US Critical Metals Corp.

Consolidated Financial Statements

For the Year ended September 30, 2023

and the Eight-Month Period ended September 30, 2022

(Expressed in Canadian Dollars)

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
US Critical Metals Corp.

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of US Critical Metals Corp. (the Company), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for year ended September 30, 2023 and for the eight-month period ended September 30, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the year ended September 30, 2023 and for the eight-month period ended September 30, 2022, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $5,810,399 for the year ended September 30, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control asmanagement determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, andobtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit proceduresthat are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to eventsor conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in ourauditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidenceobtained up to the date of our auditor's report. However, future events or conditions may cause theCompany to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
January 24, 2024

US Critical Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at September 30, 2023	As at September 30, 2022
	$	$
Assets		
Current Assets		
Cash	**1,444,325**	3,881,581
Receivables and prepaid expenses (Note 6)	**170,278**	174,434
Total Assets	**1,614,603**	4,056,015
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 7 and 12)	**593,214**	210,351
Total Liabilities	**593,214**	210,351
Shareholders' Equity		
Share capital (Note 8)	**8,578,465**	6,357,037
Restricted share units reserve (Note 8)	**-**	216,329
Share-based payments reserve (Note 10)	**1,030,311**	1,030,311
Warrants reserve (Note 11)	**2,851,773**	2,007,891
Accumulated other comprehensive loss	**(42,891)**	(47,537)
Accumulated deficit	**(11,531,408)**	(5,718,367)
Equity Attributable to Shareholders of US Critical Metals Corp.	**886,250**	3,845,664
Non-controlling interest (Notes 5 and 13)	**135,139**	-
Total Shareholders' Equity	**1,021,389**	3,845,664
Total Liabilities and Shareholders' Equity	**1,614,603**	4,056,015

Nature of operations and going concern (Note 1)
Commitments (Note 15)
Contingencies (Note 19)
Subsequent events (Note 20)

Approved on behalf of the Board of Directors:

"Darren Collins"	*"Peter Simeon"*
Darren Collins, Director	Peter Simeon, Director

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

US Critical Metals Corp.

Consolidated Statements of Loss and Comprehensive Loss
For the Year ended September 30, 2023 and the Eight-Month Period ended September 30, 2022
(Expressed in Canadian Dollars)

	Year ended September 30, 2023	Eight-Month period ended September 30, 2022
	$	$
Expenses		
Exploration and evaluation expenses (Notes 12 and 15)	**1,746,300**	360,819
Professional fees (Notes 12 and 16)	**1,528,264**	675,516
Advertising and promotion	**847,275**	4,300
Property acquisition costs (Notes 5, 8 and 15)	**738,288**	1,211,799
Office and general	**364,442**	157,550
Share-based compensation (Notes 8, 10 and 12)	**343,671**	1,246,640
Management fees (Note 12)	**202,290**	128,769
Regulatory filing	**44,515**	37,699
Total Expenses	**(5,815,045)**	(3,823,092)
Other Expenses		
Reverse takeover acquisition costs (Note 4)	**-**	(1,476,264)
Total Other Expenses	**-**	(1,476,264)
Net Loss	**(5,815,045)**	(5,299,356)
Other Comprehensive Income (Loss)		
Exchange gain (loss) on translation of foreign operations	**4,646**	(46,940)
Comprehensive Loss	**(5,810,399)**	(5,346,296)
Total Net Loss Attributable to:		
Shareholders of US Critical Metals Corp.	**(5,813,041)**	(5,299,356)
Non-controlling interest (Note 13)	**(2,004)**	-
Net Loss	**(5,815,045)**	(5,299,356)
Weighted Average Number of Outstanding Shares – Basic and Diluted (Note 9)	**56,901,042**	44,020,233
Net Loss per Share – Basic and Diluted (Note 9)	**(0.10)**	(0.12)

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

US Critical Metals Corp.

Consolidated Statements of Changes in Shareholders' Equity
For the Year ended September 30, 2023 and the Eight-Month Period ended September 30, 2022
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	RSU Reserve	Share-Based Payments Reserve	Warrants Reserve	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Controlling Interest	Total
	#	$	$	$	$	$	$	$	$
Balance, January 31, 2022	**25,000,100**	**159,255**	**-**	**-**	**87,331**	**(597)**	**(419,011)**	**-**	**(173,022)**
Cancellation of USCH shares (Note 4)	(25,000,100)	(159,255)	-	-	-	-	-	-	(159,255)
Issuance of shares exchanged on reverse takeover (Note 4)	25,000,100	159,255	-	-	-	-	-	-	159,255
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 broker warrants from concurrent financing (Note 11)	-	-	-	-	51,096	-	-	-	51,096
Issuance as consideration on reverse takeover (Notes 4, 8 and 10)	5,006,665	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 15)	3,000,000	707,400	-	-	-	-	-	-	707,400
Share-based compensation (Notes 8 and 10)	-	-	216,329	1,030,311	-	-	-	-	1,246,640
Exercise of stock options (Notes 8 and 10)	300,000	102,670	-	(57,670)	-	-	-	-	45,000
Exchange loss on translating foreign operations	-	-	-	-	-	(46,940)	-	-	(46,940)
Net loss for the period	-	-	-	-	-	-	(5,299,356)	-	(5,299,356)
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 15)	500,000	130,000	-	-	-	-	-	-	130,000
Issuance of shares on exercise of RSU (Note 8)	1,400,000	560,000	(560,000)	-	-	-	-	-	-
Issuance of units on private placement financing (Notes 8 and 11)	7,140,100	1,535,622	-	-	963,413	-	-	-	2,499,035
Share issuance costs (Notes 8 and 11)	-	(312,478)	-	-	(196,041)	-	-	-	(508,519)
Issuance of shares as corporate finance fees (Note 8)	85,714	30,000	-	-	-	-	-	-	30,000
Issuance of broker warrants from private placement financing (Note 11)	-	-	-	-	76,794	-	-	-	76,794
Share-based compensation (Note 8)	-	-	343,671	-	-	-	-	-	343,671
Exercise of warrants (Notes 8 and 11)	80,000	8,284	-	-	(284)	-	-	-	8,000
Non-controlling interest acquired (Notes 5 and 13)	-	-	-	-	-	-	-	137,143	137,143
Exchange gain on translating foreign operations	-	-	-	-	-	4,646	-	-	4,646
Net loss for the year	-	-	-	-	-	-	(5,813,041)	(2,004)	(5,815,045)
Balance, September 30, 2023	**62,123,294**	**8,578,465**	**-**	**1,030,311**	**2,851,773**	**(42,891)**	**(11,531,408)**	**135,139**	**1,021,389**

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

US Critical Metals Corp.

Consolidated Statements of Cash Flows
For the Year ended September 30, 2023 and the Eight-Month Period ended September 30, 2022
(Expressed in Canadian Dollars)

	Year ended September 30, 2023	Eight-Month period ended September 30, 2022
	$	$
Operating Activities		
Net loss for the year/period	**(5,815,045)**	(5,299,356)
Adjustments for non-cash items:		
Reverse takeover acquisition costs (Note 4)	**-**	1,476,264
Property acquisition cost (Notes 5 and 15)	**457,143**	-
Share-based compensation (Notes 9 and 10)	**343,671**	1,246,640
Option payments issued in shares (Notes 8 and 15)	**130,000**	707,400
	(4,884,231)	(1,869,052)
Net change in non-cash working capital items:		
Receivables (Note 6)	**(6,706)**	5,952
Prepaid expenses (Note 6)	**10,862**	(160,254)
Accounts payable and accrued liabilities (Note 7)	**382,863**	(21,861)
Cash Flow (used in) Operating Activities	**(4,497,212)**	(2,045,215)
Financing Activities		
Proceeds from financings (Note 8)	**2,499,035**	6,000,000
Issuance cost paid on financings (Note 8)	**(401,725)**	(218,421)
Proceeds from exercise of stock options (Notes 8 and 10)	**-**	45,000
Proceeds from exercise of warrants (Notes 8 and 11)	**8,000**	-
Cash Flow provided by Financing Activities	**2,105,310**	5,826,579
Investing Activities		
Cash acquired on reverse takeover (Note 4)	**-**	135,172
Cash acquired on acquisition (Note 5)	**200,000**	-
Cash paid on acquisition (Note 5)	**(250,000)**	-
Cash Flow provided by (used in) Investing Activities	**(50,000)**	135,172
(Decrease) increase in cash	**(2,441,902)**	3,916,536
Effect of foreign exchange on cash	**4,646**	(46,940)
Cash, beginning of year/period	**3,881,581**	11,985
Cash, end of year/period	**1,444,325**	3,881,581

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

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 five agreements, each providing the Company with the right to acquire interest in six discovery focused projects in the U.S. (see Note 15 for more details). USCM intends to explore and develop mineral resources 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 September 8, 2023, the Company voluntarily delisted its common shares from the TSX Venture Exchange (the "TSXV"), and on September 11, 2023, USCM commenced trading on the Canadian Securities Exchange (the "CSE") 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 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.

During the year ended September 30, 2023, the Company incurred a net loss of $5,815,045, and as of that date, the Company's accumulated deficit was $11,531,408 (September 30, 2022 – accumulated deficit of $5,718,367). As at September 30, 2023, the Company had available working capital of $1,021,389 (September 30, 2022 – $3,845,664), including a cash balance of $1,444,325 (September 30, 2022 – $3,881,581), which it can deploy to fulfill financial requirements for the 12-month period ending September 30, 2024. Nevertheless, 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, represent material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

These 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 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 accounting policies set out below were consistently applied to the periods presented unless otherwise noted.

These consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors of the Company (the "Board") on January 24, 2024.

2. Basis of Presentation (continued)

(b) Basis of Comparison

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 (see Note 4 for more details). Pursuant to the RTO Transaction, the Company changed its fiscal year-end from January 31 to September 30, resulting in an eight-month transition period from February 1, 2022 to September 30, 2022.

For comparative purposes, all comparative figures on the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, are presented for the eight-month period ended September 30, 2022, which was the Company's last audited financial statements following completion of the RTO Transaction.

(c) Basis of Measurement

These 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, as explained in the significant accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Basis of Consolidation

These 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). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The 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 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").

(f) Significant Accounting Judgments and Estimates

The preparation of these 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 its 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 the year-end.

2. Basis of Presentation (continued)

(f) Significant Accounting Judgments and Estimates (continued)

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 fair value through profit or loss ("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.

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, which can be a complex judgment. 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.

2. Basis of Presentation (continued)

(f) Significant Accounting Judgments and Estimates (continued)

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 into 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.

Valuation of share-based compensation and share purchase warrants

Management determines the fair value estimates for share-based compensation on options, restricted share units ("RSUs") and share purchase warrants (each a "Warrant") 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 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.

Functional currency

Foreign currency translation under IFRS requires each entity to determine its own functional currency, which becomes the currency that entity measures its results and financial position in. Judgment is necessary in assessing each entity's functional currency. In determining the functional currencies of the Company and its subsidiaries, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labor, material and other costs for each consolidated entity.

3. Summary of Significant Accounting Policies

(a) Cash

Cash on the consolidated statements of financial position comprises bank balances primarily held in a Canadian chartered bank, which is available on demand.

3. Summary of Significant Accounting Policies (continued)

(b) 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 (“IFRS 9”), 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.

The Company classifies and measures financial instruments in accordance with IFRS 9. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes financial assets and financial liabilities on the consolidated statements of financial position when it becomes a party to the financial instrument or derivative contract.

(c) Financial Instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (a) those to be measured subsequently at FVTPL; (b) those to be measured subsequently at fair value through other comprehensive income (“FVTOCI”); and (c) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in the consolidated statements of loss and comprehensive loss.

The Company reclassifies financial assets when its business model for managing those assets changes. Financial liabilities are not reclassified.

Fair value through profit or loss

This category includes derivative instruments as well as quoted equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify at FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the solely principal and interest (“SPPI”) criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in the consolidated statements of loss and comprehensive loss. As at September 30, 2023 and 2022, the Company did not have any financial assets at FVTPL.

3. Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Classification (continued)

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in FVTOCI instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at FVTOCI are initially measured at fair value and changes therein are recognized in other comprehensive income (loss) ("OCI").

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. Financial asset classified in this category are measured at amortized cost using the effective interest method. The Company's classification of financial assets and financial liabilities under IFRS 9 are summarized below:

Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or OCI (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in OCI.

Expected credit loss impairment model

IFRS 9 introduced a single ECL impairment model, which is based on changes in credit quality since initial application. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

3. Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

Derecognition (continued)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

(d) Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, the Company expenses E&E expenditures as incurred. These expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on property, plant and equipment, if any, during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

Acquisition costs of mineral property rights, property option payments related to E&E activities are also expensed as incurred.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

(e) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by development or production. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through an amortization method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits.

As at September 30, 2023 and 2022, the Company had no material restoration, rehabilitation and environmental costs.

(f) Provisions

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

As at September 30, 2023 and 2022, the Company had no material provisions.

3. Summary of Significant Accounting Policies (continued)

(g) Income Taxes

Income tax comprises current and deferred income tax expense. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI.

Current income taxes

Current income taxes are recognized and measured at the amount expected to be recovered from, or payable to, the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred income taxes

Deferred income taxes are recorded for temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of a deferred income tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred income tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if, and only if, they relate to income taxes levied by the same taxation authority and the Company has the legal rights and intent to offset.

(h) Share Capital

In situations where the Company issues units (each a "Unit"), the value of Units is bifurcated and the value of Warrants is included as a separate reserve for warrants of the Company's equity. The proceeds from the issuance of Units are allocated between common shares and Warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the share price at the date of issuance of the Units. The fair value of the Warrants is determined using the application of the Black–Scholes valuation model ("Black–Scholes").

(i) Share Issuance Costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

(j) Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, in the weighted average number of common shares outstanding during the period, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

(k) Share-Based Payments

The Company operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received, or at the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined based on Black–Scholes. The fair value of equity-settled share-based transactions are recognized as a stock-based compensation expense with a corresponding increase in contributed surplus.

3. Summary of Significant Accounting Policies (continued)

(k) Share-Based Payments (continued)

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Upon the exercise of stock options and Warrants, proceeds received from the stock option or warrant holders are recorded as an increase to share capital and the related reserves is transferred to share capital.

The Company also operates a RSU Plan, where RSUs are granted to directors, employees and consultants from time to time. RSUs are equity-settled share-based payments and are measured at fair value on the date of grant, based on the closing price of the Company's common shares on the grant date. Share-based compensation is recognized over the vesting period with a corresponding credit to RSU reserve.

(l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(m) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than CAD are translated into CAD at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains or losses resulting from translation are reflected in net comprehensive income (loss) for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the financial period;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions);
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign exchange.

When a foreign operation is disposed of, the relevant amount in the reserve for foreign exchange in OCI is transferred to profit or loss as part of the profit or loss on disposal.

On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future, and which in substance, is considered to form part of the net investment in the foreign operation, are recognized in the reserve for foreign exchange.

(Expressed in Canadian Dollars)

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, 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. 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 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, the ensuing consolidated financial statements were presented as a continuance of the business of USCH. Pursuant to the RTO Transaction, the Company has changed its fiscal year-end from January 31 to September 30, resulting in an eight-month transition period from February 1, 2022 to September 30, 2022.

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 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 (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 9.64%.

(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 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. Asset Acquisition Transaction

On November 16, 2022, the Company and Idaho Silver Corp. ("Idaho Silver"), a private company existing under the laws of British Columbia, entered into a share purchase agreement (the "SPA") pursuant to which USCM would 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:

(i) 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; and
(ii) 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**
Mining properties	**457,143**
Non-controlling interest (Note 13)	**(137,143)**
Total net identifiable assets acquired	**520,000**

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 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. Mining properties valued at $457,143 were expensed as property acquisition costs (see Note 15) on the consolidated statements of loss and comprehensive loss for the year ended September 30, 2023.

(Expressed in Canadian Dollars)

6. Receivables and Prepaid Expenses

Receivables and prepaid expenses are comprised of the following as at September 30, 2023 and 2022:

	September 30, 2023	September 30, 2022
	$	$
Sales tax receivables	**6,713**	7
Prepaid insurance	**8,750**	8,750
Advances made to suppliers	**154,815**	165,677
	170,278	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.

	September 30, 2023	September 30, 2022
	$	$
Trade payable	**458,898**	160,264
Accrued liabilities	**134,316**	50,087
	593,214	210,351

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

8. Share Capital and Restricted Share Units Reserve

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 September 30, 2022 and 2023 are as follows:

	Common shares	**Amount**
	#	**$**
Balance, January 31, 2022	**25,000,100**	**159,255**
Cancellation of USCH shares (Note 1)	(25,000,100)	(159,255)
Shares issued on reverse takeover (Note 1)	25,000,100	159,255
Shares issued from Concurrent Financing	17,142,858	4,042,611
Share issuance cost	-	(181,592)
Shares issued as deemed consideration paid on reverse takeover	5,006,665	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, September 30, 2022	**51,917,480**	**6,357,037**
Shares issued as option payments	500,000	130,000
Shares issued on exercise of warrants	80,000	8,284
Shares issued as consideration paid on acquisition (Note 5)	1,000,000	270,000
Shares issued from private placement financing	7,140,100	1,535,622
Shares issued as corporate agent fees from private placement financing	85,714	30,000
Shares issued on vesting of RSUs	1,400,000	560,000
Shares issuance cost	-	(312,478)
Balance, September 30, 2023	**62,123,294**	**8,578,465**

8. Share Capital and Restricted Share Units Reserve (continued)

Share capital transactions for the eight months ended September 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 broker warrants (each a "Broker Warrant") equal to 7% of the Units collectively sourced by finders (see Note 11 for more details).

On April 12, 2022, the Company issued 5,006,665 common shares to shareholders of Holly Street, and 1,467,857 common shares to a finder, 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 Clayton Ridge and Haynes Cobalt Properties (defined hereafter) located in Nevada and Idaho, respectively, upon listing on the TSXV (see Note 15). 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 consolidated statements of loss and comprehensive loss.

During the eight-month period ended September 30, 2022, the Company also issued 300,000 common shares as a result of the exercise of options for total cash proceeds of $45,000.

Share capital transactions for the year ended September 30, 2023

On October 11, 2022, the Company issued 500,000 common shares for the first anniversary payment of the Mining Lease and Option Agreement (defined hereafter) on the Clayton Ridge Property (see Note 15). 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 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 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).

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

On April 11, 2023, the Company completed a brokered private placement (the "Brokered Offering") of 6,950,100 Units and a non-brokered private placement (the "Non-brokered Offering") of 190,000 Units (collectively, the "Offering"), both at a price of $0.35 per Unit, for gross proceeds of $2,499,035. Each Unit is comprised of one common share of the Company and one Warrant exercisable at an exercise price of $0.55 for a period of 36 months from closing.

As consideration for the Agent's services in connection with the Brokered Offering, the Company paid a cash commission of $143,613, a corporate finance fee of 85,714 common shares, and a cash advisory fee of $2,000. The Company also issued 5,800 Warrants as advisory fees, and 410,323 Broker Warrants, each exercisable to acquire one common share at an exercise price of $0.35 for a period of 36 months from closing (see Note 11 for more details).

Restricted Share Units Reserve

On May 12, 2022, the Company granted 1,400,000 RSUs to certain directors and consultants. The RSUs vested fully on the first anniversary from grant and were valued at $560,000 based on the Company's closing share price on the date of grant. During the year ended September 30, 2023, share-based compensation of $343,671 was recorded in connection with the vesting of these RSUs (eight-month period ended September 30, 2022 – $216,329).

On July 28, 2023 and August 1, 2023 the above-mentioned RSUs were exercised and 700,000 shares were issued on both dates.

(Expressed in Canadian Dollars)

9. Loss per Share

Basic and diluted loss per share for the year ended September 30, 2023 is calculated by dividing the net loss attributable to shareholders of USCM of $5,815,045 (eight-month period ended September 30, 2022 – $5,299,356) by the weighted average number of common shares outstanding of 56,901,042 (eight-month period ended September 30, 2022 – 44,020,233).

For the year ended September 30, 2023, the basic and diluted loss per share was $0.10 (eight-month period ended September 30, 2022 – basic and diluted loss of $0.12).

10. 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 September 30, 2023, the Company had 3,112,329 common shares that are issuable under the Option Plan.

The following summarizes the options activity for the year ended September 30, 2023 and the eight-month period ended September 30, 2022:

	Year ended September 30, 2023		Eight-Month period ended September 30, 2022	
	Number of options	**Weighted average exercise**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year/period	**3,000,000**	**0.35**	-	-
Issued on RTO Transaction	**-**	**-**	300,000	0.15
Granted	**-**	**-**	3,000,000	0.35
Exercised	**-**	**-**	(300,000)	0.15
Outstanding, end of year/period	**3,000,000**	**0.35**	3,000,000	0.35

Options activities for the eight-month period ended September 30, 2022

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.

On May 12, 2022, the Company granted 3,000,000 options to various directors, officers 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. The options were valued 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 2.73% and an expected life of five years. The grant date fair value attributable to these options of $1,030,311 was recorded as share-based compensation in connection with the vesting of options during the eight-month period ended September 30, 2022.

There were no options activities during the year ended September 30, 2023.

The following table summarizes information of stock options outstanding and exercisable as at September 30, 2023:

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	3.62
	3,000,000	**3,000,000**	**0.35**	**3.62**

(Expressed in Canadian Dollars)

11. Warrants Reserve

The following summarizes the warrants activity for the year ended September 30, 2023 and the eight-month period ended September 30, 2022:

	Year ended September 30, 2023		Eight-Month period ended September 30, 2022	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year/period	**42,590,390**	**0.27**	25,000,000	0.10
Exercised	**(80,000)**	**0.10**	-	-
Issued from financings	**7,140,100**	**0.55**	17,142,858	0.50
Broker Warrants issued from financings	**416,123**	**0.35**	447,532	0.50
Outstanding, end of year/period	**50,066,613**	**0.31**	42,590,390	0.27

Warrant issuance for the eight-month period ended September 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.

The Company also issued 447,532 Broker Warrants, of which each Broker 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 Broker Warrants issued was estimated to be $51,096 using Black-Scholes based on the same assumptions used for the Warrants.

Warrant issuance for the year ended September 30, 2023

On April 11, 2023, the Company issued 7,140,100 Warrants in connection with the Offering, as disclosed in Note 8. Each Warrants is exercisable at $0.55 to purchase one common share of the Company for a period of 36 months from the closing date. The grant date fair value of the Warrants issued was estimated to be $963,413 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 3.56% and an expected life of three years. On closing, issuance costs of $196,041 were allocated to warrants reserve.

In addition, the Company also issued 416,123 Broker Warrants, of which each Broker Warrant is exercisable into one common share of the Company, at a price of $0.35 for a period of 36 months from closing. The grant date fair value of the Broker Warrants issued was estimated to be $76,794 using Black-Scholes based on the same assumptions used for the Warrants.

The following table summarizes information of warrants outstanding as at September 30, 2023:

Date of expiry	**Number of warrants outstanding**	**Exercise price**	**Weighted average remaining life**
	#	**$**	**Years**
April 12, 2024	17,590,390	0.50	0.53
April 11, 2026	7,140,100	0.55	2.53
April 11, 2026	416,123	0.35	2.53
August 10, 2026	24,920,000	0.10	2.86
	50,066,613	**0.31**	**1.99**

Subsequent to year-end, the Company amended the exercise price of certain Warrants (see Note 20 for more details).

(Expressed in Canadian Dollars)

12. 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 year ended September 30, 2023 and the eight-month period ended September 30, 2022:

	Year ended September 30, 2023	Eight-Month period ended September 30, 2022
	$	$
Management and consulting fees	**202,290**	127,681
Professional fees	**346,459**	467,318
Share-based compensation	**171,836**	427,561
	720,585	1,022,560

Effective February 1, 2022, the Company, through USEM, and the Chief Executive Officer ("CEO") who is also a director of USCM, entered into a contractor agreement, for a monthly renumeration of USD $12,500 in consideration of the CEO's services to USCM. During the years ended September 30, 2023, the CEO charged fees of $202,290 (USD $150,000) (eight-month period ended September 30, 2022 ($127,681 (USD $100,000)) for consulting services provided to the Company, which are included in management fees. As at September 30, 2023 no balance was owed to the CEO (September 30, 2022 – $23,304 included in accounts payable and accrued liabilities).

During the year ended September 30, 2023, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of USCM is also a partner, charged fees of $244,459 (eight-month period ended September 30, 2022 – $410,668) for legal services provided to the Company, which are included in professional fees. As at September 30, 2023, $264,754 (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 year ended September 30, 2023, Branson Corporate Services Ltd. ("Branson"), where the Company's Chief Financial Officer ("CFO") and Corporate Secretary is employed, charged fees of $78,000 (eight-month period ended September 30, 2022 – $46,650) for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As at September 30, 2023, $6,825 (September 30, 2022 – $6,825) owing to Branson were included in accounts payable and accrued liabilities. The amounts outstanding are unsecured, non-interest bearing and due on demand.

During the year ended September 30, 2023, a director of the Company received fees of $24,000 (eight-month period ended September 30, 2022 – $10,000) for compensation as a sitting Board member, which are included in professional fees. As at September 30, 2023, $2,000 (September 30, 2022 – $2,000) owing to the director 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 year ended September 30, 2023, the Company had recorded share-based compensation of $171,836 (eight-month ended September 30, 2022 – $427,561), in connection with the vesting of RSUs and stock options previously granted to various directors and officers.

Other related party transactions

During the year ended September 30, 2023, Gowling also charged fees of $136,897 for legal services specifically related to the Offering (eight-month period ended September 30, 2022 – $36,247 for legal services related to the Concurrent Financing), described in Note 8. These fees had been capitalized as share issuance costs under share capital.

(Expressed in Canadian Dollars)

12. Related Party Transactions (continued)

Other related party transactions (continued)

During the year ended September 30, 2023, Tigren Inc. ("Tigren"), an entity controlled by the VP, Exploration and also a director of the Company, charged fees of $584,285 (eight-month period ended September 30, 2022 – $203,994) for geological consulting services provided to the Company, which are included in E&E expenses. As at September 30, 2023, $185,334 (September 30, 2022 – $nil) owing to Tigren was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

13. Non-Controlling Interest

On completion of the Acquisition, an amount of $137,143 representing the 30% interest of BC Ltd. attributable to Idaho Silver was recorded as non-controlling interest ("NCI") within shareholders' equity on the consolidated statements of financial position (see Note 5). For the year ended September 30, 2023, the Company recorded a net loss of $2,004 attributable to the NCI, and as at September 30, 2023, the carrying amount of the NCI was $135,139 (September 30, 2022 – $nil).

14. Income Taxes

Provision for income taxes

The Company's provision for income taxes differs from the amounts computed by applying the basic current rate of 27.0% for British Columbia to the loss for the period before income taxes as shown in the following table:

	September 30, 2023	September 30, 2022
Loss before income taxes	**(5,815,045)**	(5,299,356)
Expected income tax recovery based on statutory rate	**(1,570,062)**	(1,430,826)
Adjustment to expected income tax recovery		
Non-deductible expenses	**(260,062)**	673,954
Share issuance costs	**(27,104)**	(9,806)
Share issuance costs reported in equity	**(68,729)**	(39,224)
Change in unrecorded deferred tax asset	**1,925,957**	805,902
Income tax expense (recovery)	**-**	-

Deferred income tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities.

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	September 30, 2023	September 30, 2022
		$
Mineral property interest	**530,333**	190,326
Non-capital losses carried forward	**1,430,733**	689,493
Share issuance costs	**98,494**	39,687
Deferred tax asset	**2,059,560**	919,506
Less: Deferred tax asset not recognized	**(2,059,560)**	(919,506)
Deferred tax asset (liability)	**-**	-

Certain deferred tax assets have not been recognized because it is not probable that future taxable profit will be available against which the Company can use the benefits.

As at September 30, 2023, the Company had total non-capital losses of $5,305,692 on a consolidated basis, which can be carried forward.

15. 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 "Clayton Ridge Property"), situated in Esmeralda County, Nevada, exclusively for the purpose of exploration for and the development, mining and processing of minerals. In May 2022, the Company staked and filed with the Esmeralda County and the Bureau of Land Management ("BLM") an additional 90 unpatented mining claims contiguous to the originally prospected Clayton Ridge Property claims block, and commenced exploration activities. The Clayton Ridge 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 Clayton Ridge 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 (completed subsequent to year-end); 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 "Haynes Cobalt Property").

Pursuant to the Option Agreement, the Company would acquire a 100% interest in the Haynes Cobalt 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 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 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 (completed).

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.

On January 16, 2023, the Company completed the earn-in requirements for the Haynes Cobalt Project by making a final payment to the Vendors as per the Option Agreement. Pursuant to the Option Agreement, the claims had since been transferred to USCM, and the Company now holds a 100% interest in the claims.

15. 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 September 30, 2023, the Company had outstanding obligations of approximately USD $0.6 million to be spent on the Phase I requirements, 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 (the "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).

Upon closing of the Acquisition, mining properties valued at $457,143 were expensed as property acquisition costs on the consolidated statements of loss and comprehensive loss for the year ended September 30, 2023.

15. Exploration and Evaluation Expenses (continued)

McDermitt Lithium Project

On September 15, 2023, the Company, through USEM, entered into an Exploration and Option to Enter Joint Venture Agreement (the "Exploration and Option Agreement") with a certain arm's length party (the "McDermitt Optionor"), whereby the Company agreed to invest in the McDermitt Lithium project (the "McDermitt Property"), which consists of 315 unpatented lode claims located in Nevada, U.S. (the "Project").

Pursuant to the terms of the Exploration and Option Agreement, the McDermitt Optionor had granted USEM an exclusive irrevocable right to prospect, explore for and develop minerals within the Project, to earn and vest an undivided 50% interest in the Project with the option to acquire an additional 25% interest for an aggregate of 75% interest in the Project, and to form a joint venture for the management, operation and ownership of the Project (collectively the "Earn-in Right"). In consideration for the Earn-in Right, USEM has agreed to incur an initial $1,500,000 in exploration expenditures on or before the second anniversary of the date of the Exploration and Option Agreement (the "Second Year Deadline") and an additional $3,000,000 in exploration expenditures on or before the sixth anniversary of the Exploration and Option Agreement, for a total of $4,500,000 (the "Exploration Expenditures").

In addition to the Exploration Expenditures, USEM has agreed to make the following payments in cash ("Cash Payments") and in common shares of USCM (the "Shares", collectively with the Exploration Expenditures and Cash Payments, the "Earn-in Obligation") to McDermitt Vendors:

- Reimbursement of BLM fees for the McDermitt Property for the September 2023 to August 2024 period (completed);
- $50,000 within five business days after the CSE's acceptance of the Option Agreement (completed subsequent to year-end);
- If USEM elects to continue the Exploration and Option Agreement in effect after the Second Year Deadline, $100,000 within 10 business days after the Second Year Deadline;
- Shares having a value of $100,000 on the CSE's acceptance of the Exploration and Option Agreement (issued on October 3, 2023); and
- If USEM elects to continue the Exploration and Option Agreement in effect after the Second Year Deadline, Shares having a value of $200,000 within 10 business days after the Second Year Deadline.

Upon exercise of the option following the completion of the Earn-in Obligation by the Company, a joint venture will be formed between the parties to advance the Project, with each party having an initial interest of 50%.

USEM will have the option to increase its participating interest in the joint venture by an additional 25% to an aggregate participation right of 75% by: (i) incurring and paying additional exploration expenditures in the amount of $5,000,000 on or before the sixth anniversary of the effective date of the Operating Agreement (the "Additional Earn-in Deadline"); and (ii) by issuing Shares having a value of $1,000,000 within 10 business days after the Additional Earn-in Deadline.

(Expressed in Canadian Dollars)

15. Exploration and Evaluation Expenses (continued)

During the year ended September 30, 2023 and the eight-month period ended September 30, 2022, the Company's E&E expenses are comprised of the following:

	Properties					
Year ended September 30, 2023	**Clayton Ridge**	**Haynes Cobalt**	**Sheep Creek & Lemhi Pass**	**Long Canyon**	**McDermitt**	**Total**
	$	$	$	$	$	**$**
Property acquisition costs						
Option payments made in cash	101,145	50,000	-	-	-	**151,145**
Option payments issued in shares	130,000	-	-	-	-	**130,000**
Acquisition cost (Note 5)	-	-	-	457,143	-	**457,143**
	231,145	50,000	-	457,143	-	**738,288**
E&E expenditures						
Claims maintenance fees	245	6,083	-	6,144	-	**12,472**
Technical studies	81,059	6,691	-	-	-	**87,750**
Field work testing	110,979	-	-	-	-	**110,979**
Exploration drilling	497,429	-	-	-	-	**497,429**
Earn-in expenditures	-	-	963,523	-	74,147	**1,037,670**
	689,712	12,774	963,523	6,144	74,147	**1,746,300**
Total	**920,857**	**62,774**	**963,523**	**463,287**	**74,147**	**2,484,588**

Eight-Month period ended September 30, 2022	**Clayton Ridge**	**Haynes Cobalt**	**Sheep Creek & Lemhi Pass**	**Long Canyon**	**McDermitt**	**Total**
	$	$	$	$	$	**$**
Property acquisition costs						
Option payments made in cash	50,579	64,270	389,550	-	-	**504,399**
Option payments issued in shares	589,500	117,900	-	-	-	**707,400**
	640,079	182,170	389,550	-	-	**1,211,799**
E&E expenditures						
Claims maintenance fees	5,786	66,925	-	-	-	**72,711**
Technical studies	9,221	38,673	-	-	-	**47,894**
Field work testing	10,370	41,676	-	-	-	**52,046**
Earn-in expenditures	-	-	188,168	-	-	**188,168**
	25,377	147,274	188,168	-	-	**360,819**
Total	**665,456**	**329,444**	**577,718**	**-**	**-**	**1,572,618**

16. Professional Fees

During the year ended September 30, 2023 and the eight-month period ended September 30, 2022, the Company's professional fees are comprised of the following:

	Year ended September 30, 2023	Eight-Month period ended September 30, 2022
	$	$
Business consulting fees	**1,100,267**	71,032
Legal expenses	**284,542**	518,282
Audit and accounting fees	**143,455**	86,202
	1,528,264	675,516

(Expressed in Canadian Dollars)

17. 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 of the Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of 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 September 30, 2023, the Company's capital consisted of an equity balance attributable to the shareholders of USCM of $886,250 (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.

18. 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 a 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 primarily held with reputable a Canadian chartered bank 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 September 30, 2023, the Company had a cash balance of $1,444,325 (September 30, 2022 – $3,881,581), to settle current liabilities of $593,214 (September 30, 2022 – $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 September 30, 2023:

	Carrying amount	**Year 1**	**Year 2 to 3**	**Year 4 to 5**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	593,214	593,214	-	-

18. Financial Instruments (continued)

Liquidity risk (continued)

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts 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 September 30, 2023.

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 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 September 30, 2023 and 2022, the Company did not have any financial instruments which were carried at fair value.

19. 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 September 30, 2023, 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.

20. Subsequent Events

Exploration and Option Agreement

On October 3, 2023, upon the CSE's approval on the Exploration and Option Agreement on the McDermitt Property, the Company issued 434,782 common shares at a total value of $100,000 and paid $50,000 in cash to the McDermitt Optionor.

Clayton Ridge Property Option Payment

On October 11, 2023, the Company completed a payment of USD $75,000 and the issuance of 500,000 USCM Shares for the second anniversary payment of the Mining Lease and Option Agreement on the Clayton Ridge Property.

Amendment of Warrant Prices

On November 16, 2023, the Company amended the exercise price of an aggregate of 24,282,958 Warrants consisting of: (i) 17,142,858 Warrants originally issued in connection with the Concurrent Financing (the "2022 Warrants"); and (ii) 7,140,100 Warrants issued in connection with the Offering (the "2023 Warrants" and together with the 2022 Warrants, the "Old Warrants"). The original terms specified that each whole Old Warrant was exercisable into one common share at a price of $0.50 expiring on April 12, 2024, and at a price of $0.55 expiring April 11, 2026, respectively.

The Company amended the exercise price of the Old Warrants from $0.50 and $0.55 a share, respectively, to $0.35 a share. There are no other proposed changes to the terms of the Old Warrants.

Options grant

On December 12, 2023, the Company granted an aggregate of 500,000 stock options to a consultant. The options vested immediately on grant and are exercisable at a price of $0.15 per common share for a period of five years from the date of grant.