American Critical Elements Inc.
Management Discussion and Analysis
For the years ended April 30, 2024 and 2023

This Management Discussion and Analysis ("**MD&A**") of American Critical Elements Inc. (the "**Company**") dated as of August 26, 2024 provides analysis of the Company's financial results for the years ending April 30, 2024 and 2023. The following information should be read in conjunction with the audited consolidated financial statements for the years ended April 30, 2024 and 2023 and the notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). These documents along with others published by the Company are available on SEDAR at www.sedarplus.ca.

Overall Performance:

Performance Highlights

The Company had limited activity for the year ended April 30, 2024. The Company changed its name to American Critical Elements Inc. on September 19, 2022 and commenced trading under the new name and new trading symbol "ACRE" on September 23, 2022. In the fiscal year ended April 30, 2020, the Company entered into an option agreement with True North Gems Inc. ("True North") to acquire a 70% working interest in the True Blue Property ("**Property**") in the Yukon Territory which consists of 68 mining claims in the Ketza-Seagull district on the Watson Lake Mining District comprising 13.3 square kilometers. The Company can earn a 70% interest in the Property by incurring expenditures in the aggregate amount of $300,000 over 3 years on the Property and issuing 600,000 common shares of the Company with 200,000 shares to be issued on closing (issued), a further 200,000 shares on or before November 30, 2020 (issued) and a further 200,000 shares on or before November 30, 2021 (issued). The exploration expenditure component was subsequently amended to extend the expenditure of the remaining $250,000 to $100,000 to be spent by the end of the 4th anniversary of the agreement with the balance to be spent by the 5th anniversary date. Consideration issued for the extension was 50,000 common shares of the Company. True North undertook an exploration program on a group of claims that includes the Property and the Company agreed to reimburse True North for its pro-rata share of the costs based upon assessment work to be filed by True North on the Property. Once the Company earn its 70% interest, the parties will form a joint venture and contribute pro-rata to the further exploration and development of the Property. If a party is reduced to a 10% or less interest in the Property, that party's interest will be reduced to a 2% net smelter returns royalty with the right of the remaining party to acquire a 1% net smelter returns royalty at any time for the payment of $1,000,000.

During the 2020 fiscal year, the field program of prospecting and remote sensing by True North on the Property was completed by True North and the Company's share of expenses relating to the exploration program was $49,932. The results from the 2019 field program were announced on April 29, 2020. After the completion of the 2019 field program, the True Blue Property remains an early-stage, Rare Earth Element ("**REE**") exploration property with a confirmed coherent Total Rare Earth Element plus Yttrium (**TREE+Y**) anomaly from the 2010 exploration and geophysical signatures which indicate the possible presence of a causative intrusive body (likely syenite) at depth. The size and grade of any REE mineralization associated with the coherent geochemical anomaly at the True Blue showing remains unknown. Advanced exploration targeting and additional exploration work are required to characterize the potential for mineralization at the True Blue Property.

The Company maintains its Agreement with True North respecting the Property, and is currently seeking an amendment of the earn-in terms. From an accounting perspective, the Company has impaired its carrying value of the Property to the extent of 100% of the carried expenditures, as it has not completed any recent expenditures on the Property.

Outlook

The Company is currently evaluating alternative projects while still maintaining its rights to the True Blue Property. The name of the Company was changed to better reflect the fact that the Company is exploring for critical minerals and is looking to acquire additional critical elements properties.

Performance Details

The Company is a mineral exploration company focused on the acquisition, exploration and development of mineral resources, primarily critical elements, in Canada. The Company's common shares trade on the CSE under the symbol "**ACRE**".

As at April 30, 2024, the Company had working capital of $132,118 (2023 - $154,260). The decrease in working capital during the year was due to loss incurred in the current year. The Company believes it has sufficient funds to meet its operating expenses for the next 12 month period but will still have to raise additional funds through equity or debt financing. Although the Company has been successful in the past in raising funds, there is no guarantee it will be able to do so in the future. The ability of the Company to realize on its assets and discharge its liabilities as they come due is dependent on the ability of the Company to continue to secure financing. Should the Company be unsuccessful in raising further funds then it may bring into question the assumption that the Company is a going concern in which case adjustments might be necessary to the carrying values of assets and liabilities, the reported loss and the balance sheet classifications used. These adjustments could be material.

Selected Annual Information:
(Canadian $)

	Year ended April 30, 2024	**Year ended April 30, 2023**	**Year ended April 30, 2022**
Revenue	**$ -**	**$ -**	**$ -**
Net loss and comprehensive loss	**127,905**	**56,783**	**34,077**
Loss per share - basic and diluted	**0.012**	**0.006**	**0.004**
Total assets	**$156,311**	**$318,468**	**$112,442**

Results of Operations - year ended April 30, 2024 compared to the year ended April 30, 2023.

As at April 30, 2024, the Company had cash assets in the amount of $131,944 compared to $207,907 at the end of 2023. The decrease is due to the use of cash for operations in the current year and repayment of short term loans and accounts payables.

At the end of fiscal year 2024, the Company had accounts payable and accrued liabilities in the amount of $24,193 compared to $45,510 at the end of 2023. This decrease is due to settlement of $28,407 due to a related party that was settled by a payment of $20,000 with the balance owing of $8,407 forgiven.

Short term loans is $Nil as at April 30, 2024 from $12,935 as at April 30, 2023. During the year, the Company fully repaid the loans of $12,935. These loans are due on demand, interest bearing at 10% per annum and is unsecured. These loans were fully repaid on August 22, 2023.

For the year ended April 30, 2024, the Company incurred a comprehensive loss in the amount of $127,905 compared to losses incurred in 2023 in the amount of $56,783. This increase in the loss is mainly due to the write off of the Company's exploration and evaluation assets in the amount $104,682 offset by a decrease in professional fees and administrative general expenses.

Results of Operations – quarter ended April 30, 2024 compared to the quarter ended April 30, 2023.

For the three months ended April 30, 2024, the Company incurred a loss in the amount of $108,014 compared to a loss of $16,786 in the comparable quarter in 2023. The increase in the loss was mostly due to the write off of the exploration and evaluation assets of $104,682 in the current period.

Liquidity and capital resources

As at April 30, 2024, the Company had shareholders' equity of $72,379 compared to $200,284 at the end of 2023. The decrease is a result of the net loss incurred for operations in the current year.

As at April 30, 2024, the Company had an accumulated deficit in the amount of $1,983,129 compared to $1,855,764 at the end of 2023. The increase in the deficit reflects the net loss from operations that the Company incurred in the current year.

For 2024 and 2023, cash was used in operations as follows: $63,028 in 2024 and $41,399 in 2023. Cash used in operations was higher mainly due to the increased loss in the year. During the current year, the Company used cash for financing activities of $12,935 compared to the receipt of net proceeds from financing activities of $244,935 for 2023. The decrease was mainly due to no equity issuances in the current year compared to $251,000 in the prior year.

During the prior year, the Company issued 50,000 shares for $3,750 ($0.075 per share) as consideration for the extension of time for completion of the required exploration expenditures on the Company's under the mineral property option agreement with True North as disclosed above.

In 2024 and 2023, the Company had an investment in Big Tree Carbon Inc. ("Big Tree"). The Company owned 18,000 shares of Big Tree which had a cost of $27,000 with a carrying value at April 30, 2024 of $541 (2023 - $1,081).

The investment in Big Tree is a Financial Instrument and has been classified as Fair value through other comprehensive income ("**FVTOCI**") and carried at market value with changes in value reflected in comprehensive income. During the year ended April 30, 2024, the Company recognized a loss on the adjustment of FVTOCI financial instruments to market in the amount of $540 (2023 – $2,700) related to the unrealized loss on these FVTOCI financial instruments.

Capital Management

The Company's policy is to attain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying resource assets. As a junior resource exploration company, the Company considers its capital structure to comprise only working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected expenditure levels.

The Company has not paid or declared any dividends since the date of its incorporation, nor are any dividends contemplated in the foreseeable future.

The Company does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

New accounting policies issued but not yet adopted:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods after the current year end.

The Company is currently not subject to any new standards that are expected to have a material impact on its consolidated financial statements.

Transactions with related parties

The Company's related parties consist of executive officers and directors:

		Years ended April 30	
Related Party	**Item**	**2024**	**2023**
Director	Legal fees	$ 6,512	$ 25,274
	Amounts included in accounts payable and accrued liabilities	$ 1,530	$ 22,777

The above transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties. As at April 30, 2024, an amount payable to a related party in the amount of $28,407 was settled through the payment of $20,000 with the balance of $8,407 forgiven.

Share Capital

Authorized

Unlimited common shares

Issued:

During the current year, there were no changes in share capital. In the prior year, the Company issued 3,137,500 for proceeds of $251,000 from the exercise of warrants and 50,000 common shares with a fair value of $3,750 as part of an option agreement on a mineral property.

Share based payments

The Company has a common share purchase option plan (the "**Plan**") for directors, officers, employees, and consultants. Options granted under the Plan generally have a five-year term. Options are granted at a price no lower than the market price of the common shares at the time of the grant.

There are no stock options granted in the years ended April 30, 2024 and 2023 and no options are outstanding as of either year end.

Warrants:

The change in warrants during the year ended April 30, 2024 are noted below:

	Number of warrants	**Wtd Avge exc. price**
Balance, April 30, 2022	5,000,000	$0.075
Exercised	(3,137,500)	$0.075
Expired	(1,862,500)	$0.075

Balance, April 30, 2023 and 2024	-	-

During the prior year, the exercise price of the outstanding warrants were repriced to $0.08 per share. A total of 3,137,500 were exercised at this amended price for proceeds of $251,000 and the balance of 1,862,500 warrants expired. There are no warrants outstanding at the end of fiscal 2023 and 2024.

Summary of Quarterly Results:

	Revenue $	Net Income (loss) $	Total Assets $	Income (loss) per share $
April 30, 2024	-	(108,014)	156,311	(0.012)
January 31, 2024	-	(5,334)	289,066	-
October 31, 2023	-	(9,049)	292,851	-
July 31, 2023	-	(4,968)	316,973	-
April 30, 2023	-	(16,786)	318,468	(0.006)
January 31, 2023	-	(15,271)	321,123	-
October 31, 2022	-	(19,728)	116,836	-
July 31, 2022	-	(4,998)	109,423	-

Outstanding Share Data

Common shares and convertible securities outstanding at August 26, 2024 were:

Security	Expiry Date	Exercise Price	Securities Outstanding	Common Shares on Exercise
Common shares	n/a	n/a	10,999,254	n/a

There are no currently warrants or options outstanding.

Event Subsequent to Year end

As of the date of this MDA, there are no material subsequent events requiring disclosure.

Risk Factors

The Company is exposed to credit risk and liquidity risk. The Company's primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Company's risks and the related exposure are consistent with its business objectives and risk tolerance. There have been no changes to the risks to which the Company is exposed or to the corresponding risk management strategies during the current period.

Credit risk

The Company's accounts receivable include amounts that are recoverable on account of harmonized sales tax. These amounts are subject to verification through audits that may be conducted by Canada Revenue Agency.

The accounts receivable do not contain any past due amounts and the Company has no history of bad debts.

Liquidity risk

The Company currently has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it to enable it to meet its obligations as they become due. Although the Company has been successful in the past in financing its activities, there can be no assurance that it will be able to do so in the future.

In addition to the financial risks noted above, given the Company's current status as an exploration stage company, there are numerous additional risk factors that could affect the Company's business prospects and future performance, including the following. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company's business prospects and future performance.

Additional capital

The exploration and development of the Company's mineral property interests will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on the Company's mineral property interests. The Company will also require additional funding to acquire further property interests. The ability of the Company to arrange such financing in the future will depend, in part, upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from treasury of the Company, control of the Company may change and security holders may suffer additional dilution.

Operating history

The Company has a very limited history of operations and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and an absence of revenues. There is no assurance that the Company will be successful in achieving a return on shareholder investment and the likelihood of success must be considered in light of its early stage of operations.

Highly speculative business

The nature of the Company's business is highly speculative due to its proposed involvement in the exploration, development and production of minerals. Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There is no assurance that any commercial quantities of critical elements will be discovered by the Company. The commercial viability of a mineral deposit, if discovered, depends upon a number of factors including the particular attributes of the deposit (principally size and grade), the proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes base metal prices to fluctuate substantially over short periods of time. Most of these factors are beyond the control of the Company. Mineral exploration and development are highly speculative and few properties that are explored are ultimately placed into commercial production.

Commodity price and exchange rate fluctuations

The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Key officers, consultants and employees

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success. The Company has not purchased any key-man insurance with respect to any of its directors, officers or consultants and has no current plans to do so.

Title

The mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and as a result, are subject to annual compliance with assessment work requirements. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers or land claims, including First Nations land claims and title may be affected by undetected defects. There is no guarantee that title to the Company's properties or its rights to earn an interest in its properties will not be challenged or impugned. Also, in many countries including Canada and the USA, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries in respect of resource properties.

Maintaining interests in mineral properties

The Company's continuing right to maintain its ownership of its mineral property interests will be dependent upon compliance with applicable laws and with agreements to which it is a party. There is no assurance that the Company will be able to obtain and/or maintain all required permits and licenses to carry on its operations. Additional expenditures will be required by the Company to maintain its interests in its properties. There can be no assurance that the Company will have the funds, will be able to raise the funds or will be able to comply with the provisions of the agreements relating to its properties which would entitle it to an interest therein and if it fails to do so its interest in certain of these properties may be reduced or be lost.

External market factors

The marketability and price of minerals which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. The Company will be affected by changing production costs, the supply or/and demand for minerals, the rate of inflation, the inventory levels of minerals held by competing companies, the political environment and changes in international investment patterns.

Governmental and regulatory requirements

Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may include requirements for the Company to take corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in the development of properties.

Environmental regulations
All phases of the Company's operations are subject to environmental regulation. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that environmental regulation will not adversely affect the Company's operations. Environmental hazards may exist on a property in which the Company holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means standards, and enforcement, fines and penalties for non-compliance are more stringent.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations in all of the countries in which it is active.

Conflicts of interest
Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (Ontario), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

Uninsured risks
The Company currently does not have liability insurance.

Competition in acquiring additional properties
Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable.

Dividend policy
No dividends on the common shares of the Company have been paid by the Company to date. The Company intends to retain its earnings, if any, to finance the growth and development of its business and has no present intention of paying dividends or making any other distributions in the foreseeable future.

Forward Looking Information

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiaries, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words “estimate”, “believe”, “anticipate”, “intend”, “expect”, “plan”, “may”, “should”, “will”, the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the Management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors and including the risk factors summarized above under the heading “Risk Factors”. New risk factors may arise from time to time and it is not possible for Management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Additional Information:

(1) Additional information about the Company may be found on SEDAR+ at www.sedarplus.ca.

(2) The technical content in this MD&A was reviewed and approved by Thomas Skimming, P.Eng, consultant to American Critical Elements Inc. and a Qualified Person as defined by National Instrument 43-101.

(3) Additional information is provided in the Company’s financial statements for the most recently completed financial reporting period (year-end April 30, 2024) which were prepared under IFRS.