

# **FORZA LITHIUM CORP.**

**Management Discussion and Analysis as at April 30, 2023**

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**FORZA LITHIUM CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS  
AS AT APRIL 30, 2023**

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(Dated July 7, 2023)

**INTRODUCTION**

This Management Discussion and Analysis (“MD&A”) of Forza Lithium Corp. (the “Company” or “Forza”) is prepared as of July 7, 2023 and should be read in conjunction with the Company’s audited financial statements and the notes thereto for the period from incorporation on March 3, 2022 to October 31, 2022 and the unaudited condensed interim financial statements for the six months ended April 30, 2023. The MD&A was prepared by Forza’s management and approved by the Board of Directors on July 7, 2023.

**FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may constitute “forward-looking statements”. Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

**DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)).

**CAUTIONARY STATEMENT RISKS AND UNCERTAINTIES**

This MD&A may contain “forward-looking statement” that reflect the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “estimate”, “intend”, “expect”, “anticipate”, and similar expressions are intended to identify forward-looking statements, which by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied, by these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, unfavorable feasibility studies, fluctuations in the market valuation for the minerals, difficulties in obtaining required approvals for the development of a mine and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations.

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**OVERVIEW**

Forza was incorporated on March 3, 2022, under the Business Corporations Act of British Columbia. The address of the Company's corporate office and principal place of business is 9285 – 203B Street, Langley, British Columbia, V1M 2L9.

The Company is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

The Company is in the process of exploring its principal resource property in Ontario and has not yet determined whether the property contains ore reserves that are economically recoverable.

The Company incurred a net loss of \$112,819 for the period ended April 30, 2023 (\$233,482 - October 31, 2022), and has an accumulated deficit of \$346,301 as at April 30, 2023 (\$233,482 - October 31, 2022), which has been funded primarily by the issuance of equity. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from resource properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received, or operating profits are not generated, the carrying values of the Company's assets may be adversely affected. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

**SELECTED ANNUAL INFORMATION**

<b>For the period from incorporation on March 3, 2022 to October 31, 2022:</b>		<b>October 31, 2022</b>
Total revenues	\$	-
Net loss:		
Total for the period		233,482
Per-share (basic and diluted)		(0.03)
Working capital (deficiency)	\$	138,918
Total assets		165,213
Resource property costs		-
Total long-term financial liabilities		-
Cash dividends declared per common share		-

**Results of Operations for the three months ended April 30, 2023**

During the three-month period, a total of \$6,896 was incurred on the Jeanette Property in Ontario mainly for technical report preparation and logistics. The Company also incurred \$66,324 in operating costs, the majority of which were for professional and management fees, and general administrative costs for a net loss of \$73,220 for the three-month period.

**Results of Operations for the six months ended April 30, 2023**

During the three-month period, a total of \$12,406 was incurred on the Jeanette Property in Ontario mainly for technical report preparation and logistics. The Company also incurred \$100,413 in operating costs, the majority of which were for professional and management fees, regulatory filing fees, and general administrative costs for a net loss of \$112,819 for the three-month period.

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**SUMMARY OF QUARTERLY RESULTS**

	<b>Quarter Ended April 30, 2023</b>	<b>Quarter Ended January 31, 2023</b>	<b>Quarter Ended October 31, 2022</b>	<b>Quarter Ended July 31, 2022</b>
(a) Revenue	Nil	Nil	Nil	Nil
(b) Loss for the period	\$73,220	\$39,599	\$74,236	\$103,537
(c) Loss per share	\$0.00	\$0.00	\$0.00	\$0.00
	<b>Period from incorporation on March 3, 2022 to April 30, 2022</b>			
(a) Revenue	Nil			
(b) Loss for the period	\$55,709			
(c) Loss per share	\$0.00			

During the two months ended April 30, 2022, the Company incurred \$41,495 in exploration costs, the majority of which was for geosurvey work on the Jeanette property and the balance of \$14,214 was incurred for general administrative costs.

During the three months ended July 31, 2022, the Company incurred \$84,562 in exploration costs, the majority of which was for prospecting and geological work on the Jeanette property and the balance of \$18,975 for general administrative costs.

During the three months ended October 31, 2022, the Company incurred \$13,810 in exploration costs for geological work performed on the Jeanette property, recorded \$24,900 in share-based compensation, recorded \$16,000 in audit fees, and incurred \$19,526 in general administrative costs.

During the quarter ended January 31, 2023, the Company incurred \$5,510 in exploration costs for the preparation of the technical report, \$9,240 in filing fees, and \$24,849 in general administrative costs.

During the quarter ended April 30, 2023, the Company incurred the Company incurred \$6,896 in exploration costs for the preparation of the technical report, \$646 in filing fees, and \$65,678 in general administrative costs.

**LIQUIDITY AND CAPITAL RESOURCES**

As at April 30, 2023, the Company had working capital of \$26,099 (October 31, 2022 - \$138,918). The Company has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success.

**CHANGES IN ACCOUNTING POLICIES AND UPCOMING POLICIES**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

**OFF-BALANCE SHEET ARRANGEMENT**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

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**RESOURCE PROPERTY**

**Jeanette Property**

On March 23, 2022, as amended on January 9, 2023, the Company entered into an Option Agreement with Gravel Ridge Resources Ltd. And 1544230 Ontario Inc. (collectively, the “Optionors”), pursuant to which the Company has the right to acquire a 100% interest in the Jeanette Property, subject to a 1.5% net smelter royalty (“NSR”). The controlling shareholder of 1544230 Ontario Inc. (Perry English) owns 400,000 common shares of the Company which represented 20% of the issued and outstanding shares of the Company at the time the Option Agreement was entered into. Subsequent to the completion of the seed capital equity financings, Mr. English’s percentage interest in the issued common shares was reduced to approximately 3.3%.

The option is exercisable by the Company completing a series of cash payments to the Optionors totaling \$80,000, and issuing 400,000 common shares to the Company, to be divided equally between the Optionors, in accordance with the following schedule:

<b>Date of Completion</b>	<b>Cash Payment (\$)</b>	<b>Number of Common Shares to be Issued</b>
On or before March 23, 2022	12,000 (paid)	Nil
The earlier of the date of listing on the Canadian Securities Exchange (“CSE”) and September 30, 2023	16,000	400,000
The earlier of the first anniversary of the CSE listing date and September 30, 2024	22,000	Nil
The earlier of the second anniversary of the CSE listing date and September 30, 2025	30,000	Nil
<b>TOTAL:</b>	<b>\$80,000</b>	<b>400,000</b>

At any time following the exercise of the option to acquire the Jeannette Property pursuant to the terms of the Option Agreement, the Company will have the right to purchase one-third of the NSR from the Optionors at any time for \$500,000, leaving the Optionors with a 1% NSR.

**SHARE CAPITAL**

**Issued and outstanding:**

As at July 7, 2023 there are 12,125,000 shares allocated for distribution.

**Warrants:**

As at July 7, 2023 there are Nil warrants allocated for distribution.

**Stock options:**

As at July 7, 2023 there are 900,000 options outstanding.

On March 3, 2022, the Company issued a common share on incorporation.

On March 9, 2022, the Company issued 1,999,999 common shares to the Directors and Officers of the Company at a fair value of \$0.005 per share.

On April 13, 2022, the Company issued 4,125,000 flow-through shares at a fair value of \$0.02 per share.

On April 14, 2022, the Company issued 1,500,000 flow-through shares at a fair value of \$0.02 per share.

On April 14, 2022, the Company issued 900,000 common shares at a fair value of \$0.05 per share.

On September 29, 2022, the Company issued 3,600,000 common shares at a fair value of \$0.05 per share.

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**RELATED PARTY TRANSACTIONS AND BALANCES**

Included in accounts payable as at April 30, 2023 is \$30,830 (October 31, 2022 - \$10,295) owing for services and expenses incurred by companies controlled by directors and officers of the Company. These amounts are unsecured, non-interest bearing, and are due on demand.

During the period ended April 30, 2023, the Company had the following related party transactions with key management personnel:

	<b>April 30, 2023</b>
Accounting	<b>\$ 3,500</b>
Management fees	<b>22,500</b>

The Company has identified the Directors, President and Chief Executive Officer (Satvir Dhillon) and the Chief Financial Officer (Michele Pillon) as its key management personnel.

**COMMITMENTS**

The Company has a management agreement with a company for management and administrative services in the amount of \$4,000 per month. Either party may terminate this Agreement by giving written notice thereof to the other party. If the Company terminates this agreement, the Company shall provide working notice, payment in lieu of working notice, or a combination thereof, equal to three (3) months of the fees.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

(a) Financial Instruments

As at April 30, 2023, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. As at April 30, 2023, the Company classifies its cash as fair value through profit and loss, and its accounts payable and accrued liabilities as amortized cost. The fair value of accounts payable and accrued liabilities approximates its carrying value because of its current nature. Cash is classified as a Level 1 financial instrument.

(b) Fair Value Measurements

The Company's financial instruments are categorized in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Cash is classified under Level 1.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). The Company does not have any financial instruments classified under Level 2.

Level 3 – Valuations in the level are those with inputs for the asset or liability that are not based on observable market data. The Company does not have any financial instruments classified under Level 3.

During the period ended April 30, 2023, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

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(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at April 30, 2023 relating to cash of \$48,158 (October 31, 2022 - \$105,385). The cash is held at a Canadian chartered bank and the Company considers the credit risk to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at April 30, 2023, the Company has a cash balance of \$48,158 (October 31, 2022 - \$105,385) to settle its short-term liabilities of \$93,094 (October 31, 2022 - \$26,295).

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances with interest based on the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of lithium. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

**Risks and Uncertainties**

Exploration and Development

Exploration for minerals or precious gems is a speculative venture involving substantial risk. There is no certainty that the expenditures made by the Company will result in discoveries of commercial metal reserves.

Mining and development risk always accompany anticipated rewards, and uncertainties always exist where mineral properties are concerned. Uncertainties include the size, grade and recovery of a natural occurring mineral deposit. Although exploration and development efforts can outline a mineral deposit with a degree of certainty, ultimate grade and tonnages are never fully known until mining has been completed.

Metal and prices are also a significant factor in the development decision for a mineral property, as a mine may not be economically feasible in a period of depressed prices. Factors, beyond the control of the Company, may affect the marketability of any minerals discovered. Pricing is affected by numerous factors such as international economic and political trends, global or regional consumption and demand patterns, and increased production by current producers.

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Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned.

Price Volatility of Public Stock

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early-stage companies, among others, have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares may be affected by such volatility.

Economic Conditions

Unfavourable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate Forza.

**SUBSEQUENT EVENTS**

On June 27, 2023, the Company announced that it has completed its Initial Public Offering (the "IPO") of 5,000,000 common shares (the "Shares") at a price of \$0.10 per Share for gross proceeds of \$500,000. Leede Jones Gable Inc. (the "Agent") also elected to exercise its over-allotment option in full in connection with the IPO. Pursuant to the Agent's exercise of the Over Allotment Option, the Company has issued an additional 750,000 Shares at a price of \$0.10 per Share for gross proceeds of \$75,000.

The Agent has been paid a cash commission equal to 9.0% of the gross proceeds from the sale of the Common Shares pursuant to the IPO and its exercise of the Over Allotment Option, together with a cash corporate finance fee. Additionally, the Company has granted compensation options to the Agent entitling the Agent to purchase up to 517,500 Shares at an exercise price of \$0.10 per Share, exercisable on or before June 27, 2025.

The Company has also issued 400,000 common shares to Gravel Ridge Resources, Ltd., a private company controlled by Michael Frymire, and 1544230 Ontario Inc, a private company controlled by Perry English (collectively, the "Optionors") pursuant to the Jeanette Property option agreement dated March 23, 2022, as amended January 9, 2023, made between the Company and the Optionors.

The Company currently has 18,275,000 Shares issued and outstanding.

The Company's Shares are listed on the Canadian Securities Exchange ("CSE") and began trading on the CSE under the symbol "FZ" on June 28, 2023.

**CONFLICTS OF INTEREST**

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