2025

Ares Strategic Mining Inc.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended 31 March 2025

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 March 2025	As at 30 September 2024
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 145,239**	$ 93,460
Restricted cash	(15)(16)	**3,301,774**	2,123,653
Share proceeds receivable	(7)	**422,246**	452,804
Amounts receivable	(6)	**50,377**	54,237
Prepaid amounts and other assets		**3,380,723**	646,026
		7,300,359	3,370,180
Non-current Assets			
Deposits	(9)	**8,381,008**	8,388,432
Share proceeds receivable	(7)	**194,576**	393,743
Construction in progress	(8)	**12,835,496**	9,762,608
Property, pant, and equipment	(10)	**6,556,103**	6,178,264
Exploration and evaluation assets	(11)	**8,541,044**	8,362,151
		36,508,227	33,085,198
		$ 43,808,586	$ 36,455,378
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(18)	**$ 7,047,214**	$ 3,790,412
Short-term loans	(13)	**788,056**	441,983
PAB loan payable – current portion	(16)	**1,526,400**	1,431,000
Convertible debentures	(14)	**2,041,315**	1,386,189
USDA loan payable – current portion	(15)	**7,944,695**	5,768,569
		19,347,680	12,818,153
Non-Current Liabilities			
PAB loan payable	(16)	**11,878,846**	11,058,977
		31,226,526	23,877,130
EQUITY			
Equity Attributable to Shareholders			
Share capital	(17)	**46,597,290**	44,479,373
Options - Contributed surplus	(17)	**1,543,500**	1,905,000
Warrants - Contributed surplus	(17)	**1,930,007**	1,930,007
Accumulated other comprehensive income (“OCI”)		**(121,252)**	158,411
Deficit		**(36,148,836)**	(34,674,978)
		13,800,709	13,798,313
Non-controlling interests	(17)	**(1,218,649)**	(1,220,065)
Total Equity		**12,582,060**	12,578,248
		$ 43,808,586	$ 36,455,378

Nature of operations and going concern	(1)	Capital management	(20)
Basis of preparation – Statement of Compliance	(2)	Commitments and contingencies	(21)
Related party transactions and obligations	(18)	Subsequent events	(22)

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 28 February 2024 and were signed on its behalf by:

“Paul Sarjeant”
Paul Sarjeant, 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	**6 Months Ended 31 March 2025**	6 Months Ended 31 March 2024	**3 Months Ended 31 March 2025**	3 Months Ended 31 March 2024
General and Administrative					
Accretion and interest	(14)(15)(16)	**$ 1,297,141**	$ 771,657	**$ 428,333**	$ 450,053
Professional fees		**408,758**	274,976	**244,021**	170,771
Management fees	(18)	**96,750**	97,000	**48,750**	48,500
Office and marketing		**76,791**	49,081	**57,293**	20,307
Transfer agent and filing fees		**26,984**	37,006	**17,233**	6,896
Insurance		**18,696**	23,262	**9,247**	11,991
Depreciation	(10)	**18,499**	20,564	**9,273**	10,276
Resource property (income)		**14,738**	(7,934)	**21,475**	(4,089)
Shareholder relations		**3,948**	6,430	**-**	-
Bank charges		**3,640**	3,021	**1,869**	1,823
Travel		**236**	240	**236**	-
Foreign exchange loss/(gain)		**(350,206)**	2,582	**6,749**	2,448
		(1,615,975)	(1,277,885)	**(844,479)**	(718,976)
Other Income/ (Expenses)					
Interest income		**34,791**	106,983	**16,354**	106,983
Gain on sale of marketable securities	(12)	**22,857**	87,700	**-**	189,228
Unrealized gain on revaluation of marketable securities	(12)	**-**	-	**-**	156,556
Gain/(loss) on settlement of debt		**85,885**	-	**25,481**	-
Net (Loss) for the Period		**(1,472,442)**	(1,083,202)	**(802,644)**	(266,209)
Other Comprehensive Income (Loss)					
Foreign operations – foreign exchange		**(279,663)**	1,578	**(108,763)**	36,794
Comprehensive (Loss) for the Period		**$ (1,752,105)**	$ (1,081,624)	**$ (911,407)**	$ (229,415)
Net (Loss) Attributed to:					
Shareholders		**(1,473,858)**	(1,081,159)	**(803,049)**	(263,518)
Non-controlling interest		**1,416**	(2,043)	**405**	(2,691)
		$ (1,472,442)	$ (1,083,202)	**$ (802,644)**	$ (266,209)
Comprehensive (Loss) Attributed to:					
Shareholders		**(1,753,521)**	(1,079,581)	**(911,812)**	(226,724)
Non-controlling interest		**1,416**	(2,043)	**405**	(2,691)
		$ (1,752,105)	$ (1,081,624)	**$ (911,407)**	$ (229,415)
Basic and Diluted Loss per Share		**$ (0.01)**	$ (0.01)	**$ (0.00)**	$ (0.00)
Weighted Average Shares Outstanding		**178,367,170**	143,130,189	**182,122,037**	146,038,347

-- 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	Total Shareholders Equity	Equity attributable to NCI	Total
	#	$	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2023	139,000,722	39,582,659	4,725	1,929,500	1,531,855	139,187	(31,746,241)	11,441,685	(1,223,455)	10,218,230
Shares issued for private placement, net	15,938,596	2,578,469	90,875	-	36,000	-	-	2,705,344	-	2,705,344
Shares issued in conjunction with the PAB loan	6,780,500	1,356,100	-	-	-	-	-	1,356,100	-	1,356,100
Shares issued for debt settlement	2,335,537	421,760	-	-	-	-	-	421,760	-	421,760
Shares issued for Sorbie	8,916,666	362,935	-	-	362,152	-	-	725,087	-	725,087
Stock options exercised	445,000	81,850	-	(24,000)	-	-	-	57,850	-	57,850
Other comprehensive income	-	-	-	-	-	19,224	-	19,224	-	19,224
Net loss for the year	-	-	-	-	-	-	(2,928,737)	(2,928,737)	3,390	(2,925,347)
BALANCE AS AT 30 SEPTEMBER 2024	173,417,021	44,383,773	95,600	1,905,500	1,930,007	158,411	(34,674,978)	13,798,313	(1,220,065)	12,578,248
Shares issued for private placement, net	**765,170**	**233,331**	**(95,600)**	**-**	**-**	**-**	**-**	**137,731**	**-**	**137,731**
Shares issued for convertible debt	**1,147,184**	**298,268**	**-**	**-**	**-**	**-**	**-**	**298,268**	**-**	**298,268**
Shares issued for debt settlement	**4,038,323**	**798,941**	**-**	**-**	**-**	**-**	**-**	**798,941**	**-**	**798,941**
Stock options exercised	**6,792,131**	**882,977**	**-**	**(362,000)**	**-**	**-**	**-**	**520,977**	**-**	**520,977**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(279,663)**	**-**	**(183,800)**	**-**	**(183,800)**
Net income (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(1,473,858)**	**(1,473,858)**	**1,416**	**(1,472,442)**
BALANCE AS AT 31 MARCH 2025	**186,159,829**	**46,597,290**	**-**	**1,543,500**	**1,930,007**	**(121,252)**	**(36,148,836)**	**13,800,709**	**(1,218,649)**	**12,582,060**

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	6 months Ended 31 March 2025	6 months Ended 31 March 2024
OPERATING ACTIVITIES			
Loss for the period		**$ (1,472,442)**	$ (300,825)
Items not Affecting Cash			
Interest and accretion on convertible debt	(14)	**884,669**	116,086
Interest and accretion on USDA loan	(15)	**17,359**	-
Interest and accretion on PAB loan	(16)	**99,610**	-
Depreciation	(10)	**18,500**	10,288
Unrealized gain on share proceeds receivable	(7)	**(8,517)**	-
(Gain)/Loss on revaluation of marketable securities		**-**	(156,556)
(Gain) on sale of marketable securities		**-**	(101,528)
		(460,821)	(432,534)
Net Change in Non-cash Working Capital			
Accounts payable and accrued liabilities		**4,514,494**	123,737
Amounts receivable		**3,860**	(24,059)
Prepaid amounts and other assets		**(2,727,272)**	72,997
		1,330,261	(259,859)
INVESTING ACTIVITIES			
Construction progress	(8)	**(3,072,888)**	(117,633)
Resource property – expenditures	(11)	**(148,797)**	(111,774)
		(3,221,685)	(229,407)
FINANCING ACTIVITIES			
Short term loan (paid)/received	(13)	**346,073**	(25,000)
Proceeds from subscriptions		**137,731**	-
Proceeds from options exercised		**520,977**	-
Proceeds from share proceeds receivable		**238,242**	-
Proceeds from sale of marketable securities		**-**	202,996
Proceeds from the USDA loan		**1,768,740**	-
Net proceeds from the PAB loan	(16)	**-**	12,871,775
		3,011,763	13,049,771
Net effect of foreign currency translation		**109,951**	(11,449)
Net Increase/(Decrease) in cash and cash equivalents		**1,229,900**	12,549,056
Cash and cash equivalents – Beginning of Period		**2,217,113**	1,663,651
Cash and cash equivalents – End of Period		**$ 3,447,013**	14,212,707

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

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 2024**	30 September 2024
Working capital (deficit)	**$ (12,047,000)**	$ (9,448,000)
Accumulated deficit attributed to shareholders	**$ (37,367,000)**	$ (34,675,000)

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 2024.

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 2024.

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.

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 March 2025.

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.

Long-lived assets

The Company makes certain judgments in its assessment of whether indicators of impairment exist with respect to its long-lived assets. The carrying amounts of the Company's long-lived assets are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows that are largely ind ependent of the cash inflows from other assets or group of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use.

b. Estimates

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.

Convertible debt

The Company uses an estimated discount rate to determine the liability component of convertible debentures issued during the year.

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 March 2025. 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.

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

- 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 March 2025, 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 exposed to foreign currency risk on its restricted cash and USDA and PAB loans payable balances that are denominated in other than the functional currencies. As at 31 March 2025, the Company held currency totalling the following:

CURRENCY (Rounded)		**31 December 2024**	30 September 2024
Canadian (Dollars)	**$**	**235,000**	180,000
US (Dollars)	**$**	**1,004,000**	1,509,000

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

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 March 2025, the Company had a cash balance of $3,447,013 to settle current liabilities of $19,347,680 that are due within one year. The Company's outstanding liabilities, their current values and the principal amounts along with the due dates are as stated in the table below:

	Carrying value	Principal amount	Less than 1 year	1 – 5 years	5+ years
Accounts payable and accrued liabilities	$ 7,047,214	$ 7,047,214	$ 7,047,214	$ -	$ -
Short-term loans	788,056	788,056	788,056	-	-
Convertible debentures	2,041,315	2,041,315	2,041,315	-	-
USDA loan	7,944,695	7,944,695	7,944,695	-	-
PAB loan	13,405,246	15,099,000	3,185,889	9,513,808	11,880,756
Total	**$ 31,226,526**	**$ 32,920,280**	**$ 21,007,169**	**$ 9,513,808**	**$ 11,880,756**

6) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE	31 March 2025	30 September 2024
Goods and services tax receivable	**$ 24,218**	$ 32,892
Receivable on disposition	**26,159**	21,345
	50,377	**54,237**

7) Share proceeds receivable

The following table summarizes the details of share proceeds receivable associated with Sorbie Bornholm LP ("Sorbie") equity swap agreement dated for reference 21 June 2024, measured through profit and loss:

SHARE PROCEEDS RECEIVABLE	31 March 2025	30 September 2024
Balance – Beginning of Period	**$ 846,547**	$ -
Addition of share proceeds receivable (initial recognition)	**-**	830,086
Proceeds received, net	**(238,242)**	-
Unrealized gain	**8,517**	16,461
Balance – End of Period	**$ 616,822**	$ 846,547

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

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

The following table provides a breakdown of the share proceeds receivable between current and non-current assets based on the timing of the expected cash flows:

SHARE PROCEEDS RECEIVABLE		**31 March 2025**		30 September 2024
Current	**$**	**422,246**	$	452,804
Non-current		**194,576**		393,743
	$	**616,822**	$	846,547

The Company entered into a Subscription Agreement with Sorbie whereby Sorbie agreed to purchase 8,333,333 Units at a price of C$0.1800 per Unit. Each Unit consists of one common share in the capital of the Company ("Common Share") and one common share purchase warrant ("Warrant"), Note 17.

Sorbie and the Company entered into an equity swap agreement ("Sharing Agreement") at C$0.2610 (the "Benchmark Price"). The Sharing Agreement shall provide the Company's economic interest will be realized in 24 monthly settlement tranches as measured against the Benchmark Price. If, at the time of settlement, the Settlement Price (determined monthly based on a volume weighted average price for 20 trading days prior to settlement date) ("Settlement Price") exceeds the Benchmark Price, the Company shall receive more than 100% of the monthly settlement due, on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. If, at the time of settlement, the Settlement Price is below the Benchmark Price, the Company will receive less than the 100% of the monthly settlement due, on a pro rata basis.

The share proceeds receivable relating to the cash receivable of $1,500,000 do not meet the classification of a financial asset measured at amortized cost or at fair value through other comprehensive income as the Company does not have a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the financial asset does not give rise to cash flows that are solely payments of principal and interest. Therefore, the cash receivable is classified as a financial asset measured at fair value through profit or loss.

In accordance with IFRS 9, 8,333,333 units were valued based on the fair value of the share proceeds receivable. The Company assessed the fair value of the share proceeds receivable under IFRS 9 and determined to be $830,086 on the date of issuance. The corresponding fair value of the equity instruments of $830,086 was allocated between the common shares and the warrants based on their relative fair values in accordance with IAS 32 and the Company's accounting policy, Note 20.

Subsequent Measurement of the financial asset was revalued at 30 September 2024 and 31 March 2025 with the difference between the initial valuation and the value recognized in profit or loss as an unrealized gain (loss) on financial asset. On 30 September 2024 and 31 March 2025, the fair value of the share proceeds receivable was calculated based on the net present value of each future expected cash flows relating to the receivable, adjusted for the observable Settlement Price on the date of measurement. As at 31 March 2025, based on the fair value calculations, the fair value of the share proceeds receivable was determined to be $616,822 (30 September 2024 - $846,547). This resulted in an increase to the carrying value of the share proceeds receivable of $8,517 (30 September 2024 - $16,461), which was recognized in the consolidated statement of loss and comprehensive loss as an unrealized gain on share proceeds receivable.

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

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.

During the year ended 30 September 2023, the Company completed the acquisition of industrial land (Note 13 for installation of the flotation Plant and incurred further costs towards its completion such as design work and other prerequisites.

As at 30 September 2024, the construction of the Facility remains in progress. During the year ended 30 September 2024, the Company incurred $5,416,599 (2023 - $56,022) in construction costs on the Facility which included $1,214,437 (2023 - $nil) of capitalized borrowing costs. The Company is expected to incur additional costs to complete the installation and begin operations.

During the period ended 31 March 2025, the Company incurred a further $2,246,324 in construction costs which included the transfer of US$400,789 from long term deposit for components received on the Facility and US$1,430,500 of capitalized borrowing costs. The Company is expected to incur additional costs to complete the installation and begin operations.

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

9) Deposits

Deposits consist of:

DEPOSITS		31 December 2024		30 September 2024
Office lease	**$**	**6,309**	$	2,912
Surety deposits		**294,065**		276,070
Flotation deposits		**8,080,634**		8,109,450
	$	**8,381,008**	$	8,338,432

As at 31 March 2025, the balance in deposits of $6,309 (2024 - $2,912) represents a deposit for office lease, reclamation surety and bond in the amount of $294,065 (2024 - $276,070) paid to the State of Utah for a five-year escalation at Lost Sheep and Bell Hill and advance on floatation plant in the amount of $8,080,634 (2024 - $8,109,450).

10) Property, plant, and equipment

PROPERTY, PLANT, AND EQUIPMENT		Equipment		Auto		Land		Ramp		Total
COST										
Balance as at 1 October 2023	$	161,329	$	70,699	$	2,810,176	$	-	$	3,042,204
Addition		-		-		-		3,317,500		3,317,500
Adjustment on currency translation				(162)		(18,114)				(18,276)
Balance as at 30 September 2024	**$**	**161,329**	**$**	**70,537**	**$**	**2,792,062**	**$**	**3,317,500**	**$**	**6,341,428**
Addition		**-**		**-**		**-**		**-**		**-**
Adjustment on currency translation		**-**		**4,598**		**177,113**		**216,253**		**397,964**
Balance as at 31 March 2025	**$**	**161,329**	**$**	**75,135**	**$**	**2,969,175**	**$**	**3,553,753**	**$**	**6,739,392**
DEPRECIATION										
Balance as at 1 October 2023	$	106,289	$	16,837	$	-	$	-	$	123,126
Depreciation for the year		32,798		7,103		-		-		39,901
Adjustment on currency translation		-		137		-		-		137
Balance as at 30 September 2024	**$**	**139,087**	**$**	**24,077**	**$**	**-**	**$**	**-**	**$**	**163,164**
Depreciation for the year/period		**14,802**		**3,698**		**-**		**-**		**18,500**
Adjustments on currency translation		**-**		**1,625**		**-**		**-**		**1,625**
Balance as at 31 March 2025	**$**	**153,889**	**$**	**29,400**	**$**	**-**	**$**	**-**	**$**	**183,289**
CARRYING AMOUNTS										
Balance as at 30 September 2024	$	22,242	$	46,460	$	2,792,062	$	3,317,500	$	6,178,264
Balance as at 31 March 2025	**$**	**7,440**	**$**	**45,735**	**$**	**2,969,175**	**$**	**3,533,753**	**$**	**6,556,103**

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.

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

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 2023, the Company acquired an industrial land parcel located in Millard County, State of Utah in the United States for the purpose of setting up its fluorspar plant, which was pledged as collateral on the USDA loan. There were no additions during the six-month period ended 31 March 2025.

In addition to the land parcel acquired during the year, land comprises five Canadian properties located in Ontario, Canada (Note 11(f)). The Company earns revenues from sale of quarry rock located on these properties. 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 2023	$	7,960,140	-	-	-	-	4	7,960,144
Geological consulting		267,486	-	-	-	-	-	267,486
Staking and claiming		85,942	-	-	-	-	-	85,942
Adjustments on currency translation		48,579	-	-	-	-	-	48,579
Balance as at 30 September 2024	$	**8,362,147**	**-**	**-**	**-**	**-**	**4**	**8,362,151**
Geological consulting		**40,487**	**-**	**-**	**-**	-	-	**40,487**
Acquisition		**83,357**	**-**	**-**	**-**	-	-	**83,357**
Administration and camp		**18,644**	**-**	-	**-**	-	-	**18,644**
Staking and claiming		**6,309**	**-**	**-**	**-**	-	-	**6,309**
Adjustments on currency translation		**30,096**	**-**	**-**	**-**	-	-	**30,096**
Balance as at 31 March 2025	**$**	**8,541,040**	**-**	**-**	**-**	**-**	**4**	**8,541,044**

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 with ASM, 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, 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 was 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 year ended 30 September 2023, pursuant to an arrangement agreement with Enyo, the Company transferred all its right, title and interest in and to the Liard Fluorspar property to Enyo at its carrying amount. As a result, the associated assets were derecognized from these Financial Statements.

c) Vanadium Ridge

During the year ended 30 September 2022, the Company signed an agreement with Imbue Capital Inc. ("Imbue") for the purchase of an additional 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 ("Cash Contribution"). 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 the 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 retained a 20% interest in the Vanadium Ridge property.

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

During the year ended 30 September 2023, pursuant to an arrangement agreement with Enyo, the Company transferred all its right, title and interest in and to the Vanadium Ridge property to Enyo at its carrying amount. As a result, the associated assets were derecognized for these Financial Statements.

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 in 2022) within five days from receiving approval from the TSX Venture Exchange.

• $500,000 payable in common shares (received in 2022) 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 (received in 2023), 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 (received in 2023), 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 option agreement by USHA are subject to a four-month-and-one-day statutory hold period.

During the year ended 30 September 2023, the Company recorded a gain on disposition of Jackpot Lake of $66,677 (2022 – loss of $ 229,785) in the consolidated statement of loss and comprehensive loss.

e) Wilcox Playa

The Company had written off this property in the year ended 30 September 2019. During the year ended 30 September 2023, the Company sold this property, including its mining information and the right to receive the staking deposit for a cash consideration of $40,000 and receipt of 500,000 common shares (Note **Error! Reference source not found.** in the c apital of purchaser. As at 30 September 2023, 250,000 of these common shares were received. During the year ended 30 September 2023, the Company recorded a gain on disposition of Wilcox Playa of $162,196 in the consolidated statement of loss and comprehensive loss.

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

During the period ended 31 March 2025, Ares sold 148,519 shares of Formation Metals Inc. ("FMI") for a total consideration and gain of $22,857. In 2023, the Company owned shares of Usha Resources Ltd., ("Usha") whereby the shareholder of Usha received one common share of FMI with respect to every five Usha shares as part of the terms of their arrangement to spin out.

13) Short-term loans

The following is a summary of the Company's short-term loans as at 31 March 2025 and 30 September 2024:

SHORT-TERM LOANS	Year		Outstanding Principal
Operational loans from related parties	**2025**	**$**	**691,706**
	2024	$	342,210
Canada Emergency Business Account loan	**2025**	**$**	**31,350**
	2024	$	34,773
Others	**2025**	**$**	**65,000**
	2024	$	65,000
Total as at 31 March 2025	**2025**	**$**	**788,056**
Total as at 30 September 2024	2024	$	441,983

As at 31 March 2025 , the Company obtained a net $575,642 (30 September 2024 - $120,900) loan from the CEO as well as received $116,064 (30 September 2024 $108,810) in loans from companies related to directors of the Company subject to 10% per annum and maturing on 30 August 2025. There are no defined terms or due dates of repayment on the loans from the CEO and a non-related party obtained are unsecured. Canada Emergency Business Account loan of $60,000 was refinanced with the financial institution in order to repay the full amount in January 2024 and the Company qualified for $20,000 loan forgiveness which was recognized as other income during the year ended 30 September 2024. The refinanced balance of $40,000 is subsect to prime rate plus 2.14% per annum over 5-year term commencing on 18 January 2024.

14) Convertible debentures

On 2 December 2022, the Company closed a non-brokered private placement offering of secured convertible debentures totalling $1,252,700. The Company incurred a financing fee equal to 45% of the principal amount amounting to $563,715 and paid a finders' fee totalling $52,720 for net proceeds of $636,265. The principal amount of convertible debentures will be convertible at holder's option into full-paid common shares in the capital of the Company at any time prior to maturity in two years, at an exercise price of $0.26 per common share. Interest on the debentures shall be paid semi-annually at an annual interest rate of 12% per annum.

In connection with the convertible debentures, the Company also issued 202,771 finders' warrants, with each warrant exercisable into one common share of the Company for a period of two years at a price of $0.26 per common share. The fair value of the warrants was calculated to be $20,000 using the Black-Scholes option pricing model.

During the period ended 31 March 2025, the Company converted their principal convertible debt of $237,900 and associated interest of $60,368 into 741,234 common shares of the Company.

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

The following table summarizes the accounting for the convertible debentures and the amounts recognized during the period/year.

CONVERTIBLE DEBENTURES	**31 December 2024**	30 September 2024
Balance – Beginning of Period/Year	**$ 1,386,189**	$ 713,865
Interest expense, unpaid	**68,726**	152,830
Accretion expense	**884,669**	519,494
Settlement through shares	**(298,268)**	-
Balance – End of Period/Year	**$ 2,041,315**	$ 1,386,189

15) USDA loan payable

On 30 June 2023, the Company's subsidiary, Ares Utah, signed a promissory note agreement with Community Bank & Trust ("CB&T") – West Georgia and received 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 (Note 0. 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. For the purpose of securing payments and obligations, the Company granted the power of sale and right of the parcel of the land purchased with the proceeds as well as all the proceeds and awards or payments from the land purchased. As at 31 March 2025, CB&T holds the trust account in the amount of US$3,200 on behalf of the Company and the funds are restricted primarily for machinery and equipment related to construction of the fluorspar plant.

	Amount
Principal amount (US$4,420,000)	$ 5,979,597
Less: Transaction cost (US$382,176)	(534,243)
Amount funded, 30 June 2023	5,445,354

USDA LOAN PAYABLE	**31 December 2024**	30 September 2024
Balance – Beginning of Period/Year	**$ 5,768,569**	$ 5,501,049
Amortization of transactions costs – accretion and other	**17,359**	488,898
Add: Principal amount received	**(1,768,740)**	-
Less: Principal amount repaid	**-**	(187,317)
Adjustment on currency translation	**390,027**	(34,061)
Balance – End of Period/Year	**$ 7,944695**	$ 5,768,569

The Company has acted as a guarantor in securing the USDA loan payable, and the Company and its subsidiary, Ares Utah, have provided as collateral, interest in all of the Company's rights, title and interest in and to all property and fixtures (current and future) of the Company and its subsidiaries. In connection with the USDA loan payable, Ares Utah is subject to the following financial covenants:

- Maintain a debt service coverage ratio of at least 1.25 to 1.0, tested annually, beginning December 31, 2023 and for the remaining term of the loan period; and
- Maintain a debt to net worth ration not to exceed 9.0 to 1.0 at any time, which is to be tested annually.

As at 31 March 2025, the Company received US$1,200,000 loan maturing on 27 August 2025 that will be used to pay for outstanding interest payments totaling US$449,877 (30 September 2024 – US$157,481)

As at 31 March 2025 and 31 December 2024, the Company did not meet the above covenants and therefore, the USDA loan is in default and has been classified as current liability.

16) PAB loan payable

On 15 December 2023, the Company's subsidiary, Ares Utah closed on the State of Utah's Private Activity Bond ("PAB") program from Millard County, Utah ("Millard County") pursuant to a US$10,000,000 tax-exempt Manufacturing Facility Revenue Bond (the "Series 2023A Bond"), and a US$500,000 taxable Manufacturing Facility Revenue Bond (the "Series 2023B Bond"). The repayment of interest on both the bonds begins 15 December 2024 whereas the principal sum of the Series 2023A Bonds begins annually from 15 December 2025 to 15 December 2034 while the Series 2023B bonds are due to be paid all at once on 15 December 2025. As part of the closing, the Company incurred transaction costs in the amount of US$1,666,940 which were allocated to the issuance cost of loan payable and deducted from the principal value.

In addition, the Company entered into a Guaranty Agreement and Guaranty of Completion agreement with the Trustee, pursuant to which the Company agreed to guaranty certain obligations of Ares Utah, including the repayment of the principal, interest and other amounts owed under the Bonds. The proceeds from the Bonds will be used by Ares Utah to acquire, construct, and develop a processing facility (the "Project") on the Company's Lost Sheet Fluorspar Project located in Delta, Millard County, Utah.

During the period ended 31 March 2025, interest expense, accretion expense, and the amortization of debt costs are being recognized over the loan period, with a total of US$35,473 (30 September 2024 – US$418,774) being recognized as accretion expense and recorded within the interest and accretion expense line.

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

The Company also issued 6,780,500 common shares in conjunction with those bonds.

		Amount
Amount funded: Principal amount (US$10,500,000)	$	14,175,000
Transaction cash cost		(907,572)
Transaction shares issued cost		(1,356,100)
Amortization of transaction costs - accretion		569,868
Adjustments on currency translation		8,781
PAB loan balance as at 30 September 2024	**$**	**12,489,977**
Amortization of transaction costs - accretion		**99,610**
Adjustments on currency translation		**815,659**
PAB loan balance as at 31 March 2025	**$**	**13,405,246**
Less: Current portion	**$**	**(1,526,400)**
Non-current portion	**$**	**(11,878,846)**

The Company has acted as a guarantor in securing the PAB loan payable, and the Company and its subsidiary, Ares Utah, have provided as collateral, interest in 5.5 out of 48 acres of Ares Utah's rights, title and interest in property and fixtures (current and future) of the Company and its subsidiaries situated on the site funded by the PAB, the Project. In connection with the PAB loan payable, Ares Utah is subject to the following financial covenants:

- Maintain coverage ratio covenant of at least 1.10 or above for each Fiscal Year commencing more than year after the completion of construction and installation of the Project.

The repayment commitment of 2023A Bonds has been described in the table below:

Financial year	**Principal (USD)**	**Interest (USD)**
2025	595,000	1,060,000
2026	665,000	990,500
2027	730,000	924,000
2028	805,000	851,000
2029	880,000	770,500
2030 and above	6,825,000	2,341,000

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

17) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the six months period ended 31 March 2025:

	Number of Shares	Amount
Balance as at 1 October 2024	173,417,021	$ 47,558,031
Shares issued for debt	**4,038,323**	**798,941**
Shares issued for exercise of options	**6,792,131**	**882,977**
Shares issued for convertible debt settlement	**1,147,184**	**298,268**
Shares issued for Offering, net	**765,170**	**137,731**
Balance as 31 March 2025	**186,159,829**	**$ 49,868,247**

During the six months period ended 31 March 2025:

- The Company issued 4,038,323 common shares to settle a debt of $707,076.
- 6,792,131 options were exercised for gross proceeds of $882,977.
- Certain purchasers of Ares debentures have converted their sum of principal and interest in the amount of $298,268, valued at $220,900, to 1,147,184 Ares common shares resulting in the gain on settlement of $77,368. All shares issued are subject to a four-month hold period in accordance with applicable securities laws.
- The Company closed the Offering of units (each, a "Unit") by issuing 765,170 Units at a price of $0.18 per Unit, for aggregate gross proceeds of $137,731. Each Unit consists of one common share in the capital of the Company (each, a "Common Share") and one nontransferable Common Share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one Common Share (each, a "Warrant Share") at a price of $0.26 per Warrant Share for a period of two years.

During the year ended 30 September 2024:

- As at 30 September 2024, the Company has raised an aggregate amount of $2,868,947 from the five tranche closings of the LIFE Offering. The Company issued 15,938,596 units at a price of $0.18 per Unit. Each Unit consists of one common share in the capital of the Company (each, a "Common Share") and one non-transferable Common Share purchase warrant (each, a "Warrant"). Each Warrant will entitle the holder to acquire one additional Common Share in the capital of the Company (each, a "Warrant Share") at a price of $0.26 per Common Share for a period of two years following the closing date of the LIFE Offering subject to accelerated provisions. In connection with the closing of the first, second, and third tranches, an aggregate of $259,203 was paid in cash and a total of 744,376 finder's warrants (each, a "Finder's Warrant") were issued as finder's fees. Each Finder's Warrant entitles the holder thereof to acquire one common share in the capital of the Company (a "Finder's Warrant Share") at a price of $0.26 per Finder's Warrant Share for a period of two years subject to accelerated provisions following the closing date of the first tranche.
- The Company issued 6,780,500 shares against the discount in lieu of the PAB loan funding received during the year, Note 18.

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

- As at 30 September 2024, the Company has raised an amount of $1,500,000 payable in 24 monthly settlement tranches based on the volume weighted average price of the common shares against a benchmark price of $0.2610 from Sorbie, a UK-based institutional investor and issued 8,333,333 units to Sorbie (Note 8). Each unit consists of one common share in the capital of the Company (each, a "Common Share") and one non-transferable Common Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to acquire one additional Common Share in the capital of the Company (each, a "Warrant Share") at a price of $0.26 per Common Share however, that if the ten-day volume-weighted average trading price of the Shares as quoted on the Canadian Securities Exchange (the "CSE") (or such other securities exchange on which the Shares may be traded at such time) is equal to or greater than C$0.40 at the close of any trading day, then Ares may, at its option, accelerate the expiry date of the Warrants by issuing a press release (a "Warrant Acceleration Press Release") announcing that the expiry date of the Warrants shall be deemed to be on the 30th day following the date of the Warrant Acceleration Press Release (the "Accelerated Expiry Date"). All Warrants that remain unexercised following the Accelerated Expiry Date shall immediately expire and all rights of holders of such Warrants shall be terminated without any compensation to such holder. Warrants will include a provision prohibiting exercise if such exercise will take the holder above a 9.99% ownership. As consideration for entering into the Sharing Agreement, the Company agreed to pay a Value Payment of $105,000 to be paid by the Company to Sorbie in either cash or Units at the placement price of $0.18. The Company paid the Value Payment by issuing 583,333 Units to Sorbie consisting of one common share and one common share purchase warrant per unit. In concurrence with the agreements entered into with Sorbie, the Company entered into a finders agreement with a third party, whereby the Company agreed to pay cash finders fee of $105,000, equal to 7% of total funds raised (Consultancy Fee), in addition to one warrant per share of common stock equivalent to the $105,000 consultancy fee. The number of warrants issuable was determined by calculating the equivalent to the number of shares that could be purchased with the Consultancy Fee at a volume weighted average price for 20 trading days prior to the payment of the Consultancy Fee or 620,567 warrants. Upon the initial recognition, the Company issued the 8,333,333 Units in exchange for cash receivable and using the Black-Scholes pricing model, the fair value of the 8,333,333 warrants was determined to be $895,475. The fair value of the 8,333,333 common shares was determined to be $1,416,666 based on the closing trading price of the Company's shares on the date of issuance of $0.17. Based on these amounts, on initial recognition of its fair value at $830,086, the Company allocated $321,486 to the 8,333,333 warrants with $508,600 allocated to the 8,333,333 shares issued. The issuance cost of 583,333 units were issued in lieu of $105,000 based on the terms of the agreement. The $105,000 value of the units was required to be allocated between the common shares and finder warrants based on their relative fair values. The 583,333 warrants included in the units were issued to Sorbie in exchange for services rendered and therefore the warrants were accounted for in accordance with IFRS 2. As the fair value of the services received cannot be reliably measured, the Company determined the fair value of the warrants using the Black Scholes Option Pricing Model. Using the Black-Scholes pricing model, the 583,333 warrants were valued at $62,683. The fair value of the 583,333 common shares was determined to be $99,167 based on the closing trading price of the Company's shares on the date of issuance of $0.17. Based on these amounts, the $105,000 was allocated as $64,334 to the common shares, and $40,666 to the warrants. The Company is also obligated to pay an agent fee of $105,000 in cash and 620,567 agent warrants that are yet to be accounted for in accordance with IFRS 2. However, the warrants have not yet been issued, awaiting on the Exchange approval. The Company will value the warrants using the Black-Scholes pricing model as well, and recognize the fair value as a deduction from equity upon issuance.

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

- The Company issued 2,335,537 common shares to settle debt of $421,760.
- The Company issued 445,000 common shares as part of the options exercised.

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 six months period ended 31 March 2025 and 30 September 2024:

STOCK OPTION ACTIVITY	31 March 2025		Weighted Average Exercise Price	30 September 2024		Weighted Average Exercise Price
Balance – Beginning of Period	**21,793,053**	**$**	**0.12**	22,238,053	$	0.12
Exercised	**(6,792,131)**		**-**	(445,000)		0.12
Expired	**(15,000,922)**		**-**	-		-
Balance – End of Period	**-**	**$**	**0.12**	21,793,053	$	0.12

(1) The exercise price of these stock options was modified to $0.12 upon completion of the spin-out transaction on 15 Spetember2023 (see Note 1).

Details of stock options outstanding as at 31 March 2025 and 30 September 2024 are as follows:

Issuance Date	Expiry Date		Exercise Price	31 March 2025	30 September 2024
10 February 2023	10 February 2025	$	0.12	**-**	21,793,053
				-	21,793,053

As at 31 March 2025, the outstanding options have a weighted average remaining life of nil years (2024 –0.36 years) and a weighted average exercise price of $0.12 (2024- $0.12).

The Company did not grant any stock options during the period ended 31 March 2025.

<u>During the year ended 30 September 2024:</u>

The Company did not grant any stock options during the year ended 30 September 2024.

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

d) Warrants

Warrant activity during the six months ended 31 March 2025 and 30 September 2024 are as follows:

WARRANT ACTIVITY	31 March 2025		Weighted Average Exercise Price	30 September 2024		Weighted Average Exercise Price
Balance – Beginning of Period	**25,903,772**	$	**0.26**	2,026,568		0.45
Issued	**1,414,283**		**0.28**	25,701,001		0.26
Expired	**(202,771)**		**-**	(1,823,797)		0.45
Balance – End of Period	**27,115,284**	**$**	**0.26**	25,903,772	$	0.26

<u>During the period ended 31 March 2025:</u>

Details of warrants outstanding as at 31 March 2025 and 30 September 2024 are as follows:

Issuance Date	Expiry Date		Exercise Price	31 March 2025	30 September 2024
15 December 2022	15 December 2024	$	0.26	**-**	202,771
31 May 2024	31 May 2026	$	0.26	**6,463,784**	6,463,784
07 June 2024	07 June 2026	$	0.26	**5,709,592**	5,709,592
28 June 2024	28 June 2026	$	0.26	**2,102,914**	2,102,914
16 July 2024	16 July 2026	$	0.26	**1,019,219**	1,019,219
1 August 2024	1 August 2026	$	0.26	**1,387,720**	1,387,720
11 September 2024	11 September 2026	$	0.26	**9,017,772**	9,017,772
07 October 2024	07 October 2026	$	0.26	**765,170**	-
11 March 2025	11 March 2028	$	0.30	**649,113**	-
				27,115,284	25,903,772

As at 31 March 2025, the outstanding warrants have a weighted average remaining life of 1.34 years (2024 – 1.78 years) and a weighted average exercise price of $0.26 (2024- $0.26).

e) Share-based payments

During the six months period ended 31 March 2025, the Company did not grant any incentive stock options (30 September 2024 – Nil) to its directors, officer, and consultants.

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 six years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 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.

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

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 30 September 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.

The value attributed to the non-controlling interest in the Company as at 31 March 2025 is an accumulated deficit of $1,218,649 (2024 - $1,220,000). For the period ended 31 March 2025, net income and comprehensive income of $1,446 (2024 – loss of $2,043) has been attributed to the non-controlling interest in these Financial Statements.

18) 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

Name and Principal Position	Year[i]	Remuneration or fees[ii]	Share-based payments	Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2025**	**$ 72,000**	**$ -**	**$ 719,595**
	2024	$ 72,000	$ -	$ 74,300
CFO – Management fees	**2025**	**$ 24,000**	**$ -**	**$ 32,162**
	2024	$ 24,000	$ -	$ 23,495
CFO – Professional fees	**2025**	**$ 73,220**	**$ -**	**$ 22,514**
	2024	$ 52,193	$ -	$ -
Directors – Director fees	**2025**	**$ 750**	**$ -**	**$ 123,214**
	2024	$ 1,000	$ -	$ 5,000
Directors – Consulting fees	**2025**	**$ 21,000**	**$ -**	**$ 126,177**
	2024	$ 21,000	$ -	$ 71,052
Former Director – Consulting fees	**2025**	**$ -**	**$ -**	**$ -**
	2024	$ -	$ -	$ 4,800
Total	**2025**	**$ 191,270**	**$ -**	**$ 1,023,708**
	2024	$ 170,193	$ -	$ 190,172

(i) For the six months period ended 31 March 2025 and 2024.
(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.

Accounts payable and accrued liabilities are unsecured, non-interest bearing and due on demand.

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

During the year ended 30 September 2024, the Company purchased a flotation plant from a non-arm's length company, which is an entity controlled by a director of the Company. Accordingly, US$6,007,000 was paid and recorded as a deposit at 30 September 2024 since the plant was not shipped to the Company by the year end. During the period ended 31 March 2025, US$400,789 was received and moved to construction in progress.

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

19) 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 March 2025			
Current Assets	**$ 5,855,000**	**$ 1,445,000**	**$ 7,300,000**
Non-Current Assets			
Other non-current assets	**$ 14,414,000**	**$ 13,553,000**	**$ 27,967,000**
Resource properties	**$ 5,163,000**	**$ 3,378,000**	**$ 8,541,000**
Liabilities			
Current Liabilities	**$ 9,877,000**	**$ 9,471,000**	**$ 19,348,000**
Non- Current Liabilities	**$ -**	**$ 11,879,000**	**$ 11,879,000**
30 September 2024			
Current Assets	$ 1,331,000	$ 2,039,000	$ 3,370,000
Non-Current Assets			
Other non-current assets	13,233,000	11,490,000	24,723,000
Resource properties	5,849,000	2,513,000	8,362,000
Liabilities			
Current Liabilities	5,619,000	7,212,000	12,831,000
Non-Current Liabilities	-	11,059,000	11,059,000

20) 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.

21) Commitments and contingencies

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.

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

The repayment of USDA, PAB loans and convertible debt interest is described within respective notes.

As at 31 March 2025, the Company is aware of a claim filed in the Ontario Superior Court of Justice on 9 August 2024 pertaining to an Asset Purchase Agreement entered into on 22 July 2022. The claimant has alleged that the Company breached the Binding Letter of Offer dated 18 August 2022 where the Company paid $1,250,000 out of a total purchase price deposit amount of $2,150,000. The claimant is seeking the remaining portion of the purchase price deposit in the amount of $900,000 and pre-and post-judgement interest at the prime rate of the Bank of Nova Scotia plus 12%, and the costs of the claim plus all applicable taxes. The Company has assessed that the claimant cannot demonstrate a loss because of the Company's decision to terminate the Binding Letter of Offer. Based on the Company's assessment, the claim is not expected to have a significant impact on the Company's Financial Statements. Therefore, no liability has been recorded in relation to this claim as of 31 March 2025.

22) Subsequent events

Subsequent to the six months period ended 31 March 2025:

On 2 April 2025, the Company entered into another Subscription Agreement with Sorbie whereby Sorbie agreed to purchase 7,229,730 Units for gross proceeds of $1,000,0000 over 24 months. Sorbie and the Company entered into an equity swap agreement ("Sharing Agreement") at C$0.1998 (the "Benchmark Price"). The Sharing Agreement shall provide the Company's economic interest will be realized in 24 monthly settlement tranches as measured against the Benchmark Price. If, at the time of settlement, the Settlement Price (determined monthly based on a volume weighted average price for 20 trading days prior to settlement date) ("Settlement Price") exceeds the Benchmark Price, the Company shall receive more than 100% of the monthly settlement due, on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly settlements. If, at the time of settlement, the Settlement Price is below the Benchmark Price, the Company will receive less than the 100% of the monthly settlement due, on a pro rata basis.

On 17 April 2025, Ares announced that the Company plans to issue $961,882.50 shares to settle $961,882 in outstanding debt.