



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 & 2023

Mao & Ying LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **US Copper Corp.**

Opinion

We have audited the consolidated financial statements of **US Copper Corp.** (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Vancouver, Canada,
April 21, 2025

Mao & Ying LLP

Chartered Professional Accountants

US COPPER CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

| <i>As at December 31,</i> | <i>2024</i> | <i>2023</i> |
|---|-----------------|----------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents (Note 5) | 41,075 | 581,096 |
| Marketable securities (Note 6) | 38,250 | 89,250 |
| Other receivables (Note 7) | 3,940 | 5,426 |
| | 83,265 | 675,772 |
| Capital assets (Note 8) | 22,476 | 28,096 |
| Total assets | 105,741 | 703,868 |
| LIABILITIES | | |
| Current | | |
| Trade and other payables (Notes 9 and 11) | 168,228 | 69,782 |
| Total liabilities | 168,228 | 69,782 |
| EQUITY | | |
| Share capital (Note 12 (a)) | 17,125,143 | 16,975,283 |
| Reserve for warrants (Note 13) | 624,600 | 580,600 |
| Reserve for share-based payments (Note 14) | 3,649,186 | 3,649,186 |
| Accumulated deficit | (21,461,416) | (20,570,983) |
| Total equity (deficit) | (62,487) | 634,086 |
| Total liabilities and equity (deficit) | 105,741 | 703,868 |

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Notes 9 and 10)
Subsequent Events (Notes 10, 12(b) and 18)

Approved on behalf of the Board of Directors on April 21, 2025:

“Stephen Dunn” (signed)

Director

“James Fairbairn” (signed)

Director

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

US COPPER CORP.**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

| | 2024 | 2023 |
|---|----------------|------------------|
| For the years ended December 31, | \$ | \$ |
| Professional fees | 51,000 | 51,240 |
| Management and consulting fees (Note 11) | 60,000 | 60,000 |
| Share-based payments (Notes 12 (c) and 14) | - | 132,000 |
| Office, general and administration | 50,707 | 38,378 |
| Investors relations, promotion and travel | 90,981 | 88,780 |
| Exploration and evaluation expenditures (Note 10) | 586,745 | 1,198,095 |
| | 839,433 | 1,568,493 |
| Change of fair value on marketable securities (Note 6) | 51,000 | 80,500 |
| Net loss and comprehensive loss | 890,433 | 1,648,993 |
| Loss per share - basic and diluted | 0.01 | 0.01 |
| Weighted average number of common shares - basic and diluted (000's) | 117,431 | 114,201 |

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

US COPPER CORP.**Consolidated Statements of Changes in Equity (Deficit)**

(Expressed in Canadian dollars)

| | <u>Share Capital</u> | | <u>Reserves</u> | | | Total |
|---|-------------------------|----------------------|-------------------|-----------------------------|----------------------------|--------------------|
| | Number of shares | Amount | Warrants | Share-based payments | Accumulated deficit | |
| Balance at December 31, 2022 | 112,154,627 | \$ 16,813,483 | \$ 654,800 | \$ 3,454,786 | \$ (18,921,990) | \$ 2,001,079 |
| Shares issued on warrants exercised | 3,000,000 | 161,800 | (11,800) | - | - | 150,000 |
| Share-based payments | - | - | - | 132,000 | - | 132,000 |
| Reserve transferred on expiry of warrants | - | - | (62,400) | 62,400 | - | - |
| Net loss for the year | - | - | - | - | (1,648,993) | (1,648,993) |
| Balance at December 31, 2023 | 115,154,627 | \$ 16,975,283 | \$ 580,600 | \$ 3,649,186 | \$ (20,570,983) | \$ 634,086 |
| Private placements, net of issue costs | 6,666,667 | 193,860 | - | - | - | 193,860 |
| Warrants issued on private placement to subscribers | - | (44,000) | 44,000 | - | - | - |
| Net loss for the year | - | - | - | - | (890,433) | (890,433) |
| Balance at December 31, 2024 | 121,821,294 | \$ 17,125,143 | \$ 624,600 | \$ 3,649,186 | \$ (21,461,416) | \$ (62,487) |

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

US COPPER CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

| | 2024 | 2023 |
|--|------------------|--------------------|
| For the years ended December 31, | \$ | \$ |
| Operating activities | | |
| Net loss for the year | (890,433) | (1,648,993) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Share-based payments | - | 132,000 |
| Marketable securities received for sale of exploration and evaluation expenditures | - | (59,750) |
| Change of fair value on marketable securities | 51,000 | 80,500 |
| Amortization | 5,620 | 7,020 |
| Change in non-cash working capital | | |
| Other receivables | 1,486 | 2,362 |
| Trade and other payables | 98,446 | 37,508 |
| Cash and cash equivalents used in operating activities | (733,881) | (1,449,353) |
| Financing activities | | |
| Issuance of share capital, net of costs | 193,860 | - |
| Proceeds on warrants exercised | - | 150,000 |
| Cash provided from financing activities | 193,860 | 150,000 |
| Decrease in cash and cash equivalents | (540,021) | (1,299,353) |
| Cash and cash equivalents, beginning of year | 581,096 | 1,880,449 |
| Cash and cash equivalents, end of year | 41,075 | 581,096 |
| Supplementary Information | | |
| Interest paid | - | - |
| Income tax paid | - | - |

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

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

US Copper Corp. (“US Copper” or the “Company”) is a public company amalgamated under the laws of Canada on August 30, 2010. The Company’s head office is located at 330 Zeller Dr., Kitchener, ON, N2A 0B5. The Company is an exploration stage company and currently has interests in exploration properties in Ontario, Canada and, through wholly owned subsidiaries, has interests in exploration properties in Nevada and California, USA. Substantially all of the Company’s efforts are devoted to financing, exploring and evaluating these properties. There has been no determination whether the Company’s interests in mineral properties contain mineral reserves which are economically recoverable.

As at December 31, 2024, the Company had working capital deficiency of \$84,963 (2023 – working capital of \$605,990), had not yet achieved profitable operations, had accumulated deficit of \$21,461,416 (2023 – \$20,570,983) and expects to incur further losses in the development of its business. These conditions indicate the existence of a material uncertainty that cast significant doubt as to whether the Company can continue as a going concern.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis, all of which are uncertain. Failure to achieve the above could have a significant impact on the Company’s ability to continue as a going concern.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and evaluation activities, and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, non-compliance with regulatory requirements or aboriginal land claims.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) applicable to a going concern. Accordingly, they 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance and presentation

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on April 21, 2025.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The Company's reporting and functional currency is the Canadian dollar.

2.3 Future accounting policies and standards adopted

A number of new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2024 and, accordingly, have not been applied in preparing these consolidated financial statements. The Company has assessed the impact of the application of these standards or amendments on the consolidated financial statements of the Company and does not expect them to have a material impact on the consolidated financial statements of the Company once adopted.

Standards adopted

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods on or after January 1, 2024, including amendments to IAS 1 "Classification of Liabilities as Current or Non-Current", amendments to IFRS 16 "Leases", and amendments to IAS 7 "Statement of Cash Flow" and IFRS 7 "Financial Instruments Disclosures". The effect of such new accounting standards or amendments did not have a material impact on the Company and therefore the Company did not record any adjustments to the financial statements.

2.4 Use of management estimates, judgments and measurement uncertainty

The preparation of these consolidated financial statements using accounting policies consistent with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. 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. The most significant estimates relate to going concern assumption, valuation of deferred income tax amounts, valuation of share-based payments and warrants and functional currency.

Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

Going concern assumption

Going concern presentation of the consolidated financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Income taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

2.4 Use of management estimates, judgments and measurement uncertainty (continued)

Income taxes (continued)

The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Valuation of share-based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for share-based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Functional currency

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company and its Canadian and US subsidiaries is the Canadian dollar.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries Rykala Resources Inc., and Rykala Gold of Nevada Inc. (collectively the "Group"). Control is achieved when the Company has exposure to, or has rights to, variable returns from an investee as well as the ability to affect those returns through the power to direct their relevant activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive loss from the effective date of control or up to the effective date of loss of control, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

3.2 Mineral properties

All acquisition and exploration costs, net of incidental revenues, except for those acquired through a business combination are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into "mines under construction". On the commencement of commercial production, all assets included in "mines under construction" are transferred to "producing mines" and depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

All exploration and evaluation expenditures acquired through a business combination are capitalized as intangible assets. They are subsequently measured at cost less accumulated impairment.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Decommissioning, restoration and similar liabilities

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no significant decommissioning liability as at December 31, 2024 or 2023.

3.4 Capital Assets

Capital assets are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of capital assets consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is provided at rates calculated to write off the cost of capital assets, less their estimated residual value, using the declining balance method at the following rates:

| | |
|----------|-----|
| Vehicles | 20% |
|----------|-----|

An item of capital assets is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for capital assets and any changes arising from the assessment are applied by the Company prospectively.

Where an item of capital assets comprises major components with different useful lives, the components are accounted for as separate items of capital assets. Expenditures incurred to replace a component of an item of capital assets that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3.5 Share-based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Share-based payment transactions involving non-employees are measured at the estimated fair value of the goods or services received. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the estimated fair value of the share-based payment.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the estimated fair value of the equity instruments at the date on which they are granted.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Share-based payment transactions (continued)

Equity-settled transactions (continued)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the “vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

3.6 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the consolidated statements of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.6 Taxation (continued)

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statements of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the consolidated statements of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated statements of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.7 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. Diluted loss per share assumes that the proceeds upon the exercise of the options and warrants are used to repurchase common shares at the average market price during the year. During the years ended December 31, 2024 and 2023, all of the outstanding stock options and warrants were antidilutive.

3.8 Financial assets

Financial assets classified as fair value through profit or loss (“FVTPL”) are measured at fair value with realized and unrealized gains and losses recognized in the consolidated statement of loss. As at December 31, 2024 and 2023 the Company has classified marketable securities as FVTPL.

Financial assets measured at amortized cost include the Company’s cash and cash equivalents. As at December 31, 2024 and 2023, the carrying amounts for these assets approximate their fair value due to their short-term nature.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Financial assets (continued)

Financial assets classified as fair value through other comprehensive income (“FVOCI”) are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. As at December 31, 2024 and 2023, the Company has not classified any financial assets as FVOCI.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3.9 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or at amortized cost.

Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period. The Company’s trade and other payables are classified as amortized cost. As at December 31, 2024 and 2023, the carrying amounts for trade and other payables approximate their fair value due to their short-term nature.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as FVTPL unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the consolidated statements of loss. As at December 31, 2024 and 2023, the Company has not classified any financial liabilities as FVTPL.

3.10 Impairment of financial assets

The Company assesses at each date of the consolidated statements of financial position whether a financial asset is impaired.

IFRS 9 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s other receivables.

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.10 Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

FVOCI

If an FVOCI asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss.

3.11 Impairment of non-financial assets

At each date of the consolidated statements of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3.12 Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise of cash at banks and on hand, and short term deposits with a remaining fixed maturity of 90 days or less on the date of acquisition and which are readily convertible into a known amount of cash.

3.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.14 Related party transactions

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

3.15 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent company and its subsidiaries in the Group is the Canadian Dollar. The consolidated financial statements are presented in Canadian dollars which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss.

4. FINANCIAL INSTRUMENT RISK FACTORS

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. The Company's current policy is to invest excess cash in interest bearing deposits issued by its banking institutions.

The Company's maximum exposure to credit risk as at December 31, 2024, is the carrying value of cash and cash equivalents. The majority of the Company's cash is held in Canadian chartered banks.

Market Risk

Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars and United States dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company's maximum exposure to fair value fluctuations as at December 31, 2024, is the fair value of marketable securities. The Company's other financial instruments (cash and cash equivalents and trade and other payables) are not subject to equity price risk.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

4. FINANCIAL RISK FACTORS (continued)

Fair Value

Marketable securities are classified as fair value through profit and loss (“FVTPL”) and investments are classified as available for sale, which are both measured at fair value. Fair value of marketable securities and investments are determined based on bid-ask spread at each reporting date and is categorized as Level 1 measurement under the fair value hierarchy. Cash and cash equivalents are measured at amortized cost which approximates fair value due to their short-term nature. Trade and other payables are measured at amortized cost which also approximates fair value due to their short-term nature.

The fair value hierarchy has the following levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

Liquidity Risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2024, the Company had current assets of \$83,265 (2023 - \$675,772) and current liabilities of \$ 168,228 (2023 - \$69,782). The Company’s trade and other payables are subject to normal trade terms. As at December 31, 2024, the Company had a working capital deficiency of \$84,963 (2023 - working capital of \$605,990).

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

5. CASH AND CASH EQUIVALENTS

The balance at December 31, 2024, consists of cash on deposit with Canadian banks in general non-interest-bearing accounts totaling \$7,215 (2023 - \$3,135) and \$33,860 (2023 - \$577,961) in short-term guaranteed cashable investment certificates and fixed instruments with remaining fixed maturities on the date of purchase of less than 90 days.

6. MARKETABLE SECURITIES

As at December 31, 2024, marketable securities consisted of shares and warrants in publicly-traded companies at a cost of \$211,750 (2023 - \$211,750) and a fair value of \$38,250 (2023 - \$89,250). The Company recorded a change of fair value on marketable securities during the year ended December 31, 2024, of \$51,000 (2023 - \$80,500) as a result of this revaluation to market value. As at December 31, 2024, the marketable securities consisted of 1,000,000 (2023 – 1,000,000) shares in Global Copper Corp. (*formerly* Li3 Lithium Corp.) (“**Global Copper**”), 250,000 (2023 – 250,000) shares in Mink Ventures Corporation (“**MINK**”) and 250,000 (2023 – 250,000) warrants in MINK. The value of the MINK warrants as at December 31, 2024, were calculated using the Black-Scholes option pricing model with the following assumptions: expected life – 1.5 years, dividend yield – 0%, risk-free interest rate – 2.92%, exercise price - \$0.25, market price on value date - \$0.065 and expected volatility – 86%. See note 10 for further details on acquisition of marketable securities.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

7. OTHER RECEIVABLES

The Company's other receivables arise from harmonized sales tax ("HST") due from the Canadian government. The HST receivable is not past due as at December 31, 2024.

| | As at December 31, | |
|--------------------------------|--------------------|-----------------|
| | 2024 | 2023 |
| HST receivable | \$ 3,940 | \$ 5,426 |
| Total other receivables | \$ 3,940 | \$ 5,426 |

8. Capital Assets

| | Vehicles | Total |
|---|------------------|------------------|
| Cost | | |
| As at December 31, 2024, 2023 and 2022 | \$ 43,916 | \$ 43,916 |
| Accumulated amortization | | |
| As at December 31, 2022 | \$ 8,800 | \$ 8,800 |
| Amortization | 7,020 | 7,020 |
| As at December 31, 2023 | \$ 15,820 | \$ 15,820 |
| Amortization | 5,620 | 5,620 |
| As at December 31, 2024 | \$ 21,440 | \$ 21,440 |
| Net book value | | |
| As at December 31, 2023 | \$ 28,096 | \$ 28,096 |
| As at December 31, 2024 | \$ 22,476 | \$ 22,476 |

Amortization for the year ended December 31, 2024 of \$5,620 (2023 - \$7,020) is included in exploration and evaluation expenditures.

9. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

| | As at December 31, | |
|---------------------------------------|--------------------|------------------|
| | 2024 | 2023 |
| Less than or equal to 120 days | \$ 168,228 | \$ 69,782 |
| Total trade and other payables | \$ 168,228 | \$ 69,782 |

During the year ended December 31, 2024, the Company entered into an investor relations contract that calls for payments of \$7,000/month until August 2025. Included in trade and other payables as at December 31, 2024 was a total of \$28,000 related to this contract. As at December 31, 2024, under this contract an additional commitment of \$56,000 will be incurred in 2025.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are segregated as follows:

| | Year ended December 31, | |
|--|--------------------------------|---------------------|
| | 2024 | 2023 |
| Black Warrior | \$ - | \$ - |
| Moonlight-Superior | 585,550 | 1,256,650 |
| Timore | 1,195 | 1,195 |
| Warren Whiteside | - | (59,750) |
| Exploration and evaluation expenditures | \$ 586,745 | \$ 1,198,095 |

Black Warrior

On May 20, 2008, the Company acquired a 100% interest in 2 patented claims near Silver Peak in Esmeralda County, Nevada for US\$25,000.

Moonlight-Superior

Effective June 28, 2013, the Company purchased a 100% interest in the Superior Project, which included 132 unpatented mining claims and a lease on 36 patented claims in Plumas County, California for \$50,000. The 36 patented claims under lease are subject to an underlying net smelter royalty of 2%. The conditions of the lease include an annual lease payment of US\$20,000 per year and an annual work obligation of US\$25,000. The Company has a right, should it elect, to purchase the leased patented claims for US\$10,000,000, and if purchased, the leased patented claims will be subject to a minimum annual net smelter royalty payment schedule of US\$600,000 per year to replace the current annual lease payment until the agreement is terminated or it reaches the capped net smelter return of US\$25,000,000, subject to CPI adjustments.

During the year ended December 31, 2015, the Company restaked the area in a more efficient way resulting in title to 47 unpatented claims. During the year ended December 31, 2016, the Company staked 57 additional claims. In addition, during the year ended December 31, 2018, the Company staked an additional 6 claims adjacent to the Superior Mine and an additional 35 new federal mining claims adjacent to the Engels Mine.

On February 26, 2016, the Company entered into an agreement with Canyon Copper Corp (“Canyon”) to acquire a 100% interest in the Moonlight Property (the “Agreement”), subject to an underlying production royalty. Under the terms of the Agreement US Copper acquired a 100% interest in the Moonlight Property for consideration of \$375,000 and 2,750,000 common shares of the Company as follows:

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Moonlight-Superior (continued)

- Cash Payments: \$5,000 due on signing (paid), \$20,000 due on or before June 1, 2016 (paid); and \$350,000 (Paid in February 2018) due on or before March 4, 2019.
- Common Share Issuances: 2,000,000 common shares on or before 5 days after TSXV approval, which was received on March 4, 2016 (issued with a fair market value of \$140,000), 750,000 common shares on or before 5 days after 1st anniversary of TSXV approval if the final payment has not yet been paid (issued with a fair market value of \$60,000).

In addition, the advanced royalty holders, being Lester Storey and Metamin Enterprises Inc., (the “Advanced Royalty Holders”) have approved the following: (i) elimination of the advanced royalty payments, (ii) an increase in each of the Advance Royalty Holder’s net smelter returns from 1.0% to 1.25%, in exchange for the issuance of 300,000 common shares of the Company to each of the Advance Royalty Holders (issued with a fair market value of \$42,000).

During the year ended December 31, 2020, the Company elected to not renew 75 unpatented claims. During the year ended December 31, 2021, the Company re-staked 47 unpatented claims. During the year ended December 31, 2024, the Company elected to not renew 58 unpatented claims. As at December 31, 2024, the Company holds a total of 271 (2023 – 329) unpatented claims and a lease on 36 (2023 – 36) patented claims.

Timore

The Company owns a 100% interest in patented claims covering 1 property near Timmins, Ontario and 1 property near Red Lake, Ontario.

Warren Whiteside

The Company owns a 100% interest in 14 patented mining claims in Whiteside Township in Ontario.

On August 23, 2021, the Company optioned the Warren Whiteside property (the “**Property**”) to Global Copper for consideration of 2,500,000 common shares in the capital of Global Copper (“**Global Copper Shares**”) and exploration expenditures, payable as follows (the “**Transaction**”):

- upon signing the Agreement and after all regulatory approvals, Global Copper will issue 200,000 Global Copper Shares (received - fair market value on the date of the agreement of \$32,000);
- on or before February 1, 2022, Global Copper will issue 800,000 Global Copper Shares following the completion of not less than three diamond drilling holes of an aggregate of at least 450 feet on the Property and completing a technical report, prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects (received - fair market value on date received on May 6, 2022 of \$120,000);
- and on or before December 1, 2022, Global Copper will issue 1,500,000 Global Copper Shares.

In the event that Global Copper does not complete any of the above compensation, the Property and all consideration received to date would remain with the Company.

This Transaction is considered a related party transaction for accounting purposes as the Company and Global Copper previously shared a common officer, who was also a director of both Companies as well as a second director who was previously a director of Global Copper in common. The common officer and directors recused themselves from voting on any approvals related to the Transaction.

In April 2023, the Company was notified by Global Copper, that Global Copper had elected to drop its option on the Property.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Warren Whiteside (continued)

On June 13, 2023, the Company optioned the Property to MINK for consideration of 1,500,000 common shares in the capital of MINK (“**MINK Shares**”), 250,000 MINK warrants exercisable at a price of \$0.25 for three years (“**MINK Warrants**”) and exploration expenditures, payable as follows (the “**Transaction**”):

- upon signing the Agreement and after all regulatory approvals (the “**Closing Date**”), MINK will issue 250,000 MINK Shares (received – July 4, 2023, fair market value on the date of the closing of \$38,750) and 250,000 MINK Warrants (received – July 4, 2023, fair market value on the date of the closing of \$21,000, calculated using the Black-Scholes option pricing model with the following assumptions: expected life – 3 years, dividend yield – 0%, risk-free interest rate – 4.26%, exercise price - \$0.25, market price on date of issue - \$0.155 and expected volatility – 100%);
- on or before 21 months from the Closing Date, MINK will issue 750,000 Mink Shares (received subsequent to December 31, 2024);
- On or before the first anniversary of the Closing Date, MINK must incur and fund exploration expenditures of not less than \$150,000 (completed); and
- On or before 21 months from the Closing Date, MINK must incur and fund further exploration expenditures of not less than \$150,000 (completed), which shall include expenditures incurred in completing not less than 500 metres of drilling.

Subsequent to December 31, 2024, MINK completed all remaining requirements related to its 100% earn-in on the option Transaction. The Company is in the process of transferring ownership of the property to MINK.

11. RELATED PARTY DISCLOSURES

Certain corporate entities and consultants that are related to the Company’s officers and directors provide consulting and other services to US Copper. All transactions were conducted in the normal course of operations and are measured as follows:

| As at December 31, | 2024 | 2023 |
|---|-----------------|-------------|
| Amount included in trade and other payables, due to directors and/or officers | \$ 9,000 | \$ Nil |

Amounts due to directors and officers are non-interest bearing and have no set terms of repayment.

| Transactions during the year ended December 31, | 2024 | 2023 |
|--|------------------|-------------|
| Balances: | | |
| Short-term benefits | \$ 60,000 | \$ 60,000 |
| Share-based payments | - | 84,000 |
| Total compensation paid to key management | \$ 60,000 | \$ 144,000 |

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

12. SHARE CAPITAL

(a) Common Shares

US Copper's authorized share capital consists of an unlimited number of common shares and with no par value. The issued and outstanding common shares are as follows:

| | Number of Shares | | Stated Value |
|---|-----------------------------|-----------|-------------------------|
| Balance, December 31, 2022 | 112,154,627 | \$ | 16,813,483 |
| Shares issued on warrants exercised ¹ | 3,000,000 | | 150,000 |
| Value of reserve for share-based payments transferred on stock | - | | 11,800 |
| Balance, December 31, 2023 | 115,154,627 | \$ | 16,975,283 |
| Private placements | 6,666,667 | | 200,000 |
| Cash share issue costs | - | | (6,140) |
| Value assigned to warrants issued on private placement - | - | | (44,000) |
| Balance, December 31, 2024 | 121,821,294 | | \$ 17,125,143 |

¹ The weighted average trading price on date of exercise for the warrants exercised during the year ended December 31, 2023 was \$0.065.

Private Placements – 2024

On August 29, 2024, the Company completed a non-brokered private placement of 6,666,667 units at a price of \$0.03 per unit for proceeds of \$200,000. Each unit consisted of one common share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share for \$0.06 for two years from the date of closing. An officer and director participated in the private placement and subscribed for 626,667 units, for total gross proceeds to the Company of \$18,800.

The Company records the proceeds received from the private placement as a credit to share capital. The Company then uses the fair value method of warrants to calculate the fair value of the warrant and records that value as a debit to share capital with a corresponding credit to reserve for warrants. The grant date fair value of the warrants of \$44,000 was estimated using the Black-Scholes option pricing model with the following assumptions:

| | |
|---------------------------------|---------|
| Risk-free interest rate | 3.3% |
| Expected volatility | 94% |
| Expected life of warrants | 2 years |
| Expected dividend yield | Nil |
| Share price value on grant date | \$0.025 |

Volatility for these warrants has been calculated using the monthly historical prices for the last 2 years of the Company.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

(b) Warrants

The outstanding warrants at December 31, 2024, are comprised as follows:

| Date of Expiry | Type | No. of Warrants | Weighted Average Exercise Price \$ |
|--------------------------------|------------------------------|-------------------------|---|
| February 19, 2025 ¹ | Warrants – Private Placement | 26,400,000 ³ | 0.10 |
| February 19, 2025 ² | Warrants – Private Placement | 5,000,000 ³ | 0.25 |
| August 30, 2026 | Warrants – Private Placement | 6,666,667 | 0.06 |
| Total | | 38,066,667 | 0.11 |

¹ During the year ended December 31, 2023, the expiry term of these warrants was extended six months to May 20, 2024. During the year ended December 31, 2024, the expiry term of these warrants was extended an additional nine months to February 19, 2025.

² During the year ended December 31, 2023, the expiry term of these warrants was extended nine months to February 19, 2024. During the year ended December 31, 2024, the expiry term of these warrants was extended an additional year to February 19, 2025.

³ Subsequent to December 31, 2024, these warrants expired unexercised.

The weighted average remaining life of the outstanding warrants at December 31, 2024 is 0.40 years (2023 – 0.34 years).

Continuity of the warrants to purchase common shares for years ended December 31, 2024 and 2023:

| For the Year ended December 31, | 2024 | | 2023 | |
|--|---|------------------------|---|------------------------|
| | Weighted Average Exercise Price (\$) | No. of Warrants | Weighted Average Exercise Price (\$) | No. of Warrants |
| Outstanding at beginning of year | 0.12 | 31,400,000 | 0.12 | 37,500,000 |
| Transactions during the year: | | | | |
| Granted | 0.06 | 6,666,667 | - | - |
| Exercised | - | - | 0.05 | (3,000,000) |
| Expired | - | - | 0.13 | (3,100,000) |
| Outstanding and exercisable at end of year | 0.11 | 38,066,667 | 0.12 | 31,400,000 |

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)

(c) Options

US Copper has a 10% rolling stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. As at December 31, 2024, the Company had 7,457,129 (2023 - 3,840,462) options remaining available for issuance under the plan.

Continuity of the unexercised options to purchase common shares is as follows:

| For the Year ended December 31, | 2024 | | 2023 | |
|--|--|-------------------|--|-------------------|
| | Weighted Average Exercise Price (\$) | No. of Options | Weighted Average Exercise Price (\$) | No. of Options |
| Outstanding at beginning of year | 0.12 | 7,675,000 | 0.14 | 6,425,000 |
| Transactions during the year: | | | | |
| Granted | - | - | 0.10 | 4,725,000 |
| Expired | 0.16 | (2,950,000) | 0.12 | (3,475,000) |
| Outstanding and Exercisable at end of year | 0.10 | 4,725,000 | 0.12 | 7,675,000 |

The following table provides additional information about outstanding stock options at December 31, 2024:

| Range of Exercise Prices (\$) | No. of Options Outstanding and Exercisable | Weighted Average Exercise Price (\$) | Weighted Average Remaining Life (Years) |
|----------------------------------|--|---|---|
| 0.10 | 4,725,000 | 0.10 | 1.51 |

The following table summarizes the assumptions used in the Black-Scholes valuation model for determining the fair value for the stock options granted during the year ended December 31, 2023:

| | Aug-21-23 | Total |
|---|-------------|------------|
| Number of options granted | 4,725,000 | 4,725,000 |
| Risk-free interest rate | 4.54% | |
| Expected life years | 3.0 | |
| Expected volatility | 87% | |
| Exercise price | \$ 0.10 | |
| Market price | \$ 0.06 | |
| Vesting | Immediately | |
| Expected dividends | - | |
| Fair value of options granted as share-based payments | \$ 132,000 | \$ 132,000 |
| Vesting of fair value of share-based payments | \$ 132,000 | \$ 132,000 |

The weighted average grant-date fair value of options granted as compensation during the year ended December 31, 2024 was \$Nil (2023 – \$0.03) per option issued.

Volatility for these options has been calculated using the monthly historical prices for the last 3 years of the Company.

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

13. RESERVE FOR WARRANTS

Reserve for warrants is comprised of the following:

| For the year ended December 31, | 2024 | 2023 |
|--|-------------------|-------------------|
| Balance, beginning of the year | \$ 580,600 | \$ 654,800 |
| Warrants issued on private placements - subscriber | 44,000 | - |
| Reserve transferred on exercise of warrants | - | (11,800) |
| Reserves transferred on expiry of warrants | - | (62,400) |
| Balance, end of year | \$ 624,600 | \$ 580,600 |

14. RESERVE FOR SHARE-BASED PAYMENTS

Reserve for share-based payments is comprised of the following:

| For the year ended December 31, | 2024 | 2023 |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 3,649,186 | \$ 3,454,786 |
| Share-based payments granted | - | 132,000 |
| Reserves transferred on expiry of warrants | - | 62,400 |
| Balance, end of year | \$ 3,649,186 | \$ 3,649,186 |

15. SEGMENTED INFORMATION

Operating Segments

At December 31, 2024 and 2023, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada and the United States.

An operating segment is defined as a component of the Company:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

Geographic Information

The Company currently has one reportable segment as at December 31, 2024 and 2023, being the exploration and evaluation of mineral properties in Canada and the United States. The following is a detailed breakdown of the Company's assets by geographical location:

| Identifiable assets as at December 31, | 2024 | 2023 |
|---|-------------------|-------------------|
| Canada | \$ 83,265 | \$ 675,772 |
| United States | 22,476 | 28,096 |
| | \$ 105,741 | \$ 703,868 |

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

16. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2024 and 2023.

The Company considers its capital to be equity, which is comprised of share capital, reserve for warrants and share-based payments and accumulated deficit, which as at December 31, 2024, totaled a deficit of \$62,487 (2023 – Equity of \$634,086).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and to obtain sufficient funding to further the identification of mineral deposits.

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 equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in interest bearing accounts with a Canadian financial institution.

17. INCOME TAXES

Income Tax Provision

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the years ended December 31, 2024 and 2023 is as follows:

| | <u>2024</u> | <u>2023</u> |
|---|------------------|-------------|
| Net loss for the year | 890,433 | 1,648,993 |
| Combined statutory income tax rate | 26.5% | 26.5% |
| Recovery of income taxes computed at statutory rates | (236,000) | (437,000) |
| Difference in foreign jurisdiction tax rates | 32,000 | 69,000 |
| Non-taxable and non-deductible expenses | 7,000 | 47,000 |
| Tax deductible share issue costs | (2,000) | - |
| Tax benefits of losses and temporary differences not recognized | 199,000 | 321,000 |
| <u>Income tax provision</u> | <u>-</u> | <u>-</u> |

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

17. INCOME TAXES (continued)

Deferred Income Tax Assets and liabilities

The Canadian statutory income tax rate of 26.5% (2023 – 26.5%) is comprised of the federal income tax rate at approximately 15.0% (2023 – 15.0%) and the provincial income tax rate of approximately 11.5% (2023 – 11.5%). The US statutory income tax rate is approximately 21% (2023 – 21%). The primary differences which give rise to the un-recognized deferred income tax assets as at December 31, 2024 and 2023 are as follows:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------------|--------------------|
| | \$ | \$ |
| <i>Deferred income tax assets</i> | | |
| Share issuance costs and other | 4,000 | 8,000 |
| Deferred exploration expenditures | 483,000 | 483,000 |
| Capital losses carried forward | 1,446,000 | 1,439,000 |
| Non-capital losses carried forward | 3,288,000 | 3,092,000 |
| | <u>5,221,000</u> | <u>5,022,000</u> |
| Less : Un-recognized deferred tax assets | <u>(5,221,000)</u> | <u>(5,022,000)</u> |
| Net deferred tax assets | <u>-</u> | <u>-</u> |
| <i>Deferred tax liabilities</i> | - | - |
| Net deferred tax liability | <u>-</u> | <u>-</u> |

As at December 31, 2024, the non-capital losses carry forwards expire as follows:

| December 31, | USA | Canada (\$) |
|--|---------------------|---------------------|
| 2025 | \$ - | \$ 384,000 |
| 2026 | - | 67,000 |
| 2027 | - | 593,000 |
| 2028 | - | 384,000 |
| 2029 | - | 332,000 |
| 2030 | 351,000 | 646,000 |
| 2031 | 17,000 | 612,000 |
| 2032 | 6,000 | 558,000 |
| 2033 | 182,000 | 372,000 |
| 2034 | 108,000 | 255,000 |
| 2035 | 62,000 | 100,000 |
| 2036 | 429,000 | 144,000 |
| 2037 | 543,000 | 226,000 |
| 2038 | 817,000 | 501,000 |
| 2039 | - | 166,000 |
| 2040 | - | 194,000 |
| 2041 | - | 741,000 |
| 2042 | - | 375,000 |
| 2043 | - | 258,000 |
| 2044 | - | 274,000 |
| Carried forward indefinitely (maximum of 80% taxable income) | 4,083,000 | - |
| | <u>\$ 6,598,000</u> | <u>\$ 7,182,000</u> |

US COPPER CORP.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Canadian dollars)

17. INCOME TAXES (continued)

Deferred Income Tax Assets and liabilities (continued)

The unamortized balance, for income tax purposes, of the share issuance fees and transaction costs amounts to approximately \$14,000 (2023 - \$31,000) and will be deductible in Canada over the next 4 (2023 – 2) years.

The Company has available for carry forward non-capital losses in Canada of \$7,182,000 (2023 - \$6,908,000) and in the USA of \$6,598,000 (2023 - \$6,013,000) to offset future taxable income.

In addition, the Company has available for carry forward indefinitely Canadian capital losses of \$10,374,000 (2023 - \$10,374,000) and Canadian exploration expenditures of \$1,384,000 (2023 - \$1,382,000) as at December 31, 2024, which under certain circumstances, may be utilized to reduce taxable income in future years.

As at December 31, 2024 and 2023, deferred income tax assets are un-recognized as it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

18. SUBSEQUENT EVENTS

Private Placement

Subsequent to December 31, 2024 and on February 21, 2025, the Company completed a non-brokered private placement of 10,000,000 units at a price of \$0.05 per unit for proceeds of \$500,000. Each unit consisted of one common share and one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share for \$0.08 for two years from the date of closing. An officer and director participated in the private placement and subscribed for 115,000 units, for total gross proceeds to the Company of \$5,750.

Option Grant

Subsequent to December 31, 2024 and on January 24, 2025, the Company granted 6,350,000 stock options to various officer, directors and consultants, exercisable at \$0.10 per share and having an expiry date of three years, being January 24, 2028.