



**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

STILLWATER CRITICAL MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	December 31, 2023	March 31, 2023
		\$	\$
ASSETS			
Current			
Cash		340,537	27,387
Accounts receivable		24,593	50,406
Prepaid expenses and deposits	4	191,283	211,148
Due from related parties	9b	658,667	773,744
Marketable securities	5, 6d	619,856	390,000
		1,834,936	1,452,685
Non-current			
Deposits	4	307,135	262,153
Exploration and evaluation assets	6	3,279,689	3,040,803
		5,421,760	4,755,641
LIABILITIES			
Current			
Accounts payable and accrued liabilities		225,926	260,437
Due to related parties	9b	50,750	206,468
		276,676	466,905
SHAREHOLDERS' EQUITY			
Share capital	8	39,167,734	34,895,103
Share-based payment reserve	8f	3,621,882	2,828,222
Deficit		(37,644,532)	(33,434,589)
		5,145,084	4,288,736
		5,421,760	4,755,641

Nature of Operations and Going Concern – Note 1

Approved on behalf of the Board:
Michael Rowley, Director
Greg Johnson, Director

STILLWATER CRITICAL MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2023	2022	2023	2022
		\$	\$	\$	\$
EXPENSES					
Consulting	9a	201,088	284,280	612,417	726,921
Exploration expenditures	7	438,922	201,821	3,027,593	1,280,320
Investor relations and corporate development		113,647	82,703	304,234	287,780
Office and administration		47,196	61,439	130,735	113,526
Professional fees		31,713	63,932	109,022	199,413
Property evaluation		27	-	833	-
Share-based payment expense	8f, 9a	158,777	224,431	506,175	698,795
Transfer agent, regulatory and filing fees		7,686	16,177	32,350	40,781
Travel and accommodation		3,155	3,568	33,553	38,005
		(1,002,211)	(938,351)	(4,756,912)	(3,385,541)
Other Items					
Interest income		5,314	3,074	30,244	8,459
Unrealized loss on marketable securities	5, 6d	(45,750)	(215,000)	(221,250)	(341,000)
Gain on exploration and evaluation asset	5, 6d	451,106	254,500	451,106	375,560
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(591,541)	(895,777)	(4,496,812)	(3,342,522)
Basic and diluted loss per share		(0.00)	(0.01)	(0.02)	(0.02)
Weighted average number of shares outstanding		197,786,398	177,392,243	191,250,557	173,414,252

STILLWATER CRITICAL MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Note	Common shares number	Share Capital \$	Share-based Payment reserve \$	Deficit \$	Total \$
Balance, March 31, 2022		169,611,274	33,297,725	2,174,863	(29,157,672)	6,314,916
Shares issued pursuant to exercise of warrants	8b	6,351,871	1,369,289	(21,996)	-	1,347,293
Shares issued pursuant to exercise of options	8b	1,429,100	228,089	(191,489)	-	36,600
Share-based payment expense	8f	-	-	698,795	-	698,795
Reclass of cancelled options	8f	-	-	(9,080)	9,080	-
Net loss and comprehensive loss		-	-	-	(3,342,522)	(3,342,522)
Balance, December 31, 2022		177,392,245	34,895,103	2,651,093	(32,491,114)	5,055,082
Share-based payment expense		-	-	197,686	-	197,686
Reclass of cancelled options		-	-	(20,557)	20,557	-
Net loss and comprehensive loss		-	-	-	(964,032)	(964,032)
Balance, March 31, 2023		177,392,245	34,895,103	2,828,222	(33,434,589)	4,288,736
Private placement, net of issuance costs	8b	19,758,861	4,056,631	790,354	-	4,846,985
Shares issued pursuant to exercise of RSUs	8b	635,294	216,000	(216,000)	-	-
Share-based payment expense	8f	-	-	506,175	-	506,175
Reclass of cancelled/expired options	8f	-	-	(122,323)	122,323	-
Reclass of expired warrants	8f	-	-	(139,179)	139,179	-
Reclass of expired compensation options	8f	-	-	(25,367)	25,367	-
Net loss and comprehensive loss		-	-	-	(4,496,812)	(4,496,812)
Balance, December 31, 2023		197,786,400	39,167,734	3,621,882	(37,644,532)	5,145,084

STILLWATER CRITICAL MINERALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended		Nine months ended	
		2023	December, 2022	2023	December 31, 2022
		\$	\$	\$	\$
Operating activities					
Net loss for the period		(591,541)	(895,777)	(4,496,812)	(3,342,522)
Items not involving cash					
Share-based payment expense	8f	158,777	224,431	506,175	698,795
Unrealized loss on marketable securities	5, 6d	45,750	215,000	221,250	341,000
Gain on exploration and evaluation asset	5, 6d	(451,106)	(254,500)	(451,106)	(375,560)
		(838,120)	(710,846)	(4,220,493)	(2,678,287)
Net change in non-cash working capital items	10	(578,546)	(70,968)	(74,456)	(530,124)
Cash used in operating activities		(1,416,666)	(781,814)	(4,294,949)	(3,208,411)
Investing activities					
Acquisition of exploration and evaluation assets		(1,861)	-	(238,886)	(223,870)
Option Payment received		-	150,000	-	150,000
		(1,861)	150,000	(238,886)	(73,870)
Financing activities					
Proceeds from private placement	8b	-	-	4,939,715	-
Share issue costs	8b	-	-	(92,730)	-
Proceeds on exercise of warrants	8b	-	-	-	1,347,293
Proceeds on exercise of options	8b	-	-	-	36,600
Cash provided by financing activities		-	-	4,846,985	1,383,893
Change in cash		(1,418,527)	(631,814)	313,150	(1,898,388)
Cash, beginning of the period		1,759,064	1,135,391	27,387	2,401,965
Cash, end of the period		340,537	503,577	340,537	503,577

Supplemental cash flow information (Note 10)

STILLWATER CRITICAL MINERALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Stillwater Critical Minerals Corp. (the “Company”) is a publicly listed company on the TSX Venture exchange (“TSX-V”), incorporated under the laws of British Columbia, Canada on April 28, 2006. The Company’s principal business activities include the acquisition and exploration of mineral properties. The Company’s registered office is 904-409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. On June 13, 2022, the Company changed its name from Group Ten Metals Inc. to Stillwater Critical Minerals Corp.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$4,496,812 for the nine months ended December 31, 2023 (2022 - \$3,342,522), and as of that date, had an accumulated deficit of \$37,644,532 (March 31, 2023 - \$33,434,589). At December 31, 2023, the Company had a total of \$1,834,936 (March 31, 2023 - \$1,452,685) in current assets and a working capital of \$1,558,260 (March 31, 2023 - \$985,780) and no long-term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2023, which have been prepared in accordance with IFRS. These condensed interim consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended March 31, 2023.

These financial statements were approved by the board of directors on February 29, 2024.

STILLWATER CRITICAL MINERALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022
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Basis of consolidation

The condensed interim consolidated financial statements include the results or financial information of Stillwater Critical Minerals Corp. and its wholly-owned subsidiaries listed in the following table:

Name	Country of incorporation
Yankee Girl Resources Corp	Canada
Group Ten (USA) Inc	USA
Group Ten (Alaska) Inc	USA
1161932 BC Ltd	Canada
1326267 BC Ltd	Canada
1326271 BC Ltd	Canada

The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended March 31, 2023.

4. PREPAID EXPENSES AND DEPOSITS

	December 31, 2023	March 31, 2023
	\$	\$
Prepaid expenses	71,956	32,746
Deposits	426,462	440,555
	498,418	473,301
Less: non-current portion	(307,135)	(262,153)
	191,283	211,148

In June 2021, the Company re-engaged Earth Labs (Formerly Goldspot Discoveries Corp.) to continue to assist the Company in identifying preferential environments for precious and base metal mineralization on the Company's properties by utilizing its proprietary technology which includes the use of artificial intelligence. A payment of \$140,000 was made upon engagement and as at December 31, 2023 a total of \$43,023 was drawn down. The Company has engaged other consultants on the Company's Stillwater West project and made total deposits of \$276,791 and a total of \$254,441 was drawn down as at December 31, 2023.

The Company has paid \$278,170 (March 31, 2023 - \$233,188) for bonds in relation to the Company's Stillwater West project and a deposit of \$28,965 (March 31, 2023 - \$28,965) has been made in relation to a corporate credit card.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022
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5. MARKETABLE SECURITIES

	December 31, 2023	March 31, 2023
	\$	\$
Beginning balance	390,000	-
Addition	451,106	594,500
Unrealized loss on marketable securities	(221,250)	(204,500)
	619,856	390,000

The Company's accounting policy for marketable securities is to hold the common shares at fair value through profit or loss ("FVTPL") with any unrealized gains and losses being recorded in the consolidated statement of comprehensive loss.

On September 1, 2022, and November 25, 2022, a total of 2,800,000 and 1,100,000 common shares of Heritage Mining Ltd. were received, respectively, by the Company pursuant to the Definitive Earn-In Agreement (Note 6(d)). The common shares were initially valued at \$490,000 and \$104,500 respectively. As at March 31, 2023 the 3,900,000 common shares held by the Company resulted in an unrealized loss of \$204,500.

On November 24, 2023, a total of 1,350,000 common shares were received by the Company pursuant to an Amended and Restated Agreement of the Definitive Earn-In Agreement (Note 6(d)). The common shares were initially valued at \$67,500.

The Company recorded an additional 6,000,000 common shares and 6,000,000 warrants on December 31, 2023 pursuant to an Amended and Restated Amendment Agreement of the Definitive Earn-In Agreement (Note 6(d)). The common shares were valued at \$270,000 and the warrants were valued at \$113,606 using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate 3.88%; expected life in years: 2 years; expected volatility: 100.0% and expected dividends: 0.0%. The shares and warrant certificates were received subsequent to December 31, 2023. At December 31, 2023, the 11,250,000 common shares and 6,000,000 warrants held by the Company resulted in an unrealized loss of \$221,250.

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation acquisition costs for the nine months ended December 31, 2023 and year ended March 31, 2023 were as follows:

	Montana	Yukon	Alaska	Ontario	
	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Balance, March 31, 2022	1,923,645	777,026	109,471	368,940	3,179,082
Cash payments	63,370	-	-	-	63,370
Licenses and permits	160,500	-	6,791	-	167,291
Shares received	-	-	-	(368,940)	(368,940)
Balance, March 31, 2023	2,147,515	777,026	116,262	-	3,040,803
Cash payments	67,658	-	-	-	67,658
Licenses and permits	169,367	-	1,861	-	171,228
Balance, December 31, 2023	2,384,540	777,026	118,123	-	3,279,689

STILLWATER CRITICAL MINERALS CORP.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023 AND 2022
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a) Stillwater West (Montana, United States)

During the year ended March 31, 2021, the Company satisfied all earn-in requirements and owns 100% of the Stillwater West project. On June 26, 2017, the Company entered into an option agreement to acquire a 100% interest in the Stillwater West project from Picket Pin Resources LLC, a private entity, consisting of 282 claims in south central Montana, USA, covering approximately 22 square kilometers ("km²") in two claim groups. In consideration, the Company agreed to:

- Issue a total of 3,600,000 shares of the Company beginning with 900,000 shares within ten days of regulatory approval (issued) and 900,000 shares on or before May 31 of each of 2018 (issued), 2019 (issued – valued at \$112,500) and 2020 (issued – valued at \$216,000);
- Make United States dollars ("USD") \$40,000 in cash payments with USD\$20,000 on or before each of May 31, 2018 (paid) and 2019 (paid – CDN \$26,600);
- Make advance royalty payments until commencement of commercial production of USD\$15,000 within ten days of regulatory approval (paid), USD\$30,000 on or before May 31, 2018 (paid) and USD\$50,000 on or before May 31, 2019 (paid – CDN\$66,500) and thereafter USD\$50,000 annually (paid May 31, 2020 – CDN\$67,654, June 17, 2021 – CDN\$61,900, June 1, 2022 – CDN\$63,370 and July 6, 2023 – CDN\$67,658); and
- Execute a work contract for a minimum of USD\$50,000 per year for the duration of the option agreement for technical and management work, which is three years (completed).

The project is subject to a 2% Net Smelter Return royalty ("NSR") and the Company has an option to buy down the NSR to 1%.

Pursuant to further staking from November 2017 to present, the Company's land holdings at the Stillwater West project have increased to approximately 61 km² consisting of 763 claims.

b) Kluane PGE-Ni-Cu Project (Yukon, Canada)

The Company owns a 100% interest in four platinum group and battery metals properties totaling over 255 km² in the Kluane Ultramafic Belt in southwestern Yukon. Together, these properties comprise the Kluane PGE-Ni-Cu project.

Catalyst

The Company earned its 100% interest in the Catalyst property on December 5, 2019 by completing the following commitments:

- Pay \$10,000 to Progressive Planet Solutions Inc. ("Progressive" – formerly Ashburton Ventures Inc.) on or before December 29, 2017. The agreement was amended and in lieu of the cash payment, the Company issued 200,000 common shares to Progressive (issued – valued at \$26,000); and
- Issue 300,000 common shares to Denali Resources Ltd. on or before July 31, 2019 (issued – valued at \$52,500).

Certain claims on the Catalyst property are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

The Catalyst property also includes claims previously referred to as the CKR claims.

Spy

The Company owns a 100% interest in the Spy property. The Spy claims are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

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Ultra

The Company owns a 100% interest in the Ultra property and a 100% interest in 24 additional claims adjoining the Ultra property.

The claims are subject to a 2% NSR and the Company has an option to buy the NSR down to 1%.

The Company holds a 100% interest in the Outpost property which is adjacent to and forms part of the Ultra property. As of March 31, 2020, the Company satisfied all earn-in requirements and owns 100% of the Outpost property in addition to the Pacer properties (included with the Ellen property below) by completing the below outstanding requirements:

- Complete \$30,000 of work expenditures (satisfied), make a cash payment of \$20,000 (paid) and issue 400,000 common shares of the Company on or before the first anniversary of signing (issued – valued at \$50,000); and
- Complete an additional \$105,000 of work expenditures (completed) and issue 500,000 common shares of the Company on or before the second anniversary of the acceptance of this agreement (issued – valued at \$125,000).

The claims are subject to a 2% NSR and the Company has the option to buy down the NSR to 1%.

Ellen

The Company owns a 100% interest in the Ellen property, which consists of 72 claims totaling approximately 13km² in the Yukon Territory. The Ellen property includes the adjoining Pacer NW and nearby Pacer SE claim groups, which are owned 100% by the Company and were acquired with the Outpost claims block (see Ultra property, above).

c) Duke Island (Alaska, United States)

The Company owns a 100% interest in 31 unpatented mineral claims located on Duke Island, Alaska. The claims are subject to a 1% NSR.

d) Drayton-Black Lake (Ontario, Canada)

The Company owns 100% of a total land package of 13,773 continuous hectares of the Drayton-Black Lake properties.

Black Lake

- (i) The Company owns a 100% interest in mineral claims covering 2,430 hectares located in the Patricia Mining Division near Sioux Lookout, Ontario. The claims are subject to a 2% NSR upon commencement of commercial production. The Company has an option to buy down the NSR to 1%.
- (ii) To further consolidate claims in the Black Lake and Drayton property area, the Company acquired 100% of the below land packages through option agreements:
 - Mineral claims covering 1,224 hectares in the area between Black Lake and Drayton with no royalty obligation.
 - Mineral claims covering 441 hectares in the Black Lake area. The claims are subject to a 3% NSR upon commencement of commercial production and the Company has the option to buy the NSR down to 2%.
- (iii) The Company acquired additional claims adjoining and between the above claims by direct staking at various dates. There are no royalty interests on claims staked by the Company.

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Drayton

The Company owns a 100% interest in mineral claims covering 1,983 hectares located in the Patricia Mining Division near Sioux Lookout, Ontario.

Upon commencement of commercial production, the claims are subject to a 1% NSR with no buy-down provision, and an additional 3% NSR with the Company having an option to buy the NSR down to 1.5%.

On August 19, 2021, the Company entered into a binding Letter of Intent (“LOI”) with Heritage Mining Ltd. (“Heritage”), whereby, Heritage can acquire up to a 90% interest in the Company’s Drayton-Black Lake gold properties in Ontario, Canada. The interest can be acquired by issuing a total of 7,200,000 shares, making cash payment of \$320,000, completing exploration and development work totaling \$5,000,000 on the Drayton-Black Lake properties. During the year ended March 31, 2022 the Company completed the Definitive Earn-In Agreement (the “Agreement”) contemplated within the LOI, which defines the details and timing of option payments as follows:

- (i) Heritage is required to pay a \$20,000 cash payment to the Company within three business days of executing the LOI (received), and the LOI is exclusive and binding on the parties for a period of 60 days to allow for completion of the Agreement.
- (ii) Heritage shall issue 2,800,000 shares to the Company within ten business days of obtaining a public listing on a specified Canadian exchange. (The Company received 2,800,000 shares of Heritage on September 1, 2022 valued at \$490,000. As the value of the property was less than the value of the shares received, a gain of \$121,060 was recorded in the consolidated statement of loss and comprehensive loss.)
- (iii) Heritage may earn a 51% interest (the “First Option”) by completing the following on or before the third anniversary of the Agreement:
 - Issuing an additional 3,300,000 shares to the Company; (On November 25, 2022 the Company received 1,100,000 shares valued at \$104,500 and recorded as a gain in the consolidated statement of loss and comprehensive loss);
 - Completing cash payments totaling \$300,000; (On November 24, 2022 the Company received \$150,000 in cash and recorded as a gain in the consolidated statement of loss and comprehensive loss) and
 - Completing exploration work totaling \$2,500,000 (Heritage has exceeded the minimum first and second annual commitments of \$500,000).

On December 29, 2023, the Company entered into an Amended and Restated Amendment Agreement whereby the Company agreed to accept the following consideration as satisfaction in full of the \$150,000 that was due on November 25, 2023:

- The issuance of additional 250,000 common shares in the capital of Heritage to the Company at a deemed price of \$0.05 per common share on November 25, 2023; (On November 24, 2023 the Company received a total of 1,350,000 shares valued at \$67,500 and recorded as a gain in the consolidated statement of loss and comprehensive loss) and

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- The issuance of 6,000,000 units of Heritage on or before January 12, 2024, with each unit having a deemed value of \$0.05 and consisting of one common share in the capital of Heritage and one warrant to purchase a common share in the capital of Heritage at a price of \$0.075 for a period of 24 months from the date of the issuance. (The units were issued subsequently on January 12, 2024. At December 31, 2023, the Company recorded the 6,000,000 shares of Heritage valued at \$270,000 and 6,000,000 warrants valued at \$113,606, calculated using the Black-Scholes option pricing model) (Note 5).
- (iv) Upon completion of the First Option, Heritage may earn an additional 39% ownership interest (the "Second Option") for a cumulative 90% interest by completion of the following on or before the fourth anniversary of the Agreement:
- Issuing an additional 1,100,000 shares to the Company; and
 - Completing additional exploration work totaling \$2,500,000.

In addition, the LOI provides the following:

- (i) Upon completion of the Second Option, the Company will retain a 10% free carried interest in the Drayton-Black Lake properties, with Heritage being responsible for all property costs until completion by Heritage of a positive feasibility study supported by a technical report prepared in accordance with NI 43-101 on the Property (the "FS").
- (ii) A discovery payment of \$1.00 per ounce of gold or gold equivalent shall be made on mineral resource estimates as filed from time-to-time on the Drayton-Black Lake properties and shall, in Heritage's discretion, be paid in cash or shares (or a combination thereof), capped at a maximum of \$10,000,000.
- (iii) The LOI provides for the formation of a Joint Venture ("JV") based on the then legal and beneficial ownership levels in the Property following completion of the FS. A JV may also be formed in the event Heritage does not complete the requirements of the Second Option, in which case Heritage is required to maintain minimum exploration and development expenditures of \$500,000 per annum until the completion of the FS in order to maintain status as operator of the JV. The Company maintains certain back-in rights to the property in the event that Heritage does not meet the minimum exploration requirements.
- (iv) The Company is required to complete \$300,000 of exploration work on the properties within the first year of the Agreement (completed), provided any shortfall by the Company shall reduce Heritage's obligation on a dollar-for-dollar basis.

e) Yankee Dundee (British Columbia, Canada)

Yankee Dundee consists of 26 Crown-granted mineral claims located in the Nelson Mining District near Ymir, British Columbia. On June 25, 2013, the Company closed the sale of its interests and obligations in the properties to Armex Mining Corp. ("Armex") in exchange for advance royalty payments, royalty payments, and production payments.

The remaining terms of the agreement are as follows:

- (i) Armex is to pay remaining advance royalty payments of:
 - \$50,000 on or before August 28, 2015 (unpaid); and
 - \$50,000 on or before August 28, 2016 (unpaid) and annually thereafter until the commencement of commercial production.

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(ii) Armex is to pay production and additional payments of:

- \$250,000 upon the commencement of commercial production;
- \$250,000 upon the first anniversary of commencement of commercial production; and
- additional production payments aggregating \$1,000,000 payable from 30% of net revenues as defined in the agreement.

Armex has the right to satisfy the production and additional payments by paying the aggregate sum of \$1,250,000 any time during the first year of commercial production.

Armex will also assume all obligations per existing underlying option agreements with respect to the Yankee Dundee claims which consist of a 1% NSR upon commencement of commercial production until the recovery of the lesser of aggregate expenditures incurred and \$5,000,000, after such time, the NSR will increase to 2.5%. At any time up to the commencement of commercial production, an option is available to purchase 1.5% of the NSR for \$500,000 and the remaining 1% for \$500,000.

The Company will also be entitled to a 2.5% NSR upon commencement of commercial production, with Armex holding the right to repurchase the royalty at any time on the basis of \$1,000,000 for each 1%. In addition, the Company retains back-in rights pursuant to the agreement by which it can re-acquire the property in the event specific production milestones are not met.

Armex disputes the overdue advance royalty payments that were payable on or before August 28, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023. As the Company believes that the financial situation of Armex has deteriorated to an extent that precludes it from completing the sale agreement, the capitalized costs relating to Yankee Dundee have been reduced to \$Nil.

7. EXPLORATION EXPENDITURES

Exploration expenditures incurred for the three months ended December 31, 2023 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	53,877	24	-	-	53,901
Camp	18,513	31	-	-	18,544
Consulting	129,793	44,895	-	-	174,688
Consulting, Geophysics	49,300	-	-	-	49,300
Drilling	8,310	-	-	-	8,310
Equipment	33,176	-	-	-	33,176
Fuel	2,845	86	-	-	2,931
Permitting	2,526	-	-	-	2,526
Transport	46,270	803	-	-	47,073
Transport, Helicopter	-	48,473	-	-	48,473
	344,610	94,312	-	-	438,922

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Exploration expenditures incurred for the three months ended December 31, 2022 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	34,297	11,799	-	44,600	90,696
Camp	39,585	-	-	-	39,585
Consulting	22,142	3,121	-	7,800	33,063
Consulting, Geophysics	31,569	-	-	-	31,569
Equipment	1,373	-	-	-	1,373
Fuel	1,181	-	-	-	1,181
Permitting	1,237	200	-	-	1,437
Transport	2,917	-	-	-	2,917
	134,301	15,120	-	52,400	201,821

Exploration expenditures incurred for the nine months ended December 31, 2023 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	120,268	431	-	-	120,699
Camp	87,771	3,069	-	-	90,840
Community	-	960	-	-	960
Consulting	439,479	77,763	-	-	517,242
Consulting, Geophysics	125,500	-	-	-	125,500
Drilling	987,755	-	-	-	987,755
Equipment	144,025	-	-	-	144,025
Fuel	45,904	291	-	-	46,195
Permitting	2,861	-	-	-	2,861
Transport	94,130	4,742	-	-	98,872
Transport, Helicopter	844,171	48,473	-	-	892,644
	2,891,864	135,729	-	-	3,027,593

Exploration expenditures incurred for the nine months ended December 31, 2022 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	238,764	11,799	-	45,501	296,064
Camp	102,030	9,705	-	-	111,735
Consulting	447,018	48,931	-	24,798	520,747
Consulting, Geophysics	123,578	13,651	-	-	137,229
Drilling	5,508	-	-	-	5,508
Equipment	37,938	-	-	-	37,938
Fuel	7,683	5,133	-	-	12,816
Permitting	4,848	5,283	-	-	10,131
Transport	78,145	6,204	-	-	84,349
Transport, Helicopter	28,811	34,992	-	-	63,803
	1,074,323	135,698	-	70,299	1,280,320

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8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Share issuance details

Nine months ended December 31, 2023

- (i) In June 2023, the Company completed a 9.99% strategic equity investment by a wholly-owned subsidiary of Glencore. Pursuant to the placement, the Company issued 19,758,861 units at a price of \$0.25 per unit for gross proceeds of \$4,939,715. Each unit consists of one common share and 0.70 of a share purchase warrant with each full warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.375 for a period of three years. The Company allocated \$790,354 of the gross proceeds to warrant reserve using the residual method. Share issuance costs of \$92,730 were incurred.
- (ii) The Company issued 635,294 common shares pursuant to the exercise of Restricted Share Units ("RSUs").

Nine months ended December 31, 2022

- (i) A total of 2,278,333 options were exercised using Share Appreciation Rights ("SARs") and 1,124,100 common shares were issued and 305,000 options were exercised for proceeds of \$36,600.
- (ii) The Company issued 6,351,871 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.21 per share for proceeds of \$1,347,293. The weighted average share price on the date of exercise was \$0.24.

c) Stock options

The Company has a Long-Term Incentive Plan whereby the Company may grant certain awards to directors, officers, employees and consultants, including restricted share units, performance share units, deferred share units, stock options and stock appreciation rights, to a maximum of a rolling 10% of the issued and outstanding share capital of the Company. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		\$
Balance, March 31, 2022	14,230,000	0.27
Granted	4,686,200	0.21
Exercised	(2,583,333)	0.12
Cancelled/Forfeited	(291,667)	0.38
Balance, March 31, 2023	16,041,200	0.27
Granted	2,975,000	0.17
Cancelled/Forfeited	(250,000)	0.29
Expired	(375,000)	0.17
Balance, December 31, 2023	18,391,200	0.26
Exercisable, December 31, 2023	14,307,467	0.28

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The following stock options were outstanding as at December 31, 2023:

Expiry date	Outstanding	Exercisable	Weighted average exercise price	Weighted average remaining life (in years)
			\$	
February 28, 2024	495,000	495,000	0.20	0.16
June 14, 2024	900,000	900,000	0.15	0.45
September 18, 2024	300,000	300,000	0.18	0.72
January 29, 2025	2,275,000	2,275,000	0.255	1.08
July 10, 2025	1,195,000	1,195,000	0.215	1.53
January 12, 2026	2,045,000	2,045,000	0.40	2.04
April 13, 2026	400,000	400,000	0.38	2.28
June 16, 2026	200,000	200,000	0.40	2.46
February 2, 2027	2,920,000	2,920,000	0.36	3.09
April 25, 2027	785,000	785,000	0.36	3.32
October 25, 2027	3,901,200	2,600,800	0.175	3.82
June 9, 2028	575,000	191,667	0.175	4.44
August 23, 2028	2,400,000	-	0.17	4.65
	18,391,200	14,307,467	0.26	2.76

Subsequent to December 31, 2023, a total of 495,000 stock options with an exercise price of \$0.20 expired unexercised.

d) Compensation options

A total of 390,000 compensation options were issued in July 2020 pursuant to a private placement. Each compensation option entitles the holder to acquire one unit at a price of \$0.20 until July 17, 2023. Each unit consists of one common share and one warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.30 until July 17, 2023. During the nine months ended December 31, 2023 all the compensation options expired unexercised.

d) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
Balance, March 31, 2022	42,229,525	0.33
Exercised	(6,351,871)	0.21
Expired	(479,127)	0.24
Balance, March 31, 2023	35,398,527	0.35
Issued	13,831,203	0.38
Expired	(6,357,277)	0.27
Balance, December 31, 2023	42,872,453	0.37

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The following share purchase warrants were outstanding as at December 31, 2023:

Outstanding	Exercise price	Expiry date	Weighted average remaining life (in years)
	\$		
21,635,000	0.30	January 17, 2024	0.05
7,406,250	0.55	June 16, 2024	0.46
<u>13,831,203</u>	0.375	June 30, 2026	2.50
<u>42,872,453</u>			

Subsequent to December 31, 2023, a total of 21,635,000 warrants with an exercise price of \$0.30 were extended to July 17, 2024.

e) Restricted share units

During the nine months ended December 31, 2023 a total of 1,107,693 Restricted Share Units ("RSUs") (2022 – 635,294) were awarded. The fair value of the RSUs, which is determined with reference to the trading price of the Company's common shares immediately preceding the date of issuance, was determined to be \$221,539 (2022 – \$216,000). All RSUs will vest 12 months following the date of grant. During the nine months ended December 31, 2023 a total of \$161,882 was recognized as share-based payment expense.

A summary of the changes in RSUs is presented below:

	Number of RSUs
Balance, March 31, 2022	-
Issued	635,294
Balance, March 31, 2023	635,294
Issued	1,107,693
Exercised	(635,294)
Balance, December 31, 2023	1,107,693
Unvested	(1,107,693)
Vested, December 31, 2023	-

f) Share-based payment expense and reserve

During the nine months ended December 31, 2023, the Company granted 2,975,000 stock options. A total of 991,667 will vest 6 months following the date of grant, 991,667 will vest 12 months following the date of grant and 991,666 will vest 18 months following the date of grant.

During the nine months ended December 31, 2022, the Company granted 4,686,200 stock options.

During the nine months ended December 31, 2023, total share-based payment expense was \$506,175 (2022 - \$698,795) in respect of the vesting of previously granted stock options and newly granted options. The weighted average fair value on grant date of the options granted during the nine months ended December 31, 2023 was \$175,172 (2022 - \$281,942), or \$0.09 (2022 - \$0.09) per option.

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The fair value of the stock options that were granted during the nine months ended December 31, 2023 and 2022 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Risk free interest rate	3.98%	3.37%
Expected life in years	5	5
Expected volatility	52.8%	51.8%
Expected dividends	0.0%	0.0%

During the nine months ended December 31, 2023, the Company reclassified from share-based payment reserve to deficit \$122,323 (2022 - \$9,080) with respect to options that were cancelled or expired during the period, \$25,367 (2022 - \$nil) with respect to compensation options that expired in the period and \$139,179 (2022 - \$nil) from share-based payment reserve to deficit with respect to warrants that expired during the period.

9. RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Executive Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three and nine months ended December 31, 2023 and 2022:

- TruePoint Exploration Inc. and its wholly owned subsidiary TruePoint Exploration (USA) Inc. ("TruePoint") are privately held exploration service companies that provide exploration and administrative services to the Company as well as to other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on the project such as drilling, sampling and geophysics), consulting, investor relations and corporate development costs, and other administrative costs. Michael Rowley, Director, President and CEO, and Greg Johnson, Director of the Company are minority shareholders of TruePoint; and
- MVR Consulting Inc. ("MVR"), a private company controlled by Michael Rowley, President and CEO.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

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a) Related Party Transactions

The Company's related party transactions for the three and nine months ended December 31, 2023 and 2022 were as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting and management fees ⁽¹⁾	49,967	53,238	156,812	253,427
Share-based payments ⁽²⁾	33,404	54,051	92,859	184,813
Exploration and administrative costs ⁽³⁾	267,892	296,766	660,372	613,335
	351,263	404,055	910,043	1,051,575

¹ Consulting fees for the nine months ended December 31, 2023 and 2022 consisted of fees earned by key management personnel.

² Share-based payments expense is a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

³ Transactions with TruePoint for the nine months ended December 31, 2023 consisted of exploration expenditures (\$297,058), investor relations and corporate development fees (\$236,252) and other/office (\$127,062).

b) Related Party Balances

The Company's related party balances consisted of the following:

	December 31, 2023	March 31, 2023
	\$	\$
Due to Related Parties		
MVR Consulting Inc.	15,750	78,750
Greg Johnson	-	42,500
Gregor Hamilton	-	35,000
Michael Rowley	35,000	50,218
	50,750	206,468
Due from Related Parties		
TruePoint ⁽¹⁾	658,667	773,744
	658,667	773,744

¹ This amount was the net of cash advances made to TruePoint to cover future exploration costs partially offset by charges from TruePoint.

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

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10. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the three and nine months ended December 31, 2023 and 2022 consisted of the following:

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounts receivable	1,049	(22,079)	25,813	29,386
Due to / from related parties	75,795	114,633	(40,641)	10,666
Prepaid expenses	192,711	11,759	(25,117)	(353,987)
Accounts payable and accrued liabilities	(848,101)	(175,281)	(34,511)	(216,189)
	(578,546)	(70,968)	(74,456)	(530,124)

The non-cash transactions for the nine months ended December 31, 2023 consisted of the following:

- (i) Issuing 635,294 common shares pursuant to the exercise of 635,294 RSUs.
- (ii) Receiving 1,350,000 Heritage shares valued at \$67,500. The full amount was taken into the statement of loss and comprehensive loss as a gain on exploration and evaluation asset.
- (iii) Recording 6,000,000 Heritage shares valued at \$270,000 and 6,000,000 warrants valued at \$113,606. The full amount was taken into the statement of loss and comprehensive loss as a gain on exploration and evaluation asset.

The non-cash transactions for the nine months ended December 31, 2022 consisted of the following:

- (i) Issuing 1,124,100 common shares pursuant to the exercise of 2,278,333 options using SARs.
- (ii) Receiving 2,800,000 Heritage shares valued at \$490,000. The property was valued at \$368,940 and the remaining \$121,060 was taken into the statement of loss and comprehensive loss as a gain on exploration and evaluation asset.
- (iii) Receiving 1,100,000 Heritage shares valued at \$104,500. The full amount was taken into the statement of loss and comprehensive loss as a gain on exploration and evaluation asset.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties. The Company has classified its financial instruments as amortized cost.

The carrying values of accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since March 31, 2023.

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12. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on location:

	December 31, 2023	March 31, 2023
	\$	\$
Non-current assets by geographic segment		
Canada	805,991	805,991
United States	2,780,833	2,496,965
	3,586,824	3,302,956