US Critical Metals Corp.

(Formerly Holly Street Capital Ltd.)

Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months ended April 30, 2022

(Expressed in Canadian Dollars)

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of US Critical Metals Corp.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

US Critical Metals Corp. (Formerly Holly Street Capital Ltd.)
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at April 30, 2022	As at January 31, 2022
	$	$
Assets		
Current Assets		
Cash	**5,748,830**	11,985
Receivables (Note 5)	**72,743**	5,959
Prepaid expenses (Note 6)	**29,042**	14,173
Total Assets	**5,850,614**	32,117
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 7, 12 and 13)	**710,942**	205,139
Total Liabilities	**710,942**	205,139
Shareholders' Equity		
Share capital (Note 8)	**6,357,037**	159,255
Warrants reserve (Note 11)	**2,007,891**	87,331
Accumulated other comprehensive loss	**(2,647)**	(597)
Accumulated deficit	**(3,222,609)**	(419,011)
Total Shareholders' Equity	**5,139,672**	(173,022)
Total Liabilities and Shareholders' Equity	**5,850,614**	32,117

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Contingencies (Note 17)
Subsequent events (Note 18)

Approved on behalf of the Board of Directors:

"Darren Collins"
Darren Collins, Director

"Peter Simeon"
Peter Simeon, Director

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

US Critical Metals Corp. (Formerly Holly Street Capital Ltd.)
Unaudited Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
For the Three Months ended April 30, 2022
(Expressed in Canadian Dollars)

	Three Months ended April 30, 2022
	$
Expenses	
Property acquisition costs (Notes 8 and 13)	**707,400**
Exploration and evaluation expenses (Notes 12 and 13)	**176,560**
Professional fees (Notes 12 and 14)	**351,770**
Management fees (Note 12)	**47,512**
Office and general	**30,889**
Regulatory filing	**8,903**
Advertising and promotion	**4,300**
Total Expenses	**(1,327,334)**
Other Expenses	
Reverse takeover acquisition costs (Note 4)	**(1,476,264)**
Total Other Expenses	**(1,476,264)**
Net Loss	**(2,803,598)**
Other Comprehensive Loss	
Exchange loss on translation of foreign operations	**(2,050)**
Comprehensive Loss	**(2,805,648)**
Weighted Average Number of Outstanding Shares	
– Basic and Diluted (Note 9)	**30,417,098**
Net Loss per Share – Basic and Diluted (Note 9)	**(0.09)**

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

US Critical Metals Corp. (Formerly Holly Street Capital Ltd.)

Unaudited Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
For the Three Months ended April 30, 2022
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share-Based Payments Reserve	Warrants Reserve	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	#	$	$	$	$	$	$
Balance, January 31, 2022	**25,000,100**	**159,255**	**-**	**87,331**	**(597)**	**(419,011)**	**(173,022)**
Issuance of units from concurrent financing (Notes 8 and 11)	17,142,858	4,042,611	-	1,957,389	-	-	6,000,000
Share issuance costs (Notes 8 and 11)	-	(181,592)	-	(87,925)	-	-	(269,517)
Issuance of finders' warrants from concurrent financing (Note 11)	-	-	-	51,096	-	-	51,096
Issuance as consideration on reverse takeover (Notes 4, 8 and 10)	5,006,666	1,180,572	57,670	-	-	-	1,238,242
Issuance of finder's shares on closing of reverse takeover (Notes 4 and 8)	1,467,857	346,121	-	-	-	-	346,121
Issuance of shares as option payments (Notes 8 and 13)	3,000,000	707,400	-	-	-	-	707,400
Exercise of stock options (Notes 8 and 10)	300,000	102,670	(57,670)	-	-	-	45,000
Exchange loss on translating foreign operations	-	-	-	-	(2,050)	-	(2,050)
Net loss for the period	-	-	-	-	-	(2,803,598)	(2,803,598)
Balance, April 30, 2022	**51,917,481**	**6,357,037**	**-**	**2,007,891**	**(2,647)**	**(3,222,609)**	**5,139,672**

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

US Critical Metals Corp. **(Formerly Holly Street Capital Ltd.)**
Unaudited Condensed Interim Consolidated Statement of Cash Flows
For the Three Months ended April 30, 2022
(Expressed in Canadian Dollars)

	Three Months ended April 30, 2022
	$
Operating Activities	
Net loss for the period	(2,803,598)
Adjustments for non-cash items:	
Reverse takeover acquisition costs (Note 4)	1,476,264
Option payments issued in shares (Notes 8 and 13)	707,400
	(619,934)
Net change in non-cash working capital items:	
Receivables (Note 5)	(12,784)
Prepaid expenses	(14,868)
Accounts payable and accrued liabilities (Note 7)	478,730
Cash Flows (used in) Operating Activities	(168,856)
Financing Activities	
Proceeds received on incorporation shares (Note 8)	-
Proceeds from private placements (Note 8)	5,946,000
Issuance cost paid on private placements (Note 8)	(218,421)
Proceeds from exercise of stock options (Notes 8 and 10)	45,000
Cash Flows provided by Financing Activities	5,772,579
Investing Activities	
Cash acquired on reverse takeover (Note 4)	135,172
Cash Flows provided by Investing Activities	135,172
Increase in cash	5,738,895
Effect of foreign exchange on cash	(2,050)
Cash, beginning of period	11,985
Cash, end of period	5,748,830

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

1. Nature of Operations and Going Concern

US Critical Metals Corp. ("US Critical Metals" or the "Company") is focused on mining projects in the United States (the "U.S.") that will further secure the U.S. supply of critical metals, which are essential to fueling the new age economy. Pursuant to option agreements with private Canadian and American companies, the Company's assets consist of two option agreements, each providing the Company with the right to acquire a 100% interest in two mineral exploration projects. These projects include the Clayton Ridge Lithium Property, consisting of 180 unpatented mining claims, located in Nevada, and the Haynes Cobalt Property, consisting of 23 lode claims, located in Idaho. US Critical Metals intends to explore and develop critical metals assets with near- and long-term strategic value to the advancement of U.S. interests and that contribute to the U.S. maintaining its leading global position in the green energy economy and technology.

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

The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the ticker symbol "USCM".

The Company's registered office address is 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5, Canada.

US Critical Holdings Corp. ("USCH") was a private company which was incorporated on July 12, 2021 under the name "US Critical Metals Corp." and under the laws of the Province of British Columbia, Canada. On April 12, 2022, USCH and the Company completed a reverse takeover transaction (the "RTO Transaction"), providing for the acquisition by the Company of all of the issued and outstanding securities of USCH by way of a share exchange under the laws of the Province of British Columbia. The RTO Transaction constituted the Company's "Qualifying Transaction" under Policy 2.4 – *Capital Pool Companies* of the TSXV. Prior to completion of the RTO Transaction, the Company consolidated its share capital on the basis of one post-consolidation common share for every 1.5 pre-consolidation common shares held (the "Consolidation"). The RTO Transaction resulted in the former shareholders of USCH holding a majority of the outstanding share capital and assuming control of the Company, and the Company changed its name from "Holly Street Capital Ltd." ("Holly Street") to "US Critical Metals Corp." As a result, these unaudited condensed interim consolidated financial statements are presented as a continuance of the business of USCH, and all comparative figures presented in the consolidated financial statements are those of USCH. See Note 4 for additional details.

On April 19, 2022, the Company's common shares commenced trading on the TSXV.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company's viability depends upon the acquisition and financing of mineral exploration or other projects. If mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of financing presently available to the Company is through equity financing. The ability of the Company to raise new funds will depend, in part, on prevailing market conditions as well as the operating performance of the Company. During the three months ended April 30, 2022, the Company incurred a net and comprehensive loss of $2,803,598, and as of that date, the Company's accumulated deficit was $3,222,609 (January 31, 2022 – $419,011). It is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions, including the volatile and speculative nature of the mining business, and the continued evolution of the novel coronavirus ("COVID-19") pandemic, represent material uncertainties which may cast doubt on the Company's ability to continue as a going concern.

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

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting ("IAS 34").

These unaudited condensed interim consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on June 29, 2022.

(b) Change in Fiscal Year-End

Pursuant to the RTO Transaction, the Company has changed its fiscal year-end from January 31 to September 30, resulting in an 8-month transition year from February 1, 2022 to September 30, 2022.

(c) Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis, except for financial instruments classified at fair value through profit or loss ("FVTPL") which are stated at fair values. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, USCH and US Energy Metals Corp. ("USEM"), which was incorporated in Nevada, U.S. These unaudited condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

(e) Functional Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars ("$" or "CAD"), which is the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of USEM is the U.S. dollar ("USD").

(f) Significant Accounting Judgments and Estimates

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

Going concern

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

2. Basis of Presentation (continued)

(f) Significant Accounting Judgments and Estimates (continued)

Business combination

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

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets.

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

Fair value of financial assets and financial liabilities

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

Income taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate of the outcome based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference.

In addition, when the Company incurs losses that cannot be associated with current or past profits, it assesses the probability of taxable profits being available in the future based on its budgeted forecasts. These forecasts are adjusted to take account of certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses.

When the forecasts indicate the sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Warrants and options

Warrants and options are initially recognized at fair value, based on the application of the Black-Scholes valuation model ("Black-Scholes"). This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the expected volatility of the share price, expected forfeitures, expected dividend yield, expected term of the warrants or options, and expected risk-free interest rate.

2. Basis of Presentation (continued)

(f) Significant Accounting Judgments and Estimates (continued)

Expected credit losses on financial assets

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

Provisions

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

3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those noted in the Company's audited consolidated financial statements for the period from incorporation on July 12, 2021 to January 31, 2022, unless otherwise noted below.

(a) Business Combination

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

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

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Asset acquisitions do not give rise to goodwill.

(b) Adoption of New Accounting Policies

The Company adopted the following amendments, effective February 1, 2022. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of the following amendments on its unaudited condensed interim consolidated financial statements:

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

(b) Adoption of New Accounting Policies (continued)

Amendments to IAS 1 – Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1 which clarify the requirements for classifying liabilities as either current or non-current by: (i) specifying that the conditions which exist at the end of the reporting period determine if a right to defer settlement of a liability exists; (ii) clarifying that settlement of a liability refers to the transfer to the counterparty of cash, equity instruments, other assets or services; (iii) clarifying that classification is unaffected by management's expectation about events after the balance sheet date; and (iv) clarifying the classification requirements for debt an entity may settle by converting it into equity.

The amendments clarify existing requirements, rather than make changes to the requirements, and so are not expected to have a significant impact on an entity's financial statements. However, the clarifications may result in reclassification of some liabilities from current to non-current or vice-versa, which could impact an entity's loan covenants. Because of this impact, the IASB has provided a longer effective date to allow entities to prepare for these amendments. In July 2020, the IASB issued an amendment to defer the effective date of the amendments by one year from its originally planned effective date to annual periods beginning on or after January 1, 2023 due to the impact of COVID-19. The Company early-adopted these amendments as permitted.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37")

In May 2020, the IASB issued amendments to update IAS 37. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. The amendments also include examples of costs that do, and do not, relate directly to a contract. These amendments are effective for annual periods beginning on or after January 1, 2022.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued *Definition of Accounting Estimates*, which amended IAS 8. The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for annual periods beginning on or after January 1, 2023. The Company early-adopted these amendments as permitted.

4. Reverse Takeover Transaction

On April 12, 2022, USCH and the Company completed the RTO Transaction, resulting in the former shareholders of USCH holding a majority of the outstanding share capital and assuming control of the Company. The RTO Transaction was a reverse acquisition and has been accounted for as a capital transaction, with USCH being identified as the accounting acquirer. These consolidated financial statements are presented as a continuation of the business of USCH providing for the acquisition by the Company of all of the issued and outstanding securities of USCH by way of a share exchange.

The following table summarizes the final purchase price allocation of the RTO Transaction:

Purchase Price Consideration Paid	
	$
Fair value of common shares issued (i)	**1,180,572**
Fair value of options issued (ii)	**57,670**
Total consideration paid	**1,238,242**

(Expressed in Canadian Dollars)

4. Reverse Takeover Transaction (continued)

Net Identifiable Asset Acquired	
	$
Cash	**135,172**
Accounts payable and accrued liabilities	**(27,073)**
Total net identifiable assets acquired	**108,099**
Excess of consideration paid over net assets acquired, representing a cost of the RTO Transaction	**1,130,143**
Finders' shares issued on closing of RTO Transaction (iii)	**346,121**
Total RTO acquisition costs	**1,476,264**

The accounting acquisition of Holly Street did not constitute a business combination as the entity did not meet the definition of a business under IFRS 3 – Business Combination. As a result, the RTO Transaction was accounted for in accordance with IFRS 2 – Share-Based Payments, and share consideration paid was measured at the fair value of the identifiable and unidentifiable assets acquired.

Consideration paid consisted entirely of shares and options of the Company which were measured at the estimated fair value on the date of the acquisition, as follows:

(i) The fair value of the 5,006,666 common shares, issued to former Holly Street shareholders, was determined to be $1,180,572 based on the fair value of common shares issued through the Concurrent Financing (defined hereafter) on April 12, 2022 (see Note 8). Immediately after completion of the RTO Transaction, the number of common shares of the resulting issuer held by Holly Street shareholders was approximately 9.73%.

(ii) The estimated fair value of the 300,000 post-Consolidation options issued as consideration was based on Black-Scholes with the following assumptions: fair value of common shares – $0.24 per share, expected dividend yield – 0%, expected volatility – 125%, risk-free interest rate – 0.96% to 2.52%, and an expected life of 0.28 to 7.69 years. In making the assumptions for expected volatility, the Company used the historical volatility of comparable companies.

(iii) On April 12, 2022, the Company issued 1,467,857 common shares to a finder on closing of the RTO Transaction pursuant to the Business Combination Agreement entered between the parties. The fair value of these common shares was estimated at $346,121 based on the fair value of common shares issued in the Concurrent Financing and was recorded as part of the reverse takeover acquisition costs.

5. Receivables

	April 30, 2022	January 31, 2022
	$	$
Sales tax recoverable	**18,743**	5,959
Subscription funds receivable	**54,000**	-
	72,743	5,959

The Company's receivables balance comprises amounts due from government taxation authorities in respect of the Goods and Services Tax/Harmonized Sales Tax. The Company anticipates full recovery of these amounts and therefore no ECL has been recorded against these receivables, which are due in less than one year.

Also included in receivables as at April 30, 2022, was outstanding net proceeds of $54,000 on closing of the Concurrent Financing. Subsequent to period-end, the subscription funds balance was received in full by the Company.

(Expressed in Canadian Dollars)

6. Prepaid Expenses

	April 30, 2022	January 31, 2022
	$	$
Prepaid insurance	**16,041**	14,173
Advances made to suppliers	**13,000**	-
	29,041	14,173

7. Accounts Payable and Accrued Liabilities

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

	April 30, 2022	January 31, 2022
	$	$
Trade payable	**522,417**	161,609
Accrued liabilities	**188,525**	43,530
	710,942	205,139

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

8. Share Capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued and outstanding as at April 30, 2022 are as follows:

	Common shares	**Amount**
	#	**$**
Balance, July 12, 2021	**-**	**-**
Shares issued on incorporation	100	1
Shares issued from private placement financing	25,000,000	161,400
Share issuance cost	-	(2,146)
Balance, January 31, 2022	**25,000,100**	**159,255**
Shares issued from private placement financing	17,142,858	4,042,611
Share issuance cost	-	(181,592)
Shares issued as consideration paid on reverse takeover	5,006,666	1,180,572
Shares issued as finder's shares on reverse takeover	1,467,857	346,121
Shares issued as option payments	3,000,000	707,400
Shares issued on exercise of stock options	300,000	102,670
Balance, April 30, 2022	**51,917,481**	**6,357,037**

Share capital transactions for the period from incorporation to January 31, 2022

On July 12, 2021, the Company issued 100 common shares to its founder, for consideration of $1.

On August 10, 2021, the Company closed a non-brokered private placement (the "Private Placement") of 25,000,000 units (each a "Unit") at a price of $0.01 per Unit, for gross proceeds of $250,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant (each a "Warrant") exercisable at $0.10 for a period of five years from closing. In connection with the Private Placement, the Company paid issuance costs of $3,415, of which $2,146 were allocated to share capital.

(Expressed in Canadian Dollars)

8. Share Capital (continued)

Share capital transactions for the three months ended April 30, 2022

On April 12, 2022, the Company closed a private placement offering (the "Concurrent Financing") of 17,142,858 Units at a price of $0.35 per Unit, for gross proceeds of $6,000,000. Each Unit is comprised of one common share of the Company and one Warrant exercisable at $0.50 for a period of 24 months from closing. In connection with the Concurrent Financing, the Company paid total issuance costs of $218,421, including cash commissions of $156,636, representing a fee of 7% of the gross proceeds of Units sourced by finders. The Company also issued 447,532 finder warrants (each a "Finder Warrant") equal to 7% of the Units collectively sourced by finders (see Note 11 for more details).

On April 12, 2022, the Company issued 5,006,666 common shares to former shareholders of Holly Street, and 1,467,857 common shares to a finder, respectively, on closing of the RTO Transaction (see Notes 4(i) and 4(iii) for details).

On April 12, 2022, the Company also issued an aggregate of 3,000,000 common shares to certain parties pursuant to option agreements entered on the properties in Nevada and Idaho upon listing on the TSXV (see Note 13). These common shares were valued at $707,400, based on the fair value of common shares issued through the Concurrent Financing, and the amount was recorded as property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

During the three months ended April 30, 2022, the Company issued 300,000 common shares as a result of the exercise of stock options for total cash proceeds of $45,000.

9. Loss per Share

Basic and diluted loss per share for the three months ended April 30, 2022 is calculated by dividing the net loss of $2,803,598 by the weighted average number of common shares outstanding of 30,417,098. For the three months ended April 30, 2022, the basic and diluted loss per share was $0.09.

10. Share-Based Payments Reserve

On April 12, 2022, the Company issued 300,000 options to former option holders of Holly Street on closing of the RTO Transaction (see Note 4(ii) for details). These options were subsequently exercised for total proceeds of $45,000.

11. Warrants Reserve

The following summarizes the warrants activity for the three months ended April 30, 2022:

	Three Months ended April 30, 2022		Period from incorporation to January 31, 2022	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**25,000,000**	**0.10**	-	-
Issued from private placements	**17,142,858**	**0.50**	25,000,000	0.10
Finders' warrants issued from private placements	**447,532**	**0.50**	-	-
Outstanding, end of period	**42,590,390**	**0.27**	25,000,000	0.10

Warrant issuance for the period from incorporation to January 31, 2022

In connection with the Private Placement which closed on August 10, 2021, the Company issued 25,000,000 Warrants at an exercise price of $0.10 per share for a period of five years from the closing date. The grant date fair value of the Warrants issued was estimated to be $88,600 using Black-Scholes with the following assumptions: expected volatility of 125% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 0.82% and an expected life of five years. On closing, issuance costs of $1,269 were allocated to warrants reserve.

(Expressed in Canadian Dollars)

11. Warrants Reserve (continued)

Warrant issuance for the three months ended April 30, 2022

On April 12, 2022, the Company issued 17,142,858 Warrants in connection with the Concurrent Financing, as disclosed in Note 8. Each Warrant is exercisable at $0.50 to purchase one common share of the Company for a period of 24 months after closing of the Concurrent Financing. The grant date fair value of the Warrants issued was estimated to be $1,957,389 using Black-Scholes with the following assumptions: expected volatility of 125% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.34% and an expected life of two years. On closing, issuance costs of $87,925 were allocated to warrants reserve.

In addition, the Company also issued 447,532 Finders' Warrants, of which each Finder Warrant is exercisable into one common share of the Company, at a price of $0.50 for a period of 24 months from closing. The grant date fair value of the Finders' Warrants issued was estimated to be $51,096 using Black-Scholes based on the same assumptions used for the Warrants.

The following table summarizes information of warrants outstanding as at April 30, 2022:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining life
	#	$	Years
April 12, 2024	17,590,390	0.50	1.95
August 10, 2026	25,000,000	0.10	4.28
	42,590,390	**0.27**	**3.32**

12. Related Party Transactions

Key management personnel compensation

Key management includes the Company's directors and officers with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The remuneration of directors and other members of key management personnel during the three months ended April 30, 2022 were as follows:

	Three Months ended April 30, 2022
	$
Management fees	**47,512**
Professional fees	**310,905**
	358,417

Effective February 1, 2022, the Company, through USEM, and the Chief Executive Officer ("CEO") and also a director of the Company, entered into a contractor agreement, for a monthly renumeration of USD $12,500 in consideration of the CEO's services to be provided to the Company. During the three months ended April 30, 2022, the CEO charged fees of $47,512 (USD $37,500) for consulting services provided to the Company, which are included in management fees. As at April 30, 2022, $59,891 (January 31, 2022 – $1,089) owing to the CEO, including an amount of $11,921 for reimbursement of expenses paid on behalf of the Company (January 31, 2022 – $1,089), was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three months ended April 30, 2022, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of the Company is a partner, charged fees of $297,405 for legal services provided to the Company, which are included in professional fees. As at April 30, 2022, $469,287 (January 31, 2022 – $96,645) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

12. Related Party Transactions (continued)

Key management personnel compensation (continued)

During the three months ended April 30, 2022, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") and Corporate Secretary is employed, charged fees of $13,500 for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at April 30, 2022, $4,725 (January 31, 2022 – $14,196) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

As at April 30, 2022, an amount of $2,286 (January 31, 2022 – $nil) owing to the CFO, for the reimbursement of expenses paid on behalf of the Company, was also included in accounts payables and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Other related party transactions

During the period from incorporation to January 31, 2022, the CEO of the Company participated in the Private Placement described in Note 8, and subscribed for 5,000,000 Units, for total gross proceeds to the Company of $50,000.

During the three months ended April 30, 2022, Tigren Inc. ("Tigren"), an entity controlled by the VP, Exploration and also a director of the Company, charged fees of $43,660 for geological consulting services provided to the Company, which are included in exploration and evaluation ("E&E") expenses. As at April 30, 2022, no balance was owed to Tigren (January 31, 2022 – $35,530 included in accounts payable and accrued liabilities).

13. Exploration and Evaluation Expenses

Clayton Ridge Lithium Property

On October 11, 2021, the Company, through USEM, entered into a Mining Lease and Option to Purchase Agreement CR Claims (the "Mining Lease and Option Agreement") with an arm's length party, to lease a block of 90 claims (1,800 acres) in the Clayton Ridge Lithium Property (the "Nevada Property"), situated in Esmeralda County, Nevada, exclusively for the purpose of exploration for and the development, mining and processing of minerals.

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

- Payment of USD $25,000 in cash upon signing (the "Signing Date") of the Agreement (completed);
- Payment of USD $50,000 in cash (accrued as at April 30, 2022) and issuance of 500,000 USCM Shares upon listing of USCM on a recognized Canadian Exchange (completed);
- Payment of USD $75,000 in cash and issuance of 500,000 USCM Shares on the first anniversary of the Signing Date;
- Payment of USD $75,000 in cash and issuance of 500,000 USCM Shares on the second anniversary of the Signing Date; and
- Issuance of 1,000,000 USCM Shares upon completion of a NI 43-101 compliant technical report which confirms the presence on the Nevada Property of 2,000,000 tons of lithium carbonate equivalent.

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

During the period from incorporation on July 12, 2021 to January 31, 2022, the Company had also reimbursed USD $24,492 ($30,779) of expenses relating to (i) the federal annual mining claim maintenance fees for the annual assessment year ending September 1, 2021 and (ii) the mining claim processing fees, location fees, and federal annual mining claim maintenance fees and the county recording fees for the unpatented mining claims.

(Expressed in Canadian Dollars)

13. Exploration and Evaluation Expenses (continued)

Haynes Cobalt Project

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

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

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

In addition to the forgoing, the Company will keep the Idaho Property in good standing during the option period, fund the cost of an upcoming exploration program of approximately (not less than) $100,000; and fund the cost of a third-party authored National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report ("Technical Report").

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

During the three months ended April 30, 2022, the Company's E&E expenses are comprised of the following:

	Idaho Property	**Nevada Property**	**Total**
	$	$	$
Property acquisition costs	639,355	181,250	820,605
Claims maintenance fees	585	23,484	24,069
Technical studies	8,740	20,176	28,916
Field work testing	10,370	-	10,370
	659,050	**224,910**	**883,960**

14. Professional Fees

During the three months ended April 30, 2022, the Company's professional fees are comprised of the following:

	Three Months ended April 30, 2022
Legal expenses	**307,929**
Audit and accounting fees	**24,322**
Business consulting fees	**19,519**
	351,770

(Expressed in Canadian Dollars)

15. Capital Management

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

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants reserve, accumulated other comprehensive loss and accumulated deficit. As at April 30, 2022, the Company's capital consisted of a balance of $5,139,672 (January 31, 2022 – deficit balance of 173,022).

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

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

The Company is not subject to externally imposed capital requirements.

16. Financial Instruments

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

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, and receivables (excluding sales tax receivable), which expose the Company to credit risk should the borrower default on maturity of the instruments. Cash is held with reputable Canadian chartered banks and in trust with the Company's legal counsel which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted. As at April 30, 2022, the Company had a cash balance of $5,748,830 (January 31, 2022 – $11,985), to settle current liabilities of $710,942 (January 31, 2022 – $205,139).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at April 30, 2022:

	Carrying amount	**Year 1**	**Year 2 to 3**	**Year 4 to 5**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	710,942	710,942	-	-

16. Financial Instruments (continued)

Liquidity risk (continued)

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

Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash position as at April 30, 2022. Nevertheless, management understands that it will have to raise more funds in order to support its operations going forward.

Market risk

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

Foreign exchange risk

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

Fair value

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

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

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

The fair value hierarchy has the following levels:

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

As at April 30, 2022 and January 31, 2022, the Company did not have any financial instruments which were carried at fair value.

COVID-19

In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak has spread globally, and it has continued to cause companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The duration of the business disruptions internationally and related financial impact to the global economy remains highly uncertain at this time, as COVID-19 continues to evolve.

16. Financial Instruments (continued)

COVID-19 (continued)

The Company's operations had not been significantly impacted to date, but management expects possible delays in projects to surface from time to time. Ultimately, the extent to which the COVID-19 pandemic impacts the Company's financial results will depend on future developments, which remain highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and related variants and actions taken to contain it or its impact, among others. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, the U.S. and other countries to fight the virus.

While the extent of the impact remains unknown, the Company anticipates this outbreak may cause supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's business and financial condition.

17. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at April 30, 2022, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

18. Subsequent Events

On May 12, 2022, the Company granted 3,000,000 options to various officers, directors, and consultants. The options are exercisable at a price of $0.35 per common share for a period of five years. The options vested immediately on grant.

On May 12, 2022, the Company also granted 1,400,000 restricted share units ("RSUs") to certain consultants and directors in accordance with the terms of the Company's RSU plan. The RSUs vest on the first anniversary of the award date.

On May 26, 2022, the Company received in full a remaining subscription funds receivable balance from the Concurrent Financing.