2023

Ares Strategic Mining Inc.

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended 30 June 2023

Stated in Canadian Dollars

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

TABLE OF CONTENTS

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

Management is responsible for the preparation and presentation of the accompanying Condensed Interim Consolidated Financial Statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the Condensed Interim Consolidated Financial Statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the condensed interim consolidated financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of Ares Strategic Mining Inc.'s external auditors.

We draw attention to Note 1 in the Condensed Interim Consolidated Financial Statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 June 2023	As at 30 September 2022
ASSETS			
Current Assets			
Cash and cash equivalents		$ 547,265	$ 44,144
Restricted cash	(10)	90,000	90,000
Trust account	(19)	1,654,295	-
Amounts receivable	(6)	231,853	487,542
Prepaid amounts and other assets		216,110	250,993
Marketable securities	(12)	134,590	385,954
		2,874,113	1,258,633
Non-current Assets			
Deposits	(9)	103,483	104,475
Capital advances	(7)	20,293	770,493
Construction in progress	(8)	4,290,871	4,289,982
Property and equipment	(10)	2,887,805	225,361
Exploration and evaluation assets	(11)	9,711,322	9,484,946
		17,013,774	14,875,257
		$ 19,887,887	$ 16,133,890
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(16)	$ 713,862	$ 762,321
Short-term loans	(13)	406,042	296,500
Convertible debentures – liability	(14)	497,933	-
USDA loan payable – current portion	(19)	818,510	-
		2,436,347	1,058,821
Non - current Liabilities			
USDA loan payable	(19)	4,632,268	-
		7,068,615	1,058,821
EQUITY			
Equity Attributable to Shareholders			
Share capital	(15)	39,434,010	39,333,031
Options - Contributed surplus	(15)	2,154,308	2,540,308
Warrants - Contributed surplus	(15)	1,531,855	1,511,855
Convertible debentures – equity portion	(14)	427,506	-
Accumulated other comprehensive income (“OCI”)		87,701	78,111
Deficit		(29,595,014)	(27,162,989)
Sale		14,040,570	16,300,316
Non-controlling interests	(15)	(1,221,101)	(1,225,247)
Total Equity		12,819,272	15,075,069
		$ 19,887,887	$ 16,133,890

Nature of operations and going concern	(1)	Capital management	(18)
Basis of preparation – Statement of Compliance	(2)	Commitment	(0
Related party transactions and obligations	(16)		

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 25 August 2023 and were signed on its behalf by:

“Michael Li” — Michael Li, Director

“Raul Sanabria” — Raul Sanabria, Director

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note		**9 Months Ended 30 June 2023**	9 Months Ended 30 June 2022	**3 Months Ended 30 June 2023**	3 Months Ended 30 June 2022
General and Administrative						
Stock-based compensation	(15)		**1,188,000**	74,000	**-**	-
Professional and financing fees	(14)		**849,966**	336,527	**156,939**	161,643
Office and marketing			**351,683**	990,793	**238,075**	291,642
Management fees	(16)		**144,750**	146,250	**48,000**	48,250
Bank charges and interest			**101,329**	55,348	**98,520**	6,252
Interest and accretion	(14)		**97,403**	-	**47,720**	-
Shareholder relations			**39,569**	-	**-**	-
Transfer agent and filing fees			**44,942**	49,510	**12,440**	14,383
Foreign exchange loss (gain)			**37,203**	(63,599)	**271**	(76,195)
Insurance			**33,067**	37,081	**11,026**	11,544
Depreciation	(10)		**30,836**	29,781	**10,183**	11,112
Travel			**1,069**	2,422	**-**	1,335
Resource property expenses (income)			**(21,958)**	17,233	**2,611**	5,400
			(2,897,859)	(1,675,346)	**(625,485)**	(475,366)
Other Income/ (Expenses)						
Unrealized gain on revaluation of marketable securities			**51,358**	28,590	**31,048**	28,590
Rental income			**32,544**	-	**-**	-
Gain on sale of marketable securities			**51,920**	-	**20,345**	-
Loss on settlement of short-term debt			**-**	(294,444)	**(27,500)**	-
Gain/(loss) on sale of mineral property	(11)		**10,013**	(301,375)	**-**	-
Gain on derivative liability			**-**	52,000	**-**	15,000
Deposits written off	(7)		**(1,250,000)**	-	**-**	-
Net Loss for the period			**(4,002,024)**	(2,190,575)	**(601,592)**	(431,776)
Other Comprehensive (Loss) Income						
Foreign operations – foreign exchange			**9,597**	(13,231)	**(75)**	90,672
Comprehensive Loss for the period		$	**(3,992,427)**	(2,203,806)	**(601,667)**	(341,104)
Net Loss Attributed to:						
Shareholders			**(4,000,865)**	(2,189,946)	**(601,232)**	(431,776)
Non-controlling interest			**4,146**	(629)	**(360)**	-
		$	**(4,002,024)**	(2,190,575)	**(601,592)**	(431,776)
Comprehensive Loss Attributed to:						
Shareholders			**(3,991,275)**	(2,203,177)	**(601,307)**	(341,104)
Non-controlling interest			**4,146**	(629)	**(360)**	-
		$	**(3,992,427)**	(2,203,806)	**(601,667)**	(341,104)
Basic and Diluted Loss per Share		$	**(0.03)**	(0.02)	**(0.01)**	(0.01)
Weighted Average Shares Outstanding			**138,098,947**	122,317,975	**138,387,226**	132,447,718

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to shareholders

	Shares	Share capital	Subscriptions received	Options	Warrants	Accumulated OCI	Deficit	Convertible debt	Total Shareholders Equity	Equity attributable to NCI	Total
	#	$	$	$	$	$	$		$	$	$
BALANCE AS AT 1 OCTOBER 2021	106,790,832	31,430,607	1,050	2,417,500	1,937,270	(45,655)	(23,759,558)	-	11,981,214	(1,223,315)	10,757,899
Stock-based compensation	-	-	-	1,969,808	-	-	-	-	1,969,808	-	1,969,808
Shares issued for private placement, net	2,114,873	803,652	-	-	-	-	-	-	803,652	-	803,652
Shares issued for debt settlement	3,558,607	1,244,686	-	-	-	-	-	-	1,244,686	-	1,244,686
Shares issued upon conversion of convertible debentures	3,647,594	1,301,238	-	-	-	-	-	-	1,301,238	-	1,301,238
Stock options cancellation	-	-	-	(1,558,000)	-	-	1,558,000	-	-	-	-
Shares issued to asset acquisition	3,000,000	1,065,000	-	-	-	-	-	-	1,065,000	-	1,065,000
Shares issued upon exercises of warrants	15,507,419	2,767,288	(1,050)	-	(425,415)	-	-	-	2,340,823	-	2,340,823
Shares issued upon exercises of options	3,153,083	720,560	-	(289,000)	-	-	-	-	431,560	-	431,560
Other comprehensive income	-	-	-	-	-	123,766	-	-	123,766	-	123,766
Net loss for the year	-	-	-	-	-	-	(4,961,431)	-	(4,961,431)	(1,932)	(4,963,363)
BALANCE AS AT 30 SEPTEMBER 2022	137,772,408	39,333,031	-	2,540,308	1,511,855	78,111	(27,162,989)	-	16,300,316	(1,225,247)	15,075,069
Shares issued for debt settlement	**614,818**	**96,254**	**4,725**	**-**	**-**	**-**	**-**	**-**	**100,979**	**-**	**100,979**
Agent warrants issued	**-**	**-**	**-**	**-**	**20,000**	**-**	**-**	**-**	**20,000**	**-**	**20,000**
Stock-based compensation	**-**	**-**	**-**	**1,188,000**	**-**	**-**	**-**	**-**	**1,188,000**	**-**	**1,188,000**
Stock options cancellation	**-**	**-**	**-**	**(1,573,796)**	**-**	**-**	**1,573,796**	**-**	**-**	**-**	**-**
Convertible debt – equity portion	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**427,506**	**427,506**	**-**	**427,506**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**9,597**	**-**	**-**	**9,597**	**-**	**9,597**
Net income (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(4,006,170)**	**-**	**(4,006,170)**	**4,146**	**(4,002,024)**
BALANCE AS AT 30 JUNE 2023	**138,387,226**	**39,429,285**	**4,725**	**2,154,308**	**1,531,855**	**87,708**	**(29,595,014)**	**427,506**	**14,045,526**	**(1,221,101)**	**12,819,272**

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

Condensed Interim Consolidated Statements of Cash Flows

	Note	9 Month Ended 30 June 2023	9 Month Ended 30 June 2022
OPERATING ACTIVITIES			
Loss for the period		$ **(4,002,024)**	$ (2,190,575)
Items not Affecting Cash			
Interest and accretion on convertible debt	(14)	**97,403**	51,230
Depreciation	(10)	**30,836**	29,781
Unrealized gain on revaluation of marketable securities		**(51,358)**	-
(Gain)/Loss on settlement of liability		**(27,500)**	294,444
(Gain)/Loss on settlement of receivables		**(11,754)**	(28,590)
(Gain)Loss on sale of mineral property	(11)	**12,666**	301,375
(Gain)Loss on sale of marketable securities		**(24,420)**	-
Discount feature on convertible debt on equity	(14)	**217,194**	-
Stock-based compensation		**1,188,000**	(74,000)
		(2,589,046)	(2,468,335)
Net Change in Non-cash Working Capital			
Accounts payable and accrued liabilities		**341,314**	(169,313)
Deposits written off		**1,250,000**	-
Derivative liability		**-**	69,000
Amounts receivable		**30,689**	91,297
Prepaid amounts and other assets		**19,883**	(41,068)
		1,379,367	(50,084)
		(1,209,679)	(1,518,419)
INVESTING ACTIVITIES			
Equipment purchase		**(2,693,851)**	(23,988)
Capital work in progress		**-**	(572,139)
Capital advances made		**(500,000)**	-
Proceeds from sale of resource property		**40,000**	-
Resource property - expenditures		**(239,860)**	(1,271,296)
		(3,393,711)	(1,867,423)
FINANCING ACTIVITIES			
Proceeds from warrants exercised		**-**	2,252,127
Proceeds from shares issued, net		**-**	803,652
Proceeds from sale of marketable securities		**401,976**	-
Proceeds from convertible debt received		**636,265**	-
Short-term loans received		**109,542**	3,403
Proceeds from USDA loan		**5,460,354**	-
Proceeds from shares to be issued		**4,725**	-
Proceeds from options exercised		**-**	198,450
		6,612,862	3,257,632
Net effect of foreign currency translation		**13,800**	(74,812)
Net (Decrease) Increase in Cash		**2,023,272**	(203,022)
Cash position – beginning of period		**134,144**	1,141,149
Cash Position – end of period		$ **2,157,416**	$ 938,127

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Ares Strategic Mining Inc. ("Ares" or the "Company"), was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. The Company is classified as a Junior Natural Resource Mining Company and is listed on the Canadian Securities Exchange under the stock symbol "ARS".

The Company was previously in the business of acquiring and exploring lithium properties in Nevada and Arizona. On 18 February 2020, the Company completed a three-cornered amalgamation transaction (the "Amalgamation") with American Strategic Minerals Inc. ("ASM"). As a result, Ares is focusing on progressing its fluorspar projects towards exploitation, production, and supplying metspar and acidspar to the markets.

These Condensed Interim Consolidated Financial Statements (the "Financial Statements") have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to 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. There are several adverse conditions that cast significant doubt upon the soundness of this assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors; these factors include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

Consistent with other companies, in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests. These factors indicate the existence of a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern.

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumptions were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

(Rounded 000's)	**30 June 2023**	30 September 2022
Working capital	**$ 438,000**	$ 200,000
Accumulated deficit attributed to shareholders	**$ 29,595,000**	$ 27,163,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the Financial Statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 30 September 2022.

The policies set out were consistently applied to all the years presented unless otherwise noted below. The preparation of the condensed interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended 30 September 2022.

4) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

a. Judgements

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

b. Estimates

Going concern evaluation

As discussed on Note 1, these Financial Statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 June 2023.

Exploration evaluation assets

The Company makes certain estimates and assumptions regarding the recoverability of the carrying values of exploration and evaluation assets. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. The recoverability of the assets' carrying values is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permits to complete development and future profitable production or proceeds from the disposition thereof.

The Company has taken steps to verify title to exploration and evaluation assets in which it has or is in the process of earning an interest, including review of condition of title reports, vesting deeds, mining claim location notices and filings, and property tax and other public records and is not presently aware of any title defects. The procedures the Company has undertaken and may undertake in the future to verify title provide no assurance that the underlying properties are not subject to prior agreements or transfers of which the Company is unaware.

Covid-19

On 11 March 2020, the World Health Organization declared Covid-19, the disease caused by the novel coronavirus, a global pandemic, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. There is the possibility that future developments from the Covid-19 pandemic could negatively impact operations which could have a material adverse impact on our cash flows and financial position as well as affect judgements, estimates and assumptions made by management. The Company continues to monitor the situation closely to plan and adjust accordingly.

Stock-based compensation

The company uses Black-Scholes Option Pricing Model for valuation of stock options. Option pricing models require the input of subjective assumptions and estimates including expected price volatility, interest rate and forfeiture rate.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 June 2023. There have been no changes in levels during the period.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, restricted cash, escrow account, accounts receivable and marketable securities, accounts payable and accrued liabilities, and USDA loan payable, and short-term loans. As at 30 June 2023, the carrying value of cash and cash equivalents is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company is not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 June 2023, the Company held currency totalling the following:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

CURRENCY		30 June 2023		30 September 2022
Canadian (Dollars)	$	275,419	$	87,351
US (Dollars)	$	343,083	$	34,249

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 June 2023, the Company had a cash and cash equivalent and trust balance of $2,157,416 to settle current liabilities of $2,436,347 that are due within one year.

6) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE		30 June 2023		30 September 2022
Goods and services tax receivable	$	6,853	$	37,542
Receivable on disposition (Note 11)		225,000		450,000
		231,853		487,542

7) Capital advances

a. On 22 July 2022, the Company entered into an asset purchase agreement to acquire certain mineral resource entities (the "Asset Purchase Agreement"). The mineral resource entities are undergoing a sale in accordance with orders issued by the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the "Court") pursuant to the Companies' Creditors Agreement Act of Canada (the "CCAA").

On 26 August 2022, the Company and the court-appointed monitor signed a binding letter of offer ("Binding Offer") in connection with the Asset Purchase Agreement outlining the terms of the purchase as well as specifying the purchase price to be approximately $21.5 million payable in cash and stock options to purchase 3,000,000 common shares of the Company at a price of $0.50 per common share.

On 30 September 2022, the Company signed a subscription agreement to purchase 100% of the issued and outstanding common shares of the entities to be acquired pursuant to the Asset Purchase Agreement and Binding Offer.

As at 30 September 2022, the Company has paid an advance of $750,000 to the court-appointed monitor. The closing of the transaction and the acquisition of the mineral resource entities as noted above is subject to various terms and conditions, including the approval of the court-appointed monitor, the debtors of the mineral resource entities being acquired, and the availability of financing to complete the purchase, amongst various others. Upon further negotiations and following an additional deposit of $500,000, the Company was provided with an extension to 16 January 2023 to submit a proposal and plan for the review of court-appointed monitor and debtors of the mineral resource entities. The Company submitted a revised proposal and plan for the acquisition on 16 January 2023. As at the date of this report, the Company has not closed on sufficient financing and therefore, the Company's proposal and plan has not yet materialized and consequently, the deposit paid of $1,250,000 has been written off.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

b. The Company has paid a deposit of US$15,000 in connection with an agreement to purchase an industrial property located in Millard County in the State of Utah (the "Agreement"). The total consideration payable is USD $2,000,000. The original closing date for the Agreement was 28 July 2022, however, an amendment was executed to extend the closing date to 31 March 2023. The closing was accepted as of that date, with the funds being held in escrow and disbursed upon all the closing conditions were satisfied.

8) Construction in progress

During the year ended 30 September 2021, the Company entered into an agreement to acquire a fluorspar lump manufacturing facility (the "Facility") pursuant to the terms and conditions of a Profit-Sharing Agreement dated 9 February 2021, as amended (the "Profit Sharing Agreement") between the Company and the Mujim Group, a non-arm's length private Shanghai company ("Mujim"). Pursuant to the terms of the Profit-Sharing Agreement, the Company had agreed to acquire the Facility by issuing an aggregate of 5,300,000 common shares in the capital of the Company (each, a "Share"), the fair value of which was determined based on the date when they were issued, i.e. $0.67, and the consideration was recorded as a capital advance to Mujim as at 30 September 2021.

The Company has agreed that, upon completion of the Facility, it would incur costs pertaining to the installation of the Facility, including compensating contractors from Mujim to assist with installation and to begin operating the Facility. Furthermore, once the Facility is operational within parameters and specifications defined in the Profit-Sharing Agreement, the company will pay Mujim, US$20 per ton for ongoing technical support, and has also agreed to pay Mujim, US$10 per ton as agency fee for any sales in Asia.

The final purchase price may vary depending on certain target production output metrics defined in the Profit-Sharing agreement.

During the year ended 30 September 2022, the Company received significant components (including the structure) of the Facility and incurred an additional $739,871 to acquire these additional components and structure for the Facility and received their delivery, however installation of the Facility has not occurred as at 30 June 2023, and as a result, the consideration to date has been recorded as construction in progress. To date, the Company has incurred $4,290,871 related to acquiring the Facility. Upon completing the Company's planned acquisition of land for installation of the Facility (see Note 7 – Capital advances) and delivery of the remaining components, the Company is expected to incur additional costs (as noted above) to complete the installation, and begin operation, of the Facility.

9) Deposits

Deposits consist of:

DEPOSITS		**30 June 2023**		30 September 2022
Office lease	**$**	**2,912**	$	2,912
Surety deposits	**$**	**100,571**	$	101,563
	$	**103,483**	$	104,475

As at 30 June 2023, the balance in deposits of $2,912 (2022 - $2,912) represents a deposit for office lease and reclamation surety and bond in the amount of $100,571 (2022 - $101,563) paid to the State of Utah for a five-year escalation at Lost Sheep and Bell Hill.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

10) Property and equipment

PROPERTY AND EQUIPMENT		Equipment		Auto		Land		Total
COST								
Balance as at 1 October 2021	$	137,341	$	66,548	$	75,000	$	278,889
Addition	$	23,988	$	-	$	-	$	23,988
Foreign Exchange		-	$	4,149	$	-	$	4,150
Balance as at 30 September 2022	$	161,329	$	70,699	$	75,000	$	307,028
Addition	**$**	**-**	**$**	**-**	**$**	**2,693,851**	**$**	**2,714,998**
Foreign exchange	**$**	**-**	**$**	**(581)**	**$**	**-**	**$**	**(581)**
Balance as at 30 June 2023	**$**	**161,329**	**$**	**70,118**	**$**	**2,789,998**	**$**	**3,021,445**
DEPRECIATION								
Balance as at 1 October 2021	$	38,207	$	2,750	$	-	$	40,957
Depreciation for the period	$	34,041	$	6,667	$	-	$	40,708
Balance as at 30 September 2022	$	72,248	$	9,417	$	-	$	81,665
Depreciation for the period	**$**	**25,531**	**$**	**5,384**	**$**	**-**	**$**	**30,915**
Balance as at 30 June 2023	**$**	**97,779**	**$**	**14,801**	**$**	**-**	**$**	**112,580**
CARRYING AMOUNTS								
Balance as at 30 September 2022	$	89,081	$	61,281	$	75,000	$	225,361
Balance as at 30 June 2023	**$**	**63,550**	**$**	**55,318**	**$**	**2,789,998**	**$**	**2,887,805**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to recognize the cost of the asset on the condensed interim consolidated statements of comprehensive loss using the straight-line method over the estimated useful life of the asset.

During the nine-month period ended 30 June 2023, the Company completed the purchase and received the title of a 48 acre industrially zoned manufacturing land in Delta, Utah (United States of America) for its upcoming fluorspar processing operations.

During the year ended 30 September 2022, the Company acquired an excavator and a workstation; depreciation commenced upon the use of this equipment. There were no additions during the nine-month period ended 30 June 2023.

During the year ended 30 September 2021, the Company purchased a new truck, which was financed through a loan in the amount of $60,000, and collateral in the form of non-redeemable investment in the amount of $90,000 in restricted cash.

Land comprises five Canadian properties located in Ontario, Canada (Note 11(f)). The Company earns revenues from sale of quarry rock located on this property. These revenues are offset against maintenance payments made on the property and are included within the resource property expense on the consolidated statement of loss and comprehensive loss.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

11) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS		Spor Mountain		Liard Fluorspar		Vanadium Ridge		Jackpot Lake		Wilcox Playa		Ontario Properties	Total
Balance as at 1 October 2021	$	5,963,140	$	484,076		327,580	$	1,326,375	$	-	$	4	8,101,175
Geological consulting		1,023,323		33,150		-		-		-		-	1,056,473
Acquisition		132,067		-		1,065,000		-		17,321		-	1.214.388
Administration and camp		174,104		29		252		-		-		-	174,385
Drilling		15,183		-		-		-		-		-	15,183
Staking and claiming		239,316		8,330		17,950		-		-		-	265,596
Disposition		-		-		-		(1,326,375)		-		-	(1,326,375)
Adjustments on currency translation		(15,879)		-		-		-		-		-	(15,879)
Balance as at 30 September 2022	$	7,531,254	$	525,585		1,410,782	$	-	$	17,321	$	4	9,484,946
Geological consulting		**167,941**		**4,500**		-		-		-		-	**172,441**
Acquisition		-		**7,234**		-		-		-		-	**7,234**
Administration and camp		**56,922**		**17**		**139**		-		-		-	**57,078**
Staking and claiming		**2,107**		-		-		-		-		-	**2,107**
Disposition		-		-		-		-		**(17,321)**		-	**(17,321)**
Adjustments on currency translation		**4,837**		-		-		-		-		-	**4,837**
Balance as at 30 June 2023	**$**	**7,763,061**	**$**	**537,336**	**$**	**1,410,921**	**$**	**-**	**$**	**-**	**$**	**4**	**9,711,322**

a) Spor Mountain (also known as Lost Sheep)

The Company holds a 100% interest in and rights to certain U.S. federal mining claims located at the north-east end of the Spor Mountain Mining District, in section 21, T.12S. 12W, and T.13S. 12W, SLBM of Juab County, western Utah, USA (the "Spor Mountain"). The Spor Mountain property consists of several mineral claim blocks including the Lost Sheep Fluoride Mine, and other unpatented claims. The Company acquired its initial interest through the Amalgamation (Note 6) on 18 February 2020. During the year ended 30 September 2021, the Company acquired additional claims in the region through staking.

As part of the Amalgamation, the Company assumed an underlying property purchase agreement (the "Purchase Agreement") for certain unpatented claims comprising the Spor Mountain property, pursuant to which the Company would be required to make a payment of US$1,000,000 within 18 months from the commencement of production. During the year ended 30 September 2021, the amount of USD $1,000,000 was transferred to the underlying vendor, pursuant to which, the Company is deemed to have fulfilled its obligations under the Purchase Agreement, and the title to the unpatented claims are in the process of being transferred to the Company.

b) Liard Fluorspar

On 13 April 2020, the Company entered into an agreement to acquire 100% interest in 14 claims in the Liard Fluorspar property, located in British Columbia, from private owners of the property. The consideration is as follows:

The sellers will retain a 2% of the Net Smelter Returns (NSR) Royalty payment of commercial production for the first 6 months of production, after which Ares will recover full revenues.

During the period ended 30 June 2023, pursuant to an arrangement agreement with its wholly owned subsidiary, Enyo, the Company agreed to transfer all its right, title and interest in and to the Liard Fluorspar property. However, this arrangement has not completed as of 30 June 2023.

c) Vanadium Ridge

During the three months period ended, 31 December 2021, the Company signed an agreement with Imbue Capital Inc. for the purchase of a 50% interest in Vanadium Ridge Property. The Company will purchase from Imbue, a 30% beneficial and legal interest in and to the Vanadium Ridge Property, free and clear of all liens, security interests, mortgages, charges, encumbrances or other claims of any third party, whether registered or unregistered and whether arising by agreement, statute or otherwise, such that following the transaction, the Company shall own a combined 50% beneficial and legal interest in and to the Vanadium Ridge Property. As part of the transaction, the Company issued to Imbue an aggregate of 3,000,000 common shares on 19 November 2021. Imbue has agreed to contribute, in cash or equipment, an aggregate of $1,500,000 to the Vanadium Ridge Property, of which a minimum of $1,000,000 must be made in cash. The Company and Imbue agree that should the exploration of the Vanadium Ridge Property require any additional funding following the initial Imbue Cash Contribution, any such financial contribution shall be made equally by the parties.

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in 899the Vanadium Ridge property. The Vanadium Ridge property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a 20% interest in the Vanadium Ridge property.

During the period ended 30 June 2023, pursuant to an arrangement agreement with its wholly owned subsidiary, Enyo, the Company agreed to transfer all its right, title and interest in and to the Liard Fluorspar property. However, this arrangement has not completed as of 30 June 2023.

d) Jackpot Lake property

On 11 January 2019, the Company acquired 100% of the Jackpot Lake property.

The seller retaining a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

On 17 March 2022, the Company entered into a mineral property option agreement with USHA Resources Ltd. ("USHA") of Vancouver, British Columbia, whereby USHA was granted an exclusive option to acquire a 100% interest in the claims comprising the Jackpot Lake property in exchange for the following consideration:

• $75,000 paid in cash on 29 April 2022 after receiving approval from the TSX Venture Exchange.

• $500,000 paid in common shares of USHA within five days from the date of Exchange approval, issued at a deemed value at the greater of the 10-day volume weighted average price ("VWAP") or discounted market price. The Company received 1,678,062 USHA shares on 29 April 2022.

• $225,000 paid through a combination of cash or common shares of USHA (at the discretion of the Company who opted for common shares), up to a maximum of 1,500,000 common shares of USHA, on the six-month anniversary date of the Exchange approval, to be issued at a deemed value at the greater of the 10-day VWAP or discounted market price. The Company received 745,033 USHA shares on 17 January 2023.

• $225,000 payable through a combination of cash or common shares of USHA (at the discretion of the Company), up to a maximum of 1,500,000 common shares, on the twelve-month anniversary date of the Exchange approval, to be issued at a deemed value at the greater of the 10-day VWAP or discounted market price. As at 30 June 2023, the balance is remaining as a receivable and was settle subsequent to the nine month period ended.

Additionally, USHA will be required to complete no less than $1,000,000 worth of Expenditures on the claims comprising the Jackpot Lake property within two years unless the option has been exercised in full. The Company will retain a 1% Gross Overriding Royalty (the "GORR"), subject to a buyback provision by USHA, whereby USHA may acquire, at any time, one-half of the GORR for $1,000,000. All securities issued in connection with the option agreement by USHA are subject to a four-month-and-one-day statutory hold period.

e) Wilcox Playa

The Company received cash proceeds upon the execution of a sale agreement, whereby the Wilcox Playa property, including its mining information and the right to receive the staking deposit was sold to a third party for a cash consideration of $40,000 and issuance of 500,000 common shares in the capital of purchaser. The Company recorded a gain of $29,843 on this transaction and anticipates receiving the shares subsequent to the date of this report.

f) Ontario properties

The Company holds a 100% interest in five properties located in Ontario, Canada.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

12) Marketable securities

The following is a summary of the Company's fair value of marketable securities:

MARKETABLE SECURITIES	Number of shares		Fair Market value
Balance – Beginning of Year	**1,678,062**	**$**	**385,954**
Common shares of USHA received	**745,033**		
Shares transferred to settle payables	**(550,000)**		
Shares sold	**(1,554,500)**		
Balance – End of Period	**318,595**	**$**	**79,649**

Pursuant to a mineral property option agreement whereby the Company granted USHA Resources Ltd. an option to acquire a 100% interest in the Jackpot Lake property, the Company received 1,678,062 common shares of USHA on 29 April 2022, 745,033 on 17 January 2023. Out of these, the Company sold 1,554,500 shares and transferred 550,000 to settle payables with the related party during the nine-month period ended 30 June 2023. As at 30 June 2023, the Company recorded a loss of $31,048 on revaluation of these marketable securities.

13) Short-term loans

The following is a summary of the Company's short-term loans as at 30 June 2023 and 30 September 2022:

SHORT-TERM LOANS	Year		Outstanding Principal
Operational loans from related parties	**2023**	**$**	**97,913**
	2022	$	86,500
Canada Emergency Business Account loan	**2023**	**$**	**60,000**
	2022	$	60,000
Others	**2023**	**$**	**248,129**
	2022	$	150,000
Total as at 30 June 2023	**2023**	**$**	**406,042**
Total as at 30 September 2022	2022	$	296,500

As at 30 September 2022, the Company had an outstanding balance of $86,500 from its related parties. During the period ended 30 June 2023, the Company obtained a net additional $11,413 from the said related parties. (Officer and Director of the Company).

During the period ended 30 June 2023, the Company received a further $98,129 (2022 - $150,000) loans from non-related parties. No set terms or repayments have been made during the period ended 30 June 2023.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

14) Convertible debentures

On 7 January 2022, the Company announced that it has arranged for the payment, in full of a royalty retained by the sellers of the Company's Spor Mountain property located in the Spor Mountain area, Juab County, Utah. The Company entered into an unsecured convertible agreement with Clearwater to settle the outstanding liability of US$1,000,000 which was advanced by Clearwater in connection with the Purchase Agreement. The outstanding liability was settled in exchange for an unsecured convertible debenture in the amount of $1,250,000 (CAD). The Debenture bears interest at a rate of 5% per annum, accruing interest from 15 May 2021, and is convertible into units at a price per unit equal to the closing price of the common shares of the Company on the day prior to the date of conversion. Each unit is comprised of one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder thereof to purchase one additional common share at an exercise at a premium to the market price per Share as follows: 25% premium on a common share price up to $0.50; 20% premium on a common share price between $0.51 and $2.00; and 15% premium on a common share price above $2.01. Each warrant entitles the holder, on exercise, to purchase one common share for a period of two years following the signing date of the debenture agreement. Any securities issuable upon their due conversion are subject to a statutory hold period expiring on the date that is four months and one day after the date of issue. During the year ended 30 September 2022, the Company recognized $51,230 in interest which was recorded as interest expense in the consolidated statements of loss and comprehensive loss and had settled that interest and convertible debt in the amount of $1,250,000 through the issuance of 3,647,594 common shares of the Company.

On 2 December 2022, the Company closed the first tranche of a non-brokered private placement offering of secured convertible debentures of the Company for aggregate proceeds of $643,005. On 16 December 2022, Ares closed the second tranche of a non-brokered private placement offering of secured convertible debentures of the Company for aggregate proceeds of $45,980. In aggregate, the Company has issued convertible debentures in the amount of $1,252,700 for aggregate proceeds of $688,985 and the Company paid to the subscribers a financing fee equal to 45% of the principal amount or $563,715. Transaction costs in the amount of $217,194 were recorded within professional and financing fees in the consolidated statements of loss and comprehensive loss. These debentures will mature on the date that is two years from the date of issuance and will bear interest at the rate of 12% per annum, payable semi-annually. The Company paid $52,720 or 8% of gross proceeds raised from this issuance to a broker and also issued 202,771 non-transferable share purchase warrants, fair valued at $20,000 and equal to 8% of number of common shares issuable on conversion of the debentures.

		Amount
Initial Fair Value of Debt Component	**$**	**825,194**
Equity value of conversion rights		**427,506**
	$	**1,252,700**
Initial Fair Value of Debt Component	**$**	**405,954**
Interest payable		**87,689**
Accretion expense		**4,290**
Convertible Debenture as at 30 June 2023	**$**	**497,933**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

DEBENTURE INTEREST AND ACCRETION EXPENSE	Principal Amount	Interest Expense	Accretion Expense	Total
30 June 2023	**$ 1,252,700**	**$ 87,689**	**$ 4,290**	**$ 91,979**

15) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the nine months period ended 30 June 2023:

	Number of Shares	Amount
Balance as at 1 October 2022	137,772,408	**39,333,031**
Shares issued for debt settlement	614,818	**96,254**
Balance as 30 June 2023	**138,387,226**	**39,429,285**

During the nine months period ended 30 June 2023:

- The Company issued 614,818 shares in lieu of debt settlement of $96,254.

During the year ended 30 September 2022:

a) The Company issued 3,153,083 common shares upon the exercise of stock options for gross proceeds of $431,561.

b) The Company issued 15,507,419 common shares upon the exercise of warrants for gross proceeds of $2,340,823.

c) The Company also issued 2,114,873 common shares pursuant to a non-brokered private placement at a price of $0.38 per share for gross proceeds of $803,652.

d) The Company issued 3,647,594 common shares upon conversion of convertible debentures and interest in the amount of $1,301,240.

- The Company issued 3,558,607 common shares in debt settlement of $1,244,684 out of which 3,305,554 common shares were issued in connection with the related parties' short-term loan settlement fair valued at $1,156,944 (Note 15).
- The Company issued 3,000,000 common shares fair valued at $1,065,000 to Imbue in lieu of additional stake of 30% in Vanadium Ridge Property (see Note 13 – Exploration and evaluation assets).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

c) Summary of stock option activity

The Company has adopted an incentive stock option plan to grant options to directors, officers, and consultants for up to 10% of the outstanding common shares. The Board of Directors determines the exercise price per share and the vesting period under the plan. The options can be granted for a maximum term of five years.

Stock option activity during the nine months period ended 30 June 2023 and 30 September 2022:

STOCK OPTION ACTIVITY	**30 June 2023**	**Weighted Average Exercise Price**	30 September 2022	Weighted Average Exercise Price
Balance – Beginning of Period	**8,088,053**	$ **0.42**	9,149,500	$ 0.44
Issued	**22,238,053**	**0.13**	8,441,636	0.42
Exercised	**-**	**-**	(3,153,083)	0.14
Expired	**-**	**-**	(150,000)	(1.30)
Cancelled	**(8,088,053)**	**(0.42)**	(6,200,000)	(0.46)
Balance – End of Period	**22,238,053**	**0.13**	8,088,053	$ 0.42

The Company cancelled an aggregate of 8,088,053 Options during the nine months period ended 30 June 2023. The cancelled Options are comprised of 1,888,053 Options previously granted on 16 December at an exercise price of $0.31 per Share and 6,200,000 Options previously granted on 8 February 2022 at an exercise price of $0.46 per Share.

Details of stock options outstanding as at 30 June 2023 and year ended 30 September 2022 are as follows:

Issuance Date	**Expiry Date**	**Exercise Price**	**30 June 2023**	30 September 2022
16 December 2021	15 December 2023	$ 0.31	**-**	1,888,053
8 February 2022	7 February 2027	$ 0.46	**-**	6,200,000
10 February 2023	10 February 2025	$ 0.13	**22,238,053**	-
			22,238,053	8,088,053

As at 30 June 2023, the outstanding options have a weighted average remaining life of 1.62 years (2022 –3.13 years) and a weighted average exercise price of $0.13 (2022- $0.42). All of the outstanding options have vested and are exercisable.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

d) Warrants

Warrant activity during the nine months period ended 30 June 2023 and year ended 30 September 2022 are as follows:

WARRANT ACTIVITY	30 June 2023		Weighted Average Exercise Price	30 September 2022		Weighted Average Exercise Price
Balance – Beginning of Period	**1,874,797**	$	**0.45**	16,621,707		0.15
Issued	**202,771**		**0.26**	1,823,797		0.44
Exercised	**-**		**-**	(15,507,419)		0.15
Expired	**(51,000)**		**-**	(1,063,283)		0.13
Balance – End of Period	**2,026,568**	**$**	**0.43**	1,874,797	$	0.45

<u>During the period ended 30 June 2023:</u>

Details of warrants outstanding as at 30 June 2023 and 30 September 2022 are as follows:

Issuance Date	Expiry Date		Exercise Price	30 June 2023	30 September 2022
14 February 2022	13 February 2024	$	0.50	**837,500**	837,500
30 May 2022	30 May 2024	$	0.40	**986,297**	986,297
15 December 2022	15 December 2024	$	0.26	**202,771**	-
				2,026,568	1,874,797

As at 30 June 2023, the outstanding warrants have a weighted average remaining life of 0.85 years and a weighted average exercise price of $0.43 (2022- $0.45).

e) Share-based payments

During the nine months period ended 30 June 2023, the Company granted 22,238,053 options (30 September 2022 – 8,441,636) to its directors, officer, and consultants and recognized share-based payments as follows.:

		30 June 2023		30 September 2022
Total Options Granted		**22,238,053**		8,441,636
Average exercise price	**$**	**0.13**	$	0.42
Estimated fair value of compensation	**$**	**1,188,000**	$	1,969,808
Estimated fair value per option	**$**	**0.05**	$	0.16 - 0.26

The fair value of the share-based payments of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

	30 June 2023	30 September 2022
Risk free interest rate	**4.00%**	0.8% - 1.68%
Expected stock price volatility	**71%**	81% - 87%
Expected option life in years	**2.00**	2.00 - 5.00

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

f) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 30 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

In addition, the shareholders' agreement with OMC will allow OMC to progressively earn additional equity in Canadian Iron, up to a total of 70% of Canadian Iron's issued and outstanding shares, as follows:

- an additional 30% for $8.2 million in funding from OMC for dewatering, resource drilling and environmental permitting ("Resource Definition Funding");
- an additional 5% for $2 million in total funding for a preliminary economic assessment, funded 70% by OMC and 30% by Ares; and
- an additional 20% for $20 million in total funding for a feasibility study, funded 70% by OMC and 30% by Ares, and assuming the feasibility study establishes technical and economic viability.

Should either party not fully contribute its share of funding to both the preliminary economic assessment and feasibility study, it may face dilution.

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 31 June 2023, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The value attributed to the non-controlling interest in the Company as at 30 June 2023 is an accumulated deficit of $1,220,741 (2022 - $1,225,247). For the period ended 30 June 2023, net income and comprehensive income of $4,506 (2022 – loss of $629) has been attributed to the non-controlling interest in these Financial Statements.

16) Related party transactions and obligations

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. The Company compensates certain of its key management personnel to operate its business in the normal course. Key management includes the Company's executive officers and members of its Board of Directors. Transactions and balances with key management personnel and related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE Name and Principal Position	Year[i]		Remuneration or fees[ii]		Share-based payments		Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2023**	**$**	**108,000**	**$**	559,613	**$**	**-**
	2022	$	108,000	$	336,283	$	-
CFO – Management fees	**2023**	**$**	**36,000**	**$**	**56,095**	**$**	**4,000**
	2022	$	36,000	$	125,290	$	-
CFO – Professional fees	**2023**	**$**	**53,986**	**$**	**-**	**$**	**27,201**
	2022	$	39,253	$	-	$	-
Directors – Director fees	**2023**	**$**	**-**	**$**	**169,615**	**$**	**4,000**
	2022	$	2,250	$	565,334	$	**16,380**
Directors – Consulting fees	**2023**	**$**	**750**	**$**	**73,927**	**$**	**49,002**
	2022	$	18,750	$	108,761	$	-
Former Director – Consulting fees	**2023**	**$**	**-**	**$**	**48,984**	**$**	**4,800**
	2022	$	-	$	-	$	-
Total	**2023**	**$**	**198,736**	**$**	**908,234**	**$**	**89,003**
	2022	$	204,253	$	1,135,669	$	16,380

(i) For the nine months period ended 30 June 2023 and 2022.
(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

Short-term loans with related parties are described in (Note 13) and debt settlement with related parties is described in ((Note 11)d). There are no terms and conditions attached to the said loans.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

17) Segmented disclosure

The Company has one reportable segment, being the acquisition, exploration, and development of resource properties. The following table provides segmented disclosure of assets and liabilities based on geographic location:

(Rounded to 000's)	Canada	US	Total
30 June 2023			
Current Assets	**$ 2,872,489**	**$ 1,624**	**$ 2,874,113**
Non-Current Assets			
Other non-current assets	**$ 7,247,048**	**$ 60,702**	**$ 7,307,750**
Resource properties	**$ 7,338,568**	**$ 2,372,754**	**$ 9,711,322**
Liabilities			
Current Liabilities	**$ 1,579,107**	**$ 38,725**	**$ 1,617,832**
Non – Current Liabilities	**$ 5,450,778**	**$ -**	**$ 5,450,778**
30 September 2022			
Current Assets	$ 1,257,000	2,000	1,259,000
Non-Current Assets			
Other non-current assets	5,320,000	61,000	5,381,000
Resource properties	7,113,000	2,381,000	9,494,000
Liabilities			
Current Liabilities	1,020,000	39,000	1,059,000

18) Capital management

The Company's capital consists of shareholders' equity and it has capital resources of cash. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

19) USDA loan payable

On 31 March 2023, the Company signed a promissory note agreement with Community Bank & Trust – West Georgia and contracted to receive a total loan of US$4,420,000 at prime rate stated in money rates section of Wall Street journal plus 2.50%., in lieu of which it pledged its land that was purchased in conjunction with the proceeds and situated in Utah. The loan matures in 15 years and is guaranteed by the US Department of Agriculture ("USDA"). The interest is due and payable on the 1st of each month starting 1 May 2023 for the initial 12 months after which the Company is required to repay the monthly instalment consisting of the principal and interest (as per repayment schedule) on each payment date. The funds are to be received in an Escrow agent's account first before being credited to the specified trust account.

The Company paid transaction costs in the amount of US$370,850 which was allocated to the issuance cost of the loan payable and deducted from the principal value. Interest expense, accretion expense and the amortization of debt costs are being recognized over the loan period, with a total of US$4,039 being recognized as accretion expense and US$72,193 as interest paid during the period ended 30 June 2023.

		Amount
Amount funded	$	5,979,597
Transaction costs		(519,244)
Amortization of transaction costs- accretion		5,424
	$	5,450,778
Less: Current portion	$	(818,510)
USDA loan payable as at 30 June 2023	$	4,632,268

The repayment commitment has been described in the table below:

Financial Year	Principal (USD)	Interest (USD)
2023	-	190,797
2024	66,185	470,356
2025	147,463	456,361
2026	163,952	439,764
2027 and above	4,042,400	3,063,645

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

20) Commitments

On 10 December 2021, the Company acquired an exclusive right and access to develop a project in Kentucky, US., for which an initial payment of $25,000 has already been made during the year ended September 30, 2022 for an initial term of one year (the "Initial Term"). The Company has also agreed to pay the previous owners of this project, a production royalty of $1 per ton of minerals mined from the property and upon exhaustion of the delineated historic resource estimate, a 5% NSR on further extracted minerals from the property. Upon the expiry of the Initial Term, there is an automatic renewal without notice for an additional one-year term ("Renewal Term") with additional $25,000 advance royalty payment to extend this agreement for up to three years, which the Company has not made that payment yet.