

AMERICAN CRITICAL ELEMENTS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIOD ENDED OCTOBER 31, 2024
(expressed in Cdn \$)

UNAUDITED

Notice of disclosure of non-auditor review of consolidated interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying condensed consolidated interim financial statements of the Company for the three and six months ended October 31, 2024 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards and are the responsibility of the Company's management.

The Company's auditors have not performed an audit or a review of these interim financial statements.

AMERICAN CRITICAL ELEMENTS INC.
(Incorporated under the Laws of the Province of Ontario)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

UNAUDITED
(Expressed in Canadian Dollars)

| | Oct 31, 2024 | April 30, 2024 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current: | | |
| Cash | \$ 127,963 | \$ 131,944 |
| Marketable securities <i>(Note 4)</i> | 361 | 541 |
| Prepaid expenses and deposits <i>(Note 9)</i> | 6,052 | 16,582 |
| H.S.T. receivable | <u>8,963</u> | <u>7,244</u> |
| | <u>143,339</u> | <u>156,311</u> |
| | <u>\$ 143,339</u> | <u>\$ 156,311</u> |
| LIABILITIES | | |
| Current: | | |
| Accounts payable and accrued liabilities <i>(Note 7)</i> | <u>\$ 30,658</u> | <u>\$ 24,193</u> |
| | <u>30,658</u> | <u>24,193</u> |
| SHAREHOLDERS' EQUITY | | |
| Common Shares <i>(Note 6)</i> | 1,943,719 | 1,943,719 |
| Contributed Surplus | 138,250 | 138,250 |
| Deficit | (2,002,386) | (1,983,129) |
| Accumulated other comprehensive loss | <u>(26,641)</u> | <u>(26,461)</u> |
| Equity attributable to owners of the Company | 52,942 | 72,379 |
| Non-controlling interest | <u>59,739</u> | <u>59,739</u> |
| Total Equity | <u>112,681</u> | <u>132,118</u> |
| | <u>\$ 143,339</u> | <u>\$ 156,311</u> |

Approved on behalf of the board on December 23, 2024:

"William R. Johnstone"
William R. Johnstone, director

"Ken Ralfs"
Ken Ralfs, director

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AMERICAN CRITICAL ELEMENTS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE THREE AND SIX MONTH PERIOD ENDED OCTOBER 31, 2024

UNAUDITED
(Expressed in Canadian Dollars)

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|--------------------|--------------------|
| | October 31 | | October 31 | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Expenses: | | | | |
| General administration | \$ 4,991 | \$ 4,506 | \$ 7,678 | \$ 6,848 |
| Interest on short term loans <i>(Note 9)</i> | - | 78 | - | 404 |
| Professional fees <i>(Note 7)</i> | <u>8,919</u> | <u>4,285</u> | <u>11,579</u> | <u>6,585</u> |
| Net loss for the period before undernoted items | <u>(13,910)</u> | <u>(8,869)</u> | <u>(19,257)</u> | <u>(13,837)</u> |
| Other comprehensive income, net of tax: | | | | |
| Change in unrealized gains and losses on available-for-sale financial assets | <u>(180)</u> | <u>(180)</u> | <u>(180)</u> | <u>(180)</u> |
| Comprehensive loss for the period | <u>\$ (14,090)</u> | <u>\$ (9,049)</u> | <u>\$ (19,437)</u> | <u>\$ (14,017)</u> |
| Net loss per share - basic and diluted | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Weighted average number of shares outstanding - basic and diluted | <u>10,999,254</u> | <u>10,999,254</u> | <u>10,999,254</u> | <u>10,999,254</u> |

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AMERICAN CRITICAL ELEMENTS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGE IN SHAREHOLDERS EQUITY

FOR THE THREE AND SIX MONTH PERIOD ENDED OCTOBER 31, 2024

UNAUDITED
(Expressed in Canadian Dollars)

| | Common Shares | | Warrants | Equity component of | | Deficit | Total Shareholders Equity (Deficiency) |
|--|---------------|--------------|----------|----------------------|------------------------|----------------|--|
| | # Shares | \$ Amount | | Share-based payments | Accumulated Comp. loss | | |
| Balance April 30, 2023 | 10,999,254 | \$ 1,943,719 | \$ - | \$ 138,250 | \$ (25,921) | \$ (1,855,764) | \$ 200,284 |
| Issuance of shares for property | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net loss and comprehensive loss for the period | - | - | - | - | (180) | (13,837) | (14,017) |
| Balance October 31, 2023 | 10,999,254 | 1,943,719 | - | 138,250 | (26,101) | (1,869,601) | 186,267 |
| Issuance of shares for cash - warrants exercised | | | | | | | |
| Net loss and comprehensive loss for the period | - | - | - | - | (360) | (113,528) | (113,888) |
| Balance April 30, 2024 | 10,999,254 | 1,943,719 | - | 138,250 | (26,461) | (1,983,129) | 72,379 |
| Issuance of shares for property | | | | | | | |
| Net loss and comprehensive loss for the period | - | - | - | - | (180) | (19,257) | (19,437) |
| Balance October 31, 2024 | 10,999,254 | \$ 1,943,719 | \$ - | \$ 138,250 | \$ (26,641) | \$ (2,002,386) | \$ 52,942 |

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AMERICAN CRITICAL ELEMENTS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2024

UNAUDITED
(Expressed in Canadian Dollars)

| | Six months ended October 31 | |
|--|---------------------------------|------------------------------------|
| | 2024 | 2023 |
| Cash was provided by (used in) the following activities: | | |
| Operations: | | |
| Net loss for the period | \$ (19,257) | \$ (13,837) |
| Net change in non-cash working capital balances related to operations <i>(Note 8)</i> | <u>15,276</u> <u>(3,981)</u> | <u>(239)</u> <u>(14,076)</u> |
| Financing | | |
| Short-term loans repayment <i>(Note 9)</i> | - | (12,935) |
| Prepaid expenses and deposits <i>(Note 9)</i> | <u>-</u> <u>-</u> | <u>(21,421)</u> <u>(34,356)</u> |
| Net change in cash during the period | (3,981) | (48,432) |
| Cash, beginning of period | <u>131,944</u> | <u>207,907</u> |
| Cash, end of period | <u>\$ 127,963</u> | <u>\$ 159,475</u> |

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AMERICAN CRITICAL ELEMENTS INC.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2024

UNAUDITED

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern:

American Critical Elements Inc. is a public company incorporated under the laws of the Province of Ontario and its principal business activity is the exploration of its mineral properties. On September 19, 2022 the Company filed articles of amendment to change its name from Razore Rock Resources Inc. to American Critical Elements Inc. to better reflect the fact that the Company is exploring for critical minerals. The Company is considered to be in the development stage, is in the process of exploring critical mineral properties in Canada and has not yet determined whether these properties contain economic reserves. As at October 31, 2024 the Company had working capital in the amount of \$112,681 (April 30, 2024 - \$132,118).

These unaudited condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of operations, adverse conditions could cast doubt upon the validity of this assumption. In order to meet its corporate and administrative obligations for the coming year the Company will be required to raise funds through debt or equity financing's. Although the Company has been successful in raising funds in prior years through debt and equity financing's, there is no certainty that the Company will be successful in the future.

If the going concern assumption was not appropriate for these financial statements, then adjustments might be necessary to the carrying values of assets and liabilities, the reported loss and the balance sheet classifications used. These adjustments could be material.

2. Significant accounting policies:

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared for the six months ended October 31, 2024, including comparative figures, in accordance with International Financial Reporting Standards ("IFRS"), and in particular in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). They have been prepared using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the financial year ending April 30, 2025.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's April 30, 2024 year end audited consolidated financial statements as prepared in accordance with IFRS.

(b) Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after April 30, 2024. The Company is currently not subject to any new standards that are expected to have a material impact on its unaudited condensed consolidated interim financial statements:

AMERICAN CRITICAL ELEMENTS INC.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2024

UNAUDITED

(Expressed in Canadian Dollars)

3. Capital Management:

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risks characteristic of the underlying resource assets. As a junior resource exploration company, the Company considers its capital structure to comprise only working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected expenditure levels.

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

The Company does not have any externally imposed capital requirements.

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

4. Investment:

The Company has investments in Big Tree Carbon Inc. (formerly Aurcrest Gold Inc.) as follows:

| | October 31, <u>2024</u> | April 30, <u>2024</u> |
|---------------------------------------|----------------------------|--------------------------|
| 18,000 shares of Big Tree Carbon Inc. | \$ <u>361</u> | \$ <u>541</u> |

During the current quarter there is a decrease of \$180 in the fair market value of these shares since the last quarter ended July 31, 2024. The fair market value of its investment as at October 31, 2023 is approximately \$901. These fair value through other comprehensive income ("FVTOCI") financial instruments have been adjusted to fair market value.

AMERICAN CRITICAL ELEMENTS INC.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2024

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5. Exploration and evaluation assets

On October 9, 2019 the Company entered into an option agreement with True North Gems Inc. ("True North") to earn up to 70% working interest in the True Blue Property ("Property") in the Yukon Territory. The True Blue Property consists of 68 mining claims in the Ketzza-Seagull district of the Southern Yukon in the Watson Lake Mining District comprising 13.3 square kilometres. The Company can earn a 70% interest in the Property by incurring expenditures in the aggregate amount of \$300,000 over three years and issuing an aggregate of 600,000 common shares with 200,000 shares to be issued on closing (issued), a further 200,000 shares on or before November 30, 2020 (issued) and a further 200,000 shares on or before November 30, 2021 (issued). The exploration expenditure component was subsequently amended to extend the expenditure of the remaining \$250,000 to \$100,000 to be spent by the end of the 4th anniversary of the agreement with the balance to be spent by the 5th anniversary date. Consideration issued for the extension is 50,000 common shares of the Company.

During the last fiscal year ended April 30, 2024 the Company is uncertain as to the future exploration work on the property and has recorded an impairment loss of \$104,682.

6. Capital Stock:

Authorized :

Unlimited common shares

Issued:

10,999,254 common shares

Share based payments:

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

No share based payments were made in the current quarter and no options are outstanding at the end of the quarter.

Warrants:

The Company has no common share purchase warrants outstanding as at October 31, 2023 and October 31, 2024.

AMERICAN CRITICAL ELEMENTS INC.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2024

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7. Related party transactions and balances:

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

| Related Party | Item | Six months ended October 31 | |
|---------------------------------|--|--------------------------------|-----------|
| | | 2024 | 2023 |
| Director | Professional fees charged to statement of loss | \$ 4,078 | \$ 3,585 |
| | Amounts included in accounts payable related to above noted fees | \$ 6,338 | \$ 26,805 |
| Key Management Personnel | Salaries and fees charged to statement of loss | \$ - | \$ - |
| | Share-based payments charged to statement of loss | \$ - | \$ - |

The above transactions were in the normal course of operations and were measured at the exchange amount, which are the amounts agreed to by the related parties.

8. Supplemental cash flow information:

Net change in non-cash working capital:

| | Oct 31 <u>2024</u> | Oct 31 <u>2023</u> |
|--|-----------------------|-----------------------|
| H.S.T receivable | \$ (1,719) | \$ (1,574) |
| Accounts payable and accrued liabilities | 6,465 | 1,335 |
| Prepaid deposits | <u>10,530</u> | <u>-</u> |
| | <u>\$ 15,276</u> | <u>\$ (239)</u> |

9. Prepaid expenses and deposits :

During the comparative quarter ended October 31, 2023 the Company had repay short-term loans payable in the amount of \$12,935 from an arm's length party. These loans are due on demand, interest bearing at 10% per annum and unsecured. These loans were fully repaid on August 22, 2023. During the same quarter ended October 31, 2023 the Company had advanced \$21,421 to the same arm's length party for prepaid expenses and deposits. Interest expense in the amount of \$Nil (Oct 31, 2023 - \$78) is recorded. As at the current quarter ended October 31, 2024 \$6,052 of the \$21,421 remains as prepaid expenses and deposits.