US Critical Metals Corp.

Management's Discussion and Analysis

For the Year ended September 30, 2023

(Expressed in Canadian Dollars)

The following is the Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of US Critical Metals Corp. ("USCM" or the "Company") as at and for the year ended September 30, 2023. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended September 30, 2023 and the eight-month period ended September 30, 2022 (the "2023 Financials"). The 2023 Financials and all financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All figures are expressed in Canadian dollars unless stated otherwise.

This MD&A also covers the subsequent period up to January 24, 2024.

Company Overview

USCM was formed to engage in the business of acquiring, exploring and evaluating mineral resource properties. Its exploration projects include (i) the Clayton Ridge Property, consisting of 180 unpatented mining claims, located in Nevada, (ii) the Haynes Cobalt Property, consisting of 23 lode claims, located in Idaho (iii) the Sheep Creek Rare Earth Project, consisting of 223 lode claims, located in Montana, (iv) the Lemhi Pass Rare Earth Project, consisting of 10 lode claims, located in Idaho, (v) the Long Canyon Uranium Property, consisting of 25 contiguous unpatented mining claims and two non-contiguous unpatented mining claims, located in Idaho, and (vi) the McDermitt Lithium Property which spans 6,508 acres of Bureau of Land Management ("BLM") claims with a preliminary surface sample of 1,907ppm lithium (collectively the "Properties").

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".

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

On April 12, 2022, US Critical Holdings Corp. ("USCH") and the Company completed a reverse takeover transaction (the "RTO Transaction"), providing for the acquisition by the Company of all of the issued and outstanding securities of USCH by way of a share exchange (refer to "Reverse Takeover Transaction" 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 MD&A and the 2023 Financials are presented for the eight-month period ended September 30, 2022, which was the Company's last audited financial period following completion of the RTO Transaction.

Corporate Developments

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 1212242 B.C. Ltd. ("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 Transaction closed on December 15, 2022 (refer to "Business Outlook and Strategy" for more details).

On November 29, 2022, the Company and US Critical Materials Corp. ("Materials Corp.") (collectively the "Partners"), with which the Company had entered into a definitive agreement (the "Agreement") pursuant to which the Company agreed to 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"), reported findings from the fall exploration efforts at the Sheep Creek Rare Earth Project (refer to "Business Outlook and Strategy" for more details).

On April 11, 2023, the Company completed a brokered private placement (the "Brokered Offering") of 6,950,100 units (each a "Unit") 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 common purchase warrant (each a "Warrant") exercisable at an exercise price of $0.55 for a period of 36 months from closing.

On May 3, 2023, the Company hosted its Annual General and Special Meeting. Darren Collins, Peter Simeon, Scott Benson and Marco Montecinos were all re-elected as directors of USCM.

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.

Business Outlook and Strategy

The Company's business objectives are to explore these properties and to eventually create a diversified portfolio of resource holdings and achieve growth through the acquisition of mineral properties, coupled with the implementation of recommended programs with respect to the exploration of such properties. To date, the Company has concentrated on the identification and acquisition of prospective properties for critical metals including lithium, rare earth elements, cobalt and uranium in the U.S. Management is currently working on plans to raise new funds to continue its work on the properties.

Clayton Ridge Lithium Property

On October 11, 2021, the Company, through its subsidiary US Energy Metals Corp. ("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.

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); and
- Issuance of 1,000,000 USCM Shares upon completion of a 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.

The Clayton Ridge Property is located about 50 kilometers ("km") southwest on Tonopah, Nevada and 15 km southeast of Albemarle's lithium brine processing facility at Silver Peak. Access to the property is good from both Goldfield (20 km east) and Silver Peak (15 km west). The geologic setting is similar to Cypress Development's Clayton Valley Li-bearing claystone several kilometers to the northwest. The Li-bearing sediments are likely within the same stratigraphic package but are separated by a north-trending Basin and Range fault with Clayton Ridge on the elevated block. Detailed geologic mapping has not been conducted across the property nor have enough samples been collected to identify the Li-rich intervals in this Upper Miocene sequence.

On May 18, 2022, the Company announced that it has staked and filed with the Esmeralda County and the 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 highly prospective geology for lithium mineralization. The exploration program consisted of mapping new horizons across the project area as well as sampling previously and recently identified clay beds. speaking with various contractors to secure a drill rig with the objective of commencing a second phase of exploration, which will include testing multiple targets across the Clayton Ridge Property.

On April 26, 2023, the Company provided updates on its permitting efforts on the Clayton Ridge Property. USCM has engaged Westland Engineering & Environmental Services, Inc. and filed a Notice of Intent ("NOI") with the BLM to permit a Phase 1 diamond drilling program. This initial phase was intended to test shallow, east-dipping lithium-bearing units with west dipping angle holes to determine the thickness of the units and establish the floor of the lithium-bearing complex. On May 11, 2023, the Company announced that the BLM has approved the NOI, which permits 4.72 acres of disturbance area, which will include 11 drill pads and approximately 2,900 meters of constructed roads.

On June 29, 2023, the Company announced that it has entered into a contract with Falcon Drilling, Inc. ("Falcon") to conduct the diamond drilling exploration program for the Clayton Ridge Property. Falcon has over 33 years of experience in versatility and reliability in providing diamond drilling services, and is contracted to drill approximately 2,000 meters. The program commenced on July 15, 2023, and full results from assaying are expected to be released in the fall.

On September 12, 2023, the Company announced the completion on the first phase of drilling, with approximately 1,000 meters of core drilling into the south and central zones of Clayton Ridge. The core has been cut, logged and was sent to American Assay Labs for assaying. The initial phase of the program consisted of 11 holes and was completed by Falcon. The holes were drilled based on sampling from surface outcrops and mapping carried out. For more information, refer to the press release dated September 12, 2023, which can be found on the Company's profile on SEDAR+ at www.sedarplus.ca.

On October 5, 2023, the Company announced that it has received approval of the BLM to drill the northern basin of the Clayton Ridge Property. This approval is the result of USCM reclaiming lands under the total permitted disturbance area permitted by the BLM of 5 acres. It is anticipated the program will include an additional 500 to 1,000 meters of core drilling. The second phase of drilling commenced in mid-October 2023.

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 (the "Haynes Cobalt Property"), which covers approximately 475.18 acres, located in Idaho, U.S.

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 stock exchange in Canada (the "Canadian Exchange"), subject to the same escrow as principles of the Resulting Issuer or as otherwise determined by the TSXV (completed);
- Payment of $50,000 in cash to the underlying Vendors upon the listing of the USCM Shares on a recognized Canadian Exchange (completed); and
- Payment of $50,000 in cash to the underlying Vendors on the one-year anniversary of listing of the USCM Shares on a recognized Canadian Exchange (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.

Certain information described below has been derived or reproduced from the Technical Report prepared in respect of the Haynes Cobalt Property by Janine Brown, B.Sc., P.Geo. of Dahrouge Geological Consulting Ltd. and is included herein with the consent of the preparer. Janine Brown, B.Sc., P.Geo. is a qualified person, who is independent of the Company, within the meaning of NI 43-101.

The Haynes Cobalt Property is located in the Idaho Cobalt Belt ("ICB") in Lemhi County, Idaho, and next to the historical Blackbird mining camp, where a cluster of cobalt-copper-gold deposits were developed and mined between 1902 and 1968. The Haynes Cobalt Property benefits from being close to infrastructure and is accessible by forestry roads and is less than one km from powerlines. The ICB region is once again seeing significant exploration and development in the Blackbird mining camp.

The Haynes Cobalt Property covers a portion of the historically developed Haynes Stellite Deposit within the historical Blackbird mining camp, where three adit entrances were developed by Haynes Stellite Co, between 1917 and 1920. The adits are located at the northwestern end of the Haynes Cobalt Property, neighboring with Jervois Global Limited. The Idaho Property also contains a portion of the associated historical underground workings from historical development. Exploration by Noranda Exploration Inc. in 1979 to 1981 further developed the Haynes Cobalt Property near the historical adits. Between October 8 to 26 of 2021, a ground magnetic survey and soil and rock sampling were completed on the project. In total, 118 soil samples were collected, and 76 rock samples were collected, and the magnetic survey covered the entire project.

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

Sheep Creek Rare Earth Project

Sheep Creek is located in Ravalli County, southwest Montana. Sheep Creek spans 54 lode claims representing approximately 1,050 acres of total land package. The claims are on multiple-use ground administered by the United States Forest Service. Exploration activities performed by Materials Corp. and conducted in late 2021 have identified more than 50 carbonatite dikes in the Sheep Creek exploration area. The carbonatites are up to three meters wide and can be followed for more than 300 meters along strike. Important minerals identified include ancylite, allanite, low-thorium monazite, and columbite. The dikes are valuable for their contained light rare earth elements and other strategic metals. Historical grab and chip sampling of carbonatites indicate the potential for high-grade mineralization with up to 18.0% total rare earth elements, including 2.4% (23,810ppm) combined neodymium and praseodymium, plus credits in niobium and other strategic metals. Of the 51 historical samples, the average total rare earth element ("REE") content is 6.8%, including an average of 0.9% (8,640ppm) combined neodymium and praseodymium. Ten of the samples were completed between 2009 and 2010 and 41 of the samples were completed in 2021. The majority of the samples were collected from mine dumps, prospect pits and deeply weathered outcrops. All chip samples were less than 1.5 meters wide.

In October 2022, the total number of contiguous claims comprising the Sheep Creek Rare Earth Project has increased by 169 claims or approximately 3,400 acres for a combined total Project area of approximately 4,500 acres. In addition to expanding the number of claims, the Partners have commenced detailed mapping, rock, soil and stream sediment sampling of the historic and new claims. Geophysical and permitting work are also currently underway. Project Expansion and Geologic Thesis Past field work focused solely on the original 54 claims and was limited to a total of 51 rock chip and grab samples. The historical programs were successful in identifying potentially economic grades of REE. Grab and rock chip sampling of carbonatites indicate up to 18.0% total REE, including 2.4% (23,810ppm) combined neodymium and praseodymium, plus credits in niobium and other strategic metals. Based on the initial 51 Samples, regional studies (Gammon, 2019) and style of mineralization, Sheep Creek is believed to have similar mineralogy (Gammon, 2020) to significant rare earth deposits around the world. Specifically, the fenitization and associated minerals (i.e. phlogopite) observed at Sheep Creek are a signature of a potential larger body of carbonate magma of sufficient size and heat to cause alteration, which can also indicate a buried mineral deposit. Fenitization is a unique process of alkali metasomatism (alters the rock under high heat and pressure) that is related to carbonatite or alkaline igneous rocks. It is widely seen in the Mesoproterozoic carbonatite dykes in the BayanObo giant REENb-Fe deposit in China. Fenitization associated with a carbonatite is an indicator of a REE mineralizing process (Shang, Hong-Rui, Kui-Feng, and others, 2018). Alkali silicate minerals, such as sodic amphibole, aegirine, and phlogopite are found in the two main orebodies of the BayanObo mine, the East and Main open pits, Inner Mongolia, China. The objective for the new claims will be focused on identifying, mapping and sampling new areas of mineralization. During the course of staking the new claims, the Partners took soil samples at each of the corner posts of the new claims. These samples will be sent to Activation Laboratories, located in Ancaster, Canada.

Concurrent with geologic mapping of the Project, the Company is conducting geochemical sampling. This phase of exploration consists of collecting up to 500 rock and soil samples across the expanded Project. Sampling will focus on the carbonatite dikes recognizing that carbonatite (dominated by calcite and dolomite) dikes are generally less resistant than the surrounding metamorphic and igneous rocks. Extensive areas covered by superficial deposits (i.e. talus) possibly host larger masses of carbonatite. In addition, samples are being collected throughout the Project to fully characterize the lateral extent of REE mineralization and internal variations which possibly reflect light and heavy rare earth element zonation. Results will be valuable in further examining the relative grade and distribution of mineralization across the Project.

In November 2022, the Partners reported on findings from the fall exploration program at Sheep Creek, as mineralization has been confirmed at surface and at depth. The recent program included 21 underground rock-chip channel samples, 24 surface rock chip samples, 17 surface channel samples, 30 stream sediment samples and approximately 150 soil samples. The underground workings were developed in the late 1950's for niobium mineralization by the Continental Columbium Company but have not been previously evaluated for rare earth mineralization. The carbonatite exposures afforded by the underground workings will greatly advance the understanding of this complex and unique geologic system. Results from opening, mapping and sampling of the underground workings will support the filing of a Plan of Operation with the US Forest Service. The Partners will provide more details outlining the results from the recent program and plans to drill the Project in due course.

On February 14, 2023, the Partners reported the results for the surface sampling program (the "Surface Sampling Program"). The Partners received analytical results for 41 chip/channel and grab rock chip samples collected during Fall of 2022. The Surface Sampling Program provides continued confirmation that Sheep Creek is one of the highest-grade rare earth projects in the U.S. and further refinement of drill targets in the highest priority zones of surface and sub-surface mineralization. A summary of the highlights from the Surface Sampling Program can be found on the press release dated February 14, 2023, which is under the Company's profile on SEDAR+ at www.sedarplus.ca.

On February 27, 2023, the Partners reported the results for the underground channel sampling (the "Underground Sampling Program") completed at Sheep Creek. The sampling was completed in Adit #1 and Adit #3 which were developed in the late 1950's for niobium mineralization by the Continental Columbium Company. A total of 23 carbonatite samples were collected and described by the Partners, and were analyzed by Actlabs. A summary of the highlights from the Underground Sampling Program can be found on the press release dated February 27, 2023, which is under the Company's profile on SEDAR+ at www.sedarplus.ca.

Lemhi Pass Rare Earth Project

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

On July 25, 2022, the Company and Materials Corp. entered into the Agreement whereby the Company will invest in rare earth projects, including Sheep Creek and Lemhi Pass. USCM has the right to acquire up to an initial 50% equity interest in 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 Materials Corp., 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 and Vanadium 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. The 25 contiguous unpatented mining claims are situated on land administrated by the BLM. The two noncontiguous unpatented mining claims are situated on land administered by the United States Forest Service.

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).

The Transaction serves to expand the Company's portfolio of assets to include energy metals and provides further optionality and diversification to shareholders. USCM will evaluate strategic alternatives for Long Canyon upon qualifying the Long Canyon Uranium Project. It positions USCM with another high potential asset in the state of Idaho, a leading mining jurisdiction within the U.S., and further expands the network of technical relationships available to USCM. The Principals of Idaho Silver also have extensive operating experience and exploration success within the state of Idaho which USCM is able to leverage to bolster the potential success of the Long Canyon Uranium Project moving forward.

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, Live Energy Minerals Corp. (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.

Overall Performance

Selected financial information

The Company's selected financial information, prepared in accordance with IFRS, as at and for year ended September 30, 2023 and the most recently completed financial period for the eight-month period ended September 30, 2022 are summarized as follows:

	September 30, 2023	September 30, 2022
	$	$
Total operating expenses	**(5,815,045)**	(3,823,092)
Other expenses	**-**	(1,476,264)
Net loss	**(5,815,045)**	(5,299,356)
Net loss per share – basic	**(0.10)**	(0.12)
Cash	**1,444,325**	3,881,581
Total assets	**1,614,603**	4,056,015
Total non-current liabilities	**Nil**	Nil
Shareholders' equity	**1,021,389**	3,845,664

Results of operations

As the Company is currently in the exploration stage of operations, it has not generated any revenues to date. During the year ended September 30, 2023 and the eight-month period ended September 30, 2022, the Company had incurred the following operating expenses:

	Year ended September 30, 2023	Eight-Month period ended September 30, 2022
	$	$
Exploration and evaluation expenses	**1,746,300**	360,819
Professional fees	**1,528,264**	675,516
Advertising and promotion	**847,275**	4,300
Property acquisition costs	**738,288**	1,211,799
Office and general	**364,442**	157,550
Share-based compensation	**343,671**	1,246,640
Management fees	**202,290**	128,769
Regulatory filing	**44,515**	37,699
	5,815,045	3,823,092

A summary of the Company's results of operations for the year ended September 30, 2023 includes:

Exploration and evaluation ("E&E") expenses increased significantly, for a total of $1,746,300 (2022 – $360,819) comprised of (i) claims maintenance fees of $12,472 (2022 – $72,711), (ii) cost related to technical studies cost of $87,750 (2022 – $47,894), (iii) cost incurred so far on exploration field work of $110,979 (2022 – $52,046), (iv) cost related to exploration drilling of $497,429 (2022 – $nil), and (v) earn-in expenditures of $1,037,670 (2022 – $188,168) related to the Rare Earth Projects. For a breakdown of E&E expenses per property, refer to "Exploration and evaluation Expenses" for more details.

Professional fees of $1,528,264 (2022 – $675,516) comprised of cost of services received from third parties, including legal expenses of $284,542 (2022 – $518,282, which included in legal expenses are fees related to the RTO Transaction and the Company's listing on the TSXV), audit and accounting fees of $143,455 (2022 – $86,202), and business consulting fees of $1,100,267 (2022 – $71,032).

Advertising and promotion expenses of $847,275 (2022 – $4,300) as the Company had entered into various advertising and marketing arrangements with the objective of raising the Company's brand.

Property acquisition costs of $738,288 comprised of option payments on the Clayton Ridge Property paid in cash of $151,145 (2022 – $50,579) and through the issuance of 500,000 common shares valued at $130,000. Upon closing of the Acquisition, mining properties valued at $457,143 were also expensed as property acquisition costs. In the comparative period, property acquisition costs comprised of option payments paid through the issuance of 3,000,000 common shares on both the Clayton Ridge and Haynes Cobalt Properties pursuant to the option agreements which were valued based on the fair value of common shares issued through a concurrent financing, and a payment of $389,550 (USD $300,000) made pursuant to the Agreement for the Rare Earth Projects, as mentioned in the "Business Outlook and Strategy" section.

Share-based compensation of $343,671 comprised expenses related to the vesting of restricted share units ("RSUs") previously granted to various directors and consultants. Share-based compensation represents a non-cash expense. In the comparative period, share-based compensation of $1,246,640 was recorded in relation to the vesting of stock options which were granted in May 2022.

Management fees comprised the remuneration paid for the Chief Executive Officer's ("CEO") services. Further details are provided below under "Related Party Transactions".

Other expenses incurred include office and general expenses of $364,442 (2022 – $157,550), covering general expenses incurred over the normal course of operations, and regulatory filing fees of $44,515 (2022 – $37,699) incurred from the listing of the Company.

As a result of the above, the Company incurred a net loss of $5,815,045 ($0.10 per share – basic and diluted) during the year ended September 30, 2023 (2022 – net loss of $5,299,356; $0.12 per share – basic and diluted).

Cash flows

During the year ended September 30, 2023, net cash used in the Company's operating activities totaled $4,497,212 (2022 – cash used of $2,045,215), for an increase in spending of $2,451,997. The net spending relates primarily to option payments of $151,145 paid in cash on the Clayton Ridge Property, deposits and payments made on certain business consultancy agreements, and E&E expenses including earn-in expenditures of $1,037,670 on the Sheep Creek Rare Earth Project.

During the year ended September 30, 2023, net cash provided by financing activities totaled $2,105,310 (2022 – $5,826,579) and was due to net proceeds of 2,097,310 from the Offering, and proceeds of $8,000 received on exercise of warrants. In the comparative period, net cash provided by financing activities totaled $5,826,579, as the Company received gross proceeds of $6,000,000 from the Concurrent Financing, while paying out total issuance costs of $218,421, including cash commissions of $156,636. It also received proceeds of $45,000 through exercise of stock options.

During the year ended September 30, 2023, the Company paid $250,000 on the Acquisition of B.C. Ltd. and acquired $200,000 in cash on closing as part of its investing cash flows (refer to "Asset Acquisition Transaction" for more details). In the comparative period, the Company acquired $135,172 in cash on the reverse takeover acquisition of USCM (refer to "Reverse Takeover Transaction" for more details).

Working Capital and Liquidity Outlook

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 Directors (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. 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.

Based on the Company's current operations, it has not generated any cash flows from operations. The primary source of funding has been the issuance of common shares for cash proceeds. There is no guarantee that the Company will be able to successfully complete such financing, as market conditions and business performance may dictate availability and interest.

As at September 30, 2023, the Company had current assets of $1,614,603 (September 30, 2022 – $4,056,015) to settle current liabilities of $593,214 (September 30, 2022 – $210,351), for a working capital of $1,021,389 (September 30, 2022 – working capital of $3,845,664). Management believes that it will have sufficient liquidity to continue operations for the 12-month period ending September 30, 2024, as management has been exploring new opportunities to raise funds for the Company. Nevertheless, management understands that the Company will have to raise more funds in order to support its operations going forward.

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

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

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

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

Asset Acquisition Transaction

On November 16, 2022, the Company and Idaho Silver entered into the SPA. 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	**(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 on the consolidated statements of loss and comprehensive loss for the year ended September 30, 2023.

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 Darren Collins, CEO, entered into a contractor agreement, for a monthly renumeration of USD $12,500 in consideration of the CEO's services to USCM. During the year 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 Peter Simeon 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 Keith Li, 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). These fees had been capitalized as share issuance costs under share capital.

During the year ended September 30, 2023, Tigren Inc. ("Tigren"), an entity controlled by Marco Montecinos, 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.

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	-	-

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.

Significant Accounting Judgments and Estimates

The preparation of the Company's 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. These are described in greater detail in Note 2(f) to the 2023 Financials.

Summary of Significant Accounting Policies

The significant accounting policies used by the Company are the same as those described in Note 3 to the 2023 Financials.

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.

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 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.

Off Balance Sheet Arrangements

As at September 30, 2023 and the date of this MD&A, the Company does not have any off-balance sheet arrangements.

Disclosure of Outstanding Share Data as of January 24, 2024

As at the date of this MD&A, the number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities are as follows:

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited number of common shares	63,058,076 common shares
Securities convertible or exercisable into voting or equity		3,500,000 options outstanding, of which all are vested and exercisable to acquire common shares of the Company, and; 50,066,613 warrants exercisable to acquire common shares of the Company.

Risk Factors

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation may be adversely affected. In such cases, the trading price of the Company's common shares could decline, and investors could lose all or part of their investment. The following is a summary of risks that could be applicable to the business of the Company:

Exploration risks

Mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral-bearing structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines.

Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditure made by the Company towards the search and evaluation of minerals will result in discoveries of commercial quantities of minerals.

Limited operating history

The Company does not have any history of earnings or profitability. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business particularly in the junior mineral exploration sector. The Company will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Substantial capital expenditures required

Substantial expenditures are required to (i) establish mineral reserves through drilling, (ii) develop metallurgical processes to extract metal from the ore and, (iii) in the case of new properties, develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which relate to particular attributes of the deposit, such as size, grade and proximity to infrastructure, and some of which are more general factors such as metal prices and government regulations, including environmental protection. Most of these factors are beyond the control of the Company. In addition, because of these risks, there is no certainty that the expenditure to be made by the Company on the exploration of its mineral property, as described herein, will result in the discovery of commercial quantities of ore.

Adequate infrastructure may not be available to develop the Properties

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect or inhibit the operations at the Properties in respect of which the Company holds an interest, which may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Mineral properties may be subject to rights of Indigenous Peoples

Various international, national, state and provincial laws, codes, resolutions, conventions, guidelines, treaties and other principles and considerations relate to the rights of indigenous peoples. The Company will hold exploration interests in respect of operations located in some areas presently or previously inhabited or used by indigenous peoples. Many of these impose obligations on government to respect the rights of indigenous people. Some mandate consultation with indigenous people regarding actions which may affect indigenous people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under the various international and national requirements, principles and considerations pertaining to indigenous people continue to evolve and be defined. The Properties in respect of which the Company holds an interest are subject to the risk that one or more groups of indigenous people may oppose operation or new development. Such opposition may be directed through legal or administrative proceedings or protests, roadblocks or other forms of public expression against the operator's activities. Opposition by indigenous people to such activities may require modification of or preclude operation or development of projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous peoples may disrupt or delay activities of the operators of assets in respect of which the Company holds an exploration interest which may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Permits and licenses

Operations of the Company will require licenses and permits from various governmental authorities. The Company anticipates that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Company will be able to obtain at all or on reasonable terms, and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development or to place its property into commercial production and to operate mining facilities thereon.

Additional costs may be incurred by mineral property operators as a result of international climate change initiatives

The Company acknowledges climate change as an international and community concern. The Company supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. In addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, the Company expects this may result in increased costs at the Properties, which could have a material impact on the viability of the Properties and impair the revenue derived from the interest, which could have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Additional financing

The Company may need to raise significant additional funds to support its growth, respond to competitive pressures, acquire or invest in complementary or competitive businesses or technologies, or take advantage of unanticipated opportunities. If its financial resources are insufficient, it will require additional financing to meet its plans for expansion. The Company cannot be sure that this additional financing, if needed, will be available on acceptable terms or at all.

Furthermore, any debt financing, if available, may involve restrictive covenants, which may limit its operating flexibility with respect to business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of existing shareholders will be reduced, such shareholders may experience additional dilution in net book value, and such equity securities may have rights, preferences or privileges senior to those of its existing shareholders. If adequate funds are not available on acceptable terms or at all, the Company may be unable to develop or enhance its properties, take advantage of future opportunities, or respond to competitive pressures, any of which could have a material adverse effect on its business, prospects, financial condition, and results of operations.

Volatile global financial and economic conditions

Current global financial and economic conditions remain extremely volatile. Access to public and private capital and financing continues to be negatively impacted by many factors as a result of the global financial crisis and global recession. Such factors may impact the Company's ability to obtain financing in the future on favorable terms or obtain any financing at all. Additionally, global economic conditions may cause a long-term decrease in asset values. If such global volatility, market turmoil and the global recession continue, the Company's operations and financial condition could be adversely impacted.

The market price of securities is volatile and may not accurately reflect the long-term value of the Company

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies has experienced substantial volatility in the past. This volatility may affect the ability of holders of shares to sell their securities at an advantageous price. Market price fluctuations in the shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares may decline even if the Company's results, underlying asset values or prospects have not changed.

Additionally, these factors, as well as other related factors, may cause decreases in investment values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the common shares may be materially adversely affected.

Limited market for securities

There can be no assurance that an active and liquid market for the Company's shares will develop or be maintained, and an investor may find it difficult to resell any securities of the Company.

Commodity prices

The price of the common shares, its financial results, and exploration and development activities may in the future be significantly adversely affected by declines in the price of minerals. The price of minerals fluctuates widely and is affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral- producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of minerals could cause development of and commercial production from the Company's Properties to be impracticable. Future production from the Company's mineral exploration properties is dependent upon the prices of minerals being adequate to make these properties economic.

In addition to adversely affecting the Company's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Reliability of resource estimates

There is no certainty that any mineral resources identified in the future on any of the Company's Properties will be realized. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, metal prices. Any material changes in quantity of mineral resources, grade or stripping ratio may affect the economic viability of any project undertaken by the Company. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in mineral prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Company's results of operations and financial condition from time to time.

Operating risks and insurance coverage

No assurance can be given that insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Environmental risks and hazards

All phases of the Company's operations will be subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Properties on which the Company holds interests which are unknown to the Company, and which have been caused by previous or existing owners or operators of the Properties.

Government approvals and permits will, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with Applicable Laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of Applicable Laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Land title

No assurances can be given that there are no title defects affecting any property interests of the Company. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claims, with clear title, to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Company has not conducted surveys of the claims in which it holds an interest and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its Properties as permitted or to enforce its rights with respect to its Properties.

The Company's Properties include unpatented mining claims. Unpatented mining claims are unique property interests and are generally considered to be subject to greater risk than other real Property interests because the validity of unpatented mining claims is often uncertain. Unpatented mining claims provide only possessory title, and their validity may be subject to contest by third parties or the federal government. These uncertainties relate to such things as the sufficiency of mineral discovery, proper posting and marking of boundaries, assessment work and possible conflicts with other claims not determinable from descriptions of record. There may be challenges to the title to our Properties, which could prove both time consuming and costly to defend. Additionally, if valuable mineral deposits are discovered on our Properties, a successful challenge to title could adversely impact exploration, extraction, development, operations and the value of assets, future earnings and revenue potential. The Company's limited investigation of the status of title to the Company's Properties should not be construed as a guarantee of title. The Company's interests may be subject to unregistered agreements or transfers or may be affected by undetected defects.

Property commitments

The Company's mineral Properties and/or interests may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of the Company's property interests.

Certain claims on the Haynes Cobalt Property have been identified as being situated within a withdrawal for federal Power Project 235. Power Project 235 was rejected on February 21, 1927 and the land was vacated by a letter dated April 30, 1986 to the BLM. On December 5, 2017, the Federal Energy Regulatory Commission of the United States further confirmed that such claims of the Haynes Cobalt Property are not included in any identified project operating, or being constructed, under licenses issued under the Federal Power Act and are available for mineral entry purposes pursuant to the rights established under the Mining Claims Rights Restoration Act of 1955. The Mining Claims Rights Restoration Act of 1955 provides that all claims located after its effective date within a withdrawn/reserved area for public power purposes (such as the area withdrawn under Power Project 235) remain subject to the government's right to develop power projects without liability to the claimant for damage/destruction/loss of mining claims and/or improvements related thereto. As such, the US federal government could reclaim such claims for purposes of a power project. If a power project is reinstated within the previously withdrawn area, there would be a significant risk that the claims could be undermined and/or removed entirely, depending on the injury to the power project as determined by the U.S. federal government, which could have adverse impacts on the Company's ability to operate on such claims and future financial results.

Early stage development

The Company is in the business of mineral exploration, with the ultimate goal of producing, achieving commercial production. There can be no assurance that the Company will be able to develop its Properties profitably or that its activities will generate positive cash flow. The Company has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company has limited cash and other assets. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Company's management in all aspects of the development and implementation of the Company's business activities.

Ability to exploit future discoveries

It may not always be possible for the Company to participate in the exploitation of successful discoveries. Such exploitation may involve the need to obtain licenses or clearance from the relevant authorities, which may not be available on a timely basis or may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied, and such conditions may prove uneconomic or not practical. Furthermore, the decision to proceed to further exploration may require the participation of other companies whose interest and objectives may not be consistent with those of the Company. Such further exploitation may also require the Company to meet or commit to financial obligations which it may not have anticipated or may not be able to commit to due to a lack of funds or an inability to raise funds.

Defects in title may result in a loss of entitlement by the operator and a loss of the Company's interest

The Company relies upon third parties to provide analysis, reviews, reports, advice and opinions regarding the Company's projects. There is a risk that such analysis, reviews, reports, advice, opinions and projects are inaccurate, in particular with respect to resource estimation, process development and recommendations for products to be produced as well as with respect to economic assessments including estimating the capital and operation costs of the Company's project and forecasting potential future revenue streams. Uncertainties are also inherent in such estimations.

Government regulation

The Company's current and future operations, from exploration through development activities and commercial production, if any, are and will be governed by Applicable Laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities, generally experience increased costs and delays in production and other schedules as a result of the need to comply with Applicable Laws, regulations and permits. The Company has received all necessary permits for the exploration work it is presently conducting; however, there can be no assurance that all permits which the Company may require for future exploration, construction of mining facilities and conduct of mining operations, if any, will be obtainable on reasonable terms or on a timely basis or at all, or that such laws and regulations would not have an adverse effect on any project which the Company may undertake.

Failure to comply with Applicable Laws, regulations and permits may result in enforcement actions thereunder, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have an adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

Future litigation could affect title

Potential litigation may arise on a property on which the Company holds an interest (for example, litigation between joint venture partners or between operators and original property owners or neighboring property owners). As a holder of such interests, the Company will not generally have any influence on the litigation and will not generally have access to data. Any such litigation that results in the cessation or reduction of production from a property (whether temporary or permanent) or the expropriation or loss of rights to a property could have a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Deficient third-parties' reviews, reports and projections

The Company relies upon third parties to provide analysis, reviews, reports, advice and opinions regarding the Company's projects. There is a risk that such analysis, reviews, reports, advice, opinions and projects are inaccurate, in particular with respect to resource estimation, process development and recommendations for products to be produced as well as with respect to economic assessments including estimating the capital and operation costs of the Company's project and forecasting potential future revenue streams. Uncertainties are also inherent in such estimations.

The Company may fail to acquire additional property interests or select appropriate acquisitions

As part of the Company's business strategy, it expects to acquire additional property interests. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions or integrate the acquired businesses or their personnel into the Company. There can be no assurance that the Company will complete any acquisition or business arrangement that it pursues on favorable terms or at all, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Increased competition for target mineral properties

Many companies are engaged in the search for and the acquisition of mineral interests, including property interests, and there is a limited supply of desirable mineral interests. The mineral exploration and mining businesses are competitive in all phases. Many companies are engaged in the acquisition of mineral interests, including large, established companies with substantial financial resources, operational capabilities and long earnings records. The Company may be at a competitive disadvantage in acquiring those interests, whether by way of property or other form of investment, as competitors may have greater financial resources and technical staff. There can be no assurance that the Company will be able to compete successfully against other companies in acquiring new property or other interests. In addition, the Company may be unable to acquire properties or other interests at acceptable valuations, which may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities

Future acquisitions and partnerships

As part of the Company's business strategy, it may seek to grow by acquiring companies and/or assets or establishing new joint ventures that it believes will complement its future business. There are risks inherent in such activities. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for our business. The Company could encounter additional transaction and integration related costs or experience an impact to its operations or results of operation as a result of the failure to realize all of the anticipated benefits from such acquisitions or partnerships, or an inability to successfully integrate an acquisition as anticipated. As a result of integration efforts, the Company may experience interruptions in its business activities, costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on the management of the Company. There is no assurance that these acquisitions will be successfully integrated in a timely manner or without additional expenses incurred.

In respect of potential future acquisitions or partnerships, there is no assurance that the Company will be able to complete any acquisition or partnership it pursues on favorable terms, or that any acquisitions or partnerships completed will ultimately benefit its business.

The Company may acquire other interests in respect of properties that are speculative

Exploration for metals and minerals is a speculative venture necessarily involving substantial risk. There is no certainty that the expenditures made by the operator of any given project will result in discoveries of commercial quantities of minerals on lands where the Company holds interests. If mineable deposits are discovered, substantial expenditures are required to establish Mineral Reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funding required for development can be obtained on terms acceptable to the operator or at all.

Changes in laws

Changes to any of the laws, rules, regulations or policies to which the Company is subject could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

Anti-money laundering laws and regulations

The Company is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime. In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, or to effect other distributions. Furthermore, while there are no current intentions to declare or pay dividends on the common shares of the Company in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the U.S.) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Reliance on management

The Company will need to expand and effectively manage its managerial, operational, financial, development and other resources in order to successfully pursue its development and commercialization efforts of its products. The success of the Company is currently dependent on the performance of its management team, which also relies on advice and guidance of certain members of the Board, not all of whom are or will be bound by formal contractual employment agreements.

The Company's success depends on its continued ability to attract, retain and motivate highly qualified people. The loss of the services of these persons would have a material adverse effect on the Company's business and prospects in the short term and could delay or prevent the commercialization of its products, and the business may be harmed as a result.

The Company may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel with extensive management experience in such fields as pharmaceutical regulations, finance, manufacturing, marketing, law, and investment. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, the achievement of its development objectives, its ability to raise additional capital and its ability to implement its business strategy may be significantly reduced and could have a material adverse effect on the Company and its prospects.

Risks relating to attracting and retaining qualified management and technical personnel

The Company will be dependent upon the continued availability and commitment of its key management personnel, whose contributions to the immediate and future operations of the Company are of significant importance. The loss of any such key management personnel could negatively affect business operations. From time to time, the Company may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. In addition, the Company frequently retains third party specialized technical personnel to assess and execute opportunities. These individuals may have conflicts of interest or scheduling conflicts, which may delay or inhibit the Company's ability to employ such individuals' expertise. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance that the Company will be able to recruit and retain such personnel. If the Company is not successful in recruiting and retaining qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition and the trading price of its securities.

Regulatory requirements

The Company's future operations will, at all stages, require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that such laws and regulations would not have an adverse effect on any mining project the Company undertakes.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material impact on us and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Disruption from non-governmental organizations

As is the case with any businesses which operate in the mining industry, the Company may become subject to pressure and lobbying from non-governmental organizations. There is a risk that the demands and actions of non-governmental organizations may cause significant disruption to the Company's business which may have a material adverse effect on its operations and financial condition.

The exploration and development of mineral resource properties is inherently dangerous and subject to risks

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of metals, including, without limitation, environmental hazards, industrial accidents, unusual or unexpected formations, safety stoppages (whether voluntary or regulatory), pressures, mine collapses, fires, power outages, labor disruptions, flooding, explosions, cave-ins, landslides and other geotechnical instabilities, equipment failure or structural failure, metallurgical and other processing problems and other conditions involved in the mining of minerals, any of which could result in damage to, or destruction of, the Company's, if applicable, mines, plants and equipment, personal injury or loss of life, environmental damage, delays in mining, increased production costs, asset write-downs, monetary losses and legal liability. The occurrence of any of these events could result in a prolonged interruption in the Company's operations that would have a material adverse effect on the Company's business, financial conditions, results of operations and prospects.

Uninsured or uninsurable risks

In the course of exploration, development and production of mineral resource properties, several risks and, in particular, significant risks that could result in damage to, or destruction of vessels and producing or processing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the securities of the Company. The Company cannot be certain that insurance will be available on acceptable terms or conditions. In some cases, coverage may not be acceptable or may be considered too expensive relative to the perceived risk.

Operating hazards and risks

Mineral resource exploration and development and the operation of mineral processing facilities involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include failure of equipment or processing facilities to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government or regulatory action or delays, unanticipated events related to health, safety and environmental matters, formation pressures, fires, power outages, labor disruptions, flooding, explosions, and the inability to obtain suitable or adequate machinery, equipment or labor.

Operations in which the Company may have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. Although the Company plans to maintain liability insurance in an amount it considers adequate, the nature of these risks is such that liabilities might exceed any insurance policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Company's financial condition.

Natural disasters, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather, pandemic outbreaks, boycotts and geo-political events, such as civil unrest and acts of terrorism, or similar disruptions could materially adversely affect the Company's business, results of operations or financial condition. These events could result in, increases in fuel or other energy prices, temporary or permanent closure of the Properties, labor shortages, temporary or long-term disruption in the supply of raw materials and other inputs, temporary disruption in transport to and from markets, or disruption to the Company's information systems, any of which could have a material adverse effect on the Company's business, results of operations or financial results.

Liability for activity of employees, contractors and consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including the risk that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of interest

Certain directors and officers of the Company are also directors, officers, or shareholders of other companies, which may give rise to conflicts of interest from time-to-time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required under the applicable corporate laws to disclose his interest and to abstain from voting on such matter.

Internal controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement the required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and materially adversely affect the trading price of the Company's common shares.

Dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Company's shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Disruption of business

Conditions or events including, but not limited to, those listed below could disrupt the Company's operations, increase operating expenses, resulting in delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Public Health Crises, including COVID-19"); (iii) political instability, social and labor unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road.

Public health crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond our control. Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak.

Disclosure of Internal Controls over Financial Reporting

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to non-venture issuers, this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). In particular, management is not making any representations relating to the establishment and maintenance of: controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Investors should be aware that inherent limitations on the ability of management of the Company to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of filings and other reports provided under securities legislation.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws ("forward-looking statements"). All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often identified by words such as "may", "would", "could", "should", "will", "intend", "plan", "seek", anticipate", "believe", "estimate", "expect" or similar words and expressions. Examples of forward-looking statements include, among others, statements relating to information set out in this MD&A under the headings "Business Outlook and Strategy", "Working Capital and Liquidity Outlook", and statements and information regarding: future financial position and results of operations, strategies, plans, objectives, goals and targets; future developments in the markets where the Company participates or is seeking to participate; and, expectations for other economic, business, regulatory and/or competitive factors related to the Company or the mining exploration industry generally and other events or conditions that may occur in the future. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. Although the Company believes that the expectations, estimates, and projections reflected in such forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance, or achievements to differ materially from those suggested by the forward-looking statements. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. On this basis, readers are cautioned not to place undue reliance on such forward-looking statements.

Factors which could cause actual results to differ materially from those indicated in forward-looking statements include, but are not limited to, the expectations and assumptions that the Company's strategies are based on, and the Company's ability to meet its working capital needs, including the cost and potential impact of complying with existing and proposed laws and regulations.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and are presented for the purpose of assisting investors and others in understanding the Company's financial position and results of operations, as well as its objectives and strategic priorities, and may not be appropriate for other purposes. The Company undertakes no obligation to publicly update or revise any forward-looking statements or any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

The Company is a mineral exploration company, and its mineral resource properties are in the exploration stage only. The degree of risk increases substantially where an issuer's mineral resource properties are in the mineral exploration stage as opposed to the development or operational stage. An investment in common shares of mineral exploration companies is speculative and involves a high degree of risk and should only be made by investors who can afford the total loss of their investment.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The 2023 Financials have been prepared in accordance with IFRS and include amounts based on management's judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the financial statements in all material aspects.

The Audit Committee has reviewed the 2023 Financials and this MD&A with management. The Board of the Company has approved the 2023 Financials and this MD&A on the recommendation of the Audit Committee.

January 24, 2024

Darren Collins
Chief Executive Officer