



**US Critical Metals Corp.**

**Unaudited Condensed Interim Consolidated Financial Statements**

**For the Three and Six Months ended March 31, 2024 and 2023**

**(Expressed in Canadian Dollars)**

## **Notice to Reader**

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

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

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

## US Critical Metals Corp.

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

	As at March 31, 2024	As at September 30, 2023
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	346,206	1,444,325
Receivables and prepaid expenses (Note 5)	97,456	170,278
<b>Total Assets</b>	<b>443,662</b>	<b>1,614,603</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 11)	448,806	593,214
<b>Total Liabilities</b>	<b>448,806</b>	<b>593,214</b>
<b>Shareholders' Equity</b>		
Share capital (Note 7)	8,732,378	8,578,465
Share-based payments reserve (Note 9)	1,102,059	1,030,311
Warrants reserve (Note 10)	2,851,773	2,851,773
Accumulated other comprehensive loss	(47,884)	(42,891)
Accumulated deficit	(12,778,429)	(11,531,408)
<b>Equity Attributable to Shareholders of US Critical Metals Corp.</b>	<b>(140,103)</b>	<b>886,250</b>
Non-controlling interest (Notes 4 and 12)	134,959	135,139
<b>Total Shareholders' Equity (Deficiency)</b>	<b>(5,144)</b>	<b>1,021,389</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>443,662</b>	<b>1,614,603</b>

Nature of operations and going concern (Note 1)  
Commitments (Note 13)  
Contingencies (Note 17)  
Subsequent events (Note 19)

Approved on behalf of the Board of Directors:

"Darren Collins"

Darren Collins, Director

"Scott Benson"

Scott Benson, Director

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

## US Critical Metals Corp.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Three and Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

	<b>Three Months ended</b>		<b>Six Months ended</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>				
Exploration and evaluation expenses (Notes 11 and 13)	24,462	136,342	390,609	467,288
Property acquisition costs (Notes 4, 7 and 13)	-	50,000	306,093	738,978
Professional fees (Notes 11 and 14)	87,398	625,984	186,171	757,759
Advertising and promotion	76,466	305,487	116,149	532,579
Management fees (Note 11)	50,565	50,715	101,655	101,633
Share-based compensation (Notes 7, 9 and 11)	12,731	138,082	71,748	279,233
Office and general	(56,941)	86,312	57,050	200,081
Regulatory filing	10,802	22,723	17,726	29,213
<b>Total Expenses</b>	<b>(205,483)</b>	<b>(1,415,645)</b>	<b>(1,247,201)</b>	<b>(3,106,764)</b>
<b>Net Loss</b>	<b>(205,483)</b>	<b>(1,415,645)</b>	<b>(1,247,201)</b>	<b>(3,106,764)</b>
<b>Other Comprehensive Loss</b>				
Exchange gain (loss) on translation of foreign operations	(87,619)	466	(4,993)	10,531
<b>Comprehensive Loss</b>	<b>(293,102)</b>	<b>(1,415,179)</b>	<b>(1,252,194)</b>	<b>(3,096,233)</b>
<b>Total Net Loss Attributable to:</b>				
Shareholders of US Critical Metals Corp.	(205,428)	(1,415,596)	(1,247,021)	(3,106,715)
Non-controlling interest (Note 12)	(55)	(49)	(180)	(49)
<b>Net Loss</b>	<b>(205,483)</b>	<b>(1,415,645)</b>	<b>(1,247,201)</b>	<b>(3,106,764)</b>
<b>Weighted Average Number of Outstanding Shares</b>				
– Basic and Diluted (Note 8)	62,999,036	55,252,147	62,999,036	54,956,051
<b>Net Loss per Share – Basic and Diluted (Note 9)</b>	<b>(0.00)</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>(0.06)</b>

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

## US Critical Metals Corp.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

	Number of Shares #	Share Capital \$	Share-Based RSU Reserve \$	Share-Based Payments Reserve \$	Warrants Reserve \$	Accumulated Other Comprehensive Loss \$	Accumulated Deficit \$	Non- Controlling Interest	Total \$
<b>Balance, September 30, 2022</b>	<b>51,917,480</b>	<b>6,357,037</b>	<b>216,329</b>	<b>1,030,311</b>	<b>2,007,891</b>	<b>(47,537)</b>	<b>(5,718,367)</b>	-	<b>3,845,664</b>
Issuance of shares on acquisition (Note 4)	1,000,000	270,000	-	-	-	-	-	-	270,000
Issuance of shares as option payments (Notes 7 and 13)	500,000	130,000	-	-	-	-	-	-	130,000
Share-based compensation (Note 7)	-	-	279,233	-	-	-	-	-	279,233
Exercise of warrants (Notes 7 and 10)	80,000	8,284	-	-	(284)	-	-	-	8,000
Non-controlling interest acquired (Note 4)	-	-	-	-	-	-	-	137,143	8,000
Exchange gain on translating foreign operations	-	-	-	-	-	10,531	-	-	10,531
Net loss for the period	-	-	-	-	-	-	(3,106,715)	(49)	(3,106,764)
<b>Balance, March 31, 2023</b>	<b>53,497,480</b>	<b>6,765,321</b>	<b>495,562</b>	<b>1,030,311</b>	<b>2,007,607</b>	<b>(37,006)</b>	<b>(8,825,082)</b>	<b>137,094</b>	<b>1,573,807</b>
<b>Balance, September 30, 2023</b>	<b>62,123,294</b>	<b>8,578,465</b>	-	<b>1,030,311</b>	<b>2,851,773</b>	<b>(42,891)</b>	<b>(11,531,408)</b>	<b>135,139</b>	<b>1,021,389</b>
Issuance of shares as option payments (Notes 7 and 13)	934,782	153,913	-	-	-	-	-	-	153,913
Share-based compensation (Note 9)	-	-	-	71,748	-	-	-	-	71,748
Exchange loss on translating foreign operations	-	-	-	-	-	(4,993)	-	-	(4,993)
Net loss for the period	-	-	-	-	-	-	(1,247,021)	(180)	(1,247,201)
<b>Balance, March 31, 2024</b>	<b>63,058,076</b>	<b>8,732,378</b>	-	<b>1,102,059</b>	<b>2,851,773</b>	<b>(47,884)</b>	<b>(12,778,429)</b>	<b>134,959</b>	<b>(5,144)</b>

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

## US Critical Metals Corp.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the Three and Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

	<u>Three Months ended</u>		<u>Six Months ended</u>	
	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
	\$	\$	\$	\$
<b><u>Operating Activities</u></b>				
Net loss for the period	(205,483)	(1,415,645)	(1,247,201)	(3,106,764)
Adjustments for non-cash items:				
Property acquisition costs (Note 4 and 13)	-	-	-	457,143
Share-based compensation (Note 7 and 9)	12,731	138,082	71,748	279,233
Option payments issued in shares (Notes 7 and 13)	-	-	153,913	130,000
	(192,752)	(1,277,563)	(1,021,540)	(2,240,388)
Net change in non-cash working capital items:				
Receivables (Note 5)	3,525	810	2,685	(6,335)
Prepaid expenses (Note 5)	14,076	96,178	70,137	(65,927)
Accounts payable and accrued liabilities (Note 6)	49,840	75,622	(144,408)	(33,609)
<b>Cash Flows (used in) Operating Activities</b>	<b>(125,311)</b>	<b>(1,104,953)</b>	<b>(1,093,126)</b>	<b>(2,346,259)</b>
<b><u>Financing Activities</u></b>				
Proceeds from exercise of warrants (Notes 7 and 10)	-	4,000	-	8,000
<b>Cash Flows provided by Financing Activities</b>	<b>-</b>	<b>4,000</b>	<b>-</b>	<b>8,000</b>
<b><u>Investing Activities</u></b>				
Cash acquired on acquisition (Note 4)	-	-	-	200,000
Cash paid on acquisition (Note 4)	-	-	-	(250,000)
<b>Cash Flows (used in) Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,000)</b>
<b>Decrease in cash</b>	<b>(125,311)</b>	<b>(1,100,953)</b>	<b>(1,093,126)</b>	<b>(2,388,259)</b>
Effect of foreign exchange on cash	(87,619)	466	(4,993)	10,531
Cash, beginning of period	559,136	2,604,340	1,444,325	3,881,581
<b>Cash, end of period</b>	<b>346,206</b>	<b>1,503,853</b>	<b>346,206</b>	<b>1,503,853</b>

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

## **US Critical Metals Corp.**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### **1. Nature of Operations and Going Concern**

US Critical Metals Corp. (“USCM” or the “Company”) is focused on mining projects in the United States (the “U.S.”) that will further secure the U.S. supply of critical metals and rare earth elements, which are essential to fueling the new age economy. Pursuant to option agreements with private Canadian and American companies, the Company’s assets consist of five agreements, each providing the Company with the right to acquire interest in six discovery focused projects in the U.S. (see Note 13 for more details). USCM intends to explore and develop mineral resources with near- and long-term strategic value to the advancement of U.S. interests.

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

The Company’s registered office address is 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5, Canada. USCM’s common shares are listed on the Canadian Securities Exchange (the “CSE”) under the ticker symbol “USCM”, on the Frankfurt Stock Exchange in Germany under the ticker symbol “0IU0”, and also on the OTCQB Venture Market in the U.S. under the ticker symbol “USCMF”.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company’s viability depends upon the acquisition and financing of mineral exploration or other projects. If mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of financing presently available to the Company is through equity financing. The ability of the Company to raise new funds will depend, in part, on prevailing market conditions as well as the operating performance of the Company. There can be no assurance that the Company will be successful in securing the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution. These conditions, including the volatile and speculative nature of the mining business, represent material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern.

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

### **2. Basis of Presentation**

#### **(a) Statement of Compliance**

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

These unaudited condensed interim consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors of the Company (the “Board”) on May 13, 2024.

#### **(b) Basis of Measurement**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS, on the historical cost basis, except for financial instruments which are measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## US Critical Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### 2. Basis of Presentation (continued)

#### (c) Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, US Critical Holdings Corp., US Energy Metals Corp. (“USEM”), 1212242 B.C. Ltd. (“B.C. Ltd.”) and Long Canyon Resources Inc. (“Long Canyon”), which was incorporated in Idaho, U.S. (see Note 13 for more details). These unaudited condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

#### (d) Functional Currency

These consolidated financial statements are presented in Canadian dollars (“\$” or “CAD”), which is the functional currency of the Company and its Canadian subsidiaries. The functional currency is the currency of the primary economic environment in which the Company operates. The functional currency of USEM and Long Canyon is the U.S. dollar (“USD”).

#### (e) Material Accounting Judgments and Estimates

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

##### *Going concern*

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

##### *Fair value of financial assets and financial liabilities*

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

##### *Expected credit losses on financial assets*

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

##### *Technical feasibility and commercial viability*

Management exercises judgment, in accordance with IFRS 6 – Exploration for and Evaluation of Mineral Resources, to determine an accounting policy specifying which expenditures, if any, are capitalized as exploration and evaluation (“E&E”) assets, and to apply the policy consistently. E&E expenditures not capitalized as E&E assets are expensed as incurred.



## US Critical Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

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### 2. Basis of Presentation (continued)

#### (e) Material Accounting Judgments and Estimates (continued)

##### *Technical feasibility and commercial viability (continued)*

Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, an entity stops recording E&E expenditures for that mineral project, tests capitalized E&E assets (if any) for impairment, and reclassifies those E&E assets to other applicable development-stage accounts. An assessment of technical feasibility and commercial viability is conducted on a project-by-project basis with regard to all relevant facts and circumstances, which can be a complex judgment. The nature and status of the mineral project is determined on the merits of the mineral project itself.

##### *Business combination*

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

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

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

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

##### *Valuation of share-based compensation and share purchase warrants*

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

##### *Provisions*

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

##### *Shares issued for non-cash consideration*

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

## US Critical Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the Three and Six Months ended March 31, 2024 and 2023  
(Expressed in Canadian Dollars)

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### 2. Basis of Presentation (continued)

#### (e) Material Accounting Judgments and Estimates (continued)

##### *Functional currency*

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

### 3. Summary of Material Accounting Policies

The accounting policies applied by the Company in these consolidated financial statements are the same as those disclosed in Note 3 the Company's audited consolidated financial statements for the year ended September 30, 2023, unless otherwise noted below.

#### (a) Adoption of New Accounting Policies

The Company adopted the following amendments, effective October 1, 2023. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of these amendments on its consolidated financial statements:

##### *Amendments to IAS 1 Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2 Making Materiality Judgements*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board ("CPA Canada Handbook – AcSB") in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general-purpose financial statements make on the basis of those financial statements; and
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

##### *Amendments to IAS 12 – Income Taxes ("IAS 12")*

In May 2021, the IASB issued amendments to the recognition exemptions under IAS 12 which were incorporated into Part I of the CPA Canada Handbook – AcSB in September 2021. The amendments narrowed the scope of the recognition exemption to require an entity to recognize deferred tax on initial recognition of particular transactions, to the extent that transaction gives rise to equal taxable and deductible temporary differences. These amendments apply to transactions for which an entity recognizes both an asset and liability, for example leases and decommissioning liabilities.

#### (b) New Accounting Pronouncements

At the date of authorization of these consolidated financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after January 1, 2024. The Company is currently assessing the impact upon the adoption of the following amendments on its consolidated financial statements:

##### *Amendments to IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") and IAS 7 – Statements of Cash Flows ("IAS 7")*

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management. The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application permitted.

## US Critical Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Six Months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

### 4. Asset Acquisition Transaction

On November 16, 2022, the Company and Idaho Silver Corp. (“Idaho Silver”), a private company existing under the laws of British Columbia, entered into a share purchase agreement (the “SPA”) pursuant to which USCM would acquire 70% of the issued and outstanding common shares of B.C. Ltd., a private company existing under the laws of British Columbia, with the remaining 30% being held by Idaho Silver (the “Acquisition”). The Acquisition closed on December 15, 2022, on which date BC Ltd. also became the sole owner and shareholder of Long Canyon, an Idaho corporation (see Note 13 for more details).

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:

<b>Purchase Price Consideration Paid</b>	
	\$
Cash paid	250,000
Fair value of common shares issued	270,000
<b>Total consideration paid</b>	<b>520,000</b>
<b>Net Identifiable Asset Acquired</b>	
	\$
Cash	200,000
Mining properties	457,143
Non-controlling interest (Note 12)	(137,143)
<b>Total net identifiable assets acquired</b>	<b>520,000</b>

The Acquisition did not constitute a business combination as B.C. Ltd. did not meet the definition of a business under IFRS 3 – Business Combination. As a result, the Acquisition was accounted for as an asset acquisition.

Consideration paid consisted of cash payment of \$250,000 and 1,000,000 shares of the Company issued to Idaho Silver, valued at \$270,000 based on the Company’s closing share price on the date of issuance on December 15, 2022. Mining properties valued at \$457,143 were expensed as property acquisition costs (see Note 13) on the condensed interim consolidated statements of loss and comprehensive loss for the six months ended March 31, 2023.

### 5. Receivables and Prepaid Expenses

Receivables and prepaid expenses are comprised of the following as at March 31, 2024 and September 30, 2023:

	<b>March 31,</b>	September 30,
	<b>2024</b>	2023
	\$	\$
Sales tax receivables	4,028	6,713
Prepaid insurance	16,500	8,750
Advances made to suppliers	76,928	154,815
	<b>97,456</b>	<b>170,278</b>

## US Critical Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the Three and Six Months ended March 31, 2024 and 2023  
(Expressed in Canadian Dollars)

### 6. Accounts Payable and Accrued Liabilities

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

	March 31, 2024	September 30, 2023
	\$	\$
Trade payable	414,801	458,898
Accrued liabilities	34,005	134,316
	448,806	593,214

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

### 7. Share Capital and Restricted Share Units Reserve

#### *Authorized share capital*

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding as at March 31, 2024 and 2023 are as follows:

	Common shares #	Amount \$
<b>Balance, September 30, 2022</b>	<b>51,917,480</b>	<b>6,357,037</b>
Shares issued as option payments	500,000	130,000
Shares issued on exercise of warrants	80,000	8,284
Shares issued as consideration paid on acquisition	1,000,000	270,000
<b>Balance, March 31, 2023</b>	<b>53,497,480</b>	<b>6,765,321</b>
<b>Balance, September 30, 2023</b>	<b>62,123,294</b>	<b>8,578,465</b>
Shares issued as option payments	934,782	153,913
<b>Balance, March 31, 2024</b>	<b>63,058,076</b>	<b>8,732,378</b>

#### *Share capital transactions for the six months ended March 31, 2024*

On October 3, 2023, the Company issued 434,782 common shares as a payment under an Exploration and Option to Enter Joint Venture Agreement (defined hereafter) on the McDermitt Property (see Note 13). These common shares were valued at \$73,913, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited interim condensed consolidated statements of loss and comprehensive loss during the six months ended March 31, 2024.

On October 19, 2023, the Company issued 500,000 common shares for the second anniversary payment of the Mining Lease and Option Agreement (defined hereafter) on the Clayton Ridge Property (see Note 13). These common shares were valued at \$80,000, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited interim condensed consolidated statements of loss and comprehensive loss during the six months ended March 31, 2024.

#### *Share capital transactions for the six months ended March 31, 2023*

On October 11, 2022, the Company issued 500,000 common shares for the first anniversary payment of the Mining Lease and Option Agreement on the Clayton Ridge Property (see Note 13). These common shares were valued at \$130,000, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss during the six months ended March 31, 2023.

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

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### 7. Share Capital and Restricted Share Units Reserve (continued)

*Share capital transactions for the six months ended March 31, 2023 (continued)*

On December 15, 2022, the Company issued 1,000,000 common shares to Idaho Silver, on closing of the Acquisition (see Note 4 for details).

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

*Restricted Share Units Reserve*

On May 12, 2022, the Company granted 1,400,000 RSUs to certain directors and consultants. The RSUs fully vested on the first anniversary of the grant date. The RSUs were valued at \$560,000 based on the Company's closing share price on the date of grant. During the three and six months ended March 31, 2023, share-based compensation of \$138,082 and \$279,233, respectively, was recorded in connection with the vesting of these RSUs.

### 8. Loss per Share

Basic and diluted loss per share for the three and six months ended March 31, 2024 is calculated by dividing the net loss of \$204,958 and \$1,246,676, respectively, (2023 – net loss of \$1,415,645 and \$3,106,764, respectively) by the weighted-average number of common shares outstanding of 62,999,036 and 62,999,036, respectively (2023 – 55,252,147 and 54,956,051, respectively).

For the three and six months ended March 31, 2024, the basic and diluted loss per share was 0.00 and \$0.02, respectively (2023 – basic and diluted loss per share of \$0.03 and \$0.06, respectively).

### 9. Share-Based Payments Reserve

The Company maintains a stock option plan (the "Option Plan") whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The Option Plan provides that the aggregate number of securities reserved for issuance will be up to 10% of the number of the common shares issued and outstanding from time to time. The Option Plan is administered by the Board, which has full and final authority with respect to granting stock options thereunder. As at March 31, 2024, the Company had 2,655,808 common shares that are issuable under the Option Plan.

The following summarizes the options activity for the six months ended March 31, 2024 and 2023:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
<b>Outstanding, beginning of period</b>	<b>3,000,000</b>	<b>0.35</b>	3,000,000	0.35
Granted	500,000	0.15	-	-
Granted	150,000	0.15	-	-
<b>Outstanding, end of period</b>	<b>3,650,000</b>	<b>0.31</b>	3,000,000	0.35

*Options activities for the six months ended March 31, 2024*

On December 11, 2023, the Company granted 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. The options were valued using the Black-Scholes valuation model ("Black-Scholes") with the following assumptions: expected volatility of 150% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.53% and an expected life of five years. The grant date fair value attributable to these options of \$59,017 was recorded as share-based compensation in connection with the vesting of options during the six months ended March 31, 2024.

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### 9. Share-Based Payments Reserve (continued)

*Options activities for the six months ended March 31, 2024 (continued)*

On March 25, 2024, the Company granted 150,000 stock options to another consultant. The options vested immediately on grant and are exercisable at a price of \$0.15 per common share for a period of two years. The options were valued using Black-Scholes with the following assumptions: expected volatility of 145% based on historical share price, expected dividend yield of 0%, risk-free interest rate of 4.13% and an expected life of two years. The grant date fair value attributable to these options of \$12,731 was recorded as share-based compensation in connection with the vesting of options during the three and six months ended March 31, 2024.

The following table summarizes information of stock options outstanding and exercisable as at March 31, 2024:

Date of expiry	Number of options outstanding	Number of options exercisable	Exercise price	Weighted average remaining contractual life
	#	#		Years
March 25, 2026	150,000	150,000	0.15	1.98
May 12, 2027	3,000,000	3,000,000	0.35	3.12
December 11, 2028	500,000	500,000	0.15	4.70
	<b>3,650,000</b>	<b>3,650,000</b>	<b>0.31</b>	<b>3.29</b>

### 10. Warrants Reserve

The following summarizes the warrants activity for the six months ended March 31, 2024 and 2023:

	2024		2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
<b>Outstanding, beginning of period</b>	<b>50,066,613</b>	<b>0.31</b>	42,590,390	0.27
Exercised	-	-	(80,000)	0.10
<b>Outstanding, end of period</b>	<b>50,066,613</b>	<b>0.23</b>	42,510,390	0.27

On November 16, 2023, the Company amended the exercise price of an aggregate of 24,282,958 Warrants consisting of 17,142,858 Warrants issued in connection with a private placement financing which closed on April 12, 2022 (the “2022 Warrants”); and 7,140,100 Warrants issued in connection with another private placement financing which closed on April 11, 2023 (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 were no other proposed changes to the terms of the Old Warrants.

The following table summarizes information of warrants outstanding as at March 31, 2024:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining life
	#		Years
April 12, 2024	17,142,858	0.35	0.03
April 12, 2024	447,532	0.50	0.03
April 11, 2026	7,556,223	0.35	2.03
August 10, 2026	24,920,000	0.10	2.36
	<b>50,066,613</b>	<b>0.23</b>	<b>1.49</b>

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### 11. Related Party Transactions and Balances

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

#### *Remuneration to key management personnel and directors*

The remuneration of directors and other members of key management personnel during the three and six months ended March 31, 2024 and 2023 were as follows:

	<u>Three Months ended</u>		<u>Six Months ended</u>	
	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2024</u>	<u>March 31,</u> <u>2023</u>
	\$	\$	\$	\$
Management fees	50,565	50,715	101,655	101,633
Professional fees	42,655	68,360	94,349	141,639
Share-based compensation	-	69,041	-	139,616
	<b>93,220</b>	188,116	<b>196,004</b>	382,888

Effective February 1, 2022, the Company, through USEM, and the Chief Executive Officer (“CEO”) who is also a director of USCM, entered into a contractor agreement, for a monthly remuneration of USD \$12,500 in consideration of the CEO’s services to USCM. During the three and six months ended March 31, 2024, the CEO charged fees of \$50,565 (USD \$37,500) and \$101,655 (USD \$75,000), respectively (2023 – \$50,715 (USD \$37,500) and \$101,633 (USD \$75,000), respectively) for consulting services provided to the Company, which are included in management fees. As at March 31, 2024, \$50,813 (September 30, 2023 – \$nil) owing to the CEO was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and six months ended March 31, 2024, Gowling WLG (Canada) LLP (“Gowling”), a law firm in which a director of USCM is also a partner, charged fees of \$23,155 and \$49,349, respectively (2023 – \$42,860 and \$90,639, respectively) for legal services provided to the Company, which are included in professional fees. As of March 31, 2024, \$318,125 (September 30, 2023 – \$264,754) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and six months ended March 31, 2024, Branson Corporate Services Ltd. (“Branson”), where the Company’s Chief Financial Officer (“CFO”) and Corporate Secretary is affiliated, charged fees of \$19,500 and \$39,000, respectively (2023 – \$19,500 and \$39,000, respectively) for CFO services provided to the Company, as well as other accounting and administrative services, which are included in professional fees. As of March 31, 2024, \$6,825 (September 30, 2023 – \$6,825) owing to Branson was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and six months ended March 31, 2024, a director of the Company charged fees of \$nil and \$6,000, respectively (2023 – \$6,000 and \$12,000, respectively) for compensation as a sitting Board member, which are included in professional fees. As at March 31, 2024, \$4,000 (September 30, 2023 – \$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 three and six months ended March 31, 2023, the Company had recorded share-based compensation of \$69,041 and \$139,616, respectively, in connection with the vesting of RSUs previously granted to a director.

#### *Other related party transactions*

During the three and six months ended March 31, 2024, Tigren Inc. (“Tigren”), an entity controlled by the VP, Exploration and also a director of the Company, charged fees of \$25,877 and \$116,481, respectively (2023 – \$nil and 59,386, respectively) for geological consulting services provided to the Company, which are included in E&E expenses. As at March 31, 2024, \$20,784 (September 30, 2023 – \$185,334) owing to Tigren was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

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### 12. Non-Controlling Interest

On completion of the Acquisition, an amount of \$137,143 representing the 30% interest of BC Ltd. attributable to Idaho Silver was recorded as non-controlling interest (“NCI”) within shareholders’ equity on the consolidated statements of financial position (see Note 4).

During the three and six months ended March 31, 2024, the Company recorded a net loss of \$55 and \$180, respectively (2023 – \$49 and \$49, respectively) attributable to the NCI, and as at March 31, 2024, the carrying amount of the NCI was \$134,959 (September 30, 2023 – \$135,139).

### 13. Exploration and Evaluation Expenses

#### *Clayton Ridge Lithium Property*

On October 11, 2021, the Company, through USEM, entered into a Mining Lease and Option to Purchase Agreement CR Claims (the “Mining Lease and Option Agreement”) with an arm’s length party, to lease a block of 90 claims (1,800 acres) in the Clayton Ridge Lithium Property (the “Clayton Ridge Property”), situated in Esmeralda County, Nevada, exclusively for the purpose of exploration for and the development, mining and processing of minerals. In May 2022, the Company staked and filed with the Esmeralda County and the Bureau of Land Management (“BLM”) an additional 90 unpatented mining claims contiguous to the originally prospected Clayton Ridge Property claims block, and commenced exploration activities. The Clayton Ridge Property now spans 3,600 acres of prospective geology for lithium mineralization.

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

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

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

#### *Haynes Cobalt Project*

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

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

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



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### 13. Exploration and Evaluation Expenses (continued)

#### *Haynes Cobalt Project (continued)*

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

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

#### *Sheep Creek and Lemhi Pass Rare Earth Projects*

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

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

- Phase I: USCM shall pay to USRE USD \$300,000 (paid) in cash within 5 business days of closing on the Agreement and USD \$1,500,000 in capital contributions prior to the date that is 16 months after closing on the Agreement (the “Phase I Due Date”) in exchange for 25% equity interest in USRE (25% total corporate interest). As at March 31, 2024, 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. The Company and the arm’s length party are currently in discussions to extend the timeline of Phase I, and to convert USCM’s interest into equity of the joint venture.
- Phase II: Upon completion of Phase I and prior to the expiration of the Phase I Due Date, USCM may elect, in its sole discretion, to pay to USRE USD \$200,000 in cash upon the election to proceed with Phase II and USD \$3,000,000 in capital contributions prior to the date that is 40 months after closing on the Agreement (the “Phase II Due Date”) in exchange for an additional 25% equity interest in USRE (50% total equity interest). If USCM does not elect to proceed with Phase II prior to the Phase I Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 25% equity interest in USRE.
- Phase III: Upon completion of Phase II and prior to the expiration of the Phase II Due Date, USCM may elect, subject to the mutual agreement from the arm’s length party, to provide USRE with USD \$5,000,000 in capital contributions prior to the date that is 64 months after closing on the Agreement in exchange for an additional 25% corporate interest in USRE (75% total equity interest). If the Parties do not mutually agree to proceed with Phase III prior to the Phase II Due Date, no further payments from USCM to USRE will be made and USCM will remain with a 50% equity interest in USRE.

#### *Long Canyon Uranium Project*

On December 15, 2022, the Company closed the Acquisition, and BC Ltd. became the sole owner and shareholder of Long Canyon, 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.

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### 13. Exploration and Evaluation Expenses (continued)

#### *Long Canyon Uranium Project (continued)*

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

Upon closing of the Acquisition, mining properties valued at \$457,143 were expensed as property acquisition costs on the unaudited interim condensed consolidated statements of loss and comprehensive loss for the six months ended March 31, 2023.

#### *McDermitt Lithium Project*

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

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

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

- Reimbursement of BLM fees for the McDermitt Property for the September 2023 to August 2024 period (completed);
- \$50,000 within five business days after the CSE’s acceptance of the Option Agreement (completed);
- 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 (completed); &
- 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.

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### 13. Exploration and Evaluation Expenses (continued)

During the six months ended March 31, 2024 and 2023, the Company's E&E expenses are comprised of the following:

	Properties					Total
	Clayton Ridge	Haynes Cobalt	Sheep Creek & Lemhi Pass	Long Canyon	McDermitt	
<i>2024</i>	\$	\$	\$	\$	\$	\$
<i>Property acquisition costs</i>						
Option payments made in cash	102,180	-	-	-	50,000	152,180
Option payments issued in shares	80,000	-	-	-	73,913	153,913
	182,180	-	-	-	123,913	306,093
<i>E&amp;E expenditures</i>						
Field work testing	71,992	-	-	-	-	71,992
Exploration drilling	273,242	-	-	-	-	273,242
Earn-in expenditures	-	-	45,375	-	-	45,375
	345,234	-	45,375	-	-	390,609
<b>Total</b>	<b>536,414</b>	<b>-</b>	<b>45,375</b>	<b>-</b>	<b>123,913</b>	<b>705,702</b>
<i>2023</i>	\$	\$	\$	\$	\$	\$
<i>Property acquisition costs</i>						
Option payments made in cash	151,835	-	-	-	-	151,835
Option payments issued in shares	130,000	-	-	-	-	130,000
Property acquisition costs	-	-	-	457,143	-	457,143
	281,835	-	-	457,143	-	738,978
<i>E&amp;E expenditures</i>						
Claims maintenance fees	-	6,112	-	-	-	6,112
Technical studies	32,359	-	-	-	-	32,359
Field work testing	22,287	-	-	-	-	22,287
Earn-in expenditures	-	-	406,530	-	-	406,530
	54,646	6,112	406,530	-	-	467,288
<b>Total</b>	<b>336,481</b>	<b>6,112</b>	<b>406,530</b>	<b>457,143</b>	<b>-</b>	<b>1,206,266</b>

### 14. Professional Fees

During the three and six months ended March 31, 2024 and 2023, the Company's professional fees are comprised of the following:

	<u>Three Months ended</u>		<u>Six Months ended</u>	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	\$	\$	\$	\$
Legal expenses	41,616	43,601	80,639	95,905
Audit and accounting fees	39,782	34,803	70,532	62,803
Business consulting fees	6,000	547,580	35,000	599,051
	87,398	625,984	186,171	757,759

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### 15. Capital Management

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

The Company considers its capital to be shareholders' equity, which is comprised of share capital, share-based payments reserve, warrants reserve, accumulated other comprehensive loss and accumulated deficit. As at March 31, 2024, the Company's capital consisted of an equity balance attributable to the shareholders of USCM for a deficit of \$140,103 (September 30, 2023 – equity of \$886,250).

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

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

The Company is not subject to externally imposed capital requirements.

### 16. Financial Instruments

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

#### *Credit risk*

Credit risk is the risk of loss associated with 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 cash is minimal.

The Company's second exposure to credit risk is on receivables. At each reporting period, management assesses the credit risk of its receivables balance. As the Company does not currently have any trade receivable, management believes that the credit risk concentration with respect to trade receivable 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, which excludes the potential impact of extreme circumstances that cannot be reasonably predicted. As at March 31, 2024, the Company had a cash balance of \$346,206 (September 30, 2023 – \$1,444,325), to settle current liabilities of \$448,806 (September 30, 2023 – \$593,214).

## US Critical Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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### 16. Financial Instruments (continued)

#### *Liquidity risk (continued)*

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at March 31, 2024:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	448,806	448,806	-	-

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 March 31, 2024.

#### *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 March 31, 2024 and September 30, 2023, the Company did not have any financial instruments which were carried at fair value.

## **US Critical Metals Corp.**

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### **17. Contingencies**

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at March 31, 2024, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

### **18. Reclassification**

Certain comparative figures have been reclassified to conform to the current period's presentation on the unaudited condensed interim consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated of cash flows.

### **19. Subsequent Events**

On April 12, 2024, the 2022 Warrants exercisable at \$0.35 and 447,532 broker warrants exercisable at \$0.50 expired unexercised, respectively.