

**ACME GOLD COMPANY LIMITED**

**Management's Discussion and Analysis – Quarterly Highlights**

For the Period Ended December 31, 2022

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**Overview**

This Management's Discussion and Analysis – Quarterly Highlights ("MD&A") of the financial position and results of operations of Acme Gold Company Limited ("Acme" or the "Company") is dated January 27, 2023. The MD&A should be read in conjunction with the condensed interim financial statements for the period ended December 31, 2022. The condensed interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts are presented in Canadian dollars, which is the Company's functional currency.

The information in this MD&A contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. (See "Cautionary Notes – Forward-looking Statements" below.)

The Company is in the process of exploring its exploration and evaluation assets (or "mineral properties") and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete development, and upon future profitable production.

The Company's certifying officers, based on their knowledge, having exercised reasonable due diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approves the financial statements and the MD&A and ensures that management has discharged its financial responsibilities. The Board of Directors review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

**Cautionary Notes – Forward-looking Statements**

Certain statements included in this MD&A may contain forward-looking statements that relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. These statements include, but are not limited to, statements concerning the future financial and operating performance of the Company and its search for resource properties; the future prices of natural resource based commodities; the estimation of reserves and resources; the realization of reserve estimates; timing of technical reports, scoping studies, and preliminary economic assessments; expected content of scoping studies and preliminary economic assessments; anticipated working-capital requirements; capital expenditures; costs and timing of future exploration; requirements for additional capital; government regulation of resource operations; environmental risks; title disputes or claims; and limitation of insurance coverage.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, general business and economic uncertainties; exploration and resource extraction

risks; uncertainties relating to surface rights; the actual results of current exploration activities; the outcome of negotiations; conclusions of economic evaluations and studies; future prices of natural resource based commodities; increased competition in the natural resource industry for properties, equipment and qualified personnel; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; the risk of arbitrary changes in law; title risks; the risk of loss of key personnel; and the effects of the COVID-19 pandemic on the economy and financial markets.

The forward-looking statements contained herein are based on a number of assumptions that the Company believes are reasonable but may prove to be incorrect. These assumptions include, but are not limited to, assumptions that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for natural resource based commodities develops as expected; that the Company receives regulatory approvals for its exploration projects on a timely basis; that the Company is able to obtain financing for its projects on reasonable terms; that the Company's reserve estimates are within reasonable bounds of accuracy and that the geological, operational and price assumptions upon which they are based are reasonable; and that the Company is able to hire the personnel needed to carry out its business plan.

The foregoing lists of factors and assumptions are not exhaustive. The reader should also consider carefully the matters discussed under the heading "Risks Factors and Uncertainties" elsewhere in this MD&A. Forward-looking statements contained herein are made as of the date hereof (or as of the date of a document incorporated herein by reference, as applicable). No obligation is undertaken to update publicly or otherwise revise any forward-looking statements or the foregoing lists of factors and assumptions, whether as a result of new information, future events or results or otherwise, except as required by law. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

## **Business Overview**

Acme was incorporated under the laws of British Columbia, Canada, on September 25, 2020. The Company's head office address is 992 East 13<sup>th</sup> Avenue, Vancouver, BC, V5T2L6. The registered and records office address is Suite 1170, 1040 West Georgia Street, Vancouver, BC, Canada, V6E4H1. Acme's principal business activity is the acquisition and exploration of mineral resource properties. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "AGE". Additional information regarding the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company obtained a listing on the Canadian Securities Exchange ("CSE") effective May 24, 2022 under the symbol "AGE", and commenced trading on May 26, 2022. On May 25, 2022 the Company completed a brokered public placement financing of 4,000,000 common shares at \$0.10 for total gross proceeds of \$400,000. These funds are for general and administrative expenses, and to fund the exploration of its Lemon Lake mineral property.

Effective April 26, 2022, the Company became a Reporting Issuer in the Canadian provinces of British Columbia and Alberta.

On February 18, 2021, the Company entered into a mineral property Option Agreement (the "Agreement") with Orogen Royalties Inc ("Orogen"). Pursuant to the Agreement, the Company has an option to acquire a 100% interest in the mineral claims known as the Lemon Lake Property (the "Property"), located in the Cariboo Mining District of British Columbia, by making a series of cash payments totaling \$575,000 to Orogen over a period of 5 years. In addition, the Company must commit to undertaking exploration work of \$3 million on the Property during that period. Orogen will retain a 1% Net Smelter Return ("NSR") on the Property after completion of the earn-in; the Company can purchase 0.25% of the NSR for \$1.5 million. Furthermore, the Company must make cash payments totaling \$700,000 to underlying vendors of the Property upon reaching specified dates and milestones. The underlying vendors also retain a 2% NSR, 1.25% of which can be purchased for \$2.5 million.

During the fiscal year ended September 30, 2022, the Company performed a Phase 1 exploration program of the Property. This exploration work comprised a 501 metre diamond drilling program in two holes that were completed on June 30, 2022. The Issuer's consulting geologist reviewed the assay results and prepared an Exploration Report summarizing the 2022 drilling program. In the Exploration Report the geologist recommended further analysis of the data. Certain detailed information on the results of the Phase 1 exploration program can be found in the Company's September 20, 2022 news release posted on SEDAR ([www.sedar.com](http://www.sedar.com)).

The Company has not yet developed an exploration plan on the Lemon Lake property for the spring of 2023. The decision to perform any additional exploration work is affected not only by the 2022 drilling program results, but also the commodities market with respect to the price of gold and copper, as well as the capital markets and the Issuer's ability to raise funds to perform further exploration of the Lemon Lake property.

At December 31, 2022, the Company had working capital of \$131,859. The current operations of the Company have primarily been funded by the issuance of capital stock. The Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing or generating profitable operations in the future.

#### **Qualified Person**

Ron Britten, Ph.D., P.Eng is the Qualified Person as defined under National Instrument 43-101 responsible for the technical disclosure in this document. Dr. Britten is a director of the Company and has either prepared or reviewed the technical information contained in this MD&A.

#### **Results of Operations**

##### **Three months ended December 31, 2022 (2023 Q1)**

The Company incurred \$26,411 (2022 Q1: \$31,438) in general and administrative expenses during the three month period ended December 31, 2022.

Pursuant to a Management Services Agreement, the Company incurred \$4,500 (2022 Q1: \$4,500) in management fees for the quarter, paid to a director and officer of the Company.

Professional fees include legal, audit, and tax services. During the 2023 Q1 period the company incurred audit fees of \$10,146 (2022 Q1: \$7,000) in connection with the audit of its fiscal year end September 30, 2022 financial statements. In the comparative 2022 Q1 period, the audit of the 2021 fiscal year was not fully completed, and only partially billed, at December 31, 2021. The company paid or accrued legal fees of \$5,097 (Q1 2021: \$5,000).

Regulatory fees of \$5,133 (2022 Q1: \$nil) consist of payments to various regulatory authorities and administrators including the, the CSE, news release dissemination services, and the Canadian Securities Administrators. The Company was not yet a reporting issuer during 2022 Q1, and was not obligated to make regulatory filings or pay any fees. Similarly, the Company did not retain a transfer agent until it obtained its CSE listing in May 2022.

The Company did not incur any new exploration expenditures in the 2023 Q1 period on its Lemon Lake property.

#### **Corporate, General, and Administrative**

##### **Directors and Officers**

On January 17, 2022, by unanimous consent resolution, the Company's shareholders elected the following individuals as directors of the Company:

Donald Crossley  
Jason Weber

Mark Lotz  
Ron Britten

At a directors meeting, the following committee and officer appointments were made:

Audit Committee – Jason Weber, Donald Crossley, Ron Britten  
Chief Executive Officer and President – Donald Crossley  
Chief Financial Officer and Secretary – Mark Lotz

The Company has scheduled an Annual General Meeting of Shareholders for February 22, 2023.

### **Management Agreements**

On January 1, 2021, the Company entered into a management agreement with a director and officer of the Company, whereby the Company will pay a quarterly management fee of \$4,500. The management services include general corporate administration; liaising with consultants, lawyers, and auditors; and maintaining the Company's business records.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties. These agreements have received regulatory approval where required.

### **Financing Activities**

There were no financing activities during the 2023 Q1 period.

### **Share Capital, Warrants, and Stock Options**

As of the date of this MD&A, there have been no changes in the issued share capital, warrants, or stock options from the information provided in the December 31, 2022 financial statements.

### **Liquidity and cash flow**

At December 31, 2022, the Company had working capital of \$131,859.

The above mentioned brokered \$400,000 financing provided funds both for the Company to continue its exploration activities and for general working capital purposes. However, the Company's ability to continue as a going concern is dependent on obtaining continued financial support, completing public equity financing, or generating profitable operations in the near future. Due to financial market conditions affecting the junior resource public company markets, the Company may not be able to secure additional financing.

### **Investor Relations**

The Company does not have any investor relations agreements. All investor relations activities are currently handled by management of the Company.

### **Related Party Transactions**

In addition to certain related party transactions mentioned above, the Company had transactions with related parties, as are summarized below.

The Company's related parties consist of individuals who are executive officers and/or directors of the Company, or are directly related to a director of the Company.

The Company incurred the following fees and expenses in connection with compensation of individuals who are key management and directors, and to companies related to these individuals.

	Period ended December 31,	
	2022	2021
Management fees	\$ 4,500	\$ 4,500
Professional fees	5,097	5,000
Share-based compensation	-	14,800
	\$ 9,597	\$ 24,300

During the period ended December 31, 2022, the Company paid or accrued legal fees in the amount of \$5,097 (2022 Q1 - \$5,000) to a company controlled by a family member of a director and officer of the Company.

Accounts payable and accrued liabilities includes \$3,408 (2021 Q1 - \$5,000) owed to related parties.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount established and agreed to by the related parties.

### **Risk Factors and Uncertainties**

The Company's ability to generate revenue and profit from its natural resource properties, or any other resource property it may acquire, is dependent upon a number of factors, including, without limitation, the following:

#### **Precious and Base Metal Price Fluctuations**

The Company's ability to finance its mineral property acquisition, exploration and eventual development is dependent upon the market price of certain precious and base metals. The price of such metals has fluctuated widely and is affected by numerous economic and political factors, consumption patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and productivity, metal substitutes and stock levels. These fluctuations may result in the Company not receiving an adequate return on invested capital or the investment retaining its value.

#### **Operating Hazards and Risks**

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards, risks and liabilities normally incidental to exploration, development and production of precious and base metals.

#### **Exploration and Development**

There is no known body of commercial ore on the Company's mineral properties. Development of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few exploration properties are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any commercially viable discoveries.

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes and the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

### **Calculation of Reserves and Mineralization and Precious and Base Metal Recovery**

There is a degree of uncertainty attributable to the calculation of reserves and mineralization and corresponding grades being mined or dedicated to future production. In addition, there can be no assurance that precious or other metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

### **Government Regulation**

Operations, development, and exploration on the Company's properties are affected to varying degrees by government regulations relating to such matters as environmental protection, health, safety, and labour; mining law reform; restrictions on production; price controls; tax increases; maintenance of claims; tenure; and expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations.

### **Environmental Factors**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving and requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties, which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

### **Title to Assets**

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and therefore, the precise area and location of such claims may be in doubt.

The Company's claims may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

### **Climate Change**

The Company's current business and exploration activities are not a significant contributor to the greenhouse gases that are commonly believed to be responsible for climate change and a source of adverse weather patterns. The Company does not currently believe climate change will have a significant impact on its future operations. However, there is no assurance that future changes in the environment resulting from climate change will not adversely affect the Company's operations.

### **COVID-19**

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on the Company's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the Company's business, financial condition or results of operations. The extent to which the COVID-19 outbreak impacts the Company's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

### **Off Balance Sheet Arrangements**

The Company has no off balance sheet arrangements.