of $20,500, incurred an additional $16,978 in share issuance costs, and granted 250,000 agent options with a fair value of $13,000.

In accordance with Policy 2.4 of the Exchange, the proceeds raised from the sale of securities may only be used to identify and evaluate assets or businesses, and obtain shareholder approval for a QT, with the exception that up to the lesser of 30% of the gross proceeds realized by the Company in respect of the sale of its securities, or $30,000, may be used for purposes other than such identification and evaluation of businesses or assets. These restrictions apply until completion of a QT by the Company as defined under Policy 2.4 of the Exchange.

There is no assurance that the Company will be able to identify a suitable business, asset or property as its Qualifying Transaction. Furthermore, even if a QT is identified, there can be no assurance that the Company will be able to complete the transaction.

If the Company identifies a QT, it may be necessary for the Company to seek additional financing. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings, under terms that would be acceptable for the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions between Related Parties

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly, including entities controlled by such persons. The key management personnel include the Company's executive management team and the Board of Directors.

Proposed Transactions

Please see Overall Performance and Qualifying Transaction discussed above.

Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. Management believes the estimates and assumptions used in these consolidated financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of the Company's consolidated financial statements.

The Company's significant accounting judgments and estimates applied in its condensed interim consolidated financial statements are as follows:

Judgments

The evaluation of the Company's ability to continue as a going concern.

Estimations

The measurement of deferred income tax assets and liabilities; and

The inputs used in accounting for share-based compensation expense and for agents' options recorded in share capital and reserves.

New Accounting Standards and interpretations

IAS 1 – Presentation of Financial Statements ("IAS 1"), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment.

A detailed summary of all of the Company's significant accounting policies is included in Note 2 of the Company's previously audited consolidated financial statements for the year ended September 30, 2021.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and the contractual terms of the cash flows. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Consolidated Statement of Loss and Comprehensive Loss in the period in which it arises.

At present, the Company's cash is measured as FVTPL and its accounts payable and accrued liabilities are measured at amortized cost.

The Company's cash is considered to be Level 1 within the fair value hierarchy (as discussed below).

- Level 1– fair values based on unadjusted quoted prices in active markets for identical assets or liabilities;

- Level 2 – fair values based on inputs that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – fair values based on inputs for the asset or liability that are not based on observable market data.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. As the Company's cash is held in one bank, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's exposure to credit risk is minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings. There is no assurance of continued access to significant equity funding.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's activities have only been transacted in Canadian dollars since incorporation; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value.

As at the date of this MD&A, the Company had 7,510,000 common shares, 450,000 stock options and no warrants outstanding.

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

1. The Company has no commercial operations, and has no assets other than cash. The Company has no history of earnings, and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction, if ever.

2. Until completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions.

3. The Company only has limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.

4. If the Company fails to identify a business or assets that warrant acquisition or participation within the time limits set under the policies of the Exchange, the Exchange may de-list the Company's shares from trading.

5. If a Qualifying Transaction is completed, there can be no assurance that an active and liquid market for the Company's common shares will develop and investors may find it difficult to resell the common shares.

Disclosure Controls and Procedures

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. As the Company is a venture issuer, management does not make any representations in this regard, and the Company has inherent limitations in this regard that may result in additional risks relating to its filings and reporting.

Forward-Looking Statements

This MD&A contains forward-looking statements, including those relating to the Proposed Transaction, the adequacy of the Company's working capital balance, and anticipated future expenses. All statements, other than statements of historical fact, constitute "forward-looking statements" and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, including the Company's strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. All such forward-looking information and statements are based on certain assumptions and analyses made by the Company's management in relation to the Proposed Transaction, among other things, and are made in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements are discussed in Risks and Uncertainties.

There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. Except as required by applicable securities laws, the Company does not intend to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.