



ACME LITHIUM INC.

Management Discussion and Analysis

As at and for the Period Ended December 31, 2024 and 2023

(With Comparative figures as at September 30, 2024)

This report is dated February 26, 2025
(the "Report Date")

318 – 1199 W Pender Street, Vancouver BC V6E 2R1
Canada

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of ACME Lithium Inc. ("ACME" or the "Company") for the period ended December 31, 2024. This MD&A should be read in conjunction with the interim condensed consolidated financial statement for the period ended December 31, 2024, and audited consolidated financial statements for the fiscal year ended September 30, 2024 (the "Financial Statements") and the notes related thereto which have been prepared in accordance with IFRS Accounting Standards ("IFRS"). Certain notes to the Financial Statements are specifically referred to in this MD&A and such notes are incorporated by reference herein. The MD&A has been prepared effective February 26, 2025. All monies are expressed in Canadian dollars unless otherwise indicated. The Company is a reporting issuer in the Province of British Columbia, Alberta and Ontario. All public filings for the Company can be found on the SEDARPLUS website www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: the raising of additional capital, carrying out work programs on the Company's mineral properties; the ability of the Company to successfully make acquisitions of other mineral property interests; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact. ACME's project location adjacent to or nearby lithium projects does not guarantee exploration success or that mineral resources or reserves will be defined on ACME's properties. When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in general market conditions. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized. **Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements considering the risks as set forth below.**

CORPORATE OVERVIEW AND DESCRIPTION OF BUSINESS

The Company was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017, as a wholly owned subsidiary of Kona Bay Technologies whose line of business was in technology specializing in digital customer acquisition. The Company's corporate office is located at 318 – 1199 W Pender Street, Vancouver, British Columbia, V6E 2R1 Canada and its registered and records office address is at 2900-733 Seymour St. Vancouver, British Columbia V6B 0S6, Canada. The Company's common shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "ACME", on the OTCQB Venture Market ("OTCQB") under the symbol "ACLHF".

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of natural resource properties located in the state of Nevada, USA, and Manitoba, Canada. To date, no mineral development projects have been completed and no commercial development or production has commenced.

The Company has not yet determined whether the properties are economically viable. The recoverability is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition and permitting from government authorities.

MINERAL PROPERTY INTERESTS

Unless otherwise indicated, the Company has prepared the technical content in this MD&A based on information contained in the disclosure documents available under the Company's profile on SEDARPLUS at www.sedarplus.ca. These disclosure documents were prepared by or under the supervision of a "qualified persons" as defined in National Instrument ("NI") 43-101 - Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

All Nevada mineral properties technical aspects for this MD&A report have been reviewed and approved by William Feyerabend, Certified Professional Geologist, a Qualified Person under NI 43-101. All Manitoba and Saskatchewan mineral properties technical aspects for this MD&A report have been reviewed and approved by Dane Bridge, Certified Professional Geologist, a Qualified Person under NI 43-101.

As at December 31, 2024, the Company's exploration and evaluation expenditures as follows:

	Clayton Valley, Nevada \$	Fish Lake Valley, Nevada \$	Euclid Lake Property, Manitoba \$	Shatford Lake Property \$	Birse Lake, Manitoba \$	Total \$
Acquisition costs						
Balance, September 30, 2024	1,995,725	313,066	36,000	84,000	20,000	2,448,791
Foreign currency translation	131,580	20,641	-	-	-	152,221
Balance, December 31, 2024	2,127,305	333,707	36,000	84,000	20,000	2,601,012
Exploration and evaluation costs						
Balance, September 30, 2024	5,639,230	378,787	398,513	3,554,495	74,280	10,045,305
Recovery on mineral property	-	(94,451)	(24,324)	(85,135)	(40,541)	(244,451)
Adjusted Balance, September 30, 2024	5,639,230	284,336	374,189	3,469,360	33,739	9,800,854
Geological surveys	13,221	1,313	-	-	-	14,533
Foreign currency translation	377,602	19,322	-	-	-	396,923
Balance, December 31, 2024	6,030,052	304,970	374,189	3,469,360	33,739	10,212,310
Total, December 31, 2024	8,157,357	638,677	410,189	3,553,360	53,739	12,813,322

CURRENT AND ACTIVE MINERAL PROJECTS:**CLAYTON VALLEY PROPERTY, NEVADA**

On May 12, 2021, the Company entered into an option agreement with GeoXplor Corp ("Vendor" or "Operator") to acquire a 100% interest in 64 claims encompassing approximately 1,280 acres, comprising the CC, CCP and SX placer lithium claims (the "Project Claims"), located in Clayton Valley, Esmeralda County, Nevada. Under the terms of the agreement, the Company needs to undertake the following to exercise its option: pay cash payments of USD \$278,500 (USD \$228,500 paid (\$308,452)), issue 5,250,000 common shares (3,250,000 aggregate issued, and incur a total of USD\$2,750,000 in exploration and development expenditures (USD \$2,750,000 incurred (\$4,221,936)). The property is subject to a 3.0% gross overriding royalty ("GOR"). The Company has the right to buy back one-half of the GOR for USD \$1,500,000 for a period of 3 years following the commencement of commercial production.

The Company's commitments in relation to the option agreement are summarized below:

	Cash Payment	Common Shares*	Exploration expenditures
	\$ (in USD)	#	\$ (in USD)
On the Approval Date March 2, 2021 (paid and issued)	78,500	750,000	-
On or before March 2, 2022 (paid, issued and incurred)	50,000	750,000	250,000
On or before March 2, 2023 (paid, issued and incurred)	50,000	750,000	500,000
On or before March 2, 2024 (paid, issued and incurred)	50,000	1,000,000	1,000,000
On or before March 2, 2025 (incurred)	50,000	2,000,000	1,000,000
Total	278,500	5,250,000	2,750,000

In connection with the option agreement entered with the arm's length party, the Company is required pay an advance royalty payment of USD \$200,000 on the 5th anniversary of the effective date of the agreement, and continuing each annual anniversary date thereafter, until the property is in production. The cash advances will be credited against future royalty payments due.

On November 7, 2022, the Company received a Decision Letter of approval under an amended "NOI to Drill" from the BLM, Tonopah field office Nevada, for ACME's upcoming Phase 2 drill. The Phase 2 drill program and NOI covers a large diameter test well (TW-1) for completion of brine aquifer permeability testing and sampling and also includes up to three (3) new exploration holes DH-1A, DH-2, and DH-3 with objectives to examine deeper horizons through zonal isolated testing, assess stratigraphy, and the potential for continuity between the stratigraphic units encountered in DH-1.

On November 24, 2022, the Company received notice from its Operator that it has received approval for three Dissolved Mineral Resource Exploration (DMRE) Borehole Permits submitted to the Nevada Division of Minerals (NDOM), in addition to the already approved NOI permit to drill with the BLM. Harris Drilling Exploration and Associates Inc. was contracted to provide drilling services and related activities in addition to road and drill pad preparations by the Company, as well as expanding the onsite facilities to accommodate core logging and brine storage in anticipation of the December Phase 2 drill program. The previous bond put in place with the BLM has been increased to USD\$63,144 to cover additional reclamation of up to 2.2 acres of permitted disturbance.

In January to April 2023, DH-1A drilling was completed at its Clayton Valley lithium brine project. The DH-1A drilling successfully reached a total depth of 1940 feet or 591 meters as part of a Phase 2 drill program. Prospective basin sediments have been encountered deep in DH-1A and delineated with high probability to exhibit characteristics of the Lower Gravel Unit (LGU) in Clayton Valley. The LGU is a permeable, lithium brine enriched, gravel aquifer, overlying bedrock throughout most of Clayton Valley. The core is consistent with the known basin stratigraphy.

Completion of DH-1A increased the depth of the lower gravel unit from approximately 1250 to 1820 feet below ground surface (bgs). The underlying bedrock was drilled to a depth of 1940 feet bgs and a zone isolated brine sample was collected using a down-hole Ardvark™ packer system from approximately 1880 to 1840 feet bgs. The following presents some of the key highlights of DH-1A.

- a) DH-1A reached bedrock, extending the depth of the lower gravel unit to approximately 1,820 feet bgs.

- b) Zone testing in bedrock indicated brines extend into the bedrock with lithium concentration up to 130 mg/L in the Lower Gravel Unit (LGU).
- c) Downhole geophysical logs were completed in DH-1A to include a nuclear magnetic resonance (NMR) log which provides indications of potential fluid volume, mobile, or capillary bound waters, and estimates of hydraulic conductivity throughout the entire borehole.
- d) DH-1A was completed with grouted-in Vibrating Wire Piezometers (VWP) to monitor long-term changes in water levels at the ACME project. The VWP will also be used to monitor response from the TW-1 pumping test.

In April to June 2023, the Company completed Dissolved Mineral Resource Exploration (DMRE) test well TW-1 as part of the Phase 2 drill program. The results indicate a total lithium concentration of 110 mg/L was present in fluids airlifted from approximately 496 feet of perforated casing crossing the Lower Gravel Unit (LGU). The adjacent operator's property, contiguous to ACME's project area, has a reported cutoff grade of 50 mg/l.

The LGU extends from approximately 1250 to 1820 feet below ground surface (bgs) at the test well location. The perforated casing of TW-1 captures just under 500 feet of the LGU which is a targeted high concentration lithium brine aquifer. The well was developed using airlifting to remove latent drilling fluids from the wellbore. Water quality parameters including total dissolved solids, electrical conductivity, temperature, and pH values were recorded in the field by direct measurement with a Myron L Company Ultrameter II 6PFC water meter. A water quality sample was collected near the end of the well development activity when field parameters had stabilized in accordance with accepted practices.

As announced in August 2022, the LGU presented some of the highest lithium values, up to 130 mg/L in brine samples collected in ACME's Phase 1 program which was completed in July 2022. The LGU presents a deep, laterally expansive aquifer, which overlies bedrock throughout a significant portion of Clayton Valley.

The sample result provides a preliminary indication of the composite concentration of lithium in the brines across the LGU at the TW-1 location. Brine samples collected from DH-1 and DH-1A show strong potential stratification of waters in multiple aquifers down to the contact with bedrock. The preliminary data provides further evidence that some of the highest concentrations of lithium are contained in the LGU at the TW-1 drill location. The laboratory analysis of the airlift development fluid further validates previous evidence of a lithium brine deposit contained in the LGU and as indicated by other operators to be a potential production aquifer within Clayton Valley. Lithium analysis from the sample collected was completed by Western Environmental Testing Laboratory in Sparks, Nevada using ICPMS-EPA approved methods.

On August 17, 2023, the Company completed a 10-day pumping test at test well TW-1 at its Clayton Valley Nevada lithium brine project. The well is the only permitted deep well known to currently exist in the northern portion of Clayton Valley. Data generated from the pumping test will be used to assess hydraulic properties, brine chemistry of the Lower Gravel Unit (LGU) aquifer and to examine the potential concentration and extractability of economic lithium brine in the LGU. Brine samples from the pumping test discharge have been submitted to multiple laboratories for chemical analysis and potential bench-scale testing for Direct Lithium Extraction (DLE) and processing.

On February 6, 2024, the Company received the exploration summary and hydrological evaluation report from Reno, Nevada based Confluence Water Resources LLC ("Confluence") for ACME's Phase 1 and Phase 2 programs at its Clayton Valley lithium brine project in Esmeralda County, Nevada of which resulted in an estimated inferred lithium carbonate equivalent (LCE) resource of approximately 302,900 metric tons (units rounded) over a 40-year extraction period. The estimate is based on an assessment of potential extractable brine volume which could be pumped from the Project over time. The estimate of inferred elemental lithium is approximately 56,902 metric tons (units rounded). A factor of 5.323 was assigned to convert elemental lithium to LCE based on industry wide common conversion factors. The inferred resource estimate is based on geophysical surveys completed over approximately 55% of the Project's 119 unpatented placer mining claims and the results from testing in three drill holes.

On March 13, 2024, the Company received National Instrument 43-101 technical report confirming an exploration summary and hydrological evaluation report previously announced by ACME on February 6, 2024.

As at December 31, 2024, the Clayton Valley project has a carrying value of \$8,157,357 (September 30, 2024 – \$7,634,955) which includes \$6,030,052 (September 30, 2024 – \$5,639,230) in exploration expenditures.

FISH LAKE VALLEY (FLV) PROPERTY, NEVADA

On November 9, 2020, the Company entered into a mineral property purchase and sale agreement (the "FLV agreement") with an arm's length party whereby it acquired 81 lode mining claims located in Esmeralda County, Nevada, USA totaling approximately 1,620 acres. Under the terms of the FLV agreement, the vendor's right, title and interest in the FLV claims was purchased by paying consideration of \$50,000 (paid) and by issuing 100,000 common shares (issued) to the arm's length party.

On October 9, 2021, the Company staked 63 new claims encompassing approximately 1,300 acres contiguous to the Company's FLV property located in Fish Lake Valley, Esmeralda County, Nevada (the "FLV new claims") by paying \$34,982 (USD\$28,047).

On March 15, 2023, the Company staked 63 new claims (FLV-3) by paying \$38,820 (USD\$28,713).

Together the FLV property and the FLV new claims (collectively, the FLV claim group) encompass 207 lode mining claims totaling approximately 4,002 acres, in Esmeralda County, Nevada.

The FLV property neighbors Australia-based Ioneer Ltd's Rhyolite Ridge Lithium-Boron advanced development project to the east. The Rhyolite Ridge Project has 2023 resources of 360 million metric tons at 1,750 ppm lithium and 6,850 ppm boron hosted in volcanic tuffs filling an elongate graben or rift valley. On July 31, 2022, Ioneer Ltd. announced a binding battery joint venture with Toyota Motor Corp and Panasonic Corp to buy lithium from Ioneer Ltd's Rhyolite Ridge mining project and use the metal to build electric vehicle batteries in the United States. Ioneer Ltd. aims to produce about 21,000 tonnes of lithium in Nevada annually starting in 2025. It signed a supply deal with Ford Motor Co in mid-July and last year with South Korea's Ecopro Co. ACME's project location adjacent to or nearby lithium projects does not guarantee exploration success or that mineral resources or reserves will be defined on ACME's properties. Exploration, development, and activities conducted by regional companies provide technical indications, assistance and additional data for the exploration work being completed by ACME.

Further analysis was intended to assist with drill hole targeting and access routes for potential drill sites. Results from this field work were received in January 2023. This geological field review and sampling program at the FLV claim group have resulted in surface lithium values with up to 1,325 ppm lithium. This study confirms historical and new lithium occurrences on the FLV claim group and that there are structures and certain beds enriched in lithium. Those mineralized beds may form continuous horizons below barren arroyo gravels.

In October 2022, ACME commenced a Geophysical Program at FLV. ACME received the geophysics report targeting lithium clay mineralization at Fish Lake Valley after completing gravity and Hybrid-Source Audio-Magnetotellurics (HSAMT) surveys in November 2022. The gravity survey indicates the presence of a down-dropped basin with interpreted clay sediments potentially targeting stratigraphy to the illite-smectite units identified in the nearby Rhyolite Ridge lithium deposit.

In January 2023, the Company signed a teaming agreement with ASTERRA, an Israel-based technology company to utilize Synthetic Aperture Radar (SAR) data analytics, patented algorithms, and artificial intelligence (AI) to identify lithium specific targets. ACME is the first in the United States to use ASTERRA's technology. ASTERRA's complex AI and machine learning algorithms extract the signal of lithium concentration from satellite based PolSAR data and can potentially pinpoint locations containing various grades of lithium. This technology could give ACME a way to find targeted locations of lithium, while potentially reducing exploration time and costs. As a pilot project, identification of the recent geological field high grade lithium target results utilized ASTERRA's satellite-based technology. The use of ASTERRA's technology produced approximately double the likely locations of lithium above 100 parts per million (ppm) over traditional methods of geochemistry exploration. These values were located at coordinates pinpointed by ASTERRA's satellite technology, with the results confirmed by an independent lab.

In February to March 2023, the company completed phase 2 geochemistry sampling program to develop further knowledge of lithium occurrences at FLV claim group. The Company reported its phase 2 geological field review and sampling program has resulted in numerous new occurrences of lithium values exceeding 1200 ppm lithium with the highest surface value to date at 1418 ppm lithium. Boron anomalies up to 1964 ppm occur with and adjacent to surface lithium anomalies. Drilling has been recommended to determine the relationship between the different interpreted concentrations of clay sediments and the presence of lithium.

On February 6, 2023, the Company entered into a Letter of Intent (the "LOI Agreement") with an arm's length party whereby the Purchaser could acquire up to 100% of the FLV mining claims. The Company received \$27,040 (USD \$20,000) as part of the LOI Agreement. On March 20, 2023, the Company received a termination notice from the arm's length party with regards to the LOI Agreement.

On March 9, 2023, the Company granted a gross overriding royalty of 0.5% on all products mined, produced or otherwise recovered from the FLV property to a third party in accordance with a Master Teaming Agreement entered into during the prior year.

On January 12, 2024, the Company entered into a property option agreement (the "Option Agreement") with an arm's length third party (the "Optionee"), whereby, the Company granted the sole and exclusive option to the Optionee to acquire all of the rights, title and interest in and to the FLV Property.

Under the Option Agreement, the Optionee was required to meet certain cash, share and expenditure requirements over a two-to-three-year period. As at September 30, 2024, the Company has received an aggregate of \$94,451 (USD \$70,000) towards the Option Agreement, which was recorded as a recovery on the mineral property (2023 – \$27,040). Subsequent to year end, on December 13, 2024, the Option Agreement was terminated by the Optionee.

As at December 31, 2024, the FLV claim group has a carrying value of \$638,677 (September 30, 2024 – \$597,402) which includes \$304,970 (September 30, 2024 – \$284,336) in exploration expenditures.

SHATFORD LAKE, CAT-EUCLID LAKE AND BIRSE LAKE PROPERTIES

On September 9, 2021, the Company entered into a staking agreement to acquire mineral rights in Cat-Euclid and Shatford Lake areas of Southeast Manitoba. The Cat-Euclid group has 6 claim blocks and the Shatford group has 21 claim blocks. These claims are subject to a 2% GOR agreement with Lithium Royalty Corporation.

On September 6, 2022, the company announced that it acquired 10 claims totaling 5,196 acres situated near Birse Lake, southeastern Manitoba, Canada. The Birse Lake claim block covers the Birse Lake pluton that has numerous pegmatite occurrences along its periphery. This brings ACME's land holdings in southeastern Manitoba to approximately 17,000 acres or 70 square kilometers.

On November 1, 2022, the Company signed an Exploration Agreement with Sagkeeng First Nation to develop a positive relationship that promotes mutual respect, cooperation, and ongoing communication around mineral exploration activities conducted by the Company within Sagkeeng Traditional Territory.

On December 14, 2022, the Government of Manitoba issued a work permit for the Company's upcoming drill program at its Shatford Lake project in the Winnipeg River pegmatite region in Southeastern Manitoba, Canada.

In January to March 2023, the Company completed drilling at its Shatford Lake project in the Winnipeg River pegmatite region in southeastern Manitoba, Canada. The drilling program highlights are as following:

- a) Eight holes were completed totaling 3280m of diamond drilling.
- b) Pegmatites were encountered in 6 of 8 holes.
- c) 235 samples have been cut for assay and delivered to SGS Laboratories in Burnaby, BC
- d) Assay results have been received and released.

The drilling program demonstrated:

- a) Magnetic signatures mapped both stratigraphy and structure related to the LCT pegmatite targets.
- b) Drilling has confirmed in three locations that lineaments mainly orientated at N45°E that are parallel to the lineament associated with the Tanco pegmatite are a control on pegmatite emplacement.
- c) Zones of structural extension and dilation are prime targets for possible pegmatite intrusion.
- d) Multiple albitic pegmatites have been drill intersected occurring within an approximately 500m wide deformation zone in quartzites bounded by thin iron formation horizons and extending from the east end of Shatford Lake for 5 km.
- e) Previously unknown relatively fine-grained intrusive rocks possibly indicating buried source plutons for pegmatites have been encountered in three areas associated with pegmatites and in one area with anomalous lithium values and indicate the occurrence of unexposed potential source plutons for lithium-bearing pegmatites.

In the northwest portion of the claim block, a single drill hole intersected intervals of feldspar porphyry adjacent to a 60m wide area with a high lithium geochemical background. This area is intersected by multiple late, apparently barren pegmatite dykes and may indicate an unexplored source pluton with potential for lithium-bearing pegmatites.

Winter drilling was confined to previously Ministry approved drill sites and was limited by the availability of water under winter conditions. Ongoing geological and geophysical interpretation indicates untested structural settings, magnetic lows that may be due to pegmatite, and magnetic highs associated with gabbroic bodies.

On June 30, 2023, the Company announced sample results from its 2023 winter drill program at its 100% owned Shatford Lake and Birse Lake lithium projects in southeastern Manitoba, Canada. Core drilling was based on geological prospecting/mapping with lithium determinations by LIBS and geophysical magnetic interpretation. Drilling and magnetic interpretation was successful in defining broad structural belts with multiple unexposed pegmatites and specific cross structural features in these broad belts that control pegmatite injection. Recent results from this maiden drilling program at Shatford Lake will help the Company vector in the fertile pegmatite zones. Twenty-six pegmatites were intersected in 6 of 8 drill holes.

Many regions within ACME's massive project area in Manitoba remain of interest and require further evaluation and exploration. Two broad areas in the Shatford Lake area stand out and merit further exploration.

1. The west Shatford area in the 31 claim Shatford-Birse Lakes claim block has pegmatites with anomalous Tantalum (Ta) with geochemical wall-rock halos of Lithium (Li), Cesium (Cs), Strontium (Sr) and Vanadium (V).
2. The east Shatford area has multiple pegmatites in a broad deformation zone, some of which are associated with structural controls, similar to the interpreted structural control on the Tanco pegmatite.
3. A third region with exploration potential is the 6 claim Cat-Euclid claim block that covers the unexplored southerly extension of a structural belt that includes the Donner, Eagle, Irgon and Catail LCT pegmatites. It has not been drilled by ACME.

Analyses have been received from SGS Laboratories for 235 samples from the January to April 2023 winter diamond drilling program conducted by ACME on their Shatford Lake Manitoba claim block. 194 samples were sawn NQ drill core with the remainder being duplicates, standards and blanks. Analysis was for a 56-element package by sodium peroxide fusion and an ICP-AES / ICP-MS finish. Analytical results indicate four areas with anomalous Lithium (Li), Tin (Sn) or Tantalum (Ta) in pegmatites and one area with a broad litho-geochemical anomaly for Li, Cesium (Cs), Strontium (Sr) and Vanadium (V) with thin pegmatites with anomalous Ta.

A total of 26 individual pegmatites were intersected in 6 of 8 drill holes, varying up to 11 m in core length. The pegmatites are classified as simple pegmatites, without visible lithium-bearing minerals, but locally with visible trace tantalite. Six pegmatites in four drill holes contain anomalous Li, one anomalous Cs and two, anomalous Ta. None have economic grades, but assay results confirm the occurrence of geochemically anomalous pegmatite bodies within strongly deformed metasedimentary rocks.

East of Shatford Lake, five pegmatite intersections in 3 holes returned geochemically anomalous Li averages of 138 to 268 ppm Li with 74 to 248 ppm Sn, 54 to 147 ppm Nb and 15 to 74 ppm Ta. This area is located about 3.5km south of the Tanco mine at Bernic Lake.

West of Shatford Lake, potassic Ta-bearing pegmatites in hole SL-08 are hosted within a broad geochemical halo of Li, Cs, Sr and V and associated with a feldspar porphyry, a potential fertile intrusion. The Li, Cs and Sr values are in the range associated with wall-rock alteration associated with economic LCT pegmatites and indicate an excellent exploration target. One of the three pegmatites has a thin Cs and Rb geochemical halo with up to 1513 ppm Cs and 1237 ppm Rubidium (Rb). This area is about 5.5 km southwest of the Tanco mine and within one km of the Tanco lease boundary. Hole SL-08 was drilled on a structural trend in an area with very poor outcrop where drilling was the only way to acquire geological information.

Three specific areas in the Shatford Lake area are recommended for follow-up and field work prior to a Phase 2 drill program:

1. The wall-rock litho-geochemical halo and Ta-bearing pegmatites intersected by hole SL-08. A nearby, unexplored magnetic low feature, possibly related to a pegmatite body, occurs near hole SL-08 and is adjacent to a strong linear structural feature defined by magnetics. Outcrop sampling and soil geochemical surveys are recommended.

2. A 15 to 20m thick albitic pegmatite with a favourable approximately 040° structural trend occurs within a broad E-W deformation zone near hole SL-06. This is the largest known pegmatite on the ACME claim block. Outcrop is scarce in the area and a program of rock and soil sampling is recommended.
3. Two holes in the winter drilling program were successful in intersecting pegmatites occurring along approximately 045° cross structures within the main Shatford Lake shear zone. Prospecting along trend and success contingent drilling is recommended.

On January 29, 2024, the Company entered into a property option agreement with Snow Lake Resources LTD. ("Snow Lake") pursuant to which ACME will grant Snow Lake the option to earn up to 90% undivided interest in the mineral claims held by ACME Lithium at its Manitoba lithium pegmatite project areas, located at southeastern Manitoba, Canada. To exercise this option, Snow Lake will pay the remaining cash payments of \$650,000 and incurring a total of \$1,800,000 in exploration and development expenditures over the two-year period in accordance with the following schedule:

Date of Completion	Cash Payments	Min. Exploration and Development Expenditures	Earn in
	\$	\$	%
Initial payment (received)	20,000	-	-
Upon execution (received)	130,000	-	-
First year (January 29, 2025)	150,000	600,000	51
Second year (January 29, 2026)	500,000	1,200,000	90
Total	800,000	1,800,000	90

As at December 31, 2024, the Cat Euclid, Shatford and Birse Lake projects have a carrying value of \$4,017,288 (September 30, 2024 – \$4,017,288).

PAST AND INACTIVE MINERAL PROJECTS

BAILEY LAKE PROPERTY, SASKATCHEWAN

On December 5, 2022, the Company entered into a purchase agreement to acquire 100% interest in the five (5) mineral claims in north central region of Saskatchewan, Canada. ACME must pay a consideration of (i) \$9,476 on closing (paid on December 7, 2022), and (ii) the grant of a 1% net smelter return royalty ("NSR") of the gross value of all products derived and shipped from the property.

On December 6, 2022, the Company entered into an option agreement to acquire 100% interest in the 13 mineral claims in Bailey Lake, located in the northeastern region of Saskatchewan, Canada. To exercise this option, ACME must pay to the owner an aggregate of \$450,000 (\$100,000 paid), issue and deliver an aggregate of 450,000 shares (100,000 issued) and incur an aggregate of \$1,554,000 of expenditures on the property in accordance with the following schedule:

	Cash Payments	Common Shares #	Exploration expenditures
On or before December 7, 2022 (paid and issued)	\$100,000	100,000	\$ -
On or before December 5, 2023	150,000	150,000	388,500
On or before date December 5, 2024	200,000	200,000	518,000
On or before December 5, 2025	-	-	647,500
Total	\$450,000	450,000	\$1,554,000

The property is subject to a 2.0% NSR of the gross value of all products derived and shipped from the property. The Company has the right to buy back one-half of the royalty (1% NSR) for \$2,000,000 for a period of 24 months following the commencement of commercial production.

On August 21, 2023, the Company started to conduct a 3-in-1 Airborne Geophysical Survey on the Bailey Lake Property which will include helicopter-borne Tri-axial Gradiometer Magnetics, Radiometrics, and LiDAR (Light Detection and Ranging) to identify regional structural trends and localized controls of pegmatite bodies and other key information to aid in future drill targeting.

Immediately following the geophysical survey, a field program will be conducted to follow up on any anomalous signatures detected from the geophysical survey, as well as to conduct follow-up prospecting from the work completed on the property in 2017. This program will consist of prospecting, geochemical sampling (soils, boulder, outcrop, and channel samples), and structural measurements on the Bailey Lake property. This exploration program will focus on delineating and identifying potential sources for the 2017 boulder sampling completed by Paul Ramaekers and David Turner which returned samples with elevated values of lithium and critical mineral elements. The goal of these programs is to locate and analyze the pegmatites on the property and delineate which ones are hosting spodumene and lepidolite for upcoming drill programs. ACME has acquired the services of Axiom Exploration Group LTD. (Axiom) to complete the upcoming Geophysical Surveys and Field Exploration programs.

However, during the year ended September 30, 2023, the Company decided not to renew the second-year option and divest out of its investment in Bailey Lake due to market conditions, limited cash and exploration resources and to concentrate its resources on its other projects.

SUMMARY OF QUARTERLY RESULTS

	Q1 December 31, 2024 \$	Q4 September 30, 2024 \$	Q3 June 30, 2024 \$	Q2 March 31, 2024 \$
Revenues	-	-	-	-
Expenses	(155,242)	(181,378)	(196,005)	(227,686)
Loss before other comprehensive income	(152,230)	(178,614)	(257,215)	(211,915)
Loss and comprehensive gain (loss)	384,526	(293,400)	(175,855)	(35,116)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	13,264,229	12,833,914	13,133,203	13,486,780
Working capital	(139,144)	55,251	303,494	264,422

	Q1 December 31, 2023 \$	Q4 September 30, 2023 \$	Q3 June 30, 2023 \$	Q2 March 31, 2023 \$
Revenues	-	-	-	-
Expenses	(272,471)	(336,885)	(485,998)	(649,038)
Loss before other comprehensive income	(238,365)	(919,920)	(367,168)	(69,185)
Loss and comprehensive loss	(408,964)	(796,963)	(583,768)	(23,953)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)
Total assets	12,736,859	13,047,213	14,629,107	14,687,071
Working capital (deficiency)	38,124	(122,736)	1,151,429	4,257,962

During the quarter ended December 31, 2024, there is profit as compared to loss from the previous quarter mainly due to increase in foreign exchange gain in overall intercompany transaction.

Net loss during the quarter ended September 30, 2024, decreased from previous quarter mainly due to reduced overall business development expenses and impairment losses charged in the quarter. During the quarter ended March 31, 2024 and December 2023 net loss has seen a decrease mainly due to termination of marketing and investor awareness activities and reduced exploration activities on Shatford Lake Project, Manitoba and FLV property, Nevada.

During the previous quarters ended March 31, June 31, and December 2023 net loss has seen an increase mainly due spending on marketing and investor awareness activities and reduced exploration activities on Shatford Lake Project, Manitoba and FLV property, Nevada.

Net loss during the quarter ended March 31, 2023, decreased significantly due to the flowthrough income of \$540,848 recorded during the quarter. However, due to the continuous effort to raise awareness for its projects and upcoming activities of the Company since 2022, the marketing and corporate development activities still reported as two biggest Company's spending on the year ended September 30, 2023. Further, the loss on the impairment of Bailey Lake had a significant impact on the Company's Comprehensive Loss for the year ended September 30, 2023.

OVERALL PERFORMANCE AND OPERATIONAL ACTIVITIES

Three months ended December 31, 2024 and 2023

For the three months ended December 31, 2024, the Company incurred a loss before other comprehensive income of \$152,230 (2023 – \$238,365). Total expenses incurred during the quarter were \$155,242 (2023 – \$272,471).

The difference between loss before other comprehensive income for the three-month period ended December 31, 2024, compared to prior year same period was primarily due to the following significant changes:

- Management fees of \$65,500 (2024 – \$76,500) were paid or accrued to the CEO and CFO (see **Transactions with Related Parties**). The decrease resulted from lower fees charged by the CEO and CFO.
- Depreciation of \$10,697 (2024 – \$22,405) refers to amortization of various property and equipment as well as the right-of-use asset for the Company's leased property. The depreciation during the current period is lower due to sale of drilling equipment in previous year.
- Accounting expenses of \$18,254 (2024 – \$29,791) are lower compared to the previous period because lower fees charged by consultant in line with the reduction in activities of the company.
- Regulatory and filing fees of \$11,417 (2024 – \$18,544) refers to the regulatory expenses related to various filings and listing requirements. The decrease is mostly due to the reduction in the number of exchange filings because of lower exploration and marketing activities during the current period.
- Director fees of \$5,000 (2024 – \$11,667). The Director's fees have been reduced as the directors have lowered their fees due to reduced activities during the period.
- Legal fees of \$109 (2024 – \$8,919) decreased compared to last year's due to less activities into legal issues during the period.
- Property investigation fees of \$1,657 (2024 - \$25,218) decreased during the period due to less exploration activities in the properties.

CASH FLOWS

Sources and Uses of Cash	December 31, 2024	December 31, 2023
Cash used in operating activities	\$(105,201)	\$ (329,377)
Cash used in investing activities	(14,533)	160,913
Cash sourced from financing activities	(13,979)	202,421
Effect of exchange rate on cash	(12,389)	(1,355)
Total change in cash	\$(133,713)	\$ 33,956

Operating Activities

For the period ended December 31, 2024, net cash used by operating activities was \$105,201 compared to the use of \$329,377 from the same period in the previous year. The variances are explained under the *Overall Performance and Operating Activities* section.

Investing Activities

For the period ended December 31, 2024, net cash used on investing activities of \$14,533 (2023 – \$160,913 inflow) was lower due to less exploration activities carried out by the Company. In previous period, the exploration expenditures were offset by proceeds from sale of equipment and proceeds from earn-in option agreement entered by the Company and Snow Lake and exploration expenditure on mineral properties.

Financing Activities

For the period ended December 31, 2024, the net cash outflow of \$13,979 consist of lease liability payment. In prior period, the net inflow of \$202,421 consists of net proceeds from issue of common shares of \$216,149 and lease liability payments of \$13,728. (see **Share Capital and Outstanding Share Data**).

LIQUIDITY AND CAPITAL RESOURCES

The Company's aggregate operating, investing and financing activities for the period ended December 31, 2024, resulted in a net cash decrease of \$133,713 (December 31, 2023 – decrease of \$33,956). As at December 31, 2024, the Company's cash balance was \$109,329 (September 30, 2024 – \$255,431) and the Company had working capital deficit of \$139,144 (September 30, 2024 – working capital of \$55,251) which the Company anticipates will meet its requirements to cover working capital and mineral property obligations for the coming fiscal year.

The Company has not advanced its exploration and evaluation properties to commercial production. The Company's continuation as a going concern is dependent upon successful results from exploration activities on its mineral properties and its ability to attain profitable operations and generate cash from its operations in the foreseeable future. As at December 31, 2024, the Company has an accumulated deficit of \$8,159,335 (September 30, 2024 – \$8,007,105) since inception and is expected to incur further losses in the development of its business. The Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

The continuation of the Company as a going concern is dependent on its ability to raise additional capital either through equity or debt financing in order to meet business objectives of achieving profitable business operations.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

Authorized

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Common and/or preferred shares are entitled to receive dividends if they are declared by the Board of Directors.

Issued and Outstanding Common Shares

As of December 31, 2024, the Company has a total issued and outstanding common shares: 75,972,727 (September 30, 2024 – 75,972,727).

Outstanding share data

As at December 31, 2024, and the Report Date, the following table summarizes the outstanding share capital of the Company:

	December 31, 2024	Report Date
Common Shares	75,972,727	75,972,727
Warrants	21,135,183	21,135,183
Options	3,550,000	3,550,000
Total, Fully Diluted	100,657,910	100,657,910

Share Issuances

Transactions during the period ended September 30, 2024:

On May 8, 2024, 250,000 common shares with a fair value of \$0.046 were issued as per the mineral property acquisition agreement of Clayton Valley, Nevada.

On March 5, 2024, 750,000 common shares with a fair value of \$0.065 were issued as per the mineral property acquisition agreement of Clayton Valley, Nevada.

On February 29, 2024, the Company closed a non-brokered private placement for aggregate gross proceeds of \$700,000 through the issuance of 14,000,000 units (the "Units") at \$0.05 per unit. Each Unit comprised of one common share and one share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of \$0.10 per share for three years following the date of issuance. The Company paid a total of \$37,450 in cash finders' fees and issued a total of 749,000 finders' warrants valued at \$33,606. Each whole finders' warrant is exercisable into one common share at price of \$0.10 per share for three years following the date of granting.

On October 31, 2023, the Company closed a non-brokered private placement for aggregate gross proceeds of up to \$277,749 through the issuance of 1,851,660 units ("Units") at \$0.15 per unit. Each Unit comprised of one common share and one-half of one share purchase warrant. Each whole share purchase warrant exercisable into one common share at a price of \$0.30 per share for two years following the date of issuance. A residual value of \$64,809 was assigned to the share purchase warrant. The Company paid a total of \$9,100 in cash finders' fee and issued a total of 60,666 finder's warrants valued at \$3,075. Each whole finders' warrant is exercisable into one common share at a price of \$0.15 per share for two years following date of grant.

Stock Options

The Company has a stock option plan for directors, officers, employees, and consultants. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the Company's issued and outstanding common shares at the time the options are granted. The number of shares reserved for issuance to any individual director, officer or consultant shall not exceed 5% of the issued and outstanding common shares. The number of incentive stock options granted to any one consultant, or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. The exercise price of each option is determined by the Board.

During the period ended December 31, 2024 and September 30, 2024, the Company did not issue any stock options.

As at December 31, 2024, the Company has 3,550,000 incentive stock options outstanding (September, 2024 – 3,550,000). A summary of the movements of the stock options is presented below:

Period ended	December 31, 2024		September 30, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning	3,550,000	\$ 1.10	3,550,000	\$ 1.10
Outstanding, end of the year	3,550,000	1.10	3,550,000	1.10
Exercisable	3,550,000	\$ 1.10	3,550,000	\$ 1.10

The following table summarizes information regarding stock options outstanding as of December 31, 2024:

Date issued	Number of options outstanding	Exercise price	Expiration date
July 9, 2021	1,325,000	\$ 0.80	July 9, 2026
April 14, 2022	2,000,000	1.28	April 14, 2027
April 28, 2022	225,000	1.30	April 28, 2025
Total options outstanding	3,550,000	\$ 1.10	
Total options exercisable	3,550,000		

The weighted average remaining life of the options is 1.88 years (2024 – 2.13 years).

Warrants

A summary of changes in the Company's share purchase warrants outstanding for the period ended December 31, 2024 and September 30, 2024 is as follows:

	December 31, 2024		September 30, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning	21,135,183	\$ 0.30	8,256,847	\$ 1.04
Granted	-	-	15,735,496	0.11
Expired	-	-	(2,857,160)	1.40
Outstanding, end of year	21,135,183	\$ 0.30	21,135,183	\$ 0.30

Finders' warrants

On February 29, 2024, the Company granted 749,000 warrants to finders with an exercise price of \$0.10 per share for three years following date of grant. The estimated fair value of the warrants was \$33,606, recorded during the year ended September 30, 2024, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 2.69%; expected life – 3 years; expected volatility – 104.97%; forfeiture rate – Nil and expected dividends – Nil.

On October 31, 2023, the Company granted 60,666 warrants to finders with an exercise price of \$0.15 per share for two years following date of grant. The estimated fair value of the warrants was \$3,075, recorded during the year ended September 30, 2024, in connection with the issuance of these warrants. The warrants were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate – 3.31%; expected life – 2 years; expected volatility – 93.54%; forfeiture rate – Nil and expected dividends – Nil.

The following table summarizes information regarding share purchase warrants outstanding as of December 31, 2024:

Date issued	Number of warrants	Exercise price	Expiry date
June 21, 2021	2,635,883	0.60	June 21, 2025*
July 2, 2021	1,050,575	0.60	July 2, 2025*
May 13, 2022	1,597,488	1.40	May 13, 2025
May 19, 2022	115,741	1.40	May 19, 2025
October 31, 2023	925,830	0.30	October 31, 2025
October 31, 2023	60,666	0.15	October 31, 2025
February 29, 2024	14,749,000	0.10	February 28, 2027
	21,135,183		

*On June 9, 2023, the expiry date of the share purchase warrants issued by the Company on June 21, 2021, and July 2, 2021, were extended for two years to June 21, 2025 and July 2, 2025, respectively.

During the year ended September 30, 2024, a total of 2,857,160 warrants with exercise price between \$1.08 to \$1.80 expired unexercised.

The weighted average exercise price of warrants as of December 31, 2024, is \$0.30, and the weighted average remaining life of the warrants is 1.66 years (September 30, 2024 – \$0.30 and 1.91 years, respectively).

TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and certain senior officers as its key personnel and the compensation costs for key personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

As at December 31, 2024, the Company has \$20,000 (September 30, 2024 – \$12,225) due to the Director and CEO

ACME Lithium Inc.**Management's Discussion and Analysis for the Periods Ended December 31, 2024 and 2023**

as follows:

As at	December 31, 2024	September 30, 2024
Director - Ioannis Tsitos	\$ 5,000	\$ 2,500
Company controlled by the CEO - Stephen Hanson	15,000	-
CFO and Corporate Secretary - Zara Kanji	-	9,725
Total	\$ 20,000	\$ 12,225

As at December 31, 2024, the Company has \$6,650 (September 30, 2024 – \$Nil) due from the Director and CFO and Corporate Secretary as follows:

As at	December 31, 2024	September 30, 2024
Director – Vivian Katsuris	\$ 875	\$ -
CFO and Corporate Secretary - Zara Kanji	5,775	-
Total	\$ 6,650	\$ -

During the period ended December 31, 2024 and 2023, the Company entered the following transactions with related parties:

	December 31, 2024	December 31, 2023
Management fees	\$65,500	\$ 76,500
Directors' fees	5,000	11,667
Accounting fees	8,492	16,041
Total	\$78,992	\$ 104,208

(a) Management fees were paid or accrued to the following:

	December 31, 2024	December 31, 2023
Company controlled by the CEO - Stephen Hanson	\$ 45,000	\$ 54,000
Company controlled by the CFO - Zara Kanji	20,500	22,500
Total	\$65,500	\$ 76,500

(b) Accounting fees of \$8,492 were paid to a company controlled by the Company's CFO and Corporate Secretary, Zara Kanji (December 31, 2023 – \$16,041).

(c) Director fees were paid or accrued to the following:

	December 31, 2024	December 31, 2023
Director - Ioannis Tsitos	\$2,500	\$ 7,500
Company controlled by a Director - Vivian Katsuris	2,500	4,167
Total	\$5,000	\$ 11,667

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

For a detailed summary of the Company's material accounting policy information, the readers are directed to Note 3 of the audited consolidated financial statements for the years ended September 30, 2024, that are available on SEDARPLUS at www.sedarplus.ca.

OFF BALANCE SHEET ARRANGEMENTS

To the best of the management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or the financial condition of the company.

PROPOSED TRANSACTIONS

As at the report date, there are no proposed transactions which have not been publicly disclosed.

CAPITAL DISCLOSURE

The Company's capital currently consists of common shares of \$16,999,145. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As at December 31, 2024, the Company had a working capital deficit of \$139,144 (September 30, 2024 – working capital \$55,251). Management expects to raise additional capital from the capital markets or from private placements of securities.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash and cash equivalents are recorded as a level 1 financial asset. The fair value of the Company's financial instruments carried at amortized cost approximates their carrying value due to their short term to maturity.

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

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.

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.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

		December 31, 2024	September 30, 2024
Cash and cash equivalents	USD\$	31,402	40,276
Prepaid expense	USD\$	3,483	18,633
Reclamation bond	USD\$	63,144	63,144
Accounts payable and accrued liabilities	USD\$	120,625	117,779

Based on the above net exposures and if all other variables remain constant, a 10% change in the value of the foreign currency against the Canadian dollar would result in an increase or decrease of \$31,462 (September 30, 2024 – \$24,000) in loss and comprehensive loss.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist of cash and cash equivalents. Most of the Company's cash and cash equivalents are maintained with a federally regulated financial institution with reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal as of December 31, 2024.

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 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.

RISKS AND UNCERTAINTIES

An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the company and its business, the Reader should carefully consider the following risk factors in addition to the other information contained in this management discussion and analysis. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

Limited Operating History

The Company has no history of business or mining operations or production. The Company is subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Exploration Risk

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered would result in an increase in the Company's resource base.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development, and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations, and financial performance of the Company.

Metal Price Risk

Even if the Company's exploration programs are successful in locating economic deposits of minerals or precious metals, factors beyond the Company's control may affect the value and marketability of such deposits. Natural resource prices have wide historic fluctuations due to many factors, including inflation, currency fluctuations, interest rates, consumption trends and local and worldwide financial market conditions. The prices of such natural resources greatly affect the value of the Company and the potential value of its properties. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

Public Health Crisis

As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19 as the Company's operations are identification of exploration and evaluation assets, and this sector was not impacted by COVID-19 significantly. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

As a mineral company operating in both the United States and Canada, ACME expects that government agencies as well as third party contractors may be delayed in providing services due to COVID protocols and/or staffing issues.

These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place. While the extent of the impact is unknown, the Company anticipates this outbreak may adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Environmental Risk

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial, and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Global Economic Conditions

Global economic conditions could have a negative effect on the Company's business and results of operations. Economic activity throughout much of the world has been volatile. Market disruptions have included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. The economic crisis may adversely affect the Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising the funds required for operations and to fund continued expansion. It may be more difficult for the Company to complete strategic transactions with third parties. Such developments could decrease the Company's ability to obtain financing and could expose it to the risk that one of its customers or banks will be unable to meet their obligations under the agreements with them.

Additional Requirements for Capital

Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the levels of operating expenses associated with this growth.

Dependence on Management Team

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fund-raising activities and who have developed key relationships in the industry. Their loss or departure in the short term would have an adverse effect on the Company's future performance.

Exchange Rate

The reporting currency of the Company is the Canadian Dollar. Exploration and evaluation expenditures are mostly in United States dollar ("US dollar"). Future fluctuations in the value of the Canadian Dollar relative to these currencies will likely have a material impact on the Company's overall financial results. A further depreciation on the value of the Canadian dollar against US dollar will likely cause explorations costs denominated in US dollar to increase which will have a material effect on the Company's loss and comprehensive loss results.

Smaller Companies

The market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

DIRECTORS

Certain directors 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 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 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.

The current Directors and Officers of the Company are as follows:

Stephen Hanson, President, CEO and Director, Audit Committee Member

Vivian Katsuris, Director, Audit Committee Member

Ioannis Tsitos, Director, Audit Committee Member and Chair

Zara Kanji, CFO and Corporate Secretary

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.

The Company is focused on advancing the projects in the United States and Canada with the intent to build shareholder value.