

OPTION AGREEMENT

THIS AGREEMENT made this 24th day of September, 2021 (the “**Effective Date**”)

BETWEEN:

DG RESOURCE MANAGEMENT LTD., a company incorporated under the laws of [REDACTED], with an office at [REDACTED]

(“**DGRM**”)

TY & SONS INVESTMENT INC., a company incorporated under the laws of [REDACTED], with an office at [REDACTED]

(“**TY&SI**” and together with DGRM, “**Optionor Shareholders**”)

ARIZONA LITHIUM COMPANY LTD., a company incorporated under the laws of [REDACTED] with an office at [REDACTED]

(“**Optionor**” and together with the Optionor Shareholders, the “**Optionor Parties**”)

AND:

US CRITICAL METALS CORP., a company incorporated under the laws of [REDACTED], with an office at [REDACTED]

(“**Optionee Parent**”)

US ENERGY METALS CORP., a company incorporated under the laws of [REDACTED], with an office at 3 [REDACTED]

(the “**Optionee**” and together with the Optionee Parent, the “**Optionee Parties**”)

WHEREAS:

- A. The Optionor Shareholders are collectively the holders of one hundred percent (100%) of the shares in the capital of the Optionor.
- B. The Optionor is the registered and beneficial owner of one hundred percent (100%) of the right, title and interest, free and clear of all liens, charges, encumbrances, claims, royalties, rights or interest of any other person, in the Haynes Stellite Project, consisting of 23 lode claims covering approximately 475.18 acres, located in Idaho, USA, (the “**Property**”), as more particularly described in Schedule “A” attached hereto and forming part of this Agreement.

[REDACTED]

- C. Optionee is a wholly-owned subsidiary of the Optionee Parent, a British Columbia company that may effect a going public transaction (the “**Transaction**”) by way of an initial public offering, share exchange, amalgamation or other similar transaction with a company that is a “reporting issuer” in a jurisdiction of Canada and become listed in a recognized stock exchange in Canada.
- D. The Parties hereto wish to enter into this option agreement (the “**Agreement**”) granting to the Optionee Parties the exclusive right and option to acquire one hundred percent (100%) of the right, title and interest of the Optionor in and to the Property on the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the promises and of the mutual covenants and agreements hereinafter set forth, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. INTERPRETATION

1.1 In this Agreement:

- (a) “**Acceptance Date**” means the date of acceptance of this Agreement by the Exchange for filing;
- (b) “**Acquisition Costs**” has the meaning set out in Section 12.1;
- (c) “**Acquisition Notice**” has the meaning set out in Section 12.2;
- (d) “**Acquisition Rights**” has the meaning set out in Section 12.2;
- (e) “**Affiliate**” means an affiliate within the meaning of *Business Corporations Act* (British Columbia);
- (f) “**Applicable Law**” means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, by-law (zoning or otherwise), order, decree or proclamation, or any consent, exemption, approval or license, of any Governmental Authority, that applies, in whole or in part, to the Parties or the Property, or that applies to the acquisition, maintenance or exploration of mineral tenures and the land subject thereto, or to the exploitation, extraction, processing, transportation, sale or export of Minerals;
- (g) “**Area of Interest**” means the area that lies within zero (0) kilometers of the exterior boundaries of the perimeter of the Property on the Effective Date;
- (h) “**Business Day**” means any day, other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Vancouver, British Columbia, or Idaho, United States are not open for business during normal banking hours;
- (i) “**Claims**” means any and all losses, liabilities, expenses, costs, damages, actions, fines, penalties, claims (including Environmental Claims), proceedings, suits and obligations of every kind and nature, including, without limitation, any losses, liabilities, expenses, costs, damages, actions, claims (including Environmental Claims), proceedings, suits and obligations relating to damage to property, personal injury and loss or diminution of mineral claim rights and land use rights;

- (j) **“Contaminant”** means and includes, without limitation, any pollutants, dangerous substances, liquid wastes, hazardous wastes, hazardous materials, hazardous substances or contaminants or any other matter including any of the foregoing, as defined or described as such pursuant to any Environmental Law;
- (k) **“Closing Date”** means the 10th business day following the satisfaction or waiver of the condition precedents set out herein, or such other date as mutually agreed to by the Parties;
- (l) **“Environmental Claims”** means any and all administrative, regulatory, or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, or proceedings relating in any way to any Environmental Laws or any permit issued under any Environmental Laws, including, without limitation:
 - (i) any and all claims by government or regulatory authorities for enforcement, clean-up, removal, response, remedial, or other actions or damages under any applicable Environmental Law; and
 - (ii) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive or other relief resulting from hazardous materials, including any release of those claims, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;
- (m) **“Environmental Activity”** means and includes, without limitation, any past, present or future activity, event or circumstance in respect of a Contaminant;
- (n) **“Environmental Damage”** has the meaning set out in Section 2.2(l);
- (o) **“Environmental Laws”** means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority including, but not limited to, those relating to:
 - (i) noise;
 - (ii) pollution or protection of the air, surface water, ground water, or land;
 - (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation;
 - (iv) exposure to hazardous or toxic substances;
 - (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands; or
 - (vi) any Environmental Activity;
- (p) **“Exchange”** means the TSX Venture Exchange or any other recognized stock exchange in Canada;
- (q) **“Exploration Expenditures”** means all cash, expenses, obligations and liabilities of whatever kind or nature spent directly or indirectly by the Operator, without duplication, in connection with the exploration of the Property, including, without limiting the generality of the foregoing, all monies expended in maintaining the Property in good

standing by doing and filing assessment work, in doing geophysical, geochemical and geological surveys, prospecting, trenching, drilling, assaying and metallurgical testing, in acquiring facilities, in payment of fees, wages, salaries, traveling expenses and fringe benefits (whether or not required by law) of all persons engaged in work with respect to and for the benefit of the Property, in paying for the food, lodging and other reasonable needs of such persons, and in the supervision of management of all work done with respect to such persons and for the benefit of the Property;

- (r) “**Facilities**” means all mines and plants, including without limitation, all pits, shafts, haulageways and other underground workings and all buildings, plants and other structures, fixtures and improvements and all other property, whether fixed or moveable, as the same may exist at any time in or on the Property;
- (s) “**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state or municipal, and any branch, department or ministry thereof, or any governmental agency, governmental authority, governmental tribunal, board or commission of any kind whatever;
- (t) “**Hazardous Materials**” means any explosive, radioactive materials, asbestos material, urea formaldehyde, hydrocarbon contaminants, underground tanks, pollutants, contaminants, hazardous, corrosive or toxic substance or special waste of any kind, including without limitation, compounds known as chlorobiphenyls, and any substance the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release into the environment of which is prohibited, regulated or licensed under any Environmental Laws;
- (u) “**Minerals**” shall mean raw ores, concentrates, precipitates, leach liquor, metals, ore and mineral materials of every kind and character and all other naturally-occurring products contained within the Property which are extracted by or on behalf of the Optionee (not including sand and gravel and other common non-metallic materials);
- (v) “**NSR Royalty**” means the royalty of three percent (3.0%) payable to the Optionor Shareholders of net smelter returns from minerals mined and removed from the Property, as more particularly described in Schedule “B” attached hereto and forming a part of this Agreement;
- (w) “**Operator**” means the Party responsible for carrying out, or causing to be carried out, all exploration and mining operations;
- (x) “**Option**” has the meaning set out in Section 3.1;
- (y) “**Option Payment**” has the meaning set out in Article 3;
- (z) “**Option Period**” means the period commencing on the Effective Date and ending on the date that is the earlier of: (i) the Option is exercised by the Optionee Parties; and (ii) the date that this Agreement is terminated in accordance with its terms;
- (aa) “**Parties**” means the Optionee Parties and the Optionor Parties, and “**Party**” means any one of them;
- (bb) “**Program**” means any exploration program to carry out work and incur expenditures on the Property and includes, as the context requires, the preparation of any preliminary

feasibility study or other feasibility study or report, and includes any amendments to a Program which may be proposed by the Operator;

- (cc) “**Property**” has the meaning set out in the recitals to this Agreement;
- (dd) “**Royalty Buy-Back Price**” has the meaning set in Section 10.1;
- (ee) “**Shares**” means common shares without par value in the capital of the Optionee Parent as constituted as of the date of this Agreement; and
- (ff) “**Transaction**” has the meaning set out in the recitals to this Agreement.

1.2 In this Agreement, all dollar amounts are expressed in lawful currency of Canada.

1.3 The titles to the respective articles are used for convenience only and are not a part of this Agreement.

1.4 Words importing the singular number will include the plural and vice-versa, and words importing the masculine gender will include the feminine and neuter genders and vice-versa, and words importing persons will include firms, partnerships, and corporations.

2. REPRESENTATIONS AND WARRANTIES

2.1 Each of the Optionee Parties, as applicable, represents and warrants in favour of the Optionor Parties that:

- (a) it is a body corporate duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and fulfill its obligations provided for by this Agreement;
- (c) neither the execution and delivery of this Agreement nor any of the agreements referred to in this Agreement or contemplated by this Agreement, nor the consummation of the transactions by this Agreement contemplated will conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (d) the execution and delivery of this Agreement and the agreements contemplated by this Agreement will not violate or result in the breach of Applicable Laws or of its constating documents;
- (e) it is a “non-reporting issuer” under the provisions of the *Securities Act* (British Columbia); and
- (f) the Shares to be issued to the Optionor Parents pursuant to Article 3 hereof will, upon issuance, be issued and outstanding as fully paid and non-assessable shares.

2.2 Each of the Optionor Parties jointly and severally, represents and warrants in favour of the Optionee Parties that:

- (a) it is a body corporate duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction;

- (b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement and fulfill its obligations provided for by this Agreement;
- (g) neither the execution and delivery of this Agreement nor any of the agreements referred to in this Agreement or contemplated by this Agreement, nor the consummation of the transactions by this Agreement contemplated will conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (c) the execution and delivery of this Agreement and the agreements contemplated by this Agreement will not violate or result in the breach of Applicable Laws or of its constating documents;
- (d) it has the sole and exclusive right to deal with the Property in the manner provided in this Agreement;
- (e) the mineral claims comprising the Property: (i) are accurately described in Schedule "A"; (ii) have been acquired and recorded in accordance with and pursuant to the Applicable Laws, (iii) are in good standing of all obligations (including, without limitation payment of mining duties, performance of minimum assessment work and filing of reports with respect to minimum assessment work) required under the Applicable Laws, and are free and clear of all liens, charges, encumbrances, Claims, rights or interest of any person save and except as disclosed herein;
- (f) the Property is free and clear of all liens, charges and encumbrances of every nature and kind and at that time that the Optionee Parties shall acquire an interest in the Property pursuant to the exercise of the Option, the Optionee Parties shall receive such interest free and clear of all encumbrances, except the NSR Royalty;
- (g) all taxes, assessment, rentals, levies, or other payments relating to the Property required to be made to any federal, state, or municipal government instrumentality have been made;
- (h) no Person has any right, agreement, option, understanding, commitment or privilege capable of becoming an agreement to acquire or purchase the Property or any interest in or portion thereof and the Optionor Parties have the exclusive right to receive one hundred percent (100%) of the proceeds from the sale of Minerals removed from the Property and no Person is entitled to any royalty or other payment in the nature of rent or royalty on such Minerals removed from the Property or is entitled to take such Minerals;
- (i) the Optionor Parties collectively have a one hundred percent (100%) registered and beneficial interest in the Property, and the Optionor Parties are in exclusive possession of the Property and have the exclusive right to explore and the Property and the Vendors hold all permits, licenses, registrations and applications required to hold the Property;
- (j) has delivered to the Optionee Parties all existing data in its possession or control, and true and correct copies of all leases or other contracts relating to the Property;
- (k) to the best of the knowledge of the Optionor Parties, there are no known actions, suits, investigations or proceedings before any court, arbitrator, administrative agency or other tribunal or governmental authority, whether current, pending or threatened, which directly relate to or affect the Property or the interests of the Optionor Parties therein nor are the Optionor Parties aware of any acts that would lead them to suspect that the same might be initiated or threatened;

- (l) there are no known past violations by the Optionor Parties' of any Environmental Laws or other Applicable Laws affecting or pertaining to the Property or land associated therewith, nor any past creation of damage or threatened damage to the air, soil, surface waters, ground water, flora, fauna or other natural resources on, about or in the general vicinity of any of the Property or land associated therewith ("**Environmental Damage**");
- (m) to the best of the Optionor Parties' knowledge there are no known Hazardous Materials or other materials used in or generated by the use of the Property or land associated therewith have been or are currently placed, used, stored, treated, manufactured, disposed of, released, discharged, spilled or emitted in material violation of any Environmental Laws;
- (n) there is no agreement or consent order to which the Optionor Parties are a party relating to any environmental matter relating to the Property or land associated therewith and to the best of the Optionor Parties' knowledge no such agreement is necessary for the continued compliance with Environmental Laws;
- (o) the Optionor Parties have not received inquiry from or notice of a pending investigation from any Governmental Authority or of any administrative or judicial proceeding concerning the violation of any Applicable Laws or Environmental Laws;
- (p) the Optionee may enter in, under, or on the Property for all purposes of this Agreement without making any payment to and without accounting to or obtaining the permission of any other person, other than any payment required to be made under this Agreement subject to the negotiation of applicable permissions and rights of entry with surface owners;
- (q) there are no consents or approvals to its performance under this Agreement which have not been obtained;
- (r) to the best of the Optionor Parties' knowledge there are no current reclamation, rehabilitation, restoration or abandonment obligations with respect to the Property; and
- (s) during the term of the Option under this Agreement or thereafter if the Optionee Parties exercise the Option under this Agreement, shall not sell, assign, alienate, transfer or in any other way deal with its interest in the Property or this Agreement, save and except as specifically provided in this Agreement.

2.3 The Optionor Parties' representations and warranties set out above, will in part, be relied on by the Optionee Parties in entering into the Agreement and shall survive the execution and delivery of the Agreement for a period of three (3) years after the Closing Date, and neither party will be entitled to assert any claim or action for a breach of a representation or warranty herein before set out unless it is commenced within such a time period.

2.4 The liability of any party hereto for a breach of a representation or warranty hereinbefore set out will be limited to the aggregate value of all consideration paid or delivered hereunder by the Purchaser to the Optionor Parties.

3. GRANT OF OPTION, OPTION PAYMENTS AND COMMITMENTS

3.1 The Optionor and the Optionor Shareholders hereby grant to the Optionee the sole, exclusive and irrevocable right and option (the "**Option**") to acquire 100% right, title and interest in and to the Property, subject to the NSR Royalty, in accordance with the terms of this Agreement by satisfying the following conditions:

- (a) pay to the Optionor Shareholders a total of \$100,000 and issue to the Optionor Shareholders a total of 2,500,000 Shares (the cash payments and Share issuances collectively referred to as the “**Option Payment**”), as follows:
- (i) Optionee Parent will issue 2,500,000 Shares upon closing of the Transaction (the Shares will be subject to the same escrow as principles of company or as otherwise determined by the Exchange);
 - (ii) will make a \$50,000 cash payment to the Optionor Shareholders upon the listing of the Shares on a recognized stock exchange in Canada; and
 - (iii) will make a \$50,000 cash payment to the Optionor Shareholders on the one-year anniversary of listing of the Shares;

In addition to the forgoing, Optionee Parties:

- (iv) will keep the Property in good standing during the Option Period (BLM Fees estimated at \$3,870 per year);
- (v) will fund the cost of an upcoming exploration program of approximately (not less than) \$100,000 upon closing of the Transaction; and
- (vi) will fund the cost of a 3rd party authored National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* Report on the Property (cost estimate of about \$25,000).

3.2 The Optionee Parties acknowledge and agree that the Shares will be issued pursuant to prospectus exemption requirements of the Canadian securities laws and the share certificates representing such Shares will be subject to hold periods as required pursuant to the Canadian securities laws and any other applicable securities legislation. Furthermore, upon closing of the Transaction, the Shares may be subject to a three year escrow provision, with intermitent release dates, consistent with the escrow requirements of the Exchange as well as the all applicable Canadian securities laws applicable executive management.

3.3 The Optionee Parties agrees to engage DGRM for exploration work conducted on the Property for a period of 24 months following exchange approval, provided the terms are market reasonable rates and Optionee has all decision making authority for any programs.

3.4 The Optionee Parties or the Optionor Parties will have the right at any time to register this Agreement or notice of this Agreement against title to the Property.

4. EXERCISE OF OPTION

4.1 Immediately on the Optionee Parties satisfying all of the conditions set out in subsection 3.1, the Optionee will be deemed to have exercised the Option and to have earned a 100% of the legal and beneficial interest in and to the Property which will vest to the Optionee, free and clear of all encumbrances subject only to the NSR Royalty.

5. APPOINTMENT OF OPERATOR

5.1 During the Option Period, the Optionee will be the Operator of the Property and will be entitled to continue to act as the Operator until the Optionee may resign as the Operator on at least 30 days’

notice to all Parties. If the Optionee declines to be the Operator or resigns as the Operator, the Parties will appoint a new Operator.

5.2 The Operator will have the sole and exclusive right and authority to manage and carry out all Programs on the Property.

5.3 During the Option Period, the Operator will have the right and option to:

- (a) enter upon the Property;
- (b) have exclusive and quiet possession thereof;
- (c) do such prospecting, exploration, development or other mining work thereon and thereunder as the Operator may consider advisable; and
- (d) remove from the Property and dispose of, for its own account, any quantities of ores, minerals and metals for the purposes of obtaining assays or making other tests.

5.4 In carrying out its duties, the Operator will:

- (a) keep the Property free of all liens and encumbrances (other than those, if any, in effect on the Effective Date or the creation of which is permitted by this Agreement) arising out of the carrying out of Programs on the Property and, in the event of any lien being filed as mentioned, proceed with diligence to contest or discharge it;
- (b) prosecute Claims or, where a defence is available, defend litigation arising out of the carrying out of Programs on the Property, provided that any party may join in the prosecution or defence at its own expense;
- (c) maintain accounts in accordance with generally accepted accounting principles in the mining industry in Canada;
- (d) carry out any Program in a sound and workmanlike manner, in accordance with sound mining and engineering practices and other practices customary in the Canadian mining industry, and in substantial compliance with all Applicable Law and this Agreement;
- (e) employ and engage employees, agents, and independent contractors that it considers necessary or advisable to carry out its duties and obligations and, in this connection, to delegate any of its powers and rights to perform its duties and obligations under this Agreement; and
- (f) transact, undertake, and perform all transactions, contracts, employments, purchases, operations, negotiations with third parties, and any other matters undertaken on behalf of the Parties in the Operator's name.

6. COVENANTS OF OPTIONOR PARTIES

6.1 Immediately upon execution of this Agreement by the Parties, the Optionor Parties will cause to be delivered to the Optionee Parties copies of such financial statements and other financial, technical and geological information, digital files and other data pertaining to the Property as the Optionee Parties may request.

6.2 During the term of this Agreement and the Option, the Optionor Parties will:

- (a) not do any act or thing which would or might in any way adversely affect the rights of the Optionee Parties under this Agreement to earn the Option;
- (b) promptly make available to the Optionee Parties and their representatives all records and files in the possession of the Optionor Parties relating to the Property, and permit the Optionee Parties and their representatives at its own expense to take abstracts therefrom and make copies thereof;
- (c) promptly provide the Optionee Parties with any and all notices and correspondence from government agencies in respect of the Property;
- (d) cooperate fully with the Optionee Parties in obtaining any surface and other rights on or related to the Property as the Optionee Parties deem desirable;
- (e) grant to the Optionee Parties, its employees, agents and independent contractors, the sole and exclusive right and option to:
 - (i) enter upon the Property;
 - (ii) have exclusive and quiet possession thereof;
 - (iii) do such prospecting, exploration, development or other mining work thereon and thereunder as they in their sole discretion may consider advisable;
 - (iv) bring and erect upon the Property such equipment and facilities as the Optionee Parties may consider advisable; and
 - (v) remove from the Property and dispose of material for the purpose of testing;
- (f) to the extent possible under Applicable Law, record or otherwise give notice of this Agreement as necessary to protect the rights of the Optionee Parties hereunder from third parties;
- (g) execute and deliver to the Optionee Parties such powers of attorney, consents and authorizations as are, in the opinion of the Optionee Parties, necessary or desirable to permit the Optionee Parties to carry out activities on or with respect to the Property as contemplated hereunder; and
- (h) except to the extent agreed to be done by the Optionee Parties, hereunder, comply with all requirements and obligations of the Property and not take any action which may adversely affect the interest of the Optionee Parties in the Property.

7. COVENANTS OF THE OPTIONEE

7.1 During the Option Period, the Optionee Parties shall:

- (a) keep the Property in good standing by making all payments to the Bureau of Land Management (“BLM”) or any other government agency and by the doing of all other acts and things and making all other payments which may be necessary in that regard;
- (b) permit the Optionor Parties, or their duly appointed representatives, duly authorized by them in writing, at their own risk and expense, access to the Property upon 72 hours written

notice, to all records prepared in connection with work done on or with respect to the Property; and

- (c) reimburse the Optionor Parties for all taxes and fees incurred in connection with maintaining the Property in good standing with the BLM or any other government agency.

8. TRANSFER OF TITLE UPON EXERCISE OF OPTION

- 8.1 Upon the Optionee earning the Option, the Optionor Parties will deliver to the Optionee Parties duly executed transfers in registrable form transferring the applicable undivided percentage right, title and interest in and to the Property.

9. ROYALTY

- 9.1 Upon the Optionee having earned a one hundred percent (100%) interest in the Property in accordance with the provisions of this Agreement, the Optionee shall grant to the Optionor Parties three percent (3.0%) NSR Royalty on the terms as described in Schedule "B" attached hereto and forming a part of this Agreement.

10. PURCHASE BUY-BACK

- 10.1 The Optionee Parties shall have the right at any time to purchase one-half (1/2) of the NSR Royalty, being one and one-half percent (1.50%), in consideration of the payment to the Optionor Shareholders of \$1,500,000 ("**Royalty Buy-Back Price**"), \$750,000 of which would be paid to DGRM and \$750,000 of which would be paid to TY&SI thereby leaving DGRM and TY&SI with a joint one and one-half percent (1.50%) NSR Royalty.
- 10.2 Upon making the payment of the Royalty Buy-back Price to the Optionor Parties, each Party shall execute and deliver to the other Party such instruments, in registrable form, as the other Party may reasonably require to evidence the purchase of one-half (1/2) of the NSR Royalty.

11. OPTION ONLY

- 11.1 This Agreement provides for an option only, and nothing in this Agreement will be construed as obligating the Optionee Parties to do any acts or make any payment under this Agreement and any act or acts or payment or payments as will be made under this Agreement will not be construed as obligating the Optionee Parties to do any further act or make any further payment.
- 11.2 Despite any other provision of this Agreement, the Optionee Parties will have the right at any time to give 30 days' written notice to the Optionor Parties terminating this Agreement and if requested by the Optionor Parties the Optionee Parties shall within 15 days of termination deliver to the Optionor Parties duly executed and recordable transfers and assignments of all interest of the Optionee Parties in and to the Property. Upon the Optionee Parties giving such notice, it shall have no further right, title or interest in or to the Property and no further obligations in respect of the Property.

12. ACQUISITIONS WITHIN AREA OF INTEREST

- 12.1 If, during the Option Period, mineral concessions, interests or rights are issued to or acquired by either Party or an Affiliate of either Party over areas that are in whole or in part within the Area of Interest (the "**Additional Rights**"), the acquiring Party shall promptly provide written notice containing full particulars of the Additional Rights but only as to those areas or those parts of areas

that actually fall within the Area of Interest, including the costs of acquisition (the “**Acquisition Costs**”) which are to be estimated in such notice, to the other Party.

- 12.2 If, in respect of the Additional Rights referred to in the notice provided under subparagraph 12.1, the other Party gives notice (the “**Acquisition Notice**”) to the acquiring Party within 30 days after receipt of such notice from the acquiring Party that the Additional Rights be made part of the Property, then the Additional Rights shall forthwith be included and thereafter form part of the Property for all purpose of this Agreement within 30 days of the Acquisition Notice.

13. DISPOSITION OF INTEREST

- 13.1 Either Party (a “**Selling Party**”) may, at any time, sell, transfer, assign or otherwise dispose of all but not less than all of its interest in and to the Property and this Agreement provided that, at any time, the Selling Party has first obtained the consent in writing of the other Party (the “**Non-Selling Party**”), such consent not to be unreasonably withheld and further provided that, at any time during the term of this Agreement, any purchaser, grantee or transferee of any such interest will have first delivered to the Non-Selling Party its agreement related to this Agreement and to the Property, containing:

- (a) a covenant with the Non-Selling Party by such transferee to perform all the obligations of the Selling Party to be performed under this Agreement in respect of the interest to be acquired by it from the Selling Party, and
- (b) a provision subjecting any further sale, transfer or other disposition of such interest in the Property and this Agreement or any portion thereof to the restrictions contained in this subsection 13.1.

- 13.2 The provisions of subsection 13.1 of this Agreement will not prevent a Selling Party from entering into an amalgamation or corporate reorganization, which will have the effect in law of the amalgamated or surviving company possessing all the Property, rights and interests and being subject to all the debts, liabilities and obligations of each amalgamating or predecessor company.

14. CONDITIONS PRECEDENT

- 14.1 The obligations of the Optionee Parties under this Agreement are subject to the following conditions:

- (a) receipt of Exchange acceptance of this Agreement and the Transaction;
- (b) no material adverse change shall have occurred to the business of either the Optionor Parties or the Optionee Parties between August 31, 2021 and the Effective Date.

The Optionor Parties agree to use commercially reasonable efforts to assist the Optionee Parties in obtaining all required regulatory, director, shareholder and other third party approvals, as required, including Exchange acceptance of this Agreement, and including signing and delivering or providing all such documents and information, as may reasonably required by the Exchange.

The conditions in favour of the each Party may be waived in whole or in part by that Party.

15. DEFAULT

- 15.1 In the event that the Optionee Parties are in default of any of their obligations under this Agreement, the Optionor Parties will give written notice specifying the nature of the default. The Optionee

Parties shall take reasonable steps to cure such default within 30 days from date of the Optionee Parties' receipt of such notice.

16. TERMINATION PRIOR TO ACQUISITION OF INTEREST

16.1 If this Agreement is terminated before the Option is earned, the Optionee shall:

- (a) retransfer at the Optionee's own expense and quit claim all interest in the Property to the Optionors and leave the Property, free and clear of all liens and encumbrances, and in good standing with respect to the performance of assessment work for twelve months from the Effective date;
- (b) deliver to the Optionor Parties promptly after receipt of written request from the Optionor Parties copies of all reports, maps, drill logs, assay results and any other relevant technical data compiled by the Optionee Parties with respect to the Property;
- (c) remove from the Property, within three months of the effective date of termination, all mining facilities erected, installed or brought upon the Property by or at the instance of the Optionee, and any mining facilities remaining on the Property after the expiration of the said period shall, without compensation to the Optionee, become the property of the Optionors; and
- (d) pay or issue to the Optionor Parties the full amount of any of the Option Payments or Shares set out in paragraph 3.1 that have accrued prior to the date of termination and have not been paid or issued.

17. TERMINATION

17.1 This Agreement and the Option granted under this Agreement shall be terminable by the Optionor Parties by notice in writing to the Optionee Parties if the Optionee Parties should be in material default in performing any of their obligations hereunder and have failed to take reasonable steps to cure such default within 30 days, save and except for Option Payments after the receipt of a notice of default by the Optionors.

18. ADDITIONAL TERMINATION

18.1 In addition to any other termination provisions contained in this Agreement, the Optionee shall at any time have the right to terminate this Agreement by giving 30 days written notice of such termination to the Optionors, and in the event of such termination this Agreement, save and except for the obligations of the Optionee arising from termination, shall be of no further force and effect.

19. CONFIDENTIAL NATURE OF INFORMATION

19.1 The Parties agree to treat this Agreement and all terms and conditions hereof and all information data, reports, records, and other information, coming into the possession of the Parties, their respective directors, officers and employees, Affiliates and agents by virtue hereof, as confidential except if disclosure is required by Applicable Law or by any Government Authority. Such information shall not be otherwise disclosed to any person without the prior consent of the other Party, which consent shall not be unreasonably withheld.

19.2 The consent required by Section 19.1 shall not apply to disclosure to:

- (a) comply with any Applicable Laws, or any Government Authority having jurisdiction;

- (b) a director, officer or employee of a Party;
- (c) an Affiliate of a Party;
- (d) an agent of a Party that has a bona fide need to be informed;
- (e) any third party to whom the disclosing Party may assign any of its rights under this Agreement;
- (f) a bank or other financial institution or underwriter or investor from which the disclosing Party is seeking equity or debt financing; or
- (g) conduct any arbitration proceeding under Article 22;

provided, however, that the disclosing Party shall be responsible and liable for any disclosure of confidential information to any of the foregoing persons, and, in the case of paragraphs (e) and (f) above, the third party or parties, as the case may be, agree in writing in favour of the non-disclosing Party to maintain in confidence and not disclose for a period of one year any of the confidential information so disclosed to them.

19.3 The obligations of confidentiality and prohibitions against use under this Agreement shall not apply to information that the disclosing Party can show by reasonable documentary evidence or otherwise:

- (a) as of the Effective Date, was in the public domain other than as a result of a breach of this Article 19;
- (b) after the Effective Date, was published or otherwise became part of the public domain through no fault of the disclosing Party or an Affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain); or
- (c) was information that the disclosing Party or its Affiliates were required to disclose pursuant to the order of any Government Authority or judicial authority.

19.4 Despite the foregoing, it is understood and agreed that a Party will not be liable to the other Party for the fraudulent or negligent disclosure of information by any of its employees, servants or agents, provided that such Party has taken all reasonable steps to ensure the preservation of the confidential nature of such information.

20. EXPENSES OF PARTIES

20.1 Each Party to this Agreement will bear their own expenses in respect of this transaction.

21. NOTICE

21.1 Any notice, direction or other communication required or permitted to be given under this Agreement will be in writing and will be given by personal delivery or by prepaid registered or certified mail or by facsimile or other form of electronic communication, in each case addressed as follows:

- (a) if to the **Optionor Parties**:

c/o DG Resource Management Ltd.

[REDACTED]

(b) if to the **Optionee Parties**:

US Critical Metals Corp.
[REDACTED]

- 21.2 Any notice, direction or other communication will, if delivered, be deemed to have been given and received on the day it was delivered, and if mailed, be deemed to have been given and received on the third business day following the day of mailing, except in the event of disruption of the postal services in which event notice will be deemed to be received only when actually received, and if sent by facsimile or other form of electronic communication, will be deemed to have been given or received on the next business day following the date on which it was so sent.
- 21.3 Any Party may at any time give to the other Party notice in writing of any change of address of the Party giving such notice and from and after the giving of such notice, the address or addresses therein specified will be deemed to be the address of such Party for the purpose of giving notice under this Agreement.

22. **ARBITRATION**

- 22.1 Disputes between the Parties arising out of or in connection with this Agreement or its interpretation will be settled in accordance with this Article 22 and will be settled in the first instance available. If amicable settlement cannot be reached within 30 days following written notice by one Party to the other Party of the existence of any such dispute, the matter will be submitted to binding arbitration in accordance with the provisions of this Article 22.
- 22.2 Following the expiry of the 30 day notice period, any Party may refer any matter to arbitration by written notice to the others and, within 15 days after receipt of such notice, the Parties will agree on the appointment of an arbitrator. No person will be appointed as an arbitrator hereunder unless such person agrees in writing to act.
- 22.3 If the Parties cannot agree on a single arbitrator as provided in subsection 22.2, either Party may submit the matter to arbitration (before a single arbitrator) in accordance with the *Commercial Arbitration Act* (British Columbia) (the "**Arbitration Act**").
- 22.4 Except as specifically provided in this Article 22, arbitration hereunder will be conducted in accordance with the Arbitration Act. The arbitrator will fix a time and place in British Columbia, for the purpose of hearing the evidence and representations of the Parties and he will preside over the arbitration and determine all questions of procedure not provided for under such Arbitration Act or this Article 22. After hearing any evidence and representations that the Parties may submit, the arbitrator will make an award and reduce the same to writing and deliver one copy thereof to each of the Parties. The decision of the arbitrator will be made within 30 days after his appointment, subject to any reasonable delay due to unforeseen circumstances. The expense of the arbitration will be paid as specified in the award. The Parties agree that the award of the single arbitrator will be final and binding upon each of them and will not be subject to appeal.
- [REDACTED]

23. FORCE MAJEURE

- 23.1 No Party will be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its control (except those caused by its own lack of funds), save and except for Option Payments while the Agreement is still in force, including, but not limited to acts of God, fire, flood, explosion, pandemics, epidemics, strikes, lockouts or other industrial disturbances, laws, rules and regulations or orders of any duly constituted governmental authority or non-availability of materials or transportation (each an “**Intervening Event**”).
- 23.2 All time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event.
- 23.3 A Party relying on the provisions of this Article 23 will take commercially reasonable steps to eliminate an Intervening Event and, if possible, will perform its obligations under this Agreement as far as practical, but nothing in this Agreement will require such Party to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted governmental authority or to complete its obligations under this Agreement if an Intervening Event renders completion impossible.

24. GENERAL

24.1 Headings

The headings to the respective sections in this Agreement will not be deemed part of this Agreement but will be regarded as having been used for convenience only.

24.2 Further Assurances

The Parties to this Agreement agree that they and each of them will execute all documents and do all acts and things within their respective powers to carry out and implement the provisions or intent of this Agreement.

24.3 Currency

All references to monies hereunder will be in Canadian funds except where otherwise designated.

24.4 Assignment

Neither Party shall sell, transfer, assign or convey this Agreement nor any of its interest, rights, benefits, privileges or obligations hereunder to a third party that is not an Affiliate of such Party, without the prior written consent of the other Party.

Notwithstanding the foregoing, the Optionee Parties may assign this agreement in connection with the completion of the Transaction. In addition, a Party may transfer or assign its interest or rights under this Agreement to an Affiliate provided that such Affiliate first assumes and agrees to be bound by the terms of this Agreement, provided that a Party shall not, after such transfer or assignment to the Affiliate, take or permit any action whereby the Affiliate will cease to be an Affiliate without first either causing the Affiliate to re-transfer such interest or rights to the Party from whom the interest or rights were acquired.

24.5 Enurement

This Agreement enures to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

24.6 Governing law

This Agreement shall be governed by the laws of the State of Idaho, where applicable or in the case of Canadian Securities Legislation, in the Province of British Columbia and the federal laws of Canada applicable therein.

24.7 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether verbal or written, express or implied, statutory or otherwise between the Parties with respect to the subject matter in this Agreement.

24.8 Time of Essence

Time is of the essence in this Agreement.

24.9 Severability

If any one or more of the provisions or stages contained in this Agreement is declared invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired thereby.

24.10 Enforcement of Agreement

The covenants, promises, terms and conditions contained in this Agreement will be binding upon the Parties and may be enforced by each as against the other

24.11 Counterparts

This Agreement may be signed by the authorized signatories by facsimile or electronically and in as many counterparts as is necessary, each of which so signed shall be considered an original but all of which together shall constitute one and the same Agreement.


IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year written on the first page.

DG RESOURCE MANAGEMENT LTD.

Per:  _____
Authorized Signatory



TY & SONS INVESTMENT INC

Per:  _____
Authorized Signatory

ARIZONA LITHIUM COMPANY LTD.

Per:  _____
Authorized Signatory

US CRITICAL METALS CORP.

Per:  _____
Authorized Signatory

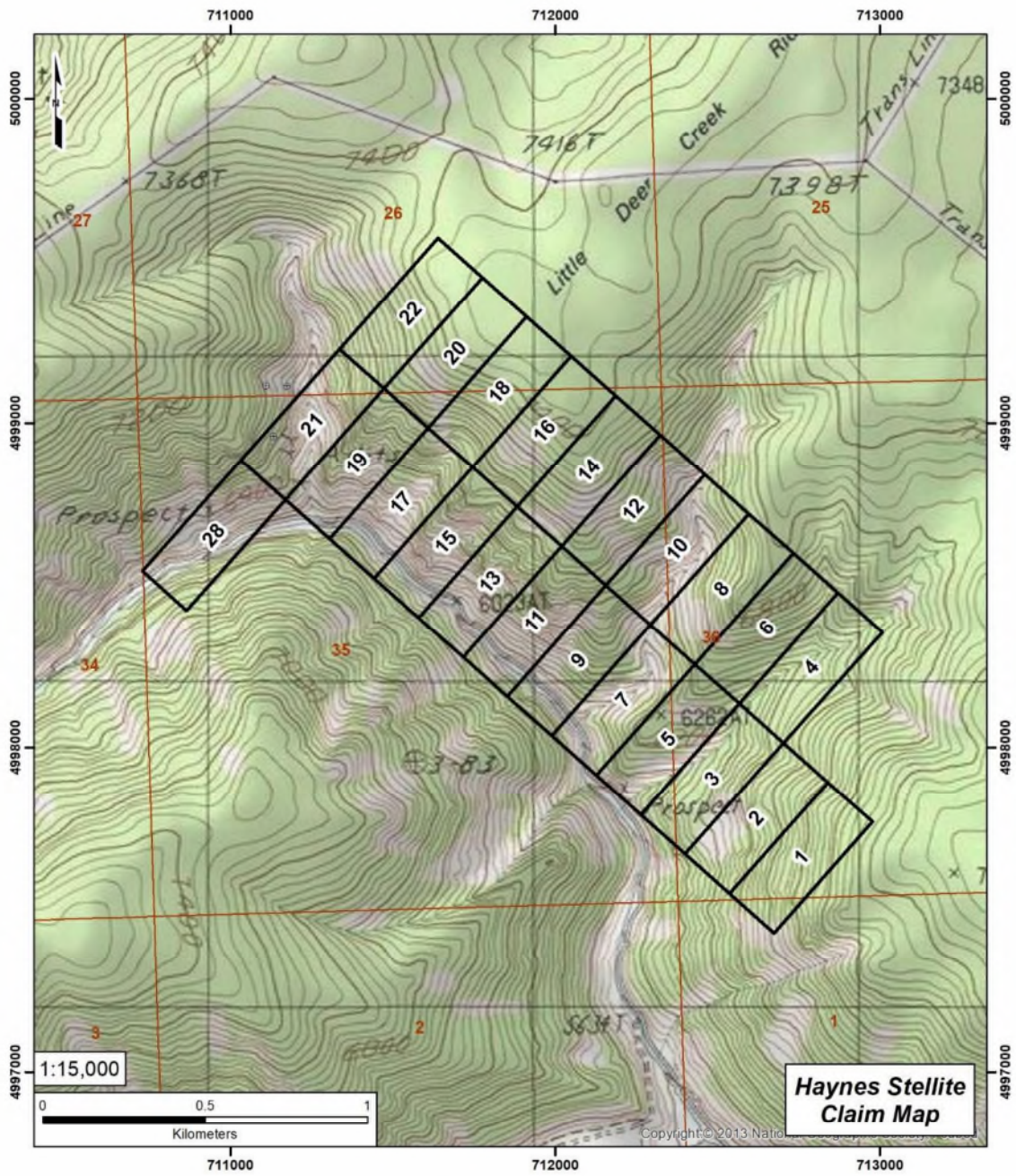
US ENERGY METALS CORP.

Per:  _____
Authorized Signatory

SCHEDULE "A"
to Option Agreement
made as of the 24th day of September, 2021
Claims and Map of the Property

The Property is comprised of the following 32 claims, covering approximately 640 acres, located in Idaho, USA:

Serial Number	Case Disposition	Date Of Location	Case Name	Legacy Serial Number	Meridian Township Range Section	Claimant
ID101735000	ACTIVE	2017-07-12	HS 1	IMC218428	08 0200N 0180E 001	ARIZONA LITHIUM CO LTD
ID101736113	ACTIVE	2017-07-12	HS 2	IMC218429	08 0210N 0180E 036	ARIZONA LITHIUM CO LTD
ID101736114	ACTIVE	2017-07-12	HS 3	IMC218430	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736115	ACTIVE	2017-07-12	HS 4	IMC218431	08 0210N 0180E 036	ARIZONA LITHIUM CO LTD
ID101736116	ACTIVE	2017-07-12	HS 5	IMC218432	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736117	ACTIVE	2017-07-12	HS 6	IMC218433	08 0210N 0180E 036	ARIZONA LITHIUM CO LTD
ID101736118	ACTIVE	2017-07-12	HS 7	IMC218434	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736119	ACTIVE	2017-07-12	HS 8	IMC218435	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736120	ACTIVE	2017-07-12	HS 9	IMC218436	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736121	ACTIVE	2017-07-12	HS 10	IMC218437	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736122	ACTIVE	2017-07-12	HS 11	IMC218438	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736123	ACTIVE	2017-07-12	HS 12	IMC218439	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736124	ACTIVE	2017-07-12	HS 13	IMC218440	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736125	ACTIVE	2017-07-12	HS 14	IMC218441	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736126	ACTIVE	2017-07-12	HS 15	IMC218442	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736127	ACTIVE	2017-07-12	HS 16	IMC218443	08 0210N 0180E 026	ARIZONA LITHIUM CO LTD
ID101736128	ACTIVE	2017-07-12	HS 17	IMC218444	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD
ID101736129	ACTIVE	2017-07-12	HS 18	IMC218445	08 0210N 0180E 026	ARIZONA LITHIUM CO LTD
ID101736130	ACTIVE	2017-07-12	HS 19	IMC218446	08 0210N 0180E 026	ARIZONA LITHIUM CO LTD
ID101736131	ACTIVE	2017-07-12	HS 20	IMC218447	08 0210N 0180E 026	ARIZONA LITHIUM CO LTD
ID101736132	ACTIVE	2017-07-12	HS 21	IMC218448	08 0210N 0180E 026	ARIZONA LITHIUM CO LTD
ID101736133	ACTIVE	2017-07-12	HS 22	IMC218449	08 0210N 0180E 026	ARIZONA LITHIUM CO LTD
ID101736134	ACTIVE	2017-07-12	HS 28	IMC218455	08 0210N 0180E 035	ARIZONA LITHIUM CO LTD



[REDACTED]

SCHEDULE "B"

FORM OF ROYALTY AGREEMENT

THIS AGREEMENT made as of the _____ day of _____.

BETWEEN:

US CRITICAL METALS CORP., a corporation existing under the laws of the
[REDACTED]

(the "USCM")

US ENERGY METALS CORP., a corporation existing under the laws of the
[REDACTED]

("UEM" and together with "USCM", the "Grantor")

- and -

DG RESOURCE MANAGEMENT LTD., a company
incorporated under the laws of [REDACTED]

("DGRM")

TY & SONS INVESTMENT INC., a company incorporated under
the laws of [REDACTED]

("TY&SI" and together with DGRM, the "Grantee")

WHEREAS the Grantee and Grantor have entered into an option agreement dated September 20, 2021 in respect of the transfer of certain properties from Grantee to Grantor, and as partial consideration for such settlement the Grantor has agreed to grant the Grantee a royalty all on and subject to the terms and conditions hereinafter contained.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for good and valuable consideration the receipt and sufficiency whereof being acknowledged by each of the parties hereto, the parties hereto do hereby covenant and agree as follows:

1. DEFINITIONS

1.1 In this Agreement, including in the recitals hereto, the following terms shall have the following meanings:

- (a) "**Affiliate**" shall have the meaning set out in the *Securities Act* (British Columbia);
 - (b) "**Agreement**", "**this Agreement**", "**hereto**", "**hereof**", "**herein**", "**hereunder**", "**hereby**" and similar expressions refer, unless otherwise expressly stated, to this Agreement, including the recitals and any schedules or appendices hereto, as it may from time to time be supplemented or amended by one or more agreements entered
- [REDACTED]

into pursuant to the applicable provisions hereof, and not to any particular article, section, subsection, subparagraph or other subdivision hereof;

- (c) **“Allowable Deductions”** means collectively:
- (i) actual charges for treatment in the smelting and refining process of Minerals, including tolling charges, representation expenses, metal losses, costs of assaying, sampling, custom-smelting and refining, all independent representative and umpire charges, expenses and fees and any other treatment or other processing charges or applicable penalties, discounts or costs, including all weighing, sampling and assaying costs that are paid by the Grantor and/or its Affiliates for or in connection with smelting, refining, beneficiation processes and mineral treatment procedures in respect of the Minerals;
 - (ii) actual sales and brokerage costs;
 - (iii) any sales, severance, gross production, privilege, customs duties, value added taxes or similar taxes and governmental charges, in connection with the existence, severance, production, removal, sale, processing, transportation, or disposition of Minerals but excluding any and all taxes based upon the net or gross income of the Grantor or other operator of the Property, the value of the Property or the privilege of doing business, and other taxes assessed on a similar basis; and
 - (iv) actual costs of transportation, including but not limited to, freight, insurance, security charges, warehousing, transaction taxes, import and export duties, levies, imposts, handling, port, demurrage, delay, stowage and forwarding expenses incurred by reason of or in the course of such transportation of such Minerals, to the mill, smelter or other point of sale,
- (d) **“Applicable Law”** means any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, by-law (zoning or otherwise), order, decree or proclamation, or any consent, exemption, approval or license, of any Governmental Authority, that applies, in whole or in part, to the Parties or the Property, or that applies to the acquisition, maintenance or exploration of mineral tenures and the land subject thereto, or to the exploitation, extraction, processing, transportation, sale or export of Minerals;
- (e) **“Buy-Back Option”** shall have the meaning set out in Section 4.1;
- (f) **“Governmental Authority”** means any domestic or foreign government, whether federal, provincial, state or municipal, and any branch, department or ministry thereof, or any governmental agency, governmental authority, governmental tribunal, board or commission of any kind whatever;
- (g) **“Gross Value”** shall mean the consideration actually received by the Grantor from the sale or other disposition of Minerals, provided that:
- (i) where the Grantor’s sale or disposition is based upon a contract for the sale of Minerals that fixes a selling price for metals on other than a market price of the product on the date of delivery to the purchaser (less deductions

normally negotiated as a part of such contracts), specifically including without limitation, forward sales, futures trading or commodity options trading and any other price hedging, price protection and speculative arrangements not involving physical delivery of Minerals produced from ores mined from the Property, Minerals shall be deemed to have been sold only at the time that refined metal attributable to such Minerals is physically delivered by the Grantor in satisfaction of such commitments;

- (ii) Gross Value of Minerals shall be based on the contained metal value of the Minerals actually delivered, calculated by dividing the sum of all such prices reported for each respective metal on each day of the calendar month by the number of days for which such prices were reported for the month in which the sale occurred, as such prices are quoted on the London Metal Exchange (LME) p.m. fix;
 - (iii) in the event of cessation or suspension of quotations for a period of more than five (5) consecutive days in a given month, the parties hereto shall agree on a reputable substitute quotation mechanism for each affected metal. If the Grantor terminates or “buys-back” any of such price protection arrangements without actual physical delivery of Minerals, the Grantee shall not share in any profits or losses therefrom; and
 - (iv) if any insurance proceeds are payable to the Grantor and/or its Affiliates for any Loss to the Minerals prior to receipt at the relevant processor or other treatment facility, such insurance proceeds shall be included as part of the revenue actually received by the Grantor;
- (h) **“Loss”** means an insurable loss of or damage to Minerals, whether or not occurring on or off any of the Property and whether the Minerals are in the possession of the Grantor or otherwise;
- (i) **“Minerals”** shall mean raw ores, concentrates, precipitates, leach liquor, metals, ore and mineral materials of every kind and character and all other naturally-occurring products contained within the Property which are extracted by or on behalf of the Grantor (not including sand and gravel and other common non-metallic materials);
- (j) **“Net Returns”** means Gross Value received by the Grantor from the sale or other disposition of Minerals less Allowable Deductions, provided that:
- (i) the Grantor shall be permitted to sell concentrates in the form usually commercially marketable to an Affiliate of the Grantor provided that such sales shall be considered, solely for the purpose of computing Net Returns, to have been sold at prices and on terms no less favourable than those which would be extended to an unaffiliated third party in a bona fide arm’s length transaction under similar circumstances, and
 - (ii) similarly, if the Grantor or an Affiliate of the Grantor incurs costs that are deductible or treats the Minerals in a smelter that the Grantor or the Affiliate of the Grantor owns or controls, the Grantor or the Affiliate of the Grantor may deduct treatment charges and costs, but only to the extent they are no more than the amount that the Grantor or the Affiliate of the Grantor would

have charged an unaffiliated third party in a bona fide arm's length transaction under similar circumstances;

- (k) **"Permitted Disclosure"** shall have the meaning set out in Section 7(a);
- (l) **"Place of Delivery"** means the place directed by the Grantee in writing;
- (m) **"Produced"** shall mean the mining, saving, extraction from the soil or other creation of a marketable product containing Minerals from the Property;
- (n) **"Property"** shall mean the staked mining claims, leases and patents located in the State of Idaho, as further described in Schedule "A" to the Property Option Agreement;
- (o) **"Property Option Agreement"** means the Property Option Agreement dated September 24, 2021 (and any amendments thereto) with respect to the option to purchase the Property between the parties hereto; and
- (p) **"Royalty"** shall have the meaning set out in Section 2.1.

2. ROYALTY INTEREST

2.1 The Grantor hereby grants to the Grantee in perpetuity 3% net smelter returns royalty from the production of all Minerals from the Property (the **"Royalty"**), subject to the terms and conditions of this Agreement.

2.2 The Grantor and the Grantee expressly acknowledge and agree that to the extent permissible under Applicable Law, the Royalty interests described in this Agreement are intended to be treated as direct interests in real property for all purposes, provided such interest shall be satisfied in respect of any particular Mineral by the payment to the Grantee of the Royalty in respect thereof.

2.3 Calculation of the Royalty.

- (a) To compute the Royalty, the Grantor shall multiply the Net Returns by three percent (3%) in each case for the immediately preceding calendar quarter.
- (b) Where the outturn of treated metals or a sale of other Minerals (including an insurance settlement in respect of a Loss) is made on a provisional basis, the amount of the Royalty payable will be based upon the amount of metal or other Minerals or the value of the Loss credited by such provisional settlement, but will be adjusted to account for the amount of metal or other Minerals or the value of the Loss established by final settlement with the treatment facility or with the purchaser or insurer of other Minerals, as the case may be.

3. GRANTOR'S OPERATIONS

- (a) **Further Processing.** The Grantor may, but is not obligated to, beneficiate, mill, sort, concentrate, refine, smelt or otherwise process or upgrade the Minerals Produced from ores mined from the Property prior to sale, transfer, or conveyance to a purchaser, user or consumer other than the Grantor. The Grantor shall not be liable for mineral values lost in such processing except for losses resulting from the bad faith or gross negligence of the Grantor.

- (b) **Weighing and Sampling — Commingling.** All ores, materials or products containing Minerals shall be weighed or measured, sampled and analyzed in accordance with the Grantor's standard mining and metallurgical practices. After such weights, measurements or samples are taken, at its discretion, the Grantor may mix or commingle such ores, materials or products with ores, materials or products from other properties or sources.
- (c) **Information to Grantee.** All payments of the Royalty hereunder shall be accompanied by a smelter settlement sheet or other evidence of sale indicating the weight of materials received, contained mineral values and a statement of the Grantor as to the deductions made. If no Royalty is due the Grantee for any pay period, the Grantor shall nonetheless provide the Grantee with a statement showing in reasonable detail the quantities of Minerals Produced from the Property.
- (d) **Mining Methods - No Implied Covenants.** The Grantor shall have the sole and exclusive right to determine the timing and the manner of any production from the Property and all related exploration, development, operational and mining activities. Nothing in this Agreement shall require the Grantor to explore, develop or mine or continue operations on the Property or to process ores from the Property. The Grantor shall not be responsible for nor be obliged to make any Royalty payments for values lost in any mining or processing of the Minerals conducted pursuant to customary mining practices. The Grantor shall not be required to mine or to preserve or protect the Minerals which under customary mining practices cannot be mined or shipped at a reasonable profit at the time mined,
- (e) **Retention of Inventory.** The Grantor may, but is not obligated to, retain ore or treated ore products containing Minerals as inventory for any length of time and for any reason. At the Grantee's reasonable request, the Grantor shall deliver to the Grantee a monthly statement of such inventory, but the Grantee shall have no right to any Royalty payments until the Grantor actually delivers and sells the Minerals. Raw Minerals stockpiles are not subject to the Royalty until treated and the products are delivered and sold.

4. ROYALTY BUY-BACK

4.1 The Grantor, at its sole discretion, at any time has the option to purchase from the Grantee, for and in consideration of the payment to the Grantee of a purchase price of \$1,500,000, one-half (½) of the Royalty (the "**Buy Back Option**"), such that following such purchase, the Royalty Percentage be reduced from three percent (3%) to one and one-half percent (1.50%). Such Buy Back Option shall be exercised by the Grantor giving notice thereof to the Grantee, accompanied by a certified cheque made to the order of the Grantee or a wire transfer of an amount of \$1,500,000 (\$750,000 of which would be paid to DGRM and \$750,000 of which would be paid to TY&SI), for the one time and entire payment of the aforementioned purchase price. Conditional upon Grantee having received said notice and certified cheque or wire transfer, the resulting purchase of one-half (½) of the Royalty will become and be effective as of the date the Grantee shall have received the certified cheque or wire transfer referred to above and leaving the Grantee with a one and one-half percent (1.50%) NSR Royalty.

5. ROYALTY TRANSFER

5.1 The Grantor shall be entitled to assign, sell, transfer, lease, mortgage, charge or otherwise encumber or dispose of the Property or the Minerals in situ, or any parts thereof, or the proceeds

thereof, and its rights and obligations under this Agreement, provided the following conditions are satisfied, and upon such conditions being satisfied in respect of any such assignment, sale or transfer only the Grantor shall be released from its obligations under this Agreement corresponding to its proportionate interest in the Property so sold or transferred:

- (a) any purchaser, transferee, lessee or assignee of the Property or this Agreement agrees in writing in favour of the Grantee to be bound by the terms of this Agreement including, without limitation, this Section 5
- (b) any purchaser, transferee or assignee of this Agreement has simultaneously acquired the Grantor's right, title and interest in and to the Property or the Minerals in situ, or part thereof; and
- (c) any mortgagee, chargee, lessee, assignee or encumbrancer of the Property or this Agreement agrees in advance in writing in favour of the Grantee to be bound by and subject to the terms of this Agreement in the event it takes possession of or forecloses on all or part of the Property and undertakes to obtain an agreement in writing in favour of the Grantee from any subsequent purchaser, lessee, assignee or transferee of such mortgagee, charge holder, lessee or encumbrancer that such subsequent purchaser, lessee, assignee or transferee will be bound by the terms of this Agreement including, without limitation, this Section 5.

5.2 Any assignment, transfer, conveyance, mortgage, pledge or charge or lease or purported assignment, transfer, conveyance, mortgage, pledge or charge or lease of any interest in the Property by the Grantor, or in, to or arising under this Agreement by the Grantor or the Grantee, which does not comply with the terms of this Agreement shall be null and void and of no force or effect whatsoever.

6. PAYMENT OF ROYALTY

- (a) **Obligation to Pay Royalty.** The obligation to pay the Royalty will accrue upon the sale of Minerals.
- (b) **Frequency of Payment of Royalty.** The Royalty shall be due and payable in cash in within thirty (30) days after the end of each calendar quarter in which Minerals subject to the Royalty were shipped by or on behalf of the Grantor. The amount due in respect of Royalty payments on Minerals shall be determined in accordance with Section 2.3 The Grantee shall not have the right to take its Royalty "in kind". Notwithstanding the terms of any other provisions herein, the Grantor shall not be obligated to make any Royalty payment before the Grantor received or been credited with payment for the sale or other disposition of the Minerals upon which such Royalty payment is calculated, unless such failure is due to intentional delay by the Grantor or any of its Affiliates.
- (c) **Method of Making Payments.** All Royalty payments required to be made hereunder shall be wired with immediately available funds or delivered to the Place of Delivery.
- (d) **Records; Inspection.** All books and records used by the Grantor to calculate the Royalty shall be kept in accordance with generally accepted accounting principles or international financial reporting standards. The Grantee may, upon reasonable notice to the Grantor, inspect such books and records used to calculate the Royalty.

No inspections taken hereunder shall be in derogation of the Grantee's right to make objections as described in Section 6(e).

- (e) **Objections.** All Royalty payments shall be considered final and in full satisfaction of all obligations of the Grantor with respect thereto, unless the Grantee gives the Grantor written notice describing and setting forth a specific objection to the calculation thereof within one hundred eighty (180) days after receipt by the Grantee of the quarterly statement provided for herein. Grantor will annually provide an audit of its production and deliver that to the Grantee with its fiscal year end audited financial statements within 120 days of Grantor's fiscal year end. If an additional audit of production records is timely requested by the Grantee, then for up to a period of ninety (90) days following receipt of the Grantee's objection, such audit shall be performed of the Grantor's records and accounts relating to the Royalty calculation by an independent certified public accountant acceptable to the Grantor at reasonable times and upon reasonable notice to the Grantor. If such audit determines that there has been a deficiency or an excess in the payment made to the Grantee of 5% or less, such deficiency or excess shall be resolved by adjusting the next quarterly Royalty payment due hereunder. If more than 5%, payment shall be made within 10 days. The Grantee shall pay all costs of such audit unless a deficiency in the payment made to the Grantee is greater than five percent (5%) of the Royalty determined to exist, in which event the Grantor shall pay such costs. Failure on the part of the Grantee to make claim on the Grantor for adjustment in the one hundred eighty (180) day period referenced above shall conclusively establish the correctness of the statement and preclude the filing of exceptions thereto or the making of any claim for adjustment thereon for the calendar quarter in question.
- (f) **Application to Reprocessed and Other Materials.** If the Grantor reprocesses any mill tailings or any residues from the Property, the Royalty shall be payable only upon any Minerals recovered therefrom. The Grantee shall not be entitled to any royalties on ores or minerals produced from other properties which are otherwise processed at the Property by the Grantor.
- (g) **Expropriation.** In the event that the Property, or any part thereof, is affected by an expropriation or notice or advice from any Governmental Authority of an intention to expropriate or a sale in lieu of expropriation, or any intention from any Governmental Authority to revoke, limit, suspend or refuse to renew any mineral right, the Grantor undertakes to notify the Grantee in writing within five (5) business days of such receipt. Unless the Grantor, after having informed the Grantee of its intention to do so, contests forthwith upon receipt of such notice and in order to protect its own and Grantee's interests in the Property, the Grantor further authorizes the Grantee to make representations before any Governmental Authority in order to protect the Grantee's interest in the Property.
- (h) **Abandonment.** At any time and from time to time, the Grantor may elect to abandon, surrender, allow to lapse, or reduce the area of all or any part or parts of the Property by giving notice to the Grantee of such election not less than 120 days prior to the proposed date of abandonment. The notice shall identify the portion of the Property which is proposed to be abandoned, surrendered, allowed to lapse, or reduced. Upon expiry of such 120-day period, the Grantor's obligations hereunder in respect of such abandoned, surrendered, allowed to lapse, or reduced interest shall terminate and thereafter the term "Property" will apply to those interests comprising the Property which have not been abandoned by the Grantor.

[REDACTED]

7. CONFIDENTIALITY

- (a) **Confidential Information.** Except as specifically otherwise provided for herein, the parties will keep confidential all information data, reports, records, and other information disclosed to each other and will refrain from using it other than for the transaction contemplated hereunder or publicly disclosing it unless:
 - (i) required by Applicable Law or by the rules and regulations of any Government Authority or stock exchange having jurisdiction, or
 - (ii) with the consent of the other party, such consent not to be unreasonably withheld

(each such disclosure of data made pursuant to subparagraph (i) or (ii) hereof being referred to as a **"Permitted Disclosure"**).

Prior to any Permitted Disclosure, the applicable party shall give the other party prompt written notice and, in making such Permitted Disclosure, the disclosing Party shall disclose only that portion of data required to be disclosed and shall take all reasonable steps to preserve the confidentiality of the remaining portion thereof.

- (b) **Information in Public Domain.** The provisions of this Article 7 do not apply to information which is or becomes part of the public domain other than through a breach of the terms hereof.

8. NOTICES

8.1 All notices required or permitted to be given hereunder shall be given in writing and shall be sent by the parties by registered or certified mail, or by express delivery service to the address set forth below or to such other address as either party may later designate by like notice to the other, with a copy sent simultaneously to the email address below:

- (1) to Grantor at:

[REDACTED]

- (h) to Grantee at:

[REDACTED]

with a copy to (which shall not constitute notice):

Any such communication given by personal delivery shall be deemed to have been given on the day of actual delivery thereof.

[REDACTED]

9. INTERPRETATION

- (a) **Governing Law.** This Agreement shall be governed by the laws of the State of Idaho and the federal laws of The United States of America applicable therein.
- (b) **Performance.** The failure of the Grantee or the Grantor to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach hereof shall not constitute a waiver of any provision of this Agreement or limit the Grantee's or the Grantor's right thereafter to enforce any provision or exercise any right hereunder. A waiver of any provision of this Agreement shall not be effective unless in writing and signed by the party against whom it is to be enforced.
- (c) **Invalidity of Provisions.** If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.
- (d) **Enurement.** This Agreement shall be binding on and shall enure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and permitted assigns of the Grantee and the Grantor.
- (e) **Currency.** Unless explicitly indicated otherwise, all dollar amounts or "\$" referred to in this Agreement are in lawful currency of Canada.

10. GENERAL

- (a) **Modifications in Writing.** No modification or amendment of this Agreement shall be valid unless made in writing and duly executed by the Grantee and the Grantor.
- (b) **Recording.** This Agreement may be recorded by the Grantee or the Grantor to give record notice of this Agreement.
- (c) **No Prior Agreements.** This Agreement and the Option Agreement contains the entire understanding of the Grantee and the Grantor and supersedes all prior agreements and understandings between the Grantee and the Grantor relating to the subject matter hereof.
- (d) **Counterparts.** This Agreement may be executed in several counterparts by original or electronic signature, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of

[REDACTED]

[REDACTED]

the date and year first above written.

DG RESOURCE MANAGEMENT LTD.

By: _____
Name: [REDACTED]
Title: [REDACTED]

TY & SONS INVESTMENT INC.

By: _____
Name:
Title:

US CRITICAL METALS CORP.

By: _____
Name: [REDACTED]
[REDACTED]

US ENERGY METALS CORP.

By: _____
Name:
Title: