

USCM Signs Definitive Agreement for Investment into Rare Earth Projects in Montana and Idaho

Vancouver, British Columbia--(Newsfile Corp. - July 26, 2022) - **US Critical Metals Corp. (TSXV: USCM)** ("**USCM**") and US Critical Materials Corp. ("**Materials Corp.**") (collectively, the "**Parties**") are pleased to announce the Parties have entered into a definitive agreement, dated July 25, 2022 (the "**Agreement**") whereby USCM, through its wholly owned subsidiary, US Energy Metals Corp., will invest in rare earth projects, including the Sheep Creek Property in Ravalli County, Montana ("**Sheep Creek**") and Lemhi Pass Trail Property ("**Lemhi Pass**") in Lemhi County, Idaho (collectively, the "**Properties**"). USCM has the right to acquire up to a 50% equity interest in US Rare Elements Corp. ("**USRE**"), a newly formed entity that will be assigned a 100% interest in the Properties by Materials Corp., and the option to earn an additional 25% interest for an aggregate total of 75% equity interest in USRE, subject to the mutual approval of the Parties. The Properties are not subject to any form of royalty agreement.

The Properties are located in the Montana-Idaho alkalic belt (Gammons, 2020b) and contain at least eleven of the critical risk elements defined by the US Geological Survey. The key elements identified on the Properties include neodymium and praseodymium. The Properties also contain cerium, dysprosium, europium, gadolinium, lanthanum, niobium, scandium, strontium, and gallium (Gammons, 2020a). These elements are critical inputs in the creation of electric vehicle batteries, various essential technologies, and military and defense applications. The majority of rare earth production is currently controlled by the Chinese government and represents a significant national security risk to US interest.

Transaction highlights include the following:

- Expands the portfolio of USCM's assets with rare earth elements and further provides investors diversified exposure to multiple discovery focused projects in well-known mining states in the US. The Agreement provides for USCM to earn-in up to 75% equity interest in the Properties.
- Positions USCM to earn-in to one of the highest-grade light rare earth projects in the US. Sampling at Sheep Creek has produced average total rare earth elements of 6.8% across 51 historical samples, as discussed in detail below in *Project Overviews*.
- Expands the technical capabilities and network of US professions involved with USCM.
- Phased capital plan provides the means for USCM to conserve capital and phase into project expenditures to control exploration risk.

The transaction is at arms-length and expected to be an exempt transaction pursuant to TSX Venture Exchange ("**TSXV**") Policy 5.3 - *Acquisitions and Dispositions of Non-Cash Assets*. To the knowledge of USCM management and board, no shareholders of USCM currently own any equity interest in Materials Corp. or any entity to be formed as part of the Agreement.

Project Overviews

Sheep Creek is located in Ravalli County, southwest Montana. Sheep Creek spans 54 lode claims representing approximately 1,050 acres of total land package. The claims are on multiple-use ground administered by the US Forest Service.

Exploration activities performed by Materials Corp. and conducted in late 2021 have identified more than 50 carbonatite dikes in the Sheep Creek exploration area. The carbonatites are up to three meters wide and can be followed for more than 300 meters along strike. Important ore minerals identified include ancylite, allanite, low-thorium monazite, and columbite (Gammons, 2020a) and the dikes are valuable for their contained light rare earth elements and other strategic metals.

Historical grab and chip sampling by Materials Corp. of carbonatites indicate the potential for high-grade mineralization with up to 18.0% total rare earth elements, including 2.4% (23,810ppm) combined neodymium and praseodymium, plus credits in niobium and other strategic metals. Of the 51 historical samples (the "**Samples**"), the average total rare earth element content is 6.8%, including an average of 0.9% (8,640ppm) combined neodymium and praseodymium. Ten of the Samples were completed between 2009 and 2010 and 41 of the Samples were completed in 2021. The majority of the Samples were collected from mine dumps, prospect pits and deeply weathered outcrops. All chip samples were less than 1.5 meters wide.

In June, 2022, Robert J. Johansing, BSc (geology), MSc (economic geology), who is an independent qualified person as defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (the "**QP**"), visited the carbonatites at Sheep Creek to confirm the geologic environment and the presence of the noted mineralization. The QP has not done sufficient work to confirm the historical analyses and has recommended detailed mapping and sampling over the mineralized outcrops and historical mine workings. The QP is not aware of any mineral resource estimates on Sheep Creek.

The deposits are also unique due to low levels of thorium, which potentially allows for mining with minimal environmental impact. Of the Samples, the level of thorium averaged 200ppm, which is significantly below the 500ppm Gammons (2020a) permitting threshold established by the Nuclear Regulatory Commission, a US government agency.

The Samples were analyzed by Activation Laboratories, located in Ancaster, Canada ("**Actlabs**"). Actlabs is an independent ISO/IEC 17025 certified laboratory. Internal standards and blanks were inserted for all elements and major elemental oxides. Additional information relating to Actlabs' analytical and testing procedures can be found at www.actlabs.com.

The Parties will define further exploration plans for Sheep Creek, which will include exploration in the form of geologic mapping, sampling and analysis, and drilling with the objective of discovering mineral resources.

The Lemhi Pass project is located in Lemhi County in central-east Idaho and consists of 10 lode claims representing approximately 200 acres. The land package is located next to several other explorers within an area known to host rare earth mineralization. Initial sample results warrant further exploration work for rare earths and the Parties will examine the various technical aspects of the historic results to determine further exploration plans.

The scientific and technical information about the Properties contained in this news release has been reviewed and approved by the QP.

Transaction Terms and Structure

Pursuant to the terms of the Agreement, USCM, through Energy Corp., and Materials Corp. have formed USRE in order to facilitate investment by USCM. USRE will hold the Properties and be jointly managed by USCM and Materials Corp., with each of the Parties collectively appointing two members to a board of USRE and having equal voting rights during Phase I and Phase II of the earn-in option. Financial systems, controls and reporting will be managed by USCM and technical programs will be managed by Materials Corp. Upon the event of: (i) USCM electing not to proceed with Phase II; or (ii) USCM completing its Phase II obligations, the voting rights of USCM and Materials Corp. will be determined in accordance with their respective equity interests in USRE.

Transaction terms including the following:

Phase I

USCM shall pay to USRE US\$300,000 in cash within 5 business days of closing on the Agreement and US\$1,500,000 in capital contributions prior to the date that is 16 months after closing on the Agreement

(the "**Phase I Due Date**") in exchange for 25% equity interest in USRE (25% total corporate interest).

Phase II

Upon completion of Phase I and prior to the expiration of the Phase I Due Date, USCM may elect, in its sole discretion, to pay to USRE US\$200,000 in cash upon the election to proceed with Phase II and US\$3,000,000 in capital contributions prior to the date that is 40 months after closing on the Agreement (the "**Phase II Due Date**") in exchange for an additional 25% equity interest in USRE (50% total equity interest).

If USCM does not elect to proceed with Phase II prior to the Phase I Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 25% equity interest in USRE.

Phase III

Upon completion of Phase II and prior to the expiration of the Phase II Due Date, USCM may elect, subject to the mutual agreement from Materials Corp., to provide USRE with US\$5,000,000 in capital contributions prior to the date that is 64 months after closing on the Agreement in exchange for an additional 25% corporate interest in USRE (75% total equity interest).

If the Parties do not mutually agree to proceed with Phase III prior to the Phase II Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 50% equity interest in USRE.

The transaction has been structured in order to provide phased capital contributions by USCM and maximize the professional resources available to USRE while providing flexibility in terms of generating future liquidity events. USCM retains the right to accelerate its capital contributions at any point in time.

Management Commentary

Mr. Darren Collins, CEO and Director of USCM, comments: "This partnership positions USCM with increased exposure to commodities essential to US security of supply and national security interests. Consistent with our Clayton Ridge Lithium Property in Nevada and Haynes Cobalt Property in Idaho, these rare earth properties in Montana and Idaho have strong grade indications and significant exploration potential. I would like to thank all the parties involved in bringing this transaction together for their hard work and dedication."

About US Critical Metals Corp.

USCM is focused on mining projects that will further secure the US supply of critical metals and rare earth elements, which are essential to fueling the new age economy. Pursuant to option agreements with private Canadian and American companies, USCM's assets consist of three agreements, each providing USCM with the right to acquire interests in four discovery focused projects in the US. These projects include the Clayton Ridge Lithium Property located in Nevada, the Haynes Cobalt Property located in Idaho, the Sheep Creek located in Montana, and Lemhi Pass located in Idaho. A significant percentage of the world's critical metal and rare earth supply comes from nations with interests that are contrary to those of the US. USCM intends to explore and develop critical metals and rare earth assets with near- and long-term strategic value to the advancement of US interests.

About US Critical Materials Corp.

Materials Corp. is a private rare earths exploration and development company with holdings in Montana and Idaho. Future development of the Properties includes additional exploration, geologic mapping, sampling and analysis, and drilling with the objective of completing a future resource and reserve estimation. The deposits in Sheep Creek are unique due to low levels of thorium, as discussed above, which potentially allows mining with minimal damage to the environment. U.S. Critical Materials goal is to develop its properties with strategic partners who have the capital and expertise to explore, mine and

extract the critical minerals. Materials Corp. is based in Salt Lake City, Utah.

References

Gammons, C.H., 2020a, Mineralogical investigation of the Sheep Creek carbonatite veins, Ravalli County, Montana. Proc. 2019 Montana Mining and Minerals Symposium, MBMG Special Publ. 121, 81-92 ("**Gammons 2020a**").

Gammons, C. H., 2020b, The Montana-Idaho Alkalic Belt: An exploration target for critical metals and industrial minerals: Proc. 2019 Montana Mining and Minerals Conference, MBMG Special Publ. 121, 151-157 ("**Gammons 2020b**").

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Disclaimer for Forward-Looking Information

This news release contains certain information that may be deemed "forward-looking information" with respect to USCM within the meaning of applicable securities laws. Such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause USCM's actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information includes statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur.

Although USCM believes the forward-looking information contained in this news release is reasonable based on information available on the date hereof, by its nature, forward-looking information involves assumptions and known and unknown risks, uncertainties and other factors which may cause our actual results, level of activity, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such assumptions, risks and uncertainties include, without limitation, assumptions, risks and uncertainties associated with statements regarding, but not limited to: the ability of the Parties to satisfy the closing conditions under the Agreement; the equity interest USCM may hold in USRE; the ability of Materials Corp. to transfer the Properties to USRE; the ability of USCM to make the required capital contributions under the Agreement; the ability to extract rare earth elements from the Properties; the market for rare earth elements; the classification of the transaction as an exempt transaction under TSXV Policy 5.3; and the control, management and operation of URSE.

The forward-looking information contained in this press release represents the expectations of USCM as of the date of this press release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While USCM may elect to, it does not undertake to update this information at any particular time except as required in accordance with applicable laws.

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