

2023

Ares Strategic Mining Inc.

Condensed Interim Consolidated Financial Statements

For the Three Months Ended 31 December 2022

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.

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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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2022	As at 30 September 2022
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 25,069	\$ 44,144
Restricted cash	(10)	90,000	90,000
Amounts receivable	(6)	492,942	487,542
Marketable securities	(12)	155,699	385,954
Prepaid amounts and other assets		284,666	250,993
		1,048,376	1,258,633
Non-current Assets			
Deposits	(9)	103,788	104,475
Capital advances	(7)	20,354	770,493
Construction in progress	(8)	4,289,982	4,289,982
Property and equipment	(10)	216,321	225,361
Exploration and evaluation assets	(11)	9,582,672	9,484,946
		14,213,117	14,875,257
		\$ 15,261,493	\$ 16,133,890
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(16)	\$ 765,568	\$ 762,321
Short-term loans	(13)	473,170	296,500
Convertible debentures – liability	(14)	417,870	-
		1,656,608	1,058,821
EQUITY			
Equity Attributable to Shareholders			
Share capital	(15)	39,341,957	39,333,031
Options - Contributed surplus	(15)	2,540,308	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”)		85,415	78,111
Deficit		(29,098,739)	(27,162,989)
		14,828,302	16,300,316
Non-controlling interests	(15)	(1,223,417)	(1,225,247)
Total Equity		13,604,885	15,075,069
		\$ 15,261,493	\$ 16,133,890

Nature of operations and going concern	(1)	Capital management	(18)
Basis of preparation – Statement of Compliance	(2)	Commitment	(19)
Related party transactions and obligations	(16)	Subsequent events	(20)

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 28 February 2023 and were signed on its behalf by:

“Paul Sarjeant”

Paul Sarjeant, Director

“Raul Sanabria”

Raul Sanabria, Director

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	3 Months Ended 31 December 2022	3 Months Ended 31 December 2021
General and Administrative			
Professional fees	(14)	\$ 593,771	\$ 84,029
Management fees	(16)	48,250	48,000
Shareholder relations		39,569	-
Foreign exchange loss/(gain)		24,973	(13,362)
Office and marketing		12,624	208,670
Transfer agent and filing fees		12,496	10,525
Interest and accretion on convertible debt	(14)	11,916	-
Insurance		11,193	15,489
Depreciation	(10)	8,510	10,155
Bank charges		1,419	1,135
Travel		166	449
Resource property (income)		(12,037)	(208)
Stock-based compensation	(15)	-	369,000
		(752,850)	(733,882)
Other Income/ (Expenses)			
Rental income		29,843	-
Gain on disposition of exploration and evaluation asset	(11)	22,679	-
Unrealized gain on revaluation of marketable securities		14,350	-
Gain on sale of marketable securities		2,058	-
Deposit write off	(7)	(1,250,000)	-
Loss on settlement of short-term debt	(13)	-	(294,444)
		(1,933,920)	(1,028,326)
Net Income / (Loss) for the Period			
Other Comprehensive Income (Loss)			
Foreign operations – foreign exchange		7,967	(100,761)
		\$ (1,925,953)	\$ (1,129,087)
Comprehensive Income / (Loss) for the Period			
Net Income / (Loss) Attributed to:			
Shareholders		(1,935,750)	(1,028,428)
Non-controlling interest		1,830	102
		\$ (1,933,920)	\$ (1,028,326)
Comprehensive Income / (Loss) Attributed to:			
Shareholders		(1,927,783)	(1,129,189)
Non-controlling interest		1,830	102
		\$ (1,925,953)	\$ (1,129,087)
Basic and Diluted Loss per Share			
		\$ (0.00)	\$ (0.00)
Weighted Average Shares Outstanding			
		137,800,299	109,593,580



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	27,891	8,926	-	-	-	-	-	-	8,926	-	8,926
Agent warrants issued	-	-	-	-	20,000	-	-	-	20,000	-	20,000
Convertible debt – equity portion	-	-	-	-	-	-	-	427,506	427,506	-	427,506
Other comprehensive income	-	-	-	-	-	7,304	-	-	7,304	-	7,304
Net income (loss) for the period	-	-	-	-	-	-	(1,935,750)	-	(1,935,750)	1,830	(1,933,920)
BALANCE AS AT 31 DECEMBER 2022	137,800,299	39,341,957	-	2,540,308	1,531,855	85,415	(29,098,739)	427,506	14,828,302	(1,223,417)	13,604,885

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Three Months Ended 31 December 2022	Three Months Ended 31 December 2021
OPERATING ACTIVITIES			
Loss for the period		\$ (1,933,920)	(1,028,326)
Items not Affecting Cash			
Depreciation	(10)	8,510	10,155
Stock-based compensation	(15)	-	369,000
Unrealized gain on revaluation of marketable securities	(12)	(14,350)	-
Interest and accretion on convertible debt	(14)	11,916	-
Loss on settlement of liability		-	294,444
Agent warrants in financing fee		20,000	-
		(1,907,844)	(354,727)
Net Change in Non-cash Working Capital			
Accounts payable and accrued liabilities		3,247	(101,645)
Amounts receivable		(5,400)	(39,838)
Convertible debt – liability and equity		833,460	-
Deposit write off		1,250,000	-
Prepaid amounts and other assets		(33,675)	(629,874)
		2,047,632	(771,357)
		139,788	(1,126,084)
INVESTING ACTIVITIES			
Equipment purchase		-	(34,593)
Capital advances made	(7)	(500,000)	-
Proceeds from sale of resource property	(11)	40,000	-
Resource property – expenditures	(11)	(123,257)	(334,901)
		(583,257)	(369,464)
FINANCING ACTIVITIES			
Proceeds from warrants exercised		-	143,629
	(12)	244,605	-
Short-term loans received	(13)	176,670	-
Obligation to issue shares		-	533,000
		421,275	676,629
Net effect of foreign currency translation		3,119	645
Net Increase/(Decrease) in cash and cash equivalents		(19,075)	(818,305)
Cash and cash equivalents – Beginning of Period		134,144	1,141,149
Cash and cash equivalents – End of Period		\$ 115,069	322,844

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)	31 December 2022	30 September 2022
Working capital (deficit) :	\$ (608,000)	\$ 200,000
Accumulated deficit attributed to shareholders :	\$ (27,849,000)	\$ 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 31 December 2022.

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 31 December 2022. 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, accounts payable, short-term loans and long-term loans. As at 31 December 2022, 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 31 December 2022, the Company held currency totalling the following:

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

CURRENCY	31 December 2022	30 September 2022
Canadian (Dollars)	\$ 115,000	\$ 87,351
US (Dollars)	\$ -	\$ 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 31 December 2022, the Company had a cash balance of \$25,069 to settle current liabilities of \$1,656,608 that are due within one year.

6) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE	31 December 2022	30 September 2022
Goods and services tax receivable	\$ 42,942	\$ 37,542
Receivable on disposition (Note 13)	450,000	450,000
	492,942	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 31 December 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 therefore, the deposit paid of \$1,250,000 was written off.

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

- b. The Company has paid a deposit of USD \$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 December 2022. The Agreement has not closed to date and the Company is negotiating a new closing date for the Agreement.

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 \$572,139 to acquire these additional components and structure for the Facility and received their delivery, however installation of the Facility has not occurred as at 31 December 2022, and as a result, the consideration to date has been recorded as construction in progress. To date, the Company has incurred \$4,289,982 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:

	31 December 2022	30 September 2022
DEPOSITS		
Office lease	\$ 2,912	\$ 2,912
Surety deposits	\$ 100,876	\$ 101,563
	\$ 103,788	\$ 104,475

As at 31 December 2022, 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 \$100,876 (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	\$ -	-	-	-
Foreign exchange	-	(532)	-	(532)
Balance as at 31 December 2022	\$ 161,329	\$ 70,167	\$ 75,000	\$ 306,496
DEPRECIATION				
Balance as at 1 October 2021	\$ 38,207	\$ 2,750	\$ -	\$ 40,957
Depreciation for the year	34,041	6,667	-	40,708
Balance as at 30 September 2022	\$ 72,248	\$ 9,417	\$ -	\$ 81,665
Depreciation for the period	\$ 7,910	\$ 600	\$ -	\$ 8,510
Balance as at 31 December 2022	\$ 80,158	\$ 10,017	\$ -	\$ 90,175
CARRYING AMOUNTS				
Balance as at 1 October 2021	\$ 99,134	\$ 63,798	\$ 75,000	\$ 237,932
Balance as at 30 September 2022	\$ 89,081	\$ 61,281	\$ 75,000	\$ 225,361
Balance as at 31 December 2022	\$ 81,171	\$ 60,150	\$ 75,000	\$ 216,321

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.

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

Depreciation is charged to recognize the cost of the asset on the Consolidated Statements of Loss and Comprehensive loss using the straight-line method over the estimated useful life of the asset.

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 three-month period ended 31 December 2022.

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 13(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	88,916	-	-	-	-	-	88,916
Acquisition	1,555	-	-	-	-	-	1,555
Administration and camp	30,799	-	83	-	-	-	30,882
Staking and claiming	1,904	-	-	-	-	-	1,904
Disposition	-	-	-	-	(17,321)	-	(17,321)
Adjustments on currency translation	(8,210)	-	-	-	-	-	(8,210)
Balance as at 31 December 2022	\$ 7,646,218	\$ 532,585	\$ 1,410,865	\$ -	\$ -	\$ 4	9,582,672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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 31 December 2022, 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 31 December 2022.

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

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

common shares, which were subsequently sold. As a result, the Company retains a 20% interest in the Vanadium Ridge property.

During the period ended 31 December 2022, 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 31 December 2022.

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 payable in cash (received) within five days from receiving approval from the TSX Venture Exchange.
- \$500,000 payable in common shares (received) of USHA within five days from the date of Exchange approval, to be issued at a deemed value at the greater of the 10-day volume weighted average price ("VWAP") or discounted market price.
- \$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 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.
- \$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.

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 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 to receive 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	31 December 2022	
Balance – Beginning of Year	-	\$	-
Common shares of USHA received	614,562		155,699
Balance – End of Year	614,562	\$	155,699

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 and sold 1,063,500 shares at a profit of \$2,058 during the three-month period ended 31 December 2022. During the three-month period ended 31 December 2022, the Company recorded a gain of \$14,350 on revaluation of these marketable securities.

13) Short-term loans

The following is a summary of the Company's short-term loans as at 31 December 2022 and 30 September 2022:

SHORT-TERM LOANS	Year	Outstanding Principal	
Operational loans from related parties	2023	\$	165,000
	2022	\$	86,500
Canada Emergency Business Account loan	2023	\$	60,000
	2022	\$	60,000
Others	2023	\$	260,279
	2022	\$	150,000
Total as at 31 December 2022	2023	\$	485,279
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 31 December 2022, the Company obtained an additional \$78,500 (Officer and Director of the Company) from the Officer of Company with no set terms of repayment.

During the period ended 31 December 2022, the Company received a further \$110,279 (2022 - \$150,000) loans from non-related parties. No set terms or repayments have been made during the period ended 31 December 2022.



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 fees. 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	12,109
Accretion expense	(193)
Convertible Debenture as at 31 December 2022	\$ 417,870

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

	Principal Amount	Interest Expense	Accretion Expense	Total
DEBENTURE INTEREST AND ACCRETION EXPENSE				
31 December 2022	\$ 1,252,700	\$ 12,109	\$ (193)	\$ 11,916

15) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the three months period ended 31 December 2022:

	Number of Shares	Amount
Balance as at 1 October 2022	137,772,408	39,933,031
Shares issued for debt settlement	27,891	8,925
Balance as 31 December 2022	137,800,299	39,341,956

During the three months period ended 31 December 2022:

- The Company issued 27,891 shares in lieu of debt settlement of \$8,925.

During the year ended 30 September 2022:

- The Company issued 3,153,083 common shares upon the exercise of stock options for gross proceeds of \$431,561.
 - The Company issued 15,507,419 common shares upon the exercise of warrants for gross proceeds of \$2,340,823.
 - 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.
 - 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 three months period ended 31 December 2022 and 30 September 2022:

STOCK OPTION ACTIVITY	31 December 2022	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	-	-	8,441,636	0.42
Exercised	-	-	(3,153,083)	0.14
Expired	-	-	(150,000)	(1.30)
Cancelled	-	-	(6,200,000)	(0.46)
Balance – End of Period	8,088,053	0.42	8,088,053	\$ 0.42

Details of stock options outstanding as at 31 December 2022 and 30 September 2022 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 December 2022	30 September 2022
16 December 2021	15 December 2023	\$ 0.31	1,888,053	1,888,053
8 February 2022	7 February 2027	\$ 0.46	6,200,000	6,200,000
			8,088,053	8,088,053

As at 31 December 2022, the outstanding options have a weighted average remaining life of 3.37 years (2022 –3.13 years) and a weighted average exercise price of \$0.42 (2022- \$0.42). All of the outstanding options have vested and are exercisable.

The Company did not grant any stock options during the period ended 31 December 2022.

d) Warrants

Warrant activity during the three months ended 31 December 2022 and 30 September 2022 are as follows:

WARRANT ACTIVITY	31 December 2022	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	-	-	(1,063,283)	0.13
Balance – End of Period	2,077,568	\$ 0.43	1,874,797	\$ 0.45

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

During the period ended 31 December 2022:

Details of warrants outstanding as at 31 December 2022 and 30 September 2022 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 December 2022	30 September 2022
17 March 2021	17 March 2023	\$ 0.50	51,000	51,000
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	-
			2,077,568	1,874,797

As at 31 December 2022, the outstanding warrants have a weighted average remaining life of 1.32 years and a weighted average exercise price of \$0.50 (2022- \$0.45).

e) Share-based payments

During the three months period ended 31 December 2022, the Company did not grant any incentive stock options (30 September 2022 – 8,441,636) to its directors, officer, and consultants and recognized share-based payments as follows:

	31 December 2022	30 September 2022
Total Options Granted	-	8,441,636
Average exercise price	\$ -	\$ 0.42
Estimated fair value of compensation	\$ -	\$ 1,969,808
Estimated fair value per option	\$ -	\$ 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:

	31 December 2022	30 September 2022
Risk free interest rate	-	0.8% - 1.68%
Expected stock price volatility	-	81% - 87%
Expected option life in years	-	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.

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

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 December 2022, 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.

The value attributed to the non-controlling interest in the Company as at 31 December 2022 is an accumulated deficit of \$1,223,417 (2021 - \$1,225,247). For the period ended 31 December 2022, net income and comprehensive income of \$1,830 (2021 – loss of \$1,932) 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.

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

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				Amounts Payable and Accrued Liabilities	
Name and Principal Position	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based payments		
CEO and Director – Management fees	2023	\$ 36,000	\$ -	\$ 202,800	
	2022	\$ 36,000	\$ 41,283	\$ 8,500	
CFO – Management fees	2023	\$ 12,000	\$ -	\$ 4,000	
	2022	\$ 12,000	\$ 15,290	\$ -	
CFO – Professional fees	2023	\$ 24,035	\$ -	\$ 13,677	
	2022	\$ 13,782	\$ -	\$ -	
Directors – Director fees	2023	\$ -	\$ -	\$ 3,500	
	2022	\$ -	\$ 70,334	\$ 13,588	
Directors – Consulting fees	2023	\$ -	\$ -	\$ 23,011	
	2022	\$ -	\$ 13,761	\$ 20,911	
Former Director – Consulting fees	2023	\$ -	\$ 70,334	\$ 4,800	
	2022	\$ -	\$ 251,964	\$ -	
Total	2023	\$ 72,035	\$ -	\$ 251,788	
	2022	\$ 76,782	\$ 140,669	\$ 22,088	

(i) For the three months period ended 31 December 2022 and 2021.

(ii) Amounts disclosed were paid or accrued to the related party.

The Company settled outstanding loans of \$892,500 assumed by related parties. Under the terms of the Debt Settlement, the Company issued 3,305,554 common shares in the capital of the Company.

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
31 December 2022			
Current Assets	\$ 1,046,751	\$ 1,625	\$ 1,048,376
Non-Current Assets			
Other non-current assets	\$ 5,819,694	\$ 60,751	\$ 5,880,445
Resource properties	\$ 7,211,496	\$ 2,371,176	\$ 9,582,672
Liabilities			
Current Liabilities	\$ 1,617,883	\$ 38,725	\$ 1,656,608
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.

19) Commitments

During the year ended 30 September 2022, the Company entered into an agreement to extend the lease of the premises for another extension of 12 months commencing 1 July 2022 and expiring 30 June 2023. The Company's remaining annual minimum lease payments as at 31 December 2022 are shown below:

Fiscal 2023	9,556
Total	\$ 9,556



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

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.

20) Subsequent events

Subsequent to the three months period ended 31 December 2022:

- On 6 January 2023, the Company announced that it has cancelled an aggregate of 8,088,053 options with immediate effect. These options comprise 1,888,053 options previously granted on 16 December 2021 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.
- On 10 February 2023, the Company issued to its directors and officers an aggregate of 22,238,053 Options to purchase 22,238,053 common shares in the capital of the Corporation at an exercise price of \$0.13 per Common Share, expiring 10 February 2025.