



US Critical Metals Corp.

Consolidated Financial Statements

For the Years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
US Critical Metals Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of US Critical Metals Corp (the Company), which comprise the consolidated statements of financial position as at September 30, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of \$1,670,167 for the year ended September 30, 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Emphasis of Matter – Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our



auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
December 19, 2024

US Critical Metals Corp.

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at September 30, 2024	As at September 30, 2023
	\$	\$
Assets		
Current Assets		
Cash	83,979	1,444,325
Receivables and prepaid expenses (Note 5)	98,601	170,278
Total Assets	182,580	1,614,603
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 6 and 12)	609,499	593,214
Note payable (Note 7)	46,198	-
Total Liabilities	655,697	593,214
Shareholders' Equity		
Share capital (Note 8)	8,732,378	8,578,465
Share-based payments reserve (Note 10)	1,102,059	1,030,311
Warrants reserve (Note 11)	931,214	2,851,773
Accumulated other comprehensive loss	(29,725)	(42,891)
Accumulated deficit	(11,286,118)	(11,531,408)
Equity Attributable to Shareholders of US Critical Metals Corp.	(550,192)	886,250
Non-controlling interest (Notes 4 and 13)	77,075	135,139
Total Shareholders' Equity (Deficiency)	(473,117)	1,021,389
Total Liabilities and Shareholders' Equity (Deficiency)	182,580	1,614,603

Nature of operations and going concern (Note 1)

Commitments (Note 15)

Contingencies (Note 19)

Subsequent events (Note 20)

Approved on behalf of the Board of Directors:"Darren Collins"

Darren Collins, Director

"Scott Benson"

Scott Benson, Director

The accompanying notes are an integral part of these consolidated financial statements

US Critical Metals Corp.

Consolidated Statements of Loss and Comprehensive Loss

For the Years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

	2024	2023
	\$	\$
Expenses		
Exploration and evaluation expenses (Notes 12 and 15)	578,498	1,746,300
Property acquisition costs (Notes 4, 8 and 15)	306,093	738,288
Professional fees (Notes 12 and 16)	269,646	1,528,264
Management fees (Note 12)	204,135	202,290
Advertising and promotion	117,552	847,275
Office and general	103,921	364,442
Share-based compensation (Notes 8, 10 and 12)	71,748	343,671
Regulatory filing	31,740	44,515
Total Expenses	(1,683,333)	(5,815,045)
Net Loss	(1,683,333)	(5,815,045)
Other Comprehensive Income		
Exchange gain on translation of foreign operations	13,166	4,646
Comprehensive Loss	(1,670,167)	(5,810,399)
Total Net Loss Attributable to:		
Shareholders of US Critical Metals Corp.	(1,675,269)	(5,813,041)
Non-controlling interest (Note 13)	(8,064)	(2,004)
Net Loss	(1,683,333)	(5,815,045)
Weighted Average Number of Outstanding Shares		
– basic and diluted (Note 9)	63,028,556	56,901,042
Net Loss per Share – basic and diluted (Note 9)	(0.03)	(0.10)

The accompanying notes are an integral part of these consolidated financial statements

US Critical Metals Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	RSU Reserve \$	Share-Based Payments Reserve \$	Warrants Reserve \$	Accumulated Other Comprehensive Loss \$	Accumulated Deficit \$	Non- Controlling Interest \$	Total \$
Balance, September 30, 2022	51,917,480	6,357,037	216,329	1,030,311	2,007,891	(47,537)	(5,718,367)	-	3,845,664
Issuance of shares on acquisition (Note 4)	1,000,000	270,000	-	-	-	-	-	-	270,000
Issuance of shares as option payments (Notes 8 and 15)	500,000	130,000	-	-	-	-	-	-	130,000
Issuance of shares on exercise of RSU (Note 8)	1,400,000	560,000	(560,000)	-	-	-	-	-	-
Issuance of units on private placement financing (Notes 8 and 11)	7,140,100	1,535,622	-	-	963,413	-	-	-	2,499,035
Share issuance costs (Notes 8 and 11)	-	(312,478)	-	-	(196,041)	-	-	-	(508,519)
Issuance of shares as corporate finance fees (Note 8)	85,714	30,000	-	-	-	-	-	-	30,000
Issuance of broker warrants from private placement financing (Note 11)	-	-	-	-	76,794	-	-	-	76,794
Share-based compensation (Note 8)	-	-	343,671	-	-	-	-	-	343,671
Exercise of warrants (Notes 8 and 11)	80,000	8,284	-	-	(284)	-	-	-	8,000
Non-controlling interest acquired (Note 4)	-	-	-	-	-	-	-	137,143	137,143
Exchange gain on translating foreign operations	-	-	-	-	-	4,646	-	-	4,646
Net loss for the year	-	-	-	-	-	-	(5,813,041)	(2,004)	(5,815,045)
Balance, September 30, 2023	62,123,294	8,578,465	-	1,030,311	2,851,773	(42,891)	(11,531,408)	135,139	1,021,389
Issuance of shares as option payments (Notes 8 and 15)	934,782	153,913	-	-	-	-	-	-	153,913
Share-based compensation (Note 10)	-	-	-	71,748	-	-	-	-	71,748
Expiry of warrants (Note 11)	-	-	-	-	(1,920,559)	-	1,920,559	-	-
Dividend paid buy subsidiary (Note 13)	-	-	-	-	-	-	-	(50,000)	(50,000)
Exchange gain on translating foreign operations	-	-	-	-	-	13,166	-	-	13,166
Net loss for the year	-	-	-	-	-	-	(1,675,269)	(8,064)	(1,683,333)
Balance, September 30, 2024	63,058,076	8,732,378	-	1,102,059	931,214	(29,725)	(11,286,118)	77,075	(473,117)

The accompanying notes are an integral part of these consolidated financial statements

US Critical Metals Corp.

Consolidated Statements of Cash Flows

For the Years ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

	2024	2023
	\$	\$
<u>Operating Activities</u>		
Net loss for the year	(1,683,333)	(5,815,045)
Adjustments for non-cash items:		
Property acquisition costs (Note 4 and 15)	-	457,143
Interest accrued on note payable (Note 7)	302	-
Share-based compensation (Note 8 and 10)	71,748	343,671
Option payments issued in shares (Notes 8 and 15)	153,913	130,000
	(1,457,370)	(4,884,231)
Net change in non-cash working capital items:		
Receivables	5,262	(6,706)
Prepaid expenses	66,415	10,862
Accounts payable and accrued liabilities	16,285	382,863
Cash Flows (used in) Operating Activities	(1,369,408)	(4,497,212)
<u>Financing Activities</u>		
Proceeds received on issuance of note payable (Note 7)	45,780	-
Proceeds from financings (Notes 8 and 11)	-	2,499,035
Issuance cost paid on financings (Notes 8 and 11)	-	(401,725)
Proceeds from exercise of warrants (Notes 8 and 11)	-	8,000
Cash Flows provided by Financing Activities	45,780	2,105,310
<u>Investing Activities</u>		
Cash acquired on acquisition (Note 4)	-	200,000
Cash paid on acquisition (Note 4)	-	(250,000)
Dividend paid (Note 13)	(50,000)	-
Cash Flows (used in) Investing Activities	(50,000)	(50,000)
Decrease in cash	(1,373,628)	(2,441,902)
Effect of foreign exchange on cash	13,282	4,646
Cash, beginning of year	1,444,325	3,881,581
Cash, end of year	83,979	1,444,325

The accompanying notes are an integral part of these consolidated financial statements

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

US Critical Metals Corp. (“USCM” or the “Company”) is focused on mining projects in the United States (the “U.S.”) that will further secure the U.S. supply of critical metals and rare earth elements, which are essential to fueling the new age economy. Pursuant to option agreements with private Canadian and American companies, the Company’s assets consist of five agreements, each providing the Company with the right to acquire interest in six discovery focused projects in the U.S. (see Note 15 for more details).

The Company’s mineral exploration properties are currently in the exploration stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company’s mineral exploration properties depend on the feasibility of the projects and its ability to obtain financing in the future. Although the Company has taken steps to verify title to the mineral exploration properties in which it has an interest, these procedures do not guarantee the Company’s title. Property title may also be subject to government licensing requirements or regulations, unregistered prior agreements and claims, and non-compliance with regulatory and environmental requirements.

The Company’s registered office address is 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5, Canada. On September 8, 2023, the Company voluntarily delisted its common shares from the TSX Venture Exchange (the “TSXV”), and on September 11, 2023, USCM commenced trading on the Canadian Securities Exchange (the “CSE”) under the ticker symbol “USCM”. The Company’s common shares are also listed on the Frankfurt Stock Exchange under the ticker symbol “0IU0”, and on the OTCQB Venture Market in the U.S. under the ticker symbol “USCMF”.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company’s viability depends upon the acquisition and financing of mineral exploration or other projects. If mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of financing presently available to the Company is through equity financing. The ability of the Company to raise new funds will depend, in part, on prevailing market conditions as well as the operating performance of the Company. There can be no assurance that the Company will be successful in securing the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution. These conditions, including the volatile and speculative nature of the mining business, represent material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern.

During the year ended September 30, 2024, the Company incurred a net loss of \$1,683,333 (2023 – net loss of \$5,815,045), and as of that date, the Company’s accumulated deficit was \$11,286,118 (September 30, 2023 – accumulated deficit of \$11,531,408). As at September 30, 2024, the Company had a working capital deficiency of \$473,117 (September 30, 2023 – working capital of \$1,021,389), including a cash balance of \$83,979 (September 30, 2023 – \$1,444,325), which it can deploy to fulfill financial requirements for the 12-month period ending September 30, 2025. Nevertheless, it is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions, including the volatile and speculative nature of the mining business, represent material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

2. Basis of Presentation

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies set out below were consistently applied to the periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors of the Company (the “Board”) on December 19, 2024.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(b) Basis of Measurement

These consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis, except for financial instruments which are measured at fair value, as explained in the material accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, US Critical Holdings Corp. (“USCH”), US Energy Metals Corp. (“USEM”), which was incorporated in Nevada, U.S., 1212242 B.C. Ltd. (“B.C. Ltd.”) and Long Canyon Resources Inc. (“Long Canyon”), which was incorporated in Idaho, U.S. (see Notes 4 and 15 for more details).

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. These consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(d) Functional Currency

These consolidated financial statements are presented in Canadian dollars (“\$” or “CAD”), which is the functional currency of the Company, and USCH and B.C. Ltd., its Canadian subsidiaries. The functional currency is the currency of the primary economic environment in which a Company operates. The functional currency of USEM and Long Canyon is the U.S. dollar (“USD”).

(e) Material Accounting Judgments and Estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. These estimates are reviewed periodically, and adjustments are made as appropriate in the period they become known. Items for which actual results may differ materially from these estimates are described as follows:

Going concern

At each reporting period, management exercises judgment in assessing the Company’s ability to continue as a going concern by reviewing its performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management’s strategic planning. The assumptions used in management’s going concern assessment are derived from actual operating results along with industry and market trends. Management believes there is sufficient capital to meet the Company’s business obligations for at least the next 12 months, after considering expected cash flows, capital commitments, future financings and the Company’s cash position at the year-end.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities on the consolidated statements of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(e) Material Accounting Judgments and Estimates (continued)

Expected credit losses on financial assets

Determining an allowance for expected credit losses (“ECL”) for amounts receivable and all debt financial assets not held at fair value through profit or loss (“FVTPL”) requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management’s judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Technical feasibility and commercial viability

Management exercises judgment, in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources (“IFRS 6”), to determine an accounting policy specifying which expenditures, if any, are capitalized as exploration and evaluation (“E&E”) assets, and to apply the policy consistently. E&E expenditures not capitalized as E&E assets are expensed as incurred. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, an entity stops recording E&E expenditures for that mineral project, tests capitalized E&E assets (if any) for impairment and reclassifies those E&E assets to other applicable development-stage accounts. An assessment of technical feasibility and commercial viability is conducted on a project-by-project basis with regard to all relevant facts and circumstances, which can be a complex judgment. The nature and status of the mineral project is determined on the merits of the mineral project itself.

Business combination

In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets.

Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Purchase consideration also includes consideration of any pre-existing relationships that are effectively settled as a result of the acquisition at their fair values.

Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management’s best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

2. Basis of Presentation (continued)

(e) Material Accounting Judgments and Estimates (continued)

Valuation of share-based compensation and share purchase warrants

Management determines the fair value estimates for share-based compensation on options, restricted share units (“RSUs”) and share purchase warrants (each a “Warrant”) using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgments are used in applying the valuation techniques. These assumptions and judgments include the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the Warrants or options, and expected risk-free interest rate. Such assumptions and judgments are inherently uncertain. Changes in these assumptions can affect the fair value estimates of share-based compensation and Warrants.

Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and the obligation can be reliably estimated. The amount recognized as a provision reflects management’s best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Shares issued for non-cash consideration

The Company is required to recognize these transactions at fair value which requires judgment in selecting valuation techniques and other factors.

Functional currency

Foreign currency translation under IFRS requires each entity to determine its own functional currency, which becomes the currency that entity measures its results and financial position in. Judgment is necessary in assessing each entity’s functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labor, material and other costs for each consolidated entity.

Accounting treatment of Sheep Creek and McDermitt Projects

Management exercised judgment in determining the appropriate IFRS to apply in accounting for these projects. Specifically, an evaluation of IFRS 11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures. Largely due to the optionality of the underlying agreements, management determined the acquisition, and ensuing costs, were in scope of IFRS 6.

3. Summary of Material Accounting Policies

(a) Cash

Cash on the consolidated statements of financial position comprises bank balances primarily held in a Canadian chartered bank, which is available on demand.

(b) Business Combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of the assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed, are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net identifiable assets acquired. Acquisition costs incurred are expensed to profit or loss.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies (continued)

(b) Business Combination (continued)

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 – Financial Instruments (“IFRS 9”), with the corresponding gain or loss recognized in profit or loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Asset acquisitions do not give rise to goodwill.

The Company classifies and measures financial instruments in accordance with IFRS 9. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities on the consolidated statements of financial position when it becomes a party to the financial instrument or derivative contract.

(c) Financial Instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (“FVTOCI”); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in the consolidated statements of loss and comprehensive loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the solely principal and interest (“SPPI”) criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of loss and comprehensive loss. As at September 30, 2024 and 2023, the Company did not have any financial assets at FVTPL.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss) (“OCI”).

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies (continued)

(c) Financial Instruments (continued)

Classification (continued)

The Company's classification of financial assets and financial liabilities under IFRS 9 are summarized below:

Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Note payable	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

Expected credit loss impairment model

IFRS 9 introduced a single ECL impairment model, which is based on changes in credit quality since initial application. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies (continued)

(d) Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, the Company expenses E&E expenditures as incurred. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, plant and equipment, if any, during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

Acquisition costs of mineral property rights, property option payments related to E&E activities are also expensed as incurred.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(e) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by development or production. Such costs arising from the decommissioning of plant, and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through an amortization method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits.

As at September 30, 2024 and 2023, the Company had no material restoration, rehabilitation and environmental costs.

(f) Provisions

Provisions are recorded when the Company has a present legal or constructive obligation resulting from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at September 30, 2024 and 2023, the Company had no material provisions.

(g) Income Taxes

Income tax comprises current and deferred income tax expense. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI.

Current income taxes

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies (continued)

(g) Income Taxes (continued)

Deferred income taxes

Deferred income taxes are recorded for temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

(h) Share Capital

In situations where the Company issues units (each a “Unit”), the value of Units is bifurcated, and the value of Warrants is included as a separate reserve for warrants of the Company’s equity. The proceeds from the issuance of Units are allocated between common shares and Warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the Units. The fair value of the Warrants is determined using the application of the Black–Scholes valuation model (“Black–Scholes”).

(i) Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(j) Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, in the weighted average number of common shares outstanding during the period, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and Warrants that are used to purchase common shares at the average market price during the period.

(k) Share-Based Payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined based on Black–Scholes. The fair value of equity-settled share-based transactions are recognized as a stock-based compensation expense with a corresponding increase in contributed surplus.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

If share-settled payments are modified, as a minimum an expense is recognized as if the modification has not been made. An additional expense is recognized, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification. In connection with the amendment to the terms of Warrants issued for financing, the Company has determined that it will not re-evaluate the fair value of the Warrants.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies (continued)

(k) Share-Based Payments (continued)

Upon the exercise of stock options and Warrants, proceeds received from the stock option or warrant holders are recorded as an increase to share capital and the related reserves is transferred to share capital.

The Company also operates a RSU Plan, where RSUs are granted to directors, employees and consultants from time to time. RSUs are equity-settled share-based payments and are measured at fair value on the date of grant, based on the closing price of the Company's common shares on the grant date. Share-based compensation is recognized over the vesting period with a corresponding credit to RSU reserve. Amounts recorded for cancelled or expired RSUs are transferred to retained earnings (accumulated deficit) in the period of which the cancellation or expiry occurs.

(l) Related Party Transactions

Parties are considered to be related, if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(m) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than CAD are translated into CAD at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive income (loss) for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in OCI is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

3. Summary of Material Accounting Policies (continued)

(n) Adoption of New Accounting Policies

The Company adopted the following amendments, effective October 1, 2023. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of the amendments on its consolidated financial statements:

Amendments to IAS 1 Presentation of Financial Statements (“IAS 1”) and IFRS Practice Statement 2 Making Materiality Judgements

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (“CPA Canada Handbook – AcSB”) in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose “significant” accounting policies under IAS 1 with a requirement to disclose “material” accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that primary users of general-purpose financial statements make on the basis of those financial statements; and
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

Amendments to IAS 12 – Income Taxes (“IAS 12”)

In May 2021, the IASB issued amendments to the recognition exemptions under IAS 12 which were incorporated into Part I of the CPA Canada Handbook – AcSB in September 2021. The amendments narrowed the scope of the recognition exemption to require an entity to recognize deferred tax on initial recognition of particular transactions, to the extent that transaction gives rise to equal taxable and deductible temporary differences. These amendments apply to transactions for which an entity recognizes both an asset and liability, for example leases and decommissioning liabilities.

(o) New Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after January 1, 2024. The Company is currently assessing the impact upon the adoption of the following amendments on its consolidated financial statements:

Amendments to IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) and IAS 7 – Statements of Cash Flows (“IAS 7”)

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity’s liabilities and cash flows, as well as on its liquidity risk and risk management. The amendments are effective for annual periods beginning on or after January 1, 2024.

4. Asset Acquisition Transaction

On November 16, 2022, the Company and Idaho Silver Corp. (“Idaho Silver”), a private company existing under the laws of British Columbia, entered into a share purchase agreement (the “SPA”) pursuant to which USCM would acquire 70% of the issued and outstanding common shares of B.C. Ltd., a private company existing under the laws of British Columbia, with the remaining 30% being held by Idaho Silver (the “Acquisition”). The Acquisition closed on December 15, 2022, on which date B.C. Ltd. also became the sole owner and shareholder of Long Canyon, an Idaho corporation (see Note 15 for more details).

Pursuant to the SPA, the Company acquired 70% of the issued and outstanding common shares of B.C. Ltd. from Idaho Silver as follows:

- (i) in consideration for 45% of the issued and outstanding shares of B.C. Ltd., USCM made a payment of \$50,000 in cash to Idaho Silver and issued 1,000,000 common shares (the “Consideration Shares”) to Idaho Silver at a deemed price of \$0.35 per Consideration Share; and
- (ii) in consideration for 25% of the issued and outstanding shares of B.C. Ltd., USCM subscribed for 8,000 common shares for aggregate proceeds of \$200,000.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

4. Asset Acquisition Transaction (continued)

The following table summarizes the details of the Acquisition:

Purchase Price Consideration Paid	
	\$
Cash paid	250,000
Fair value of common shares issued	270,000
Total consideration paid	520,000
Net Identifiable Asset Acquired	
	\$
Cash	200,000
Mining properties	457,143
Non-controlling interest (Note 13)	(137,143)
Total net identifiable assets acquired	520,000

The Acquisition did not constitute a business combination as B.C. Ltd. did not meet the definition of a business under IFRS 3 – Business Combination. As a result, the Acquisition was accounted for as an asset acquisition.

Consideration paid consisted of cash payment of \$250,000 and 1,000,000 shares of the Company issued to Idaho Silver, valued at \$270,000 based on the Company's closing share price on the date of issuance on December 15, 2022. Mining properties valued at \$457,143 were expensed as property acquisition costs (see Note 15) on the consolidated statements of loss and comprehensive loss for the year ended September 30, 2023.

5. Receivables and Prepaid Expenses

Receivables and prepaid expenses are comprised of the following as at September 30, 2024 and 2023:

	September 30, 2024	September 30, 2023
	\$	\$
Sales tax receivables	1,451	6,713
Prepaid insurance	8,250	8,750
Advances made to suppliers	88,900	154,815
	98,601	170,278

6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases incurred in the normal course of business.

	September 30, 2024	September 30, 2023
	\$	\$
Trade payable	576,499	458,898
Accrued liabilities	33,000	134,316
	609,499	593,214

The Company's standard term for trade payable settlement is 30 to 60 days.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

7. Note Payable

On August 21, 2024, the Company issued a promissory note to an arm's length party for an amount of for USD \$34,000 (CAD \$45,780) (the "Promissory Note"). The Promissory Note bears simple interest of 6% per annum and will be repayable in full on August 20, 2025. As at September 30, 2024, the total outstanding balance of the Promissory Note was \$46,198, including accrued interest of \$302.

8. Share Capital and Restricted Share Units Reserve

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding as at September 30, 2024 and 2023 are as follows:

	Common shares	Amount
	#	\$
Balance, September 30, 2022	51,917,480	6,357,037
Shares issued as option payments	500,000	130,000
Shares issued on exercise of warrants	80,000	8,284
Shares issued as consideration paid on acquisition	1,000,000	270,000
Shares issued from Offering	7,140,100	1,535,622
Shares issued as corporate agent fees from Offering	85,714	30,000
Shares issuance cost	-	(312,478)
Shares issued on exercise of RSUs	1,400,000	560,000
Balance, September 30, 2023	62,123,294	8,578,465
Shares issued as option payments	934,782	153,913
Balance, September 30, 2024	63,058,076	8,732,378

Share capital transactions for the year ended September 30, 2023

On October 11, 2022, the Company issued 500,000 common shares for the first anniversary payment of the Mining Lease and Option Agreement (defined hereafter) on the Clayton Ridge Lithium Property (see Note 15). These common shares were valued at \$130,000, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the consolidated statements of loss and comprehensive loss.

On November 11, 2022, the Company issued 40,000 common shares as a result of the exercise of Warrants for cash proceeds of \$4,000.

On December 15, 2022, the Company issued 1,000,000 common shares to Idaho Silver, on closing of the Acquisition (see Note 4 for details).

On January 12, 2023, the Company issued an additional 40,000 common shares as a result of the exercise of Warrants for cash proceeds of \$4,000.

On April 11, 2023, the Company completed a brokered private placement (the "Brokered Offering") of 6,950,100 Units and a non-brokered private placement (the "Non-brokered Offering") of 190,000 Units (collectively, the "Offering"), both at a price of \$0.35 per Unit, for gross proceeds of \$2,499,035. Each Unit is comprised of one common share of the Company and one Warrant exercisable at an exercise price of \$0.55 for a period of 36 months from closing.

As consideration for the Agent's services in connection with the Brokered Offering, the Company paid a cash commission of \$143,613, a corporate finance fee of 85,714 common shares, and a cash advisory fee of \$2,000. The Company also issued 5,800 Warrants as advisory fees, and 410,323 Broker Warrants, each exercisable to acquire one common share at an exercise price of \$0.35 for a period of 36 months from closing (see Note 11 for more details).

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

8. Share Capital and Restricted Share Units Reserve (continued)

Share capital transactions for the year ended September 30, 2024

On October 3, 2023, the Company issued 434,782 common shares as a payment under an Exploration and Option to Enter Joint Venture Agreement (defined hereafter) on the McDermitt Property (see Note 15). These common shares were valued at \$73,913, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the consolidated statements of loss and comprehensive loss.

On October 19, 2023, the Company issued 500,000 common shares for the second anniversary payment on the Clayton Ridge Lithium Property (see Note 15). These common shares were valued at \$80,000, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the consolidated statements of loss and comprehensive loss.

Restricted Share Units Reserve

On May 12, 2022, the Company granted 1,400,000 RSUs to certain directors and consultants. The RSUs fully vested on the first anniversary of the grant date. The RSUs were valued at \$560,000 based on the Company's closing share price on the date of grant. During the year ended September 30, 2024, no share-based compensation was recorded in connection with the vesting of RSUs (2023 – \$343,671).

On July 28, 2023 and August 1, 2023, the above-mentioned RSUs were exercised, and 700,000 shares were issued on both dates.

9. Loss per Share

Basic and diluted loss per share for the year ended September 30, 2024 is calculated by dividing the net loss of \$1,683,333 (2023 – net loss of \$5,815,045) by the weighted-average number of common shares outstanding of 63,028,556 (2023 – 56,901,042).

For the year ended September 30, 2024, the basic and diluted loss per share was \$0.03 (2023 – basic and diluted loss per share of \$0.10).

10. Share-Based Payments Reserve

The Company maintains a stock option plan (the "Option Plan") whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The Option Plan provides that the aggregate number of securities reserved for issuance will be up to 10% of the number of the common shares issued and outstanding from time to time. The Option Plan is administered by the Board, which has full and final authority with respect to granting stock options thereunder. As at September 30, 2024, the Company had 2,655,808 common shares that are issuable under the Option Plan.

The following summarizes the options activities for the years ended September 30, 2024 and 2023:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Outstanding, beginning of year	3,000,000	0.35	3,000,000	0.35
Granted	650,000	0.15	-	-
Outstanding, end of year	3,650,000	0.31	3,000,000	0.35

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

10. Share-Based Payments Reserve (continued)

Options activities for the year ended September 30, 2024

On December 11, 2023, the Company granted 500,000 stock options to a consultant. The options vested immediately on grant and are exercisable at a price of \$0.15 per common share for a period of five years. The options were valued using Black-Scholes with the following assumptions: expected volatility of 150% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.53% and an expected life of five years. The grant date fair value attributable to these options of \$59,017 was recorded as share-based compensation in connection with the vesting of options during the year ended September 30, 2024.

On March 25, 2024, the Company granted 150,000 stock options to another consultant. The options vested immediately on grant and are exercisable at a price of \$0.15 per common share for a period of two years. The options were valued using Black-Scholes with the following assumptions: expected volatility of 145% based on historical share price, expected dividend yield of 0%, risk-free interest rate of 4.13% and an expected life of two years. The grant date fair value attributable to these options of \$12,731 was recorded as share-based compensation in connection with the vesting of options during the year ended September 30, 2024.

There were no options activities during the year ended September 30, 2023.

The following table summarizes information of stock options outstanding and exercisable as at September 30, 2024:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#	\$	Years
March 25, 2026	150,000	150,000	0.15	1.48
May 12, 2027	3,000,000	3,000,000	0.35	2.61
December 11, 2028	500,000	500,000	0.15	4.20
	3,650,000	3,650,000	0.31	2.78

11. Warrants Reserve

The following summarizes the warrants activities for the years ended September 30, 2024 and 2023:

	2024		2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
Outstanding, beginning of year	50,066,613	0.31	42,590,390	0.27
Exercised	-	-	(80,000)	0.10
Issued from financings	-	-	7,140,100	0.55
Broker Warrants issued from financings	-	-	416,123	0.35
Expired	(17,142,858)	0.35	-	-
Expired	(447,532)	0.50	-	-
Outstanding, end of year	32,476,223	0.16	50,066,613	0.31

Warrants activities for the year ended September 30, 2023

On April 11, 2023, the Company issued 7,140,100 Warrants in connection with the Offering, as disclosed in Note 8. Each Warrant is exercisable at \$0.55 to purchase one common share of the Company for a period of 36 months from the closing date. The grant date fair value of the Warrants issued was estimated to be \$963,413 using Black-Scholes with the following assumptions: expected volatility of 125% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.56% and an expected life of three years. On closing, issuance costs of \$196,041 were allocated to warrants reserve.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

11. Warrants Reserve (continued)

Warrants activities for the year ended September 30, 2023 (continued)

In addition, the Company also issued 416,123 Broker Warrants, of which each Broker Warrant is exercisable into one common share of the Company, at a price of \$0.35 for a period of 36 months from closing. The grant date fair value of the Broker Warrants issued was estimated to be \$76,794 using Black-Scholes based on the same assumptions used for the Warrants.

Warrants activities for the year ended September 30, 2024

Amendment on warrants' exercise prices

On November 16, 2023, the Company amended the exercise price of an aggregate of 24,282,958 Warrants consisting of 17,142,858 Warrants issued in connection with a private placement financing which closed on April 12, 2022 (the "2022 Warrants"); and 7,140,100 Warrants issued in connection with the Offering which closed on April 11, 2023 (the "2023 Warrants" and together with the 2022 Warrants, the "Old Warrants"). The original terms specified that each whole Old Warrant was exercisable into one common share at a price of \$0.50 expiring on April 12, 2024, and at a price of \$0.55 expiring April 11, 2026, respectively. The Company amended the exercise price of the Old Warrants from \$0.50 and \$0.55 a share, respectively, to \$0.35 a share. There were no other proposed changes to the terms of the Old Warrants. The fair value of the Old Warrants was not re-evaluated in connection to the amendment of exercise prices.

On April 12, 2024, the 2022 Warrants exercisable at \$0.35 and 447,532 Broker Warrants exercisable at \$0.50 expired unexercised, respectively. An amount of \$1,920,559 representing the grant date fair value of these expired Warrants was reallocated to accumulated deficit.

The following table summarizes information of warrants outstanding as at September 30, 2024:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining life
	#	\$	Years
April 11, 2026	7,556,223	0.35	1.53
August 10, 2026	24,920,000	0.10	1.86
	32,476,223	0.16	1.78

12. Related Party Transactions and Balances

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Remuneration to key management personnel and directors

The remuneration of directors and other members of key management personnel during the years ended September 30, 2024 and 2023 were as follows:

	2024	2023
	\$	\$
Management and consulting fees	204,135	202,290
Professional fees	162,791	346,459
Share-based compensation	-	171,836
	366,926	720,585

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

12. Related Party Transactions and Balances (continued)

Remuneration to key management personnel and directors (continued)

Effective February 1, 2022, the Company, through USEM, and its Chief Executive Officer (“CEO”) who is also a director of USCM, entered into a contractor agreement, for a monthly remuneration of USD \$12,500 in consideration of the CEO’s services to USCM. During the year ended September 30, 2024, the CEO charged fees of \$204,135 (USD \$150,000) (2023 – \$202,290 (USD \$150,000)) for consulting services provided to the Company, which are included in management fees. As at September 30, 2024, \$151,864 (September 30, 2023 – \$nil) owing to the CEO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended September 30, 2024, Gowling WLG (Canada) LLP (“Gowling”), a law firm in which a director of USCM is also a partner, charged fees of \$83,291 (2023 – \$244,459) for legal services provided to the Company, which are included in professional fees. As of September 30, 2024, \$353,636 (September 30, 2023 – \$264,754) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended September 30, 2024, Branson Corporate Services Ltd. (“Branson”), where the Chief Financial Officer (“CFO”) and Corporate Secretary of USCM was formerly a director, charged fees of \$58,500 (2023 – \$78,000) for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As of September 30, 2024, no balance was owed to Branson (September 30, 2023 – \$6,825 included in accounts payable and accrued liabilities).

During the year ended September 30, 2024, Blueknight Advisory Services Inc. (“Blueknight”), where the CFO is the principal, charged fees of \$15,000 (2023 – \$nil) for CFO and accounting services provided to the Company, which are included in professional fees. As at September 30, 2024, \$10,683 (September 30, 2023 – \$nil) owing to Blueknight was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended September 30, 2024, a director of the Company charged fees of \$6,000 (2023 – \$24,000) for compensation as a sitting Board member, which are included in professional fees. As at September 30, 2024, no fees were owed to the director (September 30, 2023 – \$2,000 included in accounts payable and accrued liabilities).

Share-based compensation

During the year ended September 30, 2023, the Company had recorded share-based compensation of \$171,836, in connection with the vesting of RSUs and stock options previously granted to various directors and officers.

Other related party transactions

During the year ended September 30, 2024, Tigren Inc. (“Tigren”), an entity controlled by the VP, Exploration and also a director of the Company, charged fees of \$147,597 (2023 – \$584,285) for geological consulting services provided to the Company, which are included in E&E expenses. As at September 30, 2024, \$48,561 (September 30, 2023 – \$185,334) owing to Tigren was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the year ended September 30, 2023, Gowling also charged fees of \$136,897 for legal services specifically related to the Offering, as described in Note 8. These fees had been capitalized as share issuance costs under share capital.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

13. Non-Controlling Interest

On completion of the Acquisition, an amount of \$137,143 representing the 30% interest of B.C. Ltd. attributable to Idaho Silver was recorded as non-controlling interest (“NCI”) within shareholders’ equity on the consolidated statements of financial position (see Note 4).

During the year ended September 30, 2024, B.C. paid a total cash dividend to its shareholders, including \$166,670 to USCM. The dividend attributable to USCM was eliminated upon consolidation, and the dividend attributable to Idaho Silver was recorded as a charge to NCI.

During the year ended September 30, 2024, the Company recorded a net loss of \$8,064 (2023 – net loss of \$2,004) attributable to the NCI, and as at September 30, 2024, the carrying amount of the NCI was \$77,075 (September 30, 2023 – \$135,139).

14. Income Taxes

Provision for income taxes

The Company’s provision for income taxes differs from the amounts computed by applying the basic current rate of 27.0% for British Columbia to the loss for the period before income taxes as shown in the following table:

	September 30, 2024	September 30, 2023
	\$	\$
Loss before income taxes	(1,683,333)	(5,815,045)
Expected income tax recovery based on statutory rate	(454,440)	(1,570,062)
Adjustment to expected income tax recovery		
Non-deductible expenses	478,533	(260,062)
Share issuance costs	(27,104)	(27,104)
Share issuance costs reported in equity	(51,486)	(68,729)
Change in unrecorded deferred tax asset	54,557	1,925,957
Income tax expense (recovery)	-	-

Deferred income tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities.

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	September 30, 2024	September 30, 2023
	\$	\$
Mineral property interest	206,054	530,333
Non-capital losses carried forward	1,836,673	1,430,733
Share issuance costs	71,390	98,494
Deferred tax asset	2,114,117	2,059,560
Less: Deferred tax asset not recognized	(2,114,117)	(2,059,560)
Deferred tax asset (liability)	-	-

Deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can use the benefits.

As at September 30, 2024, the Company had total non-capital losses of \$6,802,491 on a consolidated basis, which can be carried forward.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

15. Exploration and Evaluation Expenses

Clayton Ridge Lithium Property

On October 11, 2021, the Company, through USEM, entered into a Mining Lease and Option to Purchase Agreement CR Claims (the “Mining Lease and Option Agreement”) with an arm’s length party, to lease a block of 90 claims (1,800 acres) in the Clayton Ridge Lithium Property (the “Clayton Ridge Property”), situated in Esmeralda County, Nevada, exclusively for the purpose of exploration for and the development, mining and processing of minerals. In May 2022, the Company staked and filed with the Esmeralda County and the Bureau of Land Management (“BLM”) an additional 90 unpatented mining claims contiguous to the originally prospected Clayton Ridge Property claims block, and commenced exploration activities. The Clayton Ridge Property now spans 3,600 acres of prospective geology for lithium mineralization.

Pursuant to the Mining Lease and Option Agreement, the Company may acquire a 100% interest in the Clayton Ridge Property by paying a total of USD \$225,000 and issuing 2.5 million USCM Shares to the vendor as follows:

- Payment of USD \$25,000 in cash upon signing (the “Signing Date”) of the Agreement (completed);
- Payment of USD \$50,000 in cash and issuance of 500,000 USCM Shares upon listing of USCM on a recognized Canadian Exchange (completed);
- Payment of USD \$75,000 in cash and issuance of 500,000 USCM Shares on the first anniversary of the Signing Date (completed);
- Payment of USD \$75,000 in cash and issuance of 500,000 USCM Shares on the second anniversary of the Signing Date (completed); and
- Issuance of 1,000,000 USCM Shares upon completion of a NI 43-101 compliant technical report which confirms the presence on the Clayton Ridge Property of 2,000,000 tons of lithium carbonate equivalent.

The vendor will also maintain a 3% gross overriding return (“GOR”) on production, subject to a buyback provision whereby USCM can purchase back 1% of the GOR from the underlying vendor in exchange for USD \$1.0 million.

The term of the Mining Lease and Option Agreement is for three years, subject to USEM’s right to exercise the option and to purchase the Clayton Ridge Property. Subsequent to year-end, the Company and the arm’s length party had amended the Mining Lease and Option Agreement, to extend the option exercise period to April 15, 2025 (see Note 20).

Haynes Cobalt Project

On September 24, 2021, the Company, through USEM, entered into an option agreement (the “Option Agreement”) with certain arm’s length parties (collectively the “Vendors”), for the exclusive right and option to acquire a 100% interest in the Haynes Cobalt Project (the “Haynes Cobalt Property”), which consists of 23 lode claims covering approximately 475.18 acres, located in Idaho, U.S.

Pursuant to the Option Agreement, the Company would acquire a 100% interest in the Haynes Cobalt Property by paying a total of \$100,000 and issue an aggregate of 2.5 million shares to the Vendors as follows:

- Issuance of 2,500,000 USCM Shares to the underlying Vendors upon closing of a go-public transaction which will result in the USCM Shares being listed on a recognized Canadian Exchange, subject to the same escrow as principles of the Resulting Issuer or as otherwise determined by the TSXV (completed);
- Payment of \$50,000 in cash to the underlying Vendors upon the listing of the USCM Shares on a recognized Canadian Exchange (completed); and
- Payment of \$50,000 in cash to the underlying Vendors on the one-year anniversary of listing of the USCM Shares on a recognized Canadian Exchange (completed).

The underlying Vendors will also maintain a 3% net smelter return royalty (“NSR”) on production, subject to a buy-back provision whereby USCM can purchase back 1.5% of the NSR from the underlying vendor in exchange for \$1.5 million.

On January 16, 2023, the Company completed the earn-in requirements for the Haynes Cobalt Project by making a final payment to the Vendors as per the Option Agreement. Pursuant to the Option Agreement, the claims had since been transferred to USCM, and the Company now holds a 100% interest in the claims.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

15. Exploration and Evaluation Expenses (continued)

Sheep Creek and Lemhi Pass Rare Earth Projects

On July 25, 2022, the Company and an arm's length party entered into a definitive agreement (the "Agreement") whereby the Company will invest in rare earth projects, including the Sheep Creek Property in Ravalli County, Montana ("Sheep Creek") and the Lemhi Pass Trail Property ("Lemhi Pass") in Lemhi County, Idaho (collectively, the "Rare Earth Properties"). USCM has the right to acquire up to an initial 50% equity interest in US Rare Elements Corp. ("USRE"), a newly formed entity that will be assigned a 100% interest in the Rare Earth Properties by the arm's length party, and the option to earn an additional 25% interest for an aggregate total of 75% equity interest in USRE, subject to the mutual approval of the Parties. The Rare Earth Properties are not subject to any form of royalty agreement.

Pursuant to the terms of the Agreement, USCM, through USEM, and the arm's length party (collectively, the "Parties"), have formed USRE in order to facilitate the investment by USCM. USRE will hold the Rare Earth Properties and will be jointly managed by USCM and the arm's length party once the Company acquires its voting rights during Phase I and Phase II of the earn-in option periods. Upon the event of: (i) USCM electing not to proceed with Phase II; or (ii) USCM completing its Phase II obligations, the voting rights of USCM and the arm's length will be determined in accordance with their respective equity interests in USRE. Transaction terms include the following:

- Phase I: USCM shall pay to USRE USD \$300,000 (paid) in cash within 5 business days of closing on the Agreement and USD \$1,500,000 in capital contributions prior to the date that is 16 months after closing on the Agreement (the "Phase I Due Date") in exchange for 25% equity interest in USRE (25% total corporate interest). As at September 30, 2024, the Company had outstanding obligations of approximately USD \$0.6 million to be spent on the Phase I requirements, and the Company did not hold any equity interest in USRE. The Company and the arm's length party are currently in discussions to extend the timeline of Phase I.
- Phase II: Upon completion of Phase I and prior to the expiration of the Phase I Due Date, USCM may elect, in its sole discretion, to pay to USRE USD \$200,000 in cash upon the election to proceed with Phase II and USD \$3,000,000 in capital contributions prior to the date that is 40 months after closing on the Agreement (the "Phase II Due Date") in exchange for an additional 25% equity interest in USRE (50% total equity interest). If USCM does not elect to proceed with Phase II prior to the Phase I Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 25% equity interest in USRE.
- Phase III: Upon completion of Phase II and prior to the expiration of the Phase II Due Date, USCM may elect, subject to the mutual agreement from the arm's length party, to provide USRE with USD \$5,000,000 in capital contributions prior to the date that is 64 months after closing on the Agreement in exchange for an additional 25% corporate interest in USRE (75% total equity interest). If the Parties do not mutually agree to proceed with Phase III prior to the Phase II Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 50% equity interest in USRE.

On July 31, 2024, the Company has elected to convert its interest of the joint venture, for a pro-rata number of shares equivalent to 14.25% of USRE, pursuant to the terms of the Agreement.

Long Canyon Uranium and Vanadium Project

On December 15, 2022, the Company closed the Acquisition, and B.C. Ltd. became the sole owner and shareholder of Long Canyon, which is the holder of the Long Canyon Uranium and Vanadium Project (the "Long Canyon Uranium and Vanadium Project"). The Long Canyon Uranium and Vanadium Project is comprised of 25 contiguous unpatented mining claims and two non-contiguous unpatented mining claims in Idaho and covers a surface area of approximately 535 acres.

At closing, Long Canyon also entered into a NSR royalty agreement (the "NSR Royalty Agreement") with Idaho Silver, which grants Idaho Silver a perpetual three and one-half percent (3.5%) NSR Royalty, relating to all production from the Long Canyon Uranium and Vanadium Property. The NSR Royalty is subject to a buyback right in favor of B.C. Ltd. pursuant to which B.C. Ltd. may repurchase up to 2% (in whole or part) of the NSR Royalty for a price equal to \$2,000,000 (\$1,000,000 for each 1% instalment).

Upon closing of the Acquisition, mining properties valued at \$457,143 were expensed as property acquisition costs on the consolidated statements of loss and comprehensive loss for the year ended September 30, 2023.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

15. Exploration and Evaluation Expenses (continued)

McDermitt Lithium Project

On September 15, 2023, the Company, through USEM, entered into an Exploration and Option to Enter Joint Venture Agreement (the “Exploration and Option Agreement”) with a certain arm’s length party (the “McDermitt Optionor”), whereby the Company agreed to invest in the McDermitt Lithium project (the “McDermitt Property”), which consists of 315 unpatented lode claims located in Nevada, U.S. (the “McDermitt Project” or “Project”).

Pursuant to the terms of the Exploration and Option Agreement, the McDermitt Optionor had granted USEM an exclusive irrevocable right to prospect, explore for and develop minerals within the Project, to earn and vest an undivided 50% interest in the Project with the option to acquire an additional 25% interest for an aggregate of 75% interest in the Project, and to form a joint venture for the management, operation and ownership of the Project (collectively the “Earn-in Right”). In consideration for the Earn-in Right, USEM has agreed to incur an initial \$1,500,000 in exploration expenditures on or before the second anniversary of the date of the Exploration and Option Agreement (the “Second Year Deadline”) and an additional \$3,000,000 in exploration expenditures on or before the sixth anniversary of the Exploration and Option Agreement, for a total of \$4,500,000 (the “Exploration Expenditures”).

In addition to the Exploration Expenditures, USEM has agreed to make the following payments in cash (“Cash Payments”) and in common shares of USCM (the “Shares”, collectively with the Exploration Expenditures and Cash Payments, the “Earn-in Obligation”) to McDermitt Vendors:

- Reimbursement of BLM fees for the McDermitt Property for the September 2023 to August 2024 period (completed);
- \$50,000 within five business days after the CSE’s acceptance of the Option Agreement (completed);
- If USEM elects to continue the Exploration and Option Agreement in effect after the Second Year Deadline, \$100,000 within 10 business days after the Second Year Deadline;
- Shares having a value of \$100,000 on the CSE’s acceptance of the Exploration and Option Agreement (completed); &
- If USEM elects to continue the Exploration and Option Agreement in effect after the Second Year Deadline, Shares having a value of \$200,000 within 10 business days after the Second Year Deadline.

Upon exercise of the option following the completion of the Earn-in Obligation by the Company, a joint venture will be formed between the parties to advance the Project, with each party having an initial interest of 50%.

USEM will have the option to increase its participating interest in the joint venture by an additional 25% to an aggregate participation right of 75% by: (i) incurring and paying additional exploration expenditures in the amount of \$5,000,000 on or before the sixth anniversary of the effective date of the Operating Agreement (the “Additional Earn-in Deadline”); and (ii) by issuing shares having a value of \$1,000,000 within 10 business days after the Additional Earn-in Deadline.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

15. Exploration and Evaluation Expenses (continued)

During the years ended September 30, 2024 and 2023, the Company's E&E expenses are comprised of the following:

2024	Properties					Total
	Clayton Ridge	Haynes Cobalt	Sheep Creek & Lemhi Pass	Long Canyon	McDermitt	
	\$	\$	\$	\$	\$	\$
<i>Property acquisition costs</i>						
Option payments made in cash	102,180	-	-	-	50,000	152,180
Option payments issued in shares	80,000	-	-	-	73,913	153,913
	182,180	-	-	-	123,913	306,093
<i>E&E expenditures</i>						
Claims maintenance fees	21,945	6,444	-	7,349	-	35,738
Field work testing	72,284	-	-	18,313	-	90,597
Exploration drilling	274,350	-	-	-	-	274,350
Reclamation work	7,458	-	-	-	-	7,458
Earn-in expenditures	-	-	48,815	-	121,540	167,355
	376,037	6,444	48,815	25,662	121,540	578,498
Total	558,217	6,444	48,815	25,662	245,453	884,591

2023	Properties					Total
	Clayton Ridge	Haynes Cobalt	Sheep Creek & Lemhi Pass	Long Canyon	McDermitt	
	\$	\$	\$	\$	\$	\$
<i>Property acquisition costs</i>						
Option payments made in cash	101,145	50,000	-	-	-	151,145
Option payments issued in shares	130,000	-	-	-	-	130,000
Acquisition cost (Note 5)	-	-	-	457,143	-	457,143
	231,145	50,000	-	457,143	-	738,288
<i>E&E expenditures</i>						
Claims maintenance fees	245	6,083	-	6,144	-	12,472
Technical studies	81,059	6,691	-	-	-	87,750
Field work testing	110,979	-	-	-	-	110,979
Exploration drilling	497,429	-	-	-	-	497,429
Earn-in expenditures	-	-	963,523	-	74,147	1,037,670
	689,712	12,774	963,523	6,144	74,147	1,746,300
Total	920,857	62,774	963,523	463,287	74,147	2,484,588

16. Professional Fees

During the years ended September 30, 2024 and 2023, the Company's professional fees are comprised of the following:

	2024	2023
	\$	\$
Legal expenses	115,812	284,542
Audit and accounting fees	113,720	143,455
Business consulting fees	40,114	1,100,267
	269,646	1,528,264

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

17. Capital Management

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the development of its planned business activities. The Board of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. To carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, share-based payments reserve, warrants reserve, accumulated other comprehensive loss and accumulated deficit. As at September 30, 2024, the Company's capital consisted of an equity balance attributable to the shareholders of USCM for a deficit of \$550,192 (September 30, 2023 – equity of \$886,250).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to maintain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

18. Financial Instruments

The Company is exposed to various risks as it relates to financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and receivables (excluding sales tax receivable), which expose the Company to credit risk should the borrower default on maturity of the instruments.

Cash is primarily held with reputable a Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to cash is minimal.

The Company's second exposure to credit risk is on receivables. At each reporting period, management assesses the credit risk of its receivables balance. As the Company does not currently have any trade receivable, management believes that the credit risk concentration with respect to trade receivable is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, which excludes the potential impact of extreme circumstances that cannot be reasonably predicted. As at September 30, 2024, the Company had a cash balance of \$83,979 (September 30, 2023 – \$1,444,325), to settle current liabilities of \$655,697 (September 30, 2023 – \$593,214).

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

18. Financial Instruments (continued)

Liquidity risk (continued)

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at September 30, 2024:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	609,499	609,499	-	-
Note payable	46,198	46,198	-	-

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows for a rolling period of 12 months to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at September 30, 2024.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company's operations are based in the U.S., and may have, from time to time, transactions denominated in foreign currencies. The Company's primary exposure to foreign exchange risk is that transactions denominated in foreign currency may expose the Company to the risk of exchange rate fluctuations. Based on its current operations, management believes that the foreign exchange risk is minimal.

Fair value

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash, receivables (excluding sales tax recoverable), accounts payable and accrued liabilities and note payable. The fair value of cash, receivables (excluding sales tax recoverable), accounts payables and accrued liabilities and note payable are approximately equal to their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2024 and 2023, the Company did not have any financial instruments which were carried at fair value.

US Critical Metals Corp.

Notes to the Consolidated Financial Statements
For the Years ended September 30, 2024 and 2023
(Expressed in Canadian Dollars)

19. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at September 30, 2024, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

20. Subsequent Events

Clayton Ridge Lithium Property

On October 8, 2024, the Company and the arm's length party had amended the Mining Lease and Option Agreement, to extend the option exercise period to April 15, 2025 (see Note 15).

Stock option grants

On November 1, 2024, the Company granted 500,000 stock options to a consultant. The options vested immediately on grant and are exercisable at a price of \$0.08 per common share for a period of five years.