US Critical Metals Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months ended December 31, 2022 and 2021

(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.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2022	As at September 30, 2022
	$	$
Assets		
Current Assets		
Cash	**2,604,340**	3,881,581
Receivables and prepaid expenses (Note 6)	**343,684**	174,434
Total Assets	**2,948,024**	4,056,015
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 7 and 13)	**101,120**	210,351
Total Liabilities	**101,120**	210,351
Shareholders' Equity		
Share capital (Note 8)	**6,761,179**	6,357,037
Restricted share units reserve (Note 10)	**357,480**	216,329
Share-based payments reserve (Note 11)	**1,030,311**	1,030,311
Warrants reserve (Note 12)	**2,007,749**	2,007,891
Accumulated other comprehensive loss	**(37,472)**	(47,537)
Accumulated deficit	**(7,272,343)**	(5,718,367)
Total Shareholders' Equity	**2,846,904**	3,845,664
Total Liabilities and Shareholders' Equity	**2,948,024**	4,056,015

Nature of operations and going concern (Note 1)
Commitments (Note 14)
Contingencies (Note 18)
Subsequent events (Note 19)

Approved on behalf of the Board of Directors:

"Darren Collins"
Darren Collins, Director

"Peter Simeon"
Peter Simeon, Director

US Critical Metals Corp.
Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three Months ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
	$	$
Expenses		
Exploration and evaluation expenses (Notes 13 and 14)	**330,946**	63,426
Property acquisition costs (Notes 8 and 14)	**231,835**	31,508
Advertising and promotion	**227,092**	-
Share-based compensation (Notes 10 and 13)	**141,151**	-
Professional fees (Notes 13 and 15)	**131,775**	139,539
Office and general	**113,769**	93,668
Management fees (Note 13)	**50,918**	-
Regulatory filing	**6,490**	-
Total Expenses	**(1,233,976)**	(328,141)
Other Expenses		
Acquisition costs (Note 5)	**(320,000)**	-
Total Other Expenses	**(320,000)**	-
Net Loss	**(1,553,976)**	(328,141)
Other Comprehensive Loss		
Exchange gain (loss) on translation of foreign operations	**10,065**	(422)
Comprehensive Loss	**(1,543,911)**	(328,563)
Weighted Average Number of Outstanding Shares – Basic and Diluted (Note 9)	**54,666,393**	25,000,100
Net Loss per Share – Basic and Diluted (Note 9)	**(0.03)**	(0.01)

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

US Critical Metals Corp.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Months ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	RSU Reserve	Share-Based Payments Reserve	Warrants Reserve	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	#	$	$	$	$	$	$	$
Balance, September 30, 2021	**25,000,100**	**159,255**	**-**	**-**	**87,331**	**-**	**(33,187)**	**213,399**
Exchange loss on translating foreign operations	-	-	-	-	-	(422)	-	(422)
Net loss for the period	-	-	-	-	-	-	(328,141)	(328,141)
Balance, December 31, 2021	**25,000,100**	**159,255**	**-**	**-**	**87,331**	**(422)**	**(361,328)**	**(115,164)**
Balance, September 30, 2022	**51,917,480**	**6,357,037**	**216,329**	**1,030,311**	**2,007,891**	**(47,537)**	**(5,718,367)**	**3,845,664**
Issuance of shares on acquisition (Note 5)	1,000,000	270,000	-	-	-	-	-	270,000
Issuance of shares as option payments (Notes 8 and 14)	500,000	130,000	-	-	-	-	-	130,000
Share-based compensation (Note 10)	-	-	141,151	-	-	-	-	141,151
Exercise of warrants (Notes 8 and 12)	40,000	4,142	-	-	(142)	-	-	4,000
Exchange gain on translating foreign operations	-	-	-	-	-	10,065	-	10,065
Net loss for the period	-	-	-	-	-	-	(1,553,976)	(1,553,976)
Balance, December 31, 2022	**53,457,480**	**6,761,179**	**357,480**	**1,030,311**	**2,007,749**	**(37,472)**	**(7,272,343)**	**2,846,904**

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

US Critical Metals Corp.

Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the Three Months ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	2022	2021
	$	$
Operating Activities		
Net loss for the period	**(1,553,976)**	(328,141)
Adjustments for non-cash items:		
Acquisition costs (Note 5)	**320,000**	-
Share-based compensation (Note 10)	**141,151**	-
Option payments issued in shares (Notes 8 and 14)	**130,000**	-
	(962,825)	(328,141)
Net change in non-cash working capital items:		
Receivables (Note 6)	**(7,145)**	(4,941)
Prepaid expenses (Note 6)	**(162,105)**	73,186
Accounts payable and accrued liabilities (Note 7)	**(109,231)**	130,300
Cash Flows (used in) Operating Activities	**(1,241,306)**	(129,596)
Financing Activities		
Proceeds from exercise of warrants (Notes 8 and 12)	**4,000**	-
Cash Flows provided by Financing Activities	**4,000**	-
Investing Activities		
Cash acquired on acquisition (Note 5)	**200,000**	-
Cash paid on acquisition (Noe 5)	**(250,000)**	-
Cash Flows (used in) Investing Activities	**(50,000)**	-
Decrease in cash	**(1,287,306)**	(129,596)
Effect of foreign exchange on cash	**10,065**	(422)
Cash, beginning of period	**3,881,581**	149,896
Cash, end of period	**2,604,340**	19,878

1. Nature of Operations and Going Concern

US Critical Metals Corp. ("USCM" or the "Company") is focused on mining projects in the United States (the "U.S.") that will further secure the U.S. supply of critical metals and rare earth elements, which are essential to fueling the new age economy. Pursuant to option agreements with private Canadian and American companies, the Company's assets consist of four agreements, each providing the Company with the right to acquire interest in five discovery focused projects in the U.S. (see Note 14 for more details on the projects). USCM intends to explore and develop critical metals and rare earth assets with near- and long-term strategic value to the advancement of U.S. interests.

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

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

On April 12, 2022, US Critical Holdings Corp. ("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 (see Note 4 for more details). 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 financial statements are presented as a continuance of the business of USCH, and all comparative figures presented are those of USCH. Pursuant to the RTO Transaction, the Company has changed its fiscal year-end from January 31 to September 30.

The Company's common shares are listed for trading on the the TSX Venture Exchange (the "TSXV") under the ticker symbol "USCM". The Company's common shares are also listed on the Frankfurt Stock Exchange under the ticker symbol "0IU0", and on the OTCQB Venture Market in the U.S. under the ticker symbol "USCMF".

These 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. There can be no assurance that the Company will be successful in securing the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

These 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 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, 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.

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 February 27, 2023.

2. Basis of Presentation (continued)

(b) 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 which are measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, USCH, US Energy Metals Corp. ("USEM"), which was incorporated in Nevada, U.S. and 1212242 B.C. Ltd. ("B.C. Ltd.") (see Note 5 for more details). 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.

(d) Functional Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars ("$" or "CAD"), which is the functional currency of the Company and its Canadian subsidiaries. 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").

(e) 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.

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.

Expected credit losses on financial assets

Determining an allowance for expected credit losses 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.

2. Basis of Presentation (continued)

(e) Significant Accounting Judgments and Estimates (continued)

Technical feasibility and commercial viability

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

Business combination

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

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

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

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

Valuation of share-based compensation and share purchase warrants

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

Provisions

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

Shares issued for non-cash consideration

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

(Expressed in Canadian Dollars)

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 disclosed in Note 3 the Company's audited consolidated financial statements for the eight-month period ended September 30, 2022, unless otherwise noted.

4. Reverse Takeover Transaction

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 the RTO Transaction, and all outstanding securities of USCH were acquired by the Company and exchanged for equivalent securities of the Company on a 1:1 basis, of which 25,000,100 common shares were issued to former holders of USCH shares. 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 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**
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 ("IFRS 3"). As a result, the RTO Transaction was accounted for in accordance with IFRS 2 – Share-Based Payments ("IFRS 2") as a capital transaction, and share consideration paid was measured at the fair value of the identifiable and unidentifiable assets acquired.

Consideration paid

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 5,006,665 common shares, deemed to be issued to former Holly Street shareholders, was determined to be $1,180,572 based on the fair value of common shares issued through a concurrent financing which closed on April 12, 2022. Immediately after completion of the RTO Transaction, the number of common shares of the resulting issuer held by Holly Street shareholders was approximately 9.64%.

(Expressed in Canadian Dollars)

4. Reverse Takeover Transaction (continued)

Consideration paid (continued)

(ii) The estimated fair value of the 300,000 post-Consolidation options issued as deemed consideration was based on the Black-Scholes valuation model 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. Business Acquisition

On November 16, 2022, the Company and Idaho Silver Corp. ("Idaho Silver"), a private company existing under the laws of British Columbia, have entered into a share purchase agreement (the "SPA") whereby USCM was to acquire 70% of the issued and outstanding common shares of B.C. Ltd., a private company existing under the laws of British Columbia, with the remaining 30% being held by Idaho Silver (the "Acquisition"). The Acquisition closed on December 15, 2022.

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

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

The following table summarizes the details of the Acquisition:

Purchase Price Consideration Paid	
	$
Cash paid	**250,000**
Fair value of common shares issued	**270,000**
Total consideration paid	**520,000**
Net Identifiable Asset Acquired	
	$
Cash	**200,000**
Total net identifiable assets acquired	**200,000**
Excess of consideration paid over net assets acquired, representing an acquisition cost	**320,000**

The Acquisition did not constitute a business combination as B.C. Ltd. did not meet the definition of a business under IFRS 3. As a result, the Acquisition was accounted for in accordance with IFRS 2 as an asset acquisition. Consideration paid consisted of cash payment of $250,000 and 1,000,000 shares of the Company issued to Idaho Silver, valued at $270,000 based on the Company's closing share price on the date of issuance on December 15, 2022.

(Expressed in Canadian Dollars)

6. Receivables and Prepaid Expenses

Receivables and prepaid expenses are comprised of the following as at December 31, 2022 and September 30, 2022:

	December 31, 2022	September 30, 2022
	$	$
Sales tax receivables	**7,152**	7
Prepaid insurance	**4,375**	8,750
Advances made to suppliers	**332,157**	165,677
	343,684	174,434

7. Accounts Payable and Accrued Liabilities

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

	December 31, 2022	September 30, 2022
	$	$
Trade payable	**85,480**	160,264
Accrued liabilities	**15,640**	50,087
	101,120	210,351

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 December 31, 2022 are as follows:

	Common shares	**Amount**
	#	**$**
Balance, September 30, 2022	**51,917,480**	**6,357,037**
Shares issued as option payments	500,000	130,000
Shares issued on exercise of warrants	40,000	4,142
Shares issued as consideration paid on acquisition	1,000,000	270,000
Balance, December 31, 2022	**53,457,480**	**6,761,179**

Share capital transactions for the three months ended December 31, 2022

On October 11, 2022, the Company issued 500,000 common shares for the first anniversary payment of the Mining Lease and Option Agreement on the Nevada Property (see Note 14). These common shares were valued at $130,000, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited interim condensed consolidated statements of loss and comprehensive loss.

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

On December 15, 2022, the Company issued 1,000,000 common shares to Idaho Silver, on closing of the Acquisition (see Note 5 for details).

Share capital transactions for the three months ended December 31, 2021

There were no share capital transactions during the three months ended December 31, 2021.

(Expressed in Canadian Dollars)

9. Loss per Share

Basic and diluted loss per share for the three months ended December 31, 2022 is calculated by dividing the net loss of $1,553,976 (2021 – net loss of $328,141), by the weighted average number of common shares outstanding of 54,666,393 (2021 – 25,000,100). For the three months ended December 31, 2022, the basic and diluted loss per share was $0.03 (2021 – basic and diluted loss per share of $0.01).

10. Restricted Share Units Reserve

On May 12, 2022, the Company granted 1,400,000 RSUs to certain directors and consultants. The RSUs vest fully on the first anniversary of the grant date. The RSUs were valued at $560,000 based on the Company's closing share price on the date of grant. During the three months ended December 31, 2022, share-based compensation of $141,151 was recorded in connection with the vesting of these RSUs.

11. Share-Based Payments Reserve

The Company maintains a stock option plan (the "Option Plan") whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The Option Plan provides that the aggregate number of securities reserved for issuance will be up to 10% of the number of the common shares issued and outstanding from time to time. The Option Plan is administered by the Board, which has full and final authority with respect to granting stock options thereunder. As at December 31, 2022, the Company had 2,345,748 common shares that are issuable under the Option Plan.

Options activities for the three months ended December 31, 2022 and 2021

There were no options activities during the three months ended December 31, 2022 and 2021.

The following table summarizes information of stock options outstanding and exercisable as at December 31, 2022:

Date of expiry	**Number of options outstanding**	**Number of options exercisable**	**Exercise price**	**Weighted average remaining contractual life**
	#	**#**	**$**	**Years**
May 12, 2027	3,000,000	3,000,000	0.35	4.36
	3,000,000	**3,000,000**	**0.35**	**4.36**

12. Warrants Reserve

The following summarizes the warrants activity for the three months ended December 31, 2022 and 2021:

	2022		2021	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of period	**42,590,390**	**0.27**	25,000,000	0.10
Exercised	**(40,000)**	**0.10**	-	-
Outstanding, end of period	**42,550,390**	**0.27**	25,000,000	0.10

(Expressed in Canadian Dollars)

12. Warrants Reserve (continued)

The following table summarizes information of warrants outstanding as at December 31, 2022:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining life
	#	$	Years
April 12, 2024	17,590,390	0.50	1.28
August 10, 2026	24,960,000	0.10	3.61
	42,550,390	**0.27**	**2.65**

13. Related Party Transactions

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

Remuneration to key management personnel and directors

The remuneration of directors and other members of key management personnel during the three months ended December 31, 2022 and 2021:

	2022	2021
	$	$
Management and consulting fees	**50,918**	-
Professional fees	**73,279**	113,713
Share-based compensation	**70,575**	-
	194,772	113,713

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 December 31, 2022, the CEO charged fees of $50,918 (USD $37,500) for consulting services provided to the Company, which are included in management fees. As at December 31, 2022, no balance was owed to the CEO (September 30, 2022 – $23,304 included in accounts payable and accrued liabilities).

During the three months ended December 31, 2022, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of the Company is a partner, charged fees of $47,779 (2021 – $100,213) for legal services provided to the Company, which are included in professional fees. As at December 31, 2022, $70,480 (September 30, 2022 – $115,936) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three months ended December 31, 2022, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") and Corporate Secretary is employed, charged fees of $19,500 (2021 – $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 December 31, 2022, no balance was owed to Branson (September 30, 2022 – $6,825 included in accounts payable and accrued liabilities).

During the three months ended December 31, 2022, a director of the Company charged fees of $6,000 (2021 – $nil) for consulting services provided to the Company, which are included in professional fees. As at December 31, 2022, $769 (September 30, 2022 – $2,000) owing to the director for reimbursement of expenses was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

Share-based compensation

During the three months ended December 31, 2022, the Company had recorded share-based compensation of $70,575 in connection with the vesting of RSUs previously granted to a director.

13. Related Party Transactions (continued)

Other related party transactions

During the three months ended December 31, 2022, Tigren Inc. ("Tigren"), an entity controlled by the VP, Exploration and also a director of the Company, charged fees of $59,386 (2021 – $nil) for geological consulting services provided to the Company, which are included in E&E expenses. As at December 31, 2022, no balance was owed to Tigren (September 30, 2022 – $nil).

14. 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. On May 18, 2022, the Company announced that it has staked and filed with the Esmeralda County and the Bureau of Land Management an additional 90 unpatented mining claims contiguous to the originally prospected Nevada Property claims block, and commenced exploration activities. The Nevada Property now spans 3,600 acres of prospective geology for lithium mineralization.

Pursuant to the Mining Lease and Option Agreement, the Company may acquire a 100% interest in the 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 and issuance of 500,000 USCM Shares upon listing of USCM on a recognized Canadian Exchange (completed);
- Payment of USD $75,000 in cash and issuance of 500,000 USCM Shares on the first anniversary of the Signing Date (completed);
- Payment of USD $75,000 in cash and issuance of 500,000 USCM Shares on the second anniversary of the Signing Date; 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.

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 (paid subsequent to December 31, 2022).

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.

14. Exploration and Evaluation Expenses (continued)

Sheep Creek and Lemhi Pass Rare Earth Projects

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

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

- Phase I: USCM shall pay to USRE USD $300,000 (paid) in cash within 5 business days of closing on the Agreement and USD $1,500,000 in capital contributions prior to the date that is 16 months after closing on the Agreement (the "Phase I Due Date") in exchange for 25% equity interest in USRE (25% total corporate interest). As at December 31, 2022, the Phase I requirements have yet to be completed, and the Company did not hold any equity interest in USRE.
- Phase II: Upon completion of Phase I and prior to the expiration of the Phase I Due Date, USCM may elect, in its sole discretion, to pay to USRE USD $200,000 in cash upon the election to proceed with Phase II and USD $3,000,000 in capital contributions prior to the date that is 40 months after closing on the Agreement (the "Phase II Due Date") in exchange for an additional 25% equity interest in USRE (50% total equity interest). If USCM does not elect to proceed with Phase II prior to the Phase I Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 25% equity interest in USRE.
- Phase III: Upon completion of Phase II and prior to the expiration of the Phase II Due Date, USCM may elect, subject to the mutual agreement from the arm's length party, to provide USRE with USD $5,000,000 in capital contributions prior to the date that is 64 months after closing on the Agreement in exchange for an additional 25% corporate interest in USRE (75% total equity interest). If the Parties do not mutually agree to proceed with Phase III prior to the Phase II Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 50% equity interest in USRE.

Long Canyon Uranium Project

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

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

(Expressed in Canadian Dollars)

14. Exploration and Evaluation Expenses (continued)

During the three months ended December 31, 2022 and 2021, the Company's E&E expenses are comprised of the following:

			Properties		
2022	**Idaho**	**Nevada**	**Sheep Creek & Lemhi Pass**	**Long Canyon**	**Total**
	$	$	$	$	**$**
Property acquisition costs					
Option payments made in cash	-	101,835	-	-	**101,835**
Option payments issued in shares	-	130,000	-	-	**130,000**
	-	231,835	-	-	**231,835**
E&E expenditures					
Claims maintenance fees	6,124	-	-	-	**6,124**
Technical studies	-	30,931	-	-	**30,931**
Field work testing	-	22,331	-	-	**22,331**
Earn-in expenditures	-	-	271,560	-	**271,560**
	6,124	53,262	271,560	-	**330,946**
Total	**6,124**	**285,097**	**271,560**	**-**	**562,781**

2021	**Idaho**	**Nevada**	**Sheep Creek & Lemhi Pass**	**Long Canyon**	**Total**
	$	$	$	$	**$**
Property acquisition costs					
Option payments made in cash	-	31,508	-	-	**31,508**
	-	31,508	-	-	**31,508**
E&E expenditures					
Claims maintenance fees	2,790	33,747	-	-	**36,537**
Technical studies	13,077	7,514	-	-	**20,591**
Field work testing	6,298	-	-	-	**6,298**
	22,165	41,261	-	-	**63,426**
Total	**22,165**	**72,769**	**-**	**-**	**94,934**

15. Professional Fees

During the three months ended December 31, 2022 and 2021, the Company's professional fees are comprised of the following:

	2022	2021
	$	$
Legal expenses	**52,304**	112,829
Audit and accounting fees	**28,000**	24,710
Business consulting fees	**51,471**	2,000
	131,775	139,539

(Expressed in Canadian Dollars)

16. 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, RSUs reserve, share-based payments reserve, warrants reserve, accumulated other comprehensive loss and accumulated deficit. As at December 31, 2022, the Company's capital consisted of a balance of $2,846,904 (September 30, 2022 – 3,845,664).

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.

17. 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 December 31, 2022, the Company had a cash balance of $2,604,340 (September 30 – $3,881,581), to settle current liabilities of $101,210 (September 30 – $210,351).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at December 31, 2022:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	$	$	$	$
Accounts payable and accrued liabilities	101,120	101,120	-	-

17. 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 December 31, 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 December 31, 2022 and September 30, 2022, the Company did not have any financial instruments which were carried at fair value.

18. 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 December 31, 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.

19. Subsequent Events

Property option payments

On January 16, 2023, the Company paid $50,000 to accelerate the final payment scheduled on the one-year anniversary of listing of USCM pursuant to the Option Agreement on the Idaho Property. Congruent with the payment, the Company completed the earn-in requirements for the Haynes Cobalt Project.

Warrants exercise

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