2024

Ares Strategic Mining Inc.

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended 30 June 2024

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 30 June 2024	As at 30 September 2023
ASSETS			
Current Assets			
Cash and cash equivalents		$ **375,601**	$ 467,086
Restricted cash	(15)(16)	**2,129,018**	1,196,565
Amounts receivable	(6)	**44,811**	21,370
Marketable securities	(12)	**-**	170,848
Prepaid amounts and other assets		**9,131,993**	290,412
		11,681,423	2,146,281
Non-current Assets			
Deposits	(9)	**104,661**	103,940
Construction in progress	(8)	**11,120,033**	4,346,009
Property and equipment	(10)	**2,908,524**	2,919,078
Exploration and evaluation assets	(11)	**8,247,851**	7,960,144
		22,381,069	15,329,171
		$ **34,062,492**	$ 17,475,452
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(18)	$ **3,295,858**	$ 656,618
Short-term loans	(13)	**318,439**	385,690
USDA loan payable – current portion	(15)	**196,512**	821,960
PAB loan payable – current portion	(16)	**1,376,912**	-
Convertible debentures	(14)	**1,180,422**	713,865
		6,368,143	2,578,133
Non-Current Liabilities			
USDA loan payable	(15)	**5,323,161**	4,679,089
PAB loan payable	(16)	**10,637,366**	-
		22,328,670	7,257,222
EQUITY			
Equity Attributable to Shareholders			
Share capital	(17)	**43,417,353**	39,587,384
Options - Contributed surplus	(17)	**1,905,500**	1,929,500
Warrants - Contributed surplus	(17)	**1,567,855**	1,531,855
Accumulated other comprehensive income (“OCI”)		**122,095**	139,187
Deficit		**(34,053,584)**	(31,746,241)
		12,959,219	11,441,685
Non-controlling interests	(17)	**(1,225,397)**	(1,223,455)
Total Equity		**11,733,822**	10,218,230
		$ **34,062,492**	$ 17,475,452

Nature of operations and going concern	(1)	Capital management	(20)
Basis of preparation – Statement of Compliance	(2)	Commitment	(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	**9 Months Ended 30 June 2024**	9 Months Ended 30 June 2023	**3 Months Ended 30 June 2024**	3 Months Ended 30 June 2023
General and Administrative					
Accretion and interest	(14)(15)(16)	**$ 1,554,783**	$ 97,403	**$ 783,126**	$ 47,420
Professional fees		**333,712**	849,966	**58,736**	156,939
Management fees	(18)	**145,000**	144,750	**48,000**	48,000
Office and marketing		**70,286**	351,683	**21,205**	238,075
Transfer agent and filing fees		**45,383**	44,942	**8,377**	12,440
Insurance		**36,785**	33,067	**13,523**	11,026
Depreciation	(10)	**30,427**	30,836	**9,863**	10,183
Shareholder relations		**6,945**	39,569	**515**	-
Bank charges		**352,166**	101,329	**349,145**	98,520
Foreign exchange loss/(gain)		**(17,564)**	37,203	**(20,146)**	271
Travel		**240**	1,069	**-**	-
Stock-based compensation		**-**	1,188,000	**-**	-
Resource property (income)		**(1,878)**	(21,958)	**6,056**	2,611
		(2,556,285)	(2,897,859)	**(1,278,400)**	(625,485)
Other Income/ (Expenses)					
Interest income		**159,300**	-	**52,317**	-
Gain on sale of marketable securities	(12)	**87,700**	51,920	**-**	20,345
Unrealized gain on revaluation of marketable securities	(12)	**-**	51,358	**-**	31,048
Gain/(loss) on settlement of short-term debt		**-**	-	**-**	(27,500)
Gain/(loss) on sale of mineral property		**-**	10,013	**-**	-
Rental income		**-**	32,544	**-**	-
Deposits written off	(7)	**-**	(1,250,000)	**-**	-
Net (Loss) for the Period		**(2,309,285)**	(4,002,024)	**(1,226,083)**	(601,592)
Other Comprehensive Income (Loss)					
Foreign operations – foreign exchange		**(17,092)**	9,597	**(18,670)**	(75)
Comprehensive (Loss) for the Period		**$ (2,326,377)**	$ (3,992,427)	**(1,244,753)**	(601,667)
Net (Loss) Attributed to:					
Shareholders		**(2,307,343)**	(4,000,865)	**(1,226,184)**	(601,232)
Non-controlling interest		**(1,942)**	4,146)	**101**	(360)
		$ (2,309,285)	$ (4,002,024)	**(1,226,083)**	(601,592)
Comprehensive (Loss) Attributed to:					
Shareholders		**(2,324,435)**	(3,991,275)	**(1,244,854)**	(601,307)
Non-controlling interest		**(1,942)**	4,146	**101**	(360)
		$ (2,326,377)	$ (3,992,427)	**(1,244,753)**	(601,667)
Basic and Diluted Loss per Share		**$ (0.02)**	$ (0.03)	**(0.01)**	(0.01)
Weighted Average Shares Outstanding		**145,658,157**	138,098,947	**150,741,873**	138,387,226

-- 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 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	1,228,314	249,628	4,725	-	-	-	-	254,353	-	254,353
Stock based compensation	-	-	-	1,188,000	-	-	-	1,188,000	-	1,188,000
Assets transferred pursuant to spin out of Enyo	-	-	-	-	-	-	(1,941,006)	(1,941,006)	-	(1,941,006)
Transaction costs on spin out of Enyo	-	-	-	-	-	-	(114,348)	(114,348)	-	(114,348)
Agent warrants issued	-	-	-	-	20,000	-	-	20,000	-	20,000
Modification of options	-	-	-	113,000	-	-	-	113,000	-	113,000
Stock options cancellation	-	-	-	(1,911,808)	-	-	1,911,808	-	-	-
Other comprehensive income	-	-	-	-	-	61,076	-	61,076	-	61,076
Net loss for the period	-	-	-	-	-	-	(4,439,706)	(4,439,706)	1,792	(4,437,914)
BALANCE AS AT 30 SEPTEMBER 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	**13,531,914**	**2,192,329**	**-**	**-**	**36,000**	**-**	**-**	**2,228,329**	**-**	**2,228,329**
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	**1,024,831**	**169,690**	**-**	**-**	**-**	**-**	**-**	**169,690**	**-**	**169,690**
Stock options exercised	**445,000**	**81,850**	**-**	**(24,000)**	**-**	**-**	**-**	**57,850**	**-**	**57,850**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(17,092)**	**-**	**(17,092)**	**-**	**(17,092)**
Net income (loss) for the period							**(2,307,343)**	**(2,307,343)**	**(1,942)**	**(2,309,285)**
BALANCE AS AT 30 JUNE 2024	**160,782,967**	**43,412,628**	**4,725**	**1,905,500**	**1,567,855**	**122,095**	**(34,053,584)**	**12,959,219**	**(1,225,397)**	**11,733,822**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	**9 Months Ended 30 June 2024**	9 Months Ended 30 June 2023
OPERATING ACTIVITIES			
Loss for the period		**$ 2,309,284**	$ (4,002,024)
Items not Affecting Cash			
Accretion and interest on convertible debt, PAB, and USDA loans	(14)(15)(16)	**345,631**	97,403
Depreciation	(10)	**30,427**	30,836
(Gain) on sale of marketable securities	(12)	**(87,700)**	(24,420)
Discount feature on convertible debt on equity		**-**	217,194
(Gain)Loss on sale of mineral property		**-**	12,666
(Gain)/Loss on settlement of liability		**-**	(27,500)
Loss on settlement of receivables		**-**	(11,754)
Unrealized gain on revaluation of marketable securities		**-**	(51,358)
Stock-based compensation		**-**	1,188,000
		(2,020,926)	(2,589,046)
Net Change in Non-cash Working Capital			
Accounts payable and accrued liabilities		**1,486,260**	341,314
Amounts receivable		**(23,441)**	19,883
Deposits written off		**-**	1,250,000
Prepaid amounts and other assets		**(8,841,581)**	19,883
		(9,399,688)	(1,209,679)
INVESTING ACTIVITIES			
Property and equipment purchase		**-**	(2,693,851)
Capital work in progress	(8)	**(5,550,216)**	-
Capital advances made		**-**	(500,000)
Proceeds from sale of resource property		**-**	40,000
Resource property – expenditures	(11)	**(207,150)**	(239,860)
		(5,757,366)	(1,867,423)
FINANCING ACTIVITIES			
Proceeds from shares issued, net		**2,597,710**	4,725
Proceeds from sale of marketable securities		**219,545**	401,976
Short-term loans (repaid)/received		**(28,251)**	109,542
Proceeds from PAB/USDA loan		**13,157,540**	5,460,354
Proceeds from options exercised	(16)	**57,850**	-
Proceeds from convertible debt received		**-**	636,265
		16,004,394	6,612,862
Net effect of foreign currency translation		**(6,372)**	13,800
Net Increase/(Decrease) in cash and cash equivalents		**840,968**	2,023,272
Cash and cash equivalents – Beginning of Period		**1,663,651**	134,144
Cash and cash equivalents – End of Period		**$ 2,504,619**	$ 2,157,416

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

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

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

On 15 September 2023, the Company completed a spin out transaction pursuant to a plan of arrangement whereby the Liard and Vanadium Ridge properties were transferred to Enyo Strategic Mining Inc. ("Enyo"), former subsidiary of the Company thereby impacting the exploration and evaluation assets totalling $1,941,006 and described in Note (11).

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

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

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

(Rounded 000's)	**30 June 2024**	30 September 2023
Working capital (deficit)	**$ 5,313,000**	$ (432,000)
Accumulated deficit attributed to shareholders	**$ 35,279,000**	$ 31,746,000

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 2023.

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 2023.

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.

b. Estimates

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

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 June 2024.

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.

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 30 June 2024. 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 30 June 2024, 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 30 June 2024, the Company held currency totalling the following:

CURRENCY (Rounded)		**30 June 2024**	30 September 2023
Canadian (Dollars)	**$**	**464,000**	243,000
US (Dollars)	**$**	**1,491,000**	1,045,000

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 June 2024, the Company had a cash balance of $375,601 to settle current liabilities of $6,368,143 that are due within one year.

6) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE		**30 June 2024**		30 September 2023
Goods and services tax receivable	**$**	**24,340**	$	21,370
Receivable from a related party		**20,471**		-
		44,811		**21,370**

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 and in this regard, the Company 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 was 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 during the year ended 30 September 2023, 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. However, the Company was unable to close on sufficient financing and consequently, the deposit paid of $1,250,000 was written off during the year ended 30 September 2023.

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

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

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 12) for installation of the facility and incurred further costs towards its completion such as design work and other prerequisites. The installation of the plant has not occurred as at 30 June 2024. To date, the Company has incurred $11,120,033 related to acquiring the Facility. The Company is expected to incur additional costs to complete the installation, and begin operation, of the Facility.

9) Deposits

Deposits consist of:

DEPOSITS		**30 June 2024**		30 September 2023
Office lease	**$**	**2,912**	$	2,912
Surety deposits	**$**	**101,749**	$	101,028
	$	**104,661**	$	103,940

As at 30 June 2024, the balance in deposits of $2,912 (2023 - $2,912) represents a deposit for office lease and reclamation surety and bond in the amount of $101,749 (2023 - $101,028) 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 2022	$	161,329	$	70,699	$	75,000	$	307,026
Addition		-		-		2,735,178		2,735,178
Balance as at 30 September 2023	$	**161,329**	**$**	**70,699**	**$**	**2,810,176**	**$**	**3,042,204**
Foreign exchange		**-**		**130**		**19,523**		**19,653**
Balance as at 30 June 2024	**$**	**161,329**	**$**	**71,514**	**$**	**2,829,699**	**$**	**3,062,541**
DEPRECIATION								
Balance as at 1 October 2022	$	72,248	$	9,417	$	-	$	81,665
Depreciation for the year		34,041		7,074		-		41,115
Adjustment for currency translation		-		346		-		346
Balance as at 30 September 2023	**$**	**106,289**	**$**	**16,837**	**$**	**-**	**$**	**123,126**
Depreciation for the period		**25,103**		**5,324**		**-**		**30,427**
Adjustment for currency translation		**-**		**994**		**-**		**994**
Balance as at 30 June 2024	**$**	**131,393**	**$**	**22,625**		**-**	**$**	**154,017**
CARRYING AMOUNTS								
Balance as at 1 October 2022	$	89,081	$	61,281	$	75,000	$	225,361
Balance as at 30 September 2023	$	**55,040**	**$**	**53,862**	**$**	**2,810,176**	**$**	**2,919,078**
Balance as at 30 June 2024	**$**	**29,936**	**$**	**48,889**	**$**	**2,829,699**	**$**	**2,908,524**

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 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 nine-month period ended 30 June 2024.

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 2022	$ 7,531,254	$ 525,585	$ 1,410,782	$ -	$ 17,321	$ 4	$ 9,484,946
Geological consulting	220,820	-	-	-	-	-	220,820
Administration and camp	73,584	4,500	139	-	-	-	78,223
Staking and claiming	75,408	-	-	-	-	-	75,408
Transfer of assets to Enyo	-	(530,085)	(1,410,921)	-	-	-	(1,941,006)
Disposition	-	-	-	-	(17,321)	-	(17,321)
Adjustments on currency translation	59,704	-	-	-	-	-	59,704
Balance as at 30 September 2023	$ 7,960,140	-	-	-	-	4	7,960,144
Geological consulting	**171,006**	**-**	**-**	**-**	-	-	**171,006**
Administration and camp	**32,938**	**-**	-	**-**	-	-	**32,938**
Staking and claiming	**3,206**	**-**	**-**	**-**	-	-	**3,206**
Adjustments on currency translation	**80,557**	**-**	**-**	**-**	-	-	**80,557**
Balance as at 30 June 2024	**$ 8,247,851**	**-**	**-**	**-**	**-**	**4**	**8,247,851**

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 9 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 in the capital 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

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

MARKETABLE SECURITIES	Number of shares		30 June 2024
Balance – Beginning of Year	**1,060,665**	**$**	**170,848**
Common shares of Wilcox purchaser	**9,000**		**-**
Wilcox purchaser shares sold	**(103,500)**		**($170,848)**
Jackpot Lake purchaser shares sold	**(432,500)**		**-**
Jackpot Lake purchaser shares transferred to settle payables	**(300,000)**		**-**
Balance – End of Period	**-**	**$**	**-**

Pursuant to a mineral property option agreement signed in 2022, the Company granted USHA Resources Ltd. an option to acquire a 100% interest in the Jackpot Lake property for which 1,678,062 common shares of USHA were received during 2022 and 1,699,103 common shares of USHA were received during 2023.

Further, in connection with the Wilcox property sale (Note 11), the Company received 250,000 common shares in the capital of the purchaser, out of which 155,500 were sold during the year ended 30 September 2023. Further, the Company bought another 9,000 common shares and sold 103,500 common shares during the nine-month period ended 30 June 2024.

13) Short-term loans

The following is a summary of the Company's short-term loans as at 30 June 2024 and 30 September 2023:

SHORT-TERM LOANS	Year		Outstanding Principal
Operational loans from related parties	**2024**	**$**	**262,018**
	2023	$	112,500
Canada Emergency Business Account loan	**2024**	**$**	**56,421**
	2023	$	60,000
Others	**2024**	**$**	**-**
	2023	$	213,190
Total as at 30 June 2024	**2024**	**$**	**318,439**
Total as at 30 September 2023	2023	$	385,690

As at 30 September 2023 the Company had an outstanding balance of $112,500 from its related parties with no set terms of repayment.

As at the period ended 30 June 2024, the outstanding loan with related party have no set terms or repayments have been made during the period ended 30 June 2024.

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

During the year ended 30 September 2023, the Company obtained a $26,000 loan from the CEO. Also, the Company obtained an additional loan of $84,600 from a non-related party. There are no defined terms or due dates of repayment and the loans so obtained are unsecured.

During the year ended 30 September 2022, the Company settled outstanding loans of $862,500 with related parties (Officer and Director of the Company) and obtained additional $86,500 as a loan from an Officer of Company with no set terms of repayment. Prior to that, during the year ended 30 September 2021, the Company had received advances of $600,000 from unrelated parties in connection with a proposed share issuance. The Company did not proceed with the share issuances and the advances received were subsequently assumed by the Company's related parties who transferred common shares of the Company owned by them to the unrelated parties. The same related parties of the Company also settled the Company's outstanding liabilities to these unrelated parties in the amount of $262,500. Under the debt settlement, the Company issued an aggregate of 3,305,554 common shares in the capital of the Company at a deemed price of $0.27 per share, the share price prevailing at the time when related parties have assumed the debt on behalf of Ares. This transaction resulted in the loss on the settlement of short-term loan in the amount of $294,444 due to the change in the market price per share.

Further, during the year ended 30 September 2022, the Company also received $150,000 unsecured loan from non-related parties at an interest rate of 12% and the lender will be entitled to an additional closing fee of $25,000 that will be settled in common shares.

During the year ended 30 September 2021, the Company received a Canada Emergency Business Account loan of $60,000 from the Government of Canada. The amount is non-interest bearing and is outstanding as at 30 June 2024. The Company will receive a $20,000 loan forgiveness upon repayment, provided it is repaid in full on or before 18 January 2024.

In January 2024, the Company refinanced the Canada Emergency Business Account loan in the amount of $40,000 for 5 years at bank prime rate plus 2.14% per annum.

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. As at 30 June 2024, no interest payments have been made.

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.

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

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

CONVERTIBLE DEBENTURES	30 September 2023		30 June 2024	
	Liability	Equity	**Liability**	**Equity**
Balance – Beginning of Period	$ -	$ -	**$ 713,865**	**$ -**
Issued on 2 December 2022	1,252,700	-	**-**	**-**
Equity component initially recognized	(378,039)	378,039	**-**	**-**
Issuance costs	(493,790)	(142,645)	**-**	**-**
Deferred income tax liabilities recognized	-	(235,394)	**-**	**-**
Interest expense, unpaid	126,105	-	**114,413**	**-**
Accretion expense	206,889	-	**352,144**	**-**
Balance – End of Period	$ 713,865	$ -	**$ 1,180,422**	**$ -**

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 30 June 2024, CB&T holds the trust account in the amount of $138,776 on behalf of the Company and the funds are restricted primarily for machinery and equipment related to construction of the fluorspar plant.

The Company paid transaction costs in the amount of US$382,176 which was allocated to the issuance cost of the loan payable and deducted from the principal value. Interest expense, accretion expense and the amortization of debt costs are being recognized over the loan period, with a total of US$18,743 being recognized as accretion expense and US$425,210 as interest paid during the period ended 30 June 2024 and recorded under accretion and interest expense line.

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

	30 September 2023		**30 June 2024**
Principal amount (US$4,420,000)	$ 5,979,597	**$**	-
Less: Transaction cost (US$382,176)	(534,243)		-
USDA loan payable – Beginning of period/year	5,445,354		**5,501,049**
Amortization of transaction costs - accretion	13,483		**25,484**
Adjustments on currency translation	42,212		**(6,860)**
USDA loan payable – End of year/period	$ 5,501,049	**$**	**5,519,673**
Less: Current portion	$ (821,960)	**$**	**(196,513)**
Non-current portion	$ 4,679,089	**$**	**5,323,161**

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 42.5 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 USDA. 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.

The repayment commitment has been described in the table below:

Financial Year	**Principal (USD)**	**Interest (USD)**
2024	66,185	470,356
2025	147,463	456,361
2026	163,952	439,764
2027	182,282	421,543
2028 and above	3,860,118	2,641,991

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.

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

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.

The Company incurred transaction costs in the amount of US$1,812,571 which were allocated to the issuance cost of loan payable and deducted from the principal value. Interest expense, accretion expense, and the amortization of debt costs are being recognized over the loan period, with a total of US$119,637 being recognized as accretion expense during the period ended 30 June 2024 and recorded within the accretion and interest expense line.

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

		Amount
Amount funded: Principal amount (US$10,500,000)	**$**	**14,231,700**
Transaction cash cost		**(1,074,160)**
Transaction shares issued cost		**(1,356,100)**
Amortization of transaction costs - accretion		**110,833**
PAB loan balance as at 30 June 2024	**$**	**12,014,278**
Less: Current portion	**$**	**(1,376,912)**
Non-current portion	**$**	**10,637,366**

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.

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

Financial year	**Principal (USD)**	**Interest (USD)**
2024	-	1,060,000
2025	595,000	1,060,000
2026	665,000	990,500
2027	730,000	924,000
2028	805,000	851,000
2029 and above	7,705,000	3,111,500

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 nine months period ended 30 June 2024:

	Number of Shares	Amount
Balance as at 1 October 2023	139,000,722	39,587,384
Shares issued for LIFE Offering, net	**13,531,914**	**2,192,329**
Shares issued for PAB loan (Note 16)	**6,780,500**	**1,356,100**
Shares issued for debt settlement	**1,024,831**	**199,690**
Shares issued for exercise of options	**445,000**	**81,850**
Balance as 30 June 2024	**160,782,967**	**43,412,628**

During the nine months period ended 30 June 2024:

- As at 30 June 2024, the Company has raised an aggregate amount of $2,435,744 from the first, second, and third tranche closings of the LIFE Offering. The Company, issued 13,531,914 Units at a price of $0.18 per Unit. Each Unit consists of one (1) common share in the capital of the Company (each, a "Common Share") and one (1) 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 (2) years following the closing date of the LIFE Offering. In connection with the closing of the first, second, and third tranches, an aggregate of $243,415 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 (1) 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 (2) years 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 period.
- The Company issued 1,024,831 common shares to settle debt of $199,690.
- The Company issued 445,000 common shares as part of options exercised.

During the year ended 30 September 2023:

- The Company issued 1,228,314 common shares to settle debt of $254,353.

c) Summary of stock option activity

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

Stock option activity during the nine months period ended 30 June 2024 and 30 September 2023:

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

STOCK OPTION ACTIVITY	30 June 2024	Weighted Average Exercise Price	30 September 2023	Weighted Average Exercise Price
Balance – Beginning of Period	**22,238,053**	**$ 0.12**	8,088,053	$ 0.44
Issued[1]	-	-	22,238,053	0.13
Exercised	**(445,000)**	**0.12**	-	-
Cancelled	-	-	(8,088,053)	(0.42)
Balance – End of Period	**21,793,053**	**$ 0.12**	22,238,053	$ 0.12

(1) The exercise price of these stock options was modified to $0.12 upon completion of the spin-out transaction on 15 September 2023 (see Note 1).

Details of stock options outstanding as at 30 June 2024 and 30 September 2023 are as follows:

Issuance Date	Expiry Date	Exercise Price	30 June 2024	30 September 2023
10 February 2023	10 February 2025	$ 0.12	**21,793,053**	22,238,053
			21,793,053	22,238,053

As at 30 June 2024, the outstanding options have a weighted average remaining life of 0.62 years (2023 –1.37 years) and a weighted average exercise price of $0.12 (2023- $0.12). All of the outstanding options have vested and are exercisable.

The Company did not grant any stock options during the period ended 30 June 2024.

During the year ended 30 September 2023:

The Company cancelled an aggregate of 8,088,053 Options during the year ended 30 September 2023. The cancelled Options are comprised of 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 15 September 2023, the Company closed on spin out transaction as per the plan of arrangement that stated a formula that was used to calculate the new exercise price. The Company recorded modification of a new exercise price as stock – based compensation expense of $113,000 as the fair value was above the original exercise price.

As at 30 September 2023, the outstanding options have a weighted average remaining life of 1.37 years (2022 – 3.13 years) and a weighted average exercise price of $0.12 (2022 - $0.42). All the outstanding options have vested and are exercisable.

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

d) Warrants

Warrant activity during the nine months ended 30 June 2024 and 30 September 2023 are as follows:

WARRANT ACTIVITY	**30 June 2024**		**Weighted Average Exercise Price**	30 September 2023		Weighted Average Exercise Price
Balance – Beginning of Period	**2,026,568**	**$**	**0.45**	1,874,797		0.45
Issued	**14,276,290**		**0.26**	202,771		0.26
Expired	**(1,823,797)**		**(0.45)**	(51,000)		0.50
Balance – End of Period	**14,479,061**	**$**	**0.26**	2,026,568	$	0.45

<u>During the period ended 30 June 2024:</u>

Details of warrants outstanding as at 30 June 2024 and 30 September 2023 are as follows:

Issuance Date	**Expiry Date**		**Exercise Price**	**30 June 2024**	30 September 2023
14 February 2022	13 February 2024	$	0.50	-	**837,500**
30 May 2022	30 May 2024	$	0.40	-	**986,297**
15 December 2022	15 December 2024	$	0.26	**202,771**	**202,771**
31 May 2024	31 May 2026	$	0.26	**6,463,784**	-
07 June 2024	07 June 2026	$	0.26	**5,709,592**	-
28 June 2024	28 June 2026	$	0.26	**2,102,914**	-
				14,479,061	2,026,568

As at 30 June 2024, the outstanding warrants have a weighted average remaining life of 1.92 years (2023 – 0.60 years) and a weighted average exercise price of $0.26 (2023 - $0.43).

e) Share-based payments

During the nine months period ended 30 June 2024, the Company did not grant any incentive stock options (30 September 2023 – 22,238,053) to its directors, officer, and consultants and recognized share-based payments as follows:

		30 June 2024		30 September 2023
Total Options Granted		-		22,238,053
Average exercise price	**$**	-	$	0.13
Estimated fair value of compensation	**$**	-	$	1,188,000
Estimated fair value per option	**$**	-	$	0.05

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

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:

	30 June 2024	30 September 2023
Risk free interest rate	-	4.82%
Expected stock price volatility	-	75%
Expected option life in years	-	1.41

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

f) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 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 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.

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

The value attributed to the non-controlling interest in the Company as at 30 June 2024 is an accumulated deficit of $1,225,397 (2023 - $1,220,741). For the period ended 30 June 2024, net income and comprehensive income of $1,942 (2022 – $2,691) 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.

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	**2024**	**$ 108,000**	**$ -**	**$ 351,793**
	2023	$ 108,000	$ 559,613	$ 237,326
CFO – Management fees	**2024**	**$ 36,000**	**$ -**	**$ 8,000**
	2023	$ 36,000	$ 56,095	$ 4,000
CFO – Professional fees	**2024**	**$ 61,929**	**$ -**	**$ 3,577**
	2023	$ 53,986	$ -	$ 27,201
Directors – Director fees	**2024**	**$ 1,000**	**$ -**	**$ 5,500**
	2023	$ -	$ 169,615	$ 4,000
Directors – Consulting fees	**2024**	**$ 31,500**	**$ -**	**$ 93,102**
	2023	$ 750	$ 73,927	$ 49,002
Total	**2024**	**$ 238,429**	**$ -**	**$ 461,972**
	2023	$ 198,736	$ 859,250	$ 246,988

(i) For the nine months period ended 30 June 2024 and 2023.
(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.

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
30 June 2024						
Current Assets	**$**	**1,396,000**	**$**	**10,285,000**	**$**	**11,681,000**
Non-Current Assets						
Other non-current assets	**$**	**4,732,000**	**$**	**9,401,000**	**$**	**14,133,000**
Resource properties	**$**	**5,796,000**	**$**	**2,452,000**	**$**	**8,248,000**
Liabilities						
Current Liabilities	**$**	**4,794,000**	**$**	**1,573,000**	**$**	**6,367,000**
Non- Current Liabilities	**$**	**-**	**$**	**15,961,000**	**$**	**15,961,000**
30 September 2023						
Current Assets	$	1,038,000		1,108,000		2,146,000
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

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 period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

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

21) Commitments

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

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

22) Subsequent events

Subsequent to the nine months period ended 30 June 2024:

- On 18 July 2024, the Company closed the fourth tranche of LIFE offering by issuing 943,722 Units at a price of $0.18 per Unit, for aggregate gross proceeds of $169,870. In connection with the closing of the fourth tranche, an aggregate of $13,590 was paid in cash and a total of 75,497 Finder's Warrants were issued to certain finders as finder's fees. Each Finder's Warrant entitles the holder thereof to acquire 1 common share in the capital of the Company at a price of $0.26 per Finder's Warrant Share for a period of 2 years following the closing date of the fourth tranche.
- On 1 August 2024, the Company closed the fifth and final tranche of LIFE offering by issuing 1,361,854 Units at a price of $0.18 per Unit, for aggregate gross proceeds of $245,134. In connection with the closing of the fifth tranche, an aggregate of $4,656 was paid in cash and a total of 25,866 Finder's Warrants were issued to certain finders as finder's fees. Each Finder's Warrant entitles the holder thereof to acquire 1 common share in the capital of the at a price of $0.26 per Finder's Warrant Share for a period of 2 years following the closing date of the fifth tranche.
- On 13 August 2024, the Company has agreed to the settlement of an aggregate of $222,820 of debt previously incurred by the Company for previous management and accounting services, mining engineering and excavation, and financial services. Under the Debt Settlement, the Company issued an aggregate of 1,310,706 common shares (each, a "Share") in the capital of the Company at a deemed price of $0.17 per Share.