



SURFACE METALS INC.

(Formerly ACME LITHIUM INC.)

Management Discussion and Analysis

**As at and for the Periods Ended December 31, 2025 and 2024
With Comparative figures as at September 30, 2025)**

This report is dated February 25, 2026
(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 Surface Metals Inc. (Formerly ACME Lithium Inc.) (“Surface” or the “Company”) for the period ended December 31, 2025. This MD&A should be read in conjunction with the interim condensed consolidated financial statements for the period ended December 31, 2025 and audited consolidated financial statement for the Fiscal year ended September 30, 2025, (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 25, 2026. 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

This report may contain forward-looking statements. The words “expect,” “anticipate,” “estimate,” “may,” “will,” “should,” “intend,” “believe,” “target,” “budget,” “plan,” “projection” and similar expressions are intended to identify such forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations, or if and when an undeveloped project is actually developed.

Forward-looking statements involve a number of known and unknown risks and uncertainties including statements regarding the outlook of Surface’s business and results of operations. By their nature, these risks and uncertainties could cause actual results, performance and achievements to differ materially from those indicated. Such factors include, without limitation, risks inherent in mineral exploration, changes in commodity prices, geological and metallurgical assumptions (including with respect to size, grade and recoverability of mineral resources and mineral reserves), the Company’s history of operating losses and uncertainty of future profitability, uncertainty of access to additional capital, environmental risks. In making the forward-looking statements in this MD&A, the Company has applied material assumptions, including without limitation, the assumption that any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, weak commodity prices and general metal price volatility; the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand; and securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations. The Company cannot assure investors that any of these assumptions will prove to be correct.

Surface disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as is required by applicable securities regulations. 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 are also advised to consider such forward-looking statements while considering the risk factors set forth in this MD&A.

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. On November 23, 2020, the Company changed its name from Hapuna Ventures Inc. to ACME Lithium Inc. and changed its principal business from technology to a mineral exploration company. On April 28, 2025, the Company changed its name from ACME Lithium Inc. to Surface Metals Inc. to include other metals in its portfolio in addition to lithium.

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 "SUR", on the OTCQB Venture Market ("OTCQB") under the symbol "SURMF".

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. 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. 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.

During the year ended September 30, 2025, the Company consolidated the issued share capital on the basis of three (3) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these Financial Statements have been retroactively restated to reflect the Consolidation.

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.

As at December 31, 2025, the Company’s exploration and evaluation expenditures as follows:

	Clayton Valley, Nevada	Fish Lake Valley, Nevada	Cimarron Property, Nevada	Total
	\$	\$	\$	\$
Acquisition costs				
Balance, September 30, 2025	2,197,430	323,073	193,041	2,713,544
Additions – cash	-	-	35,655	35,655
Additions – common shares	-	-	40,000	40,000
Foreign currency translation	(35,414)	(5,207)	-	(40,621)
Balance, December 31, 2025	2,162,016	317,866	268,696	2,748,578
Exploration and evaluation costs				
Balance, September 30, 2025	5,888,313	330,575	28,786	6,247,674
Geological surveys	-	3,550	5,660	9,210
Foreign currency translation	(94,894)	(5,328)	-	(100,222)
Balance, December 31, 2025	5,793,419	328,797	34,446	6,156,662
Total, December 31, 2025	7,955,435	646,663	303,142	8,905,240

CURRENT AND ACTIVE MINERAL PROJECTS:

CLAYTON VALLEY PROPERTY, NEVADA

The Company holds an option to acquire a 100% interest in 119 placer claims covering approximately 2,230 acres in Clayton Valley, Nevada. Work completed to date includes geophysical surveys, Phase 1 and Phase 2 drilling, and hydrological testing. Results confirm the presence of lithium-bearing brines within the Lower Gravel Unit aquifer, with lithium concentrations up to 130 mg/L. An independent hydrological evaluation, supported by drill data, resulted in an inferred lithium carbonate equivalent resource estimate of approximately 302,900 metric tons (National Instrument 43-101 technical report, March 2024). The Clayton Valley project remains the Company's flagship lithium brine asset.

On May 12, 2021, the Company entered into an option agreement with GeoXplor Corp ("Vendor" or "Operator") to acquire a 100% interest in the 64 claims 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 commitments to exercise its option:

	Cash Payment	Common Shares*	Exploration expenditures
	\$ (in USD)	#	\$ (in USD)
On the Approval Date March 2, 2021 (paid and issued)	78,500	250,000	-
On or before March 2, 2022 (paid, issued and incurred)	50,000	250,000	250,000
On or before March 2, 2023 (paid, issued and incurred)	50,000	250,000	500,000
On or before March 2, 2024 (paid, issued and incurred)	50,000	333,333	1,000,000
On or before March 2, 2025 (paid, issued and incurred)	50,000	666,667	1,000,000
Total	278,500	1,750,000	2,750,000

In addition to the cash payments, share issuances and expenditures, the Company shall:

- (a) on or before the 5th anniversary of the Effective Date (the "Initial Term"), prepare and deliver to the Vendor a "Pre-Feasibility Study" (as defined in the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum Council) in respect of the Property.
- (b) upon delivery of a Pre-Feasibility Study in accordance with paragraph 3.2(a), the Company shall, at the sole election of the Vendor, (i) pay the Vendor US\$1,000,000, or (ii) issue to the Vendor such number of common shares of the Company having a fair market value of US\$1,000,000 determined as at the date of delivery of the Pre-Feasibility Study, or (iii) pay and issue a combination of cash and common shares as specified by the Vendor; and
- (c) in the event the Company has not identified inferred resources of at least 300,000 tons of lithium carbonate equivalent (LCE) by the end of the Initial Term, the Company shall have the right, by giving written notice to that effect to the Vendor, to extend the Initial Term (and thus the date for preparation and delivery of the Pre-Feasibility Study) for up to an additional 2 years. If the Company extends the Initial Term by 1 year the Company shall issue an additional 1,000,000 common shares to the Vendor on the 5th anniversary of the Effective Date, and if the Company extends the Initial Term by 2 years the Company shall also issue an additional 1,000,000 common shares to the Optionor on the 6th anniversary of the Effective Date unless the Optionee has terminated this Letter of Intent or abandoned the Option prior to the 6th anniversary of the Effective Date.

As additional consideration, but not forming part of the Option exercise price, upon a decision to commence commercial production from the Property being made by the Company, the Company shall either, at the sole election of the Vendor, (i) pay the Vendor US\$1,000,000, or (ii) issue to the Vendor such number of common shares of the Company having a fair market value of US\$1,000,000 determined as at the date of public announcement of the decision to commence commercial production.

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

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. In connection with the option agreement entered with the arm's length party, the Company is required to 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 June 9, 2021, the Company acquired by staking the 58 new claims ("JR claims") encompassing approximately 1,160 acres contiguous to the Company's Project Claims located in Clayton Valley, Esmeralda County, Nevada and are contiguous as well to the northwest with the only lithium brine production operation in North America, NYSE listed Albemarle's Silver Peak Lithium mine, which has been in production since 1966.

On August 10, 2021, the Company commenced Phase 1 of a two-phase geophysical survey program at ACME US's Clayton Valley project in Nevada which entailed a gravity survey. The results have been used to prioritize drill locations to test for lithium concentrations within brines. The lithium source material and transport mechanisms for the Project Claim area are present and could be similar to those that have supplied Clayton Valley lithium-bearing brines and may be conducive to increased lithium-bearing brine concentrations.

On November 10, 2021, the Company completed Phase 2 of the Hasbrouck Geophysics survey program at Clayton Valley, Nevada.

On December 20, 2021, the Company filed Notice of Intent (NOI) with the Bureau of Land Management (BLM) to cover up to a three-hole drill program up to a depth of 500 meters focused on prospective lithium-brine targets as defined by the recent geophysical work. On February 7, 2022, the Company received a letter of approval under a "NOI to drill" from the BLM, Tonopah field office Nevada, for ACME's drill program at its Clayton Valley lithium brine project. The NOI covers a multi-hole drill program up to a depth of 500 meters and focuses on the most prospective lithium brine targets as defined by recent geophysical work, in addition to drill road access and site preparation. On January 24, 2022, a \$30,561 (US\$24,197) bond was accepted and implemented with the BLM to cover reclamation of up to 3.55 acres of permitted disturbance.

In June 2022, the Company commenced a Phase 1 drill program at its Clayton Valley lithium brine project. Phase 1 consists of the advancement of an HQ core hole up to 500 meters at location DH-1 to assess lithology, permeability features, clay, sand and gravel content, and lithium brine potential.

On July 1, 2022, the Company assigned 100% rights, title, interest in Clayton Valley Property, Nevada and FLV Property, Nevada to its wholly owned subsidiary ACME Lithium US Inc. (ACME US") for a gross consideration of \$1.

In August 2022, the Company received sample results, from DH-1 hole. DH-1 was drilled to a total depth of 1,400 feet (427 meters) below ground surface and intersected multiple productive horizons including the targeted basal gravel aquifer at an approximate depth of 1,250 feet (381 meters) below ground surface (bgs). Samples of brine were taken from DH-1 at various intervals and were sent to an independent lab and analyzed for lithium and other elements typical of lithium enriched brine systems. Target sampling zones and depths were based on the results of the geophysical surveys, interpretations of the drilled lithology, and field observations including fluid conductivity and salt precipitation on the exposed core. The following provides a summary and preliminary assessment of the laboratory analytical results and lithium assays from DH-1:

Lithium Concentrations Across Test Intervals

Hole Depth (Feet)	No. of Samples Collected	Average Lithium Concentration (mg/L)	Unit	Unit Description
195' to 479'	5	41.4	LCU	Lower Clastic Unit
479' to 1180'	15	62.5	LGU/LCU	Transition Between Lower Gravel Unit and Lower Clastic Unit
1180' to 1250'	2	110.0	CAU	Lacustrine Tuff
1250' to 1400'	3	126.6	LCU/LGU	Transition Between Lower Clastic Unit and Lower Gravel Unit

Prospective basin sediments have been encountered and delineated as highly probable for aquifer units based on permeability features, lithology and color. The core is consistent with the known basin stratigraphy. Most notably, an upper volcanic ash unit was encountered from 181 feet to 195 feet which is consistent with the depth and composition of the Main Ash Unit (MAU) in Clayton Valley. Multiple permeability features consisting of coarse sands and gravels, and sand and gravel with weak clay matrix were encountered from approximately 479 feet to 1400 feet TD. From the logged core, these permeability features increased in frequency and in depth below the silt and clay-dominated stratigraphy higher in the hole above 479 feet. A second ash layer or lacustrine tuff was encountered from 1,180 to 1,250 feet which also exhibits characteristics of a potential lithium-bearing aquifer deeper in the depositional sequence in Clayton Valley.

These samples were sent to an independent lab to be analyzed for lithium, boron and other minerals typical of lithium-enriched brine systems. The Company's significant new lithium discovery-initiated Phase 2 planning and procurement of an expanded drilling and pump test program.

On November 7, 2022, ACME US received a Decision Letter of approval under an amended "NOI to Drill" from the BLM, Tonopah field office Nevada, for ACME US'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, ACME US 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 ACME US, 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 surface project. The VWP has been used to monitor response from the TW-1 pumping test.

In April to June 2023, ACME US 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 Surface'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 higher 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 US's Phase 1 drill 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, ACME US 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, ACME US received the exploration summary and hydrological evaluation report from Reno, Nevada based Confluence Water Resources LLC ("Confluence") for ACME US'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, ACME US received National Instrument 43-101 technical report confirming an exploration summary and hydrological evaluation report.

At Clayton Valley, a few optioned and held claims within our project area have been over-staked by neighbouring Albermarle Corporation. Albermarle is seeking approval from the BLM to amend its Plan of Operations such that it may overlap or encroach upon a small portion of the claims rightfully held by Surface Metals. We are requesting additional information from the BLM and Albermarle to better understand how this potential amended Plan of Operations might affect our project area.

**Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024**

As at December 31, 2025, the Clayton Valley project has a carrying value of \$7,955,435 (September 30, 2025 – \$8,085,743) which includes \$5,793,419 (September 30, 2025 – \$5,888,313) in exploration expenditures.

FISH LAKE VALLEY (FLV) PROPERTY, NEVADA

The Company holds 81 lode mining claims covering approximately 1,694 acres in Fish Lake Valley, Nevada. Exploration work has included gravity and HSAMT surveys, geological sampling, and application of synthetic aperture radar (SAR) technology. Surface sampling has returned lithium values up to 1,418 ppm. Although a property option was entered into with a third party in 2024, this agreement was terminated later that year.

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 33,333 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, ACME US 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 US'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 US'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 US.

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 US commenced a Geophysical Program at FLV and 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, ACME US 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 US 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 US 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.

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management’s Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

In February to March 2023, ACME US completed phase 2 geochemistry sampling program to develop further knowledge of lithium occurrences at FLV claim group. ACME US 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, ACME US 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, ACME US received a termination notice from the arm’s length party with regards to the LOI Agreement.

On March 9, 2023, ACME US 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, ACME US entered into a property option agreement (the “Option Agreement”) with an arm’s length third party (the “Optionee”), whereby, ACME US 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, ACME US has received an aggregate of \$94,451 (USD \$70,000) towards the Option Agreement, which was recorded as a recovery on the mineral property (2024 – \$27,040). On December 13, 2024, the Option Agreement was terminated by the Optionee.

As at December 31, 2025, the FLV claim group has a carrying value of \$646,663 (September 30, 2025 – \$653,648) which includes \$328,797 (September 30, 2025 – \$330,575) in exploration expenditures.

On August 31st, 2025, the FLV claim group was reduced to 81 core claims totalling 1694 acres.

CIMARRON PROERTY, NEVADA

On April 9, 2025, the Company acquired a 90% interest in the Cimarron Gold Project located in the San Antonio Mountains of Nye County, Nevada, from Crestview Exploration Inc. The project consists of 31 unpatented lode mining claims and is recognized as a shallow oxide gold system with historical drilling that returned encouraging gold values. The Cimarron property remains underexplored and provides the Company with exposure to a precious metals project alongside its lithium portfolio.

The Company’s commitments in relation to the Cimarron agreement are summarized below:

	Cash Payment	Common Shares
	\$ (in USD)	#
On or before April 15, 2025 (paid)	89,000	-
On closing date of the agreement (April 9, 2025) (paid and issued)	35,000	166,667
Within six months of closing date (October 9, 2025) (paid and issued)	25,000	166,667
Total	149,000	333,334

As at December 31, 2025, the Cimarron claims has a carrying value of \$303,142 (September 30, 2025 – \$221,827).

During the period ended December 31, 2025, the Company completed a comprehensive historical drill database compilation and review for its Cimarron Gold Project. The study confirms substantial exploration upside, with multiple mineralized zones remaining open along strike and at depth. The validated and digitized database includes 234 historical drill holes totaling approximately 18,066 metres. Nearly 30% of these primarily shallow

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management’s Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

holes terminate within mineralization, underscoring the potential for expansion through deeper drilling. Significant intercepts include 32.01 metres grading 2.23 g/t Au and 56.39 metres grading 0.52 g/t Au, outside the boundaries of the approximately 50,000 Oz gold resource estimate.* The limited drilling also shows the gold system is open directionally along strike, with indications that the 3 main isolated zones merge at depth.

* The historic drilling identified a shallow oxide gold resource outlining greater than 50,000 ounces of gold (Peter Hahn, Budge Mining Ltd. report dated February 17, 1987). The resource for the Property was never made 43-101 compliant as the data predated the practice. This resource estimate has not been verified by Surface Metals, its QP or other independent advisors and should not be relied upon. The resource is not considered current by Surface Metals or its QP, and the resource category is unknown under current CIM Definition Standards. New drilling will be required to verify and upgrade any past estimates. The historic information is considered relevant to assist in determining future exploration and drilling strategies.

SHATFORD LAKE, CAT-EUCLID LAKE AND BIRSE LAKE PROPERTIES

During the year ended September 30, 2025, the Company controlled approximately 17,000 acres in southeastern Manitoba, Canada, covering prospective lithium pegmatite-bearing ground. Drilling completed in 2023 intersected multiple pegmatites, confirming anomalous lithium, tin, and tantalum geochemistry. In January 2024, the Company entered into an option agreement with Snow Lake Resources Ltd., under which Snow Lake may earn up to a 90% interest in the Manitoba projects through staged cash payments and exploration expenditures. In December 2025, Snow Lake Resources Ltd. Purchased a 100% interest in the property.

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 Surface’s land holdings in southeastern Manitoba to approximately 17,000 acres or 70 square kilometers.

On January 29, 2024, the Company entered into a property option agreement with Snow Lake Resources LTD. (“Snow Lake”) pursuant to which Surface will grant Snow Lake the option to earn up to 90% undivided interest in the mineral claims held by Surface 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 \$500,000 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 (received, incurred)	150,000	600,000	51
Second year (received)	500,000	1,200,000	90
Total	800,000	1,800,000	90

In December 2025, the third party earned the 90% interest. In addition, it elected to pay an additional \$150,000 to buy-out the final 10% interest in the property. The fair value of the consideration received of \$650,000, is less than the carrying value of the property of \$3,867,288, as a result, during the year ended September 30, 2025, an impairment charge of \$3,217,288 was recorded through the consolidated statement of loss and comprehensive loss. No impairment indicators were identified during the three-month period ended December 31, 2025.

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

SUMMARY OF QUARTERLY RESULTS

	Q1 December 31 2025	Q4 September 30 2025	Q3 June 30, 2025	Q2 March 31, 2025
	\$	\$	\$	\$
Expenses	(289,749)	(191,905)	(442,181)	(127,832)
Loss before other comprehensive income	(255,904)	(3,392,354)	(435,740)	(113,149)
Loss and comprehensive (loss)	(396,644)	(3,214,677)	(887,283)	(122,713)
Basic and diluted loss per share	(0.01)	(0.12)	(0.01)	(0.00)
Total assets	10,188,261	10,200,711	13,419,083	13,219,952
Working capital	827,527	792,402	390,481	(191,940)

	Q1 December 31, 2024	Q4 September 30, 2024	Q3 June 30, 2024	Q2 March 31, 2024
	\$	\$	\$	\$
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 (deficiency)	(139,144)	55,251	303,494	264,422

During the period ended December 31, 2025, the net losses increased significantly mainly due to spending on marketing of \$109,000.

During the period ended September 30, 2025, the net losses increased significantly mainly due to writing off Manitoba properties of \$3,217,288.

During the quarter ended June 30, 2025, the net losses increased significantly mainly due to share-based compensation of \$292,978.

During the quarter ended March 31, 2025, net losses narrowed as compared to previous periods due to improved cost controls by the management.

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

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

The Company experienced a working capital deficiency during the periods ended December 31, 2024, and March 31, 2025. This temporary shortfall was primarily attributable to a delay in the anticipated timing of equity financing required to meet general working capital and exploration commitments. This liquidity position was subsequently rectified during the quarter ended June 30, 2025. On May 16, 2025, the Company successfully closed a non-brokered private placement for gross proceeds of \$958,925.

OVERALL PERFORMANCE AND OPERATIONAL ACTIVITIES

Three months ended December 31, 2025 and 2024

For the three months ended December 31, 2025, the Company incurred a loss before other comprehensive income of \$255,904 (December 31, 2024 – \$152,230). The loss increased in the current period mainly due to the increased spending on marketing. Total expenses incurred during the quarter were \$289,749 (December 31, 2024 – \$155,242).

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

The difference between loss before other comprehensive income for the three-month period ended December 31, 2025, compared to prior year same period was primarily due to the following significant changes:

- Management fees of \$ 52,500 (2024 – \$65,500) 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.
- Business development expense of \$116,467 (2024- \$5,890) mostly related to the engagement of independent consultant for online financial marketing campaign for a fee of \$109,000.
- Accounting and audit fees of \$20,500 (2024 – \$18,254) increased slightly compared to the previous period because in previous period, excess year end accrual was reversed leads to lower fees.
- Regulatory and filing fees of \$16,262 (2024 – \$11,417) refers to the regulatory expenses related to various filings and listing requirements. There is a slight increase in the current period due to cost related to the year-end filings and the private placements closed.
- Share based payment of \$26,563 (2024 – Nil) paid or accrued to the consultant of the company during the period.
- Office and general of \$9,018 (2024 - \$17,718) decreased significantly due to reduction in operating activities during the current period.
- Legal fees of \$3,019 (2024 – \$109) increased legal fee related to the legal compliance related to the Nevada properties.
- Property investigation fees of \$Nil (2024 – \$1,657) decreased significantly during the current period as there is no exploration activities on the properties.

CASH FLOWS

Sources and Uses of Cash	December 31, 2025	December 31, 2024
Cash Sourced (used) in operating activities	\$327,778	\$(105,201)
Cash sourced (used) in investing activities	(44,865)	(14,533)
Cash sourced (used) in financing activities	295,268	(13,979)
Effect of exchange rate on cash	102	(12,389)
Total change in cash	\$ 578,283	\$(146,102)

Operating Activities

For the period ended December 31, 2025, net cash sourced by operating activities was \$327,778 compared to the use of \$105,201 from the same period in the previous year. During the current period, the net cash inflow is positive mainly because of receipt of \$650,000 from Manitoba mineral assets held for distribution. The other variances are explained under the *Overall Performance and Operating Activities section*.

Investing Activities

For the period ended December 31, 2025, net cash outflow in investing activities of \$44,865 (2024 - \$14,533) related to the exploration and evaluation expenditure.

Financing Activities

For the period ended December 31, 2025, the net cash inflow of \$295,268 consists of \$309,500 proceeds from issue of common shares net of share issuance costs and lease liability payment of \$14,232. In prior year period, the net outflow of \$13,979 consists of lease liability payment. (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, 2025, resulted in a net cash increase of \$578,181 (December 31, 2025 – \$133,713 decrease). As at December 31, 2025, the Company's cash balance was \$844,556 (September 30, 2025 – \$266,273) and the Company had working capital of \$827,527 (September 30, 2025 – working capital of \$792,402) 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, 2025, the Company has an accumulated deficit of \$12,356,482 (September 30, 2025 – \$12,100,578) 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 or option payments from Snow Lake in order to meet business objectives of achieving profitable business operations.

On November 27, 2025, the Company closed a first tranche of its non-brokered private placement financing and received gross proceeds of \$320,000 by issuing 1,600,000 units at \$0.20 per unit. Each unit comprised of one common share and one-half transferable common share purchase warrants exercisable at a price of \$0.40 for 2 years from the closing date of the Offering. The company has paid \$10,500 as finder fee and issued 52,500 finder warrants exercisable on the same terms as the warrants forming part of the units.

On February 16, 2026, the Company entered into a Digital Marketing Agreement with an independent contractor to provide digital marketing services for a 6-month period commencing on February 16, 2026, with a value of USD\$150,000. This initiative is designed to support the Company's ongoing efforts to enhance its shareholder communication following the completion of the Cimarron Gold Project database compilation.

Based on current expenditures of approximately \$70,000–\$80,000 per month, management estimates existing cash will fund operations for approximately 7–10 months following the March 2026 royalty payment.

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 when they are declared by the Board of Directors.

Issued and Outstanding Common Shares

As of December 31, 2025, the Company has a total issued and outstanding common shares: 45,359,245 (September 30, 2025 – 43,592,575).

Outstanding share data

As at December 31, 2025, and the Report Date, the following table summarizes the outstanding share capital of the Company:

	December 31, 2025	Report Date
Common Shares	45,359,245	45,359,245
Warrants	15,109,334	15,109,334
Options	3,108,335	3,108,335
Total, Fully Diluted	63,576,914	63,576,914

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

Potential proceeds from Outstanding Warrants and Options

Instrument	Number Outstanding	Exercise Price	Expiry Date	Potential Proceeds
Options	441,667	\$2.40	09-Jul-26	\$1,060,001
Options	166,668	\$3.84	14-Apr-27	\$640,005
Options	2,250,000	\$0.15	27-May-30	\$337,500
Options	250,000	\$0.26	07-Nov-27	\$63,750
Warrants	4,916,334	\$0.30	28-Feb-27	\$1,474,900
Warrants	9,340,500	\$0.07	16-May-28	\$653,835
Warrants	852,500	\$0.40	27-Nov-27	\$341,000
Total	18,217,669			\$4,570,991

As of the date of this report, the likelihood of the Company receiving these proceeds is primarily dependent on the market price of the Company's common shares. Specifically, the options with exercise prices of \$2.40 and \$3.84 are currently "out-of-the-money" relative to recent trading levels and are less likely to be exercised in the near term unless there is significant appreciation in the share price.

During the year ended September 30, 2025, the Company consolidated the issued share capital on the basis of three (3) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these Financial Statements have been retroactively restated to reflect the Consolidation.

Share Issuances

Transactions during the period ended December 31, 2025:

On November 27, 2025, the Company closed a non-brokered private placement financing and received gross proceeds of \$320,000 by issuing 1,600,000 units at \$0.20 per unit. Each unit comprised of one common share and one-half transferable common share purchase warrants exercisable at a price of \$0.40 for 2 years from the closing date of the Offering. The company has paid \$10,500 as finder fee and issued 52,500 finder warrants exercisable on the same terms as the warrants forming part of the units.

On October 10, 2025, 166,666 shares with a fair value of \$0.24 amounting to \$40,000 were issued as per the mineral property purchase agreement of Cimarron property.

Transactions during the year ended September 30, 2025:

On May 16, 2025, the Company closed a non-brokered private placement financing (the "Offering") and received proceeds of \$958,925 by issuing 17,435,000 units at \$0.055 per unit. Each unit comprised of one common share and one-half of one transferable common share purchase warrants exercisable at a price of \$0.07 for 3 years from the closing date of the Offering. The company has paid \$34,265 as finder fee and issued 623,000 warrants exercisable on the same terms as the warrants forming part of the units.

On April 10, 2025, 166,667 shares with a fair value of \$0.09 amounting to \$15,000 were issued as per the mineral property purchase agreement of Cimarron property.

On March 3, 2025, 666,667 common shares with a fair value of \$0.105 amounting to \$70,000 were issued as per the mineral property acquisition agreement of Clayton Valley, Nevada.

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.

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

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.

Transactions during the period ended December 31, 2025:

On November 7, 2025, the Company granted an aggregate of 250,000 incentive stock options to a third party consultant as per the Company's Stock Option Plan, with an exercise price of \$0.255 per share for a period of two years from the date of grant. 250,000 options will be fully vested on March 7, 2026. The estimated fair value of the options was \$53,126. The Company expensed the \$26,563 amount as share-based compensation during the period ended December 31, 2025. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.44%; expected life - 2 years; expected volatility - 252.64%; forfeiture rate - Nil and expected dividends - Nil.

The Company accepted voluntarily surrender request of 499,999 options issued on April 14, 2022 at \$3.84 (post consolidation).

Transactions during the year ended September 30, 2025:

On May 27, 2025, the Company granted an aggregate of 2,250,000 incentive stock options to directors and officers as per the Company's Stock Option Plan, with an exercise price of \$0.15 per share for a period of five years from the date of grant. 2,250,000 options were fully vested on grant date. The estimated fair value of the options was \$292,978. The Company expensed the entire amount as share-based compensation during the year ended September 30, 2025. The options were fairly valued using Black-Scholes Option Pricing Model with the following assumptions: average risk-free rate - 2.85%; expected life - 5 years; expected volatility - 131.44%; forfeiture rate - Nil and expected dividends - Nil.

As at December 31, 2025, the Company has 3,108,335 incentive stock options outstanding (September 30, 2025 – 3,358,334). A summary of the movements of the stock options is presented below:

Period ended	December 31, 2025		September 30, 2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning	3,358,334	\$ 1.18	1,183,334	\$ 3.30
Granted	250,000	0.02	2,250,000	0.15
Expired	(499,999)	0.21	(75,000)	3.90
Outstanding, end of the period	3,108,335	1.24	3,358,334	1.18
Exercisable	2,858,335	\$ 1.24	3,358,334	\$ 1.18

The following table summarizes information regarding stock options outstanding as of December 31, 2025:

Date issued	Number of options outstanding	Exercise price	Expiration date
July 9, 2021	441,667	\$ 2.40	July 9, 2026
April 14, 2022	166,668	3.84	April 14, 2027
May 29, 2025	2,250,000	0.15	May 27, 2030
November 7, 2025	250,000	0.255	November 7, 2027
Total options outstanding	3,108,335	\$ 1.24	
Total options exercisable	2,858,335	\$ 1.24	

The weighted average remaining life of the options is 3.48 years (September 30, 2025 – 3.53 years).

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

Warrants

A summary of changes in the Company's share purchase warrants outstanding for the periods ended December 31, 2025 and September 30, 2025 is as follows:

	December 31, 2025		September 30, 2025	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning	1,4585,666	\$ 0.17	7,045,061	\$ 0.90
Granted	852,500	0.04	9,340,500	0.07
Expired	(328,832)	0.17	(1,799,895)	2.56
Outstanding, end of period	15,109,334	\$ 0.16	1,4585,666	\$ 0.17

Finders' warrants

Transactions during the period ended December 31, 2025:

On November 27, 2025, the Company granted 52,500 warrants to finders with an exercise price of \$0.40 per share for two years following date of grant. The estimated fair value of the warrants was \$14,435, recorded during the period ended December 31, 2025, 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 – 2.40%; expected life – 2 years; expected volatility – 252.53%; forfeiture rate – Nil and expected dividends – Nil.

Transactions during the year ended September 30, 2025:

On May 16, 2025, the Company granted 623,000 warrants to finders with an exercise price of \$0.07 per share for three years following date of grant. The estimated fair value of the warrants was \$35,014, recorded during the year ended September 30, 2025, 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 – 2.55%; expected life – 3 years; expected volatility – 146.34%; forfeiture rate – Nil and expected dividends – Nil.

The following table summarizes information regarding share purchase warrants outstanding as of December 31, 2025:

Date issued	Number of warrants	Exercise price	Expiry date
February 29, 2024	4,916,334	0.30	February 28, 2027
May 16, 2025	9,340,500	0.07	May 16, 2028
November 27, 2025	852,500	0.40	November 27, 2027
	15,109,334		

*During the period ended December 31, 2025, a total of 328,832 warrants with exercise price between \$0.45 and \$0.90 respectively expired unexercised.

During the year ended September 30, 2025, a total of 571,076 and 1,228,819 warrants with exercise price of \$1.40 and \$1.80 respectively expired unexercised.

The weighted average exercise price of warrants as of December 31, 2025, is \$0.16, and the weighted average remaining life of the warrants is 1.95 years (September 30, 2025 – \$0.17 and 2.16 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. Any transactions with the related parties in the normal course of operations are measured at the fair value amount of consideration established and agreed to by the related parties. Any amounts due to/receivable from related parties are unsecured, non-interest bearing and have no specific repayment terms.

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management's Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

All related party transactions are reviewed and approved by the Board of Directors.

As at December 31, 2025, the Company has \$7,250 (September 30, 2025 - \$7,250) receivable from the CEO and Directors related to the management fees and director fees.

During the periods ended December 31, 2025 and 2024, the Company entered the following transactions with related parties:

	December 31, 2025	December 31, 2024
Management fees	\$ 52,500	\$ 65,000
Directors' fees	5,000	5,000
Accounting fees	10,500	8,492
Total	\$ 68,000	\$ 78,992

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

	December 31, 2025	December 31, 2024
Company controlled by the CEO - Stephen Hanson	\$ 36,000	\$ 45,000
Company controlled by the CFO - Zara Kanji	16,500	20,500
Total	\$ 52,500	\$ 65,500

(b) Accounting fees of \$10,500 were paid to a company controlled by the Company's CFO and Corporate Secretary, Zara Kanji (December 31, 2024 – \$8,492).

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

	December 31, 2025	December 31, 2024
Director - Ioannis Tsitos	\$ 2,500	\$ 2,500
Company controlled by a Director - Vivian Katsuris	2,500	2,500
Total	\$ 5,000	\$ 5,000

On April 3, 2025, the Company entered an interest free loan agreement with the CEO, whereby the Company received \$180,000 for the payment related to the acquisition of Cimarron property. The loan is repayable on earliest of the company closing a private placement of at least \$500,000 or nine months following the date of the loan agreement. The Company has repaid the loan in full on May 22, 2025.

During the period ended December 31, 2025, the Company received an interest free loan with the CEO, whereby the Company received \$60,000 for the working capital requirement. On December 2, 2025, the loan was repaid in full.

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, 2025, 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 \$18,308,856. 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, 2025, the Company had a working capital of \$827,527 (September 30, 2025 – \$792,402). Management expects to raise additional capital from the capital markets or from private placements of securities. There has been no change to the management of capital during the period ended December 31, 2025.

SUBSEQUENT EVENTS

On February 16, 2026, the Company entered into a digital marketing agreement for USD \$150,000. The agreement is expected to be funded from working capital.

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 discussed in Note 17 of Interim Condensed consolidated financial statements for the period ended December 31, 2025.

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.

Surface Metals Inc. (Formerly ACME Lithium Inc.)
Management’s Discussion and Analysis for the Periods Ended December 31, 2025 and 2024

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

		December 31, 2025	September 30, 2025
Cash and cash equivalents	USD\$	\$32,703	\$2,162
Prepaid expense	USD\$	71,102	28,069
Reclamation bond	USD\$	63,144	63,126
Accounts payable and accrued liabilities	USD\$	(63,324)	(62,461)

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 \$14,000 (September 30, 2025 – \$4,000) 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, 2025.

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.

As of December 31, 2025, the Company’s liabilities that have contractual maturities are as follows:

	Total	2026	2027	2028
	\$	\$	\$	\$
Accounts payable and accrued liabilities	219,014	219,014	-	-
Lease liability	112,586	44,377	58,441	9,768

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.

43-101 Caution

The Company cautions that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Overlapping Claims and Regulatory Encroachment (Clayton Valley)

The Company's Clayton Valley Project is subject to risks associated with overlapping mineral claims and surface rights. Specifically, a portion of the claims held or optioned by the Company has been over-staked by Albemarle Corporation ("Albemarle"), a neighbouring operator.

Albemarle has submitted a request to the Bureau of Land Management (BLM) to amend its existing Plan of Operations (PoO). This proposed amendment seeks authorization for Albemarle to expand its operational footprint in a manner that may directly overlap or encroach upon the Company's rightfully held claims which can lead to Operational Interference, Title uncertainty, legal and administrative cost and asset impairment in case of adverse ruling by BLM. The Company is currently evaluating all available administrative and legal remedies to defend its mineral tenure. However, there is no assurance that the Company will be successful in preventing encroachment or that Albemarle's activities will not materially interfere with the Company's exploration and development plans.

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.

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.