2024

Ares Strategic Mining Inc.

Consolidated Financial Statements

For the Years Ended 30 September 2024 and 2023

Stated in Canadian Dollars

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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 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 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 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 the Company's external auditors.

We draw attention to Note 1 in the 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.

Manning Elliott LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the Consolidated Financial Statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with the Audit Committee, and management to discuss their audit findings.

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Ares Strategic Mining Inc.

Opinion

We have audited the consolidated financial statements of Ares Strategic Mining Inc. and its subsidiaries (together, the Company) which comprise:

- the consolidated statements of financial position as at September 30, 2024 and 2023;
- the consolidated statements of loss and comprehensive loss for the years ended September 30, 2024 and 2023;
- the consolidated statements of changes in shareholders' equity for the years ended September 30, 2024 and 2023;
- the consolidated statements of cash flows for the years ended September 30, 2024 and 2023; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2024 and 2023, and its consolidated financial performance and its cash flows for the years ended September 30, 2024 and 2023 in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the consolidated financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, the key audit matters to be communicated in our auditors' report are as follows:

Accounting for Share Proceeds Receivable

We draw attention to Notes 7 and 19 of the Financial Statements. The carrying amount of share proceeds receivable amounted to $846,547 as of September 30, 2024. On June 21, 2024, the Company issued 8,333,333 of its common shares and 8,333,333 warrants. Under the terms of the arrangement with the counterparty, the share proceeds receivable is payable over 24 months and varies to the extent the Company's share price is greater or lesser than the benchmark price as stated in the agreement. The share proceeds receivable is accounted for as a financial asset at fair value through profit and loss.

We identified the accounting for the share proceeds receivable as a key audit matter due to the judgements required to determine the appropriate accounting treatment for the arrangement and to assess the reasonability of the estimated fair value of the share proceeds receivable as recorded by the Company.

Our audit response to the key audit matter was as follows:

- We examined the underlying agreements and other relevant documents pertaining to the arrangement and evaluated management's assessment that the share proceeds receivable is accounted for as a financial asset designated as fair value through profit and loss;
- We assessed the reasonableness of assumptions and inputs used by management to estimate the forecasted cash flows by comparing them to the terms of the arrangement and the Company's share price at the end of the year; and
- We evaluated the mathematical accuracy of the calculations prepared by management.

Assessment of Impairment Indicators on Construction in Progress

We draw attention to Notes 3 and 10 of the Financial Statements. The carrying amount of the construction in progress amounted to $9,762,608 as of September 30, 2024. The Company's construction in progress is assessed for impairment at the end of each reporting period.

We identified the assessment of impairment indicators on construction in progress as a key audit matter due to the judgements made by management in their assessment of whether there are impairment indicators related construction in progress, which in turn led to additional auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management.

Our audit response to the key audit matter was as follows:

- We evaluated management's assessment of impairment indicators;
- We examined the nature and amount of the Company's expenditures in the year compared to the project budgets;
- We assessed the Company's plans and ability to continue with the construction of the assets based on the Company's available funds, funds secured subsequent to year-end, and the Company's history of raising funds through equity or debt instruments; and
- We examined documentation such as the Company's Board of Director's meeting minutes and the Company's press releases to assess whether there may be indications of impairment.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
January 29, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note		As at 30 September 2024		As at 30 September 2023
ASSETS					
Current Assets					
Cash and cash equivalents		$	93,460	$	467,086
Restricted cash	(17),(18)		2,123,653		1,196,565
Share proceeds receivable	(7)		452,804		-
Amounts receivable	(8)		54,237		21,370
Marketable securities	(14)		-		170,848
Prepaid amounts and other assets	(20)		646,026		290,412
			3,370,180		2,146,281
Non-current Assets					
Deposits	(11),(20)		8,388,432		103,940
Share proceeds receivable	(7)		393,743		-
Construction in progress	(10)		9,762,608		4,346,009
Property, plant, and equipment	(12)		6,178,264		2,919,078
Exploration and evaluation assets	(13)		8,362,151		7,960,144
			33,085,198		15,329,171
		$	36,455,378	$	17,475,452
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	(20)	$	3,790,412	$	656,618
Short-term loans	(15)		441,983		385,690
PAB loan payable – current portion	(18)		1,431,000		-
Convertible debentures – liability	(16)		1,386,189		713,865
USDA loan payable – current portion	(17)		5,768,569		821,960
			12,818,153		2,578,133
Non - current Liabilities					
PAB loan payable	(18)		11,058,977		-
USDA loan payable	(17)		-		4,679,089
			23,877,130		7,257,222
EQUITY					
Equity Attributable to Shareholders					
Share capital	(19)		44,479,373		39,587,384
Options - Contributed surplus	(19)		1,905,500		1,929,500
Warrants - Contributed surplus	(19)		1,930,007		1,531,855
Accumulated other comprehensive income			158,411		139,187
Deficit			(34,674,978)		(31,746,241)
			13,798,313		11,441,685
Non-controlling interests	(19)		(1,220,065)		(1,223,455)
Total Equity			12,578,248		10,218,230
		$	36,455,378	$	17,475,452

Nature of operations and going concern	(1)	Capital management	(22)
Basis of preparation – Statement of Compliance	(2)	Commitments and contingencies	(23)
Related party transactions and obligations	(20)	Subsequent events	(25)

The Consolidated Financial Statements were approved by the Board of Directors on 29 January 2025 and were signed on its behalf by:

"Paul Sarjeant"
Paul Sarjeant, Director

"Michael Li"
Michael Li, Director

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note		Year Ended 30 September 2024		Year Ended 30 September 2023
General and Administrative					
Interest and accretion		$	**2,002,398**	$	346,438
Professional fees			**466,429**		737,967
Office and marketing			**322,043**		381,040
Management fees	(20)		**193,500**		193,250
Transfer agent and filing fees			**82,912**		71,616
Insurance			**67,117**		44,339
Foreign exchange loss			**45,320**		51,590
Depreciation	(12)		**39,901**		41,115
Shareholder relations			**18,286**		41,295
Bank charges and interest expense			**7,540**		266,298
Travel			**1,938**		2,539
Stock-based compensation	(19)		**-**		1,301,000
Resource property expenses (income)			**(11,529)**		(829)
			(3,235,855)		(3,477,658)
Other Income/(Expenses)					
Interest income			**186,347**		-
Gain on sale of marketable securities	(14)		**87,700**		21,618
Other income			**20,000**		-
Unrealized gain	(7)		**16,461**		-
Gain on disposition of exploration and evaluation assets	(13)		**-**		228,873
Rental income			**-**		32,544
Loss on revaluation of marketable securities			**-**		(228,685)
Deposits written off	(9)		**-**		(1,250,000)
			(2,925,347)		(4,673,308)
Income Taxes					
Deferred income tax recovery			**-**		235,394
Net Loss for the Year			**(2,925,347)**		(4,437,914)
Other Comprehensive Income (Loss)					
Foreign operations – foreign exchange			**19,224**		61,076
Comprehensive Loss for the Year			**(2,906,123)**		(4,376,838)
Net Income (Loss) Attributed to:					
Shareholders			**(2,928,737)**		(4,439,706)
Non-controlling interest			**3,390**		1,792
			(2,925,347)		(4,437,914)
Comprehensive Income (Loss) Attributed to:					
Shareholders			**(2,909,513)**		(4,378,630)
Non-controlling interest			**3,390**		1,792
		$	**(2,906,123)**	$	(4,376,838)
Basic and Diluted Loss per Share		$	**(0.02)**	$	(0.03)
Weighted Average Shares Outstanding			**150,543,048**		138,289,067

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

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 30 SEPTEMBER 2022	137,772,408	39,333,031	-	2,540,308	1,511,855	78,111	(27,162,989)	16,300,316	(1,225,247)	15,075,069
Stock-based compensation	-	-	-	1,188,000	-	-	-	1,188,000	-	1,188,000
Shares issued for debt settlement	1,228,314	249,628	4,725	-	-	-	-	254,353	-	254,353
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 year	-	-	-	-	-	-	(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, 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**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note		Year Ended 30 September 2024		Year Ended 30 September 2023
OPERATING ACTIVITIES					
Loss for the Year		$	**(2,925,347)**	$	(4,437,914)
Items not Affecting Cash					
Depreciation			**39,901**		41,115
Interest and accretion on convertible debt			**672,324**		332,994
Interest accretion on USDA loan			**719,381**		13,444
Interest accretion on PAB loan			**610,693**		-
Unrealized gain on share proceeds receivable	(7)		**(16,461)**		-
(Gain)/Loss on revaluation of marketable securities	(14)		**(87,700)**		228,685
Gain on disposition of exploration and evaluation assets			**-**		(228,873)
Gain on sale of marketable securities			**-**		(21,618)
Stock-based compensation			**-**		1,301,000
Advance written off			**-**		1,250,000
Deferred income tax recovery			**-**		(235,394)
			(987,209)		(1,756,561)
Net Change in Non-cash Working Capital					
Accounts payable and accrued liabilities			**1,956,189**		63,702
Amounts receivable			**(32,867)**		16,172
Prepaid amounts and other assets			**(530,656)**		(54,419)
			405,457		(1,731,106)
INVESTING ACTIVITIES					
Property/Equipment purchase			**-**		(2,714,791)
Capital advances made			**-**		(500,000)
Proceeds from sale of property			**-**		40,000
Construction in progress			**(4,192,791)**		-
Advance on construction in progress	(11)		**(8,109,450)**		-
Resource property – expenditures			**(412,587)**		(374,451)
Construction of ramp	(12)		**(3,317,500)**		-
			(16,032,328)		(3,549,242)
FINANCING ACTIVITIES					
Proceeds from options exercised			**57,850**		-
Proceeds from private placement			**2,705,344**		-
Transaction issue costs			**(907,572)**		-
Net proceeds from USDA loan			**-**		5,460,354
Proceeds from convertible debt			**-**		636,265
Proceeds from PAB loan, net			**13,987,683**		-
Proceeds from sale of marketable securities			**219,548**		521,733
Short-term loans received			**95,293**		141,690
			16,158,146		6,760,042
Net effect of foreign currency translation on cash			**22,187**		49,813
Net Increase in cash and cash equivalents			**553,462**		1,479,694
Cash and cash equivalents – Beginning of Year			**1,663,651**		134,144
Cash and cash equivalents – End of Year		$	**2,217,113**	$	1,663,651

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

	Year Ended 30 September 2024	Year Ended 30 September 2023
Cash position comprised of:		
Restricted cash	**$ 2,123,653**	$ 1,196,565
Cash and cash equivalents	**93,460**	467,086
Supplementary Disclosure of Cash Flow Information:		
Exploration properties transferred pursuant to spin-out	**-**	1,941,009
Shares issued for financial asset – Sorbie	**362,935**	-
Interest paid	**1,229,858**	332,994

NOTES TO THE 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"), a former subsidiary of the Company, as described in Note (13).

These Consolidated Financial Statements (the "Financial Statements") have been prepared on the basis of 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.

The Company is not in compliance with certain ratio covenants of the US Department of Agriculture ("USDA") loan as at 30 September 2024 (Note 17), and has missed US$157,496 in interest payments required to be made during the year. There was no action taken by the lender and since the Company is not in compliance with the loan agreement, the entire USDA loan payable has been classified as a current liability on the statements of financial position. It is management's intention to repay the interest in arrears and complete the construction of the fluorspar lumps manufacturing and floatation plants utilizing current cash on hand and future raises of equity capital or loans. However, if the lender was to act on the covenant violation, the future operations of the Company could be adversely affected.

Consistent with other entities, 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 to 000's)	**30 September 2024**	30 September 2023
Working capital (deficiency)	**$ (9,448,000)**	$ (432,000)
Accumulated (deficit) attributed to shareholders	**$ (34,675,000)**	$ (31,746,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with IFRS Accounting 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.

The policies set out were consistently applied to all the years presented unless otherwise noted below. The preparation of the 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 material accounting policies

a) Basis of presentation

These Financial Statements incorporate the accounts of Ares and the entities controlled by the Company, which consist of:

- Canadian Iron Metallics Inc. ("Canadian Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, owned 85% by Lithium Energy.
- Griffith Iron Metallics Inc. ("Griffith Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Karas Iron Metallics Inc. ("Karas Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- 1200944 BC Ltd., which was formed on 18 February 2020 in BC, Canada as part of the Amalgamation with ASM, wholly owned by Ares.
- 101017 BC Inc., which was incorporated on 11 October 2017 in the state of Delaware in the United States, wholly owned by 1200944 BC Ltd.
- Ares Strategic Mining, Inc. ("Ares Utah"), which was incorporated on 12 May 2020 in the state of Utah in the United States, wholly owned by Ares.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

b) Foreign currency

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company's Canadian subsidiaries is the Canadian dollar. The functional currency of 101017 BC Inc. and ARES Strategic Mining Inc. (Utah) is the United States dollar.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets are included in equity.

c) Cash and cash equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with original maturities at a point of purchase of three months or less.

d) Restricted cash

Restricted cash represents cash as balances that are not available for general use by the Company and are typically held for specific purposes, such funds for purchase and construction of fluorspar related capital assets.

e) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

f) Property, plant, and equipment

Property, plant, and equipment are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of property, plant, and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property, plant, and equipment.

Expenditures incurred to replace a component of an item of property, plant, and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

Property, plant, and equipment are stated, in the consolidated statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. The cost of property, plant, and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

Assets held under capital lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive loss.

Subsequent costs

The cost of replacing part of an item within property, plant, and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer Equipment	1-3 years
Field Equipment	3-5 years
Auto	10 years
Building	20 years
Ramp	20 years

g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the indicators of impairment of each property on an annual basis, at a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed, and the exploration results achieved by the Company and others. When the indicators of impairment exist, the carrying value of a property is compared to its net recoverable amount. An impairment adjustment is made for the decline in fair value.

The amounts shown for the exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. Acquisition costs represent shares or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore and develop the resource properties. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Since options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the year that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

h) Construction in progress

Expenditure incurred during the construction period on the projects under implementation are treated as pre-operative expenses pending allocation to property, plant and equipment and are included under construction in progress, which is stated at the amount incurred up to the date of the consolidated statements of financial position.

i) Capitalized borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use are capitalized until such time that the assets are substantially ready for their intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.
Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalized

is calculated using a weighted average of interest rates applicable to relevant general borrowings of the Company during the period, to a maximum of actual borrowing costs incurred.

j) Provision for reclamation and remediation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change because of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

l) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

m) Financial instruments

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual

iii) terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

iv) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables. At each reporting date the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company's financial assets consist of cash and cash equivalents, restricted cash, share proceeds receivable, and marketable securities which have been classified at FVPL.

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, short-term loans, convertible debentures, and long-term loans, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

n) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in share capital with the common shares that were concurrently issued, based on their relative fair values. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model.

After issuance the terms of Warrants may be modified throughout the Warrant life. At the time of the modification the Warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes pricing model. The incremental value in the Warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded to the consolidated statement of loss and comprehensive loss.

o) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the year that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

p) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed like basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

q) Convertible debentures

The liability, equity and other (when applicable) components of convertible debentures are presented separately on the statement of financial position, starting from initial recognition. The Corporation determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and substantially providing the same cash flows. Subsequently, the liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible debenture at maturity, which is recorded in the statement of (loss) income as finance cost.

The carrying amount of other components (when applicable), such as warrants, is obtained by deducting the nominal value of the debentures and the present value of future capital payments at the prevailing market rate for

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

a convertible debenture without warrants. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible debenture and is presented in Equity as an equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition, except on conversion or expiry.

The transaction costs are distributed between liability, equity and other components (when applicable) on a pro-rata basis, according to their carrying amounts.

r) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit/loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations if the functional currency is not the Canadian dollar. The Company's comprehensive loss is presented in the consolidated statements of loss and comprehensive loss and the consolidated statements of changes in equity.

4) New accounting standards

The Company did not adopt any new accounting standard changes or amendments in the current year that had a material impact on the Company's Financial Statements.

The Company has reviewed new and amended accounting pronouncements that have been issued:

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

In January 2020, the IASB amended IAS 1 Presentation of Financial Statements. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period which only impacts the presentation of liabilities in the statements of financial position. The classification is unaffected by expectations about whether the Company will exercise its right to defer settlement of a liability. The amendments effective for annual periods on or after 1 January 2023. The Company adopted these amendments as of their effective date and it has no significant impact on the Company's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB amended IAS 8 Accounting Policies, Changes in Accounting estimates and Errors to introduce a definition of accounting estimates and to help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. The amendments effective for annual periods on or after 1 January 2023. The Company adopted these amendments as of their effective date and it has no significant impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the IASB amended IAS 12 Income Taxes, to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Company adopted these amendments as of their effective date and it has no significant impact on the Company's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

5) 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 30 September 2024.

Exploration evaluation assets

The Company makes certain judgements 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 judgements 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 independent 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.

6) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the consolidated statement of financial position are carried at fair value through profit and loss. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 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, restricted cash, share proceeds receivable, accounts payable, marketable securities, capital advances, short-term loans, and long-term loans. As at 30 September 2024, the carrying value of cash and cash equivalents, restricted cash, share proceeds receivable, and marketable securities is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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. 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.

d) 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.

e) 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 loan payable balances that are denominated in other than the functional currencies. As at 30 September 2024, the Company held currency totalling the following:

CURRENCY		30 September 2024		30 September 2023
Canadian (Dollars)	**$**	**180,000**	$	243,000
US (Dollars)	**$**	**1,509,000**	$	1,045,000

f) 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 manages liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 September 2024, the Company had a cash balance of $93,460 to settle current liabilities of $12,818,153 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	$	3,790,412	$	3,790,412	$	3,790,412	$	-	$	-
Short-term loans		441,983		441,983		441,983		-		-
Convertible debentures		1,386,189		1,531,634		1,531,634		-		-
PAB loan		12,489,977		10,081,000		1,431,000		5,950,000		2,700,000
USDA loan		5,768,569		5,768,569		5,768,569		-		-
Total	**$**	**23,877,130**	**$**	**21,613,598**	**$**	**12,963,598**	**$**	**5,950,000**	**$**	**2,700,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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	**30 September 2024**	30 September 2023
Addition of share proceeds receivable (initial recognition)	**$ 830,086**	$ -
Unrealized gain	**16,461**	-
Balance – End of Year	**$ 846,547**	$ -

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	**30 September 2024**	30 September 2023
Current	**$ 452,804**	$ -
Non-current	**393,743**	-
	$ 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 19.

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 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

On 30 September 2024, 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. Based on the fair value calculations, the fair value of the share proceeds receivable was determined to be $846,547 on 30 September 2024. This resulted in an increase to the carrying value of the share proceeds receivable of $16,461, which was recognized in the consolidated statement of loss and comprehensive loss as an unrealized gain on share proceeds receivable.

8) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE	**30 September 2024**	30 September 2023
Goods and services tax receivable	**$ 32,892**	$ 21,370
Receivable on disposition (Note 13)	**21,345**	-
	$ 54,237	$ 21,370

9) Capital advances

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 were 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.

10) 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 acquired the Facility by issuing an aggregate of 5,300,000 common shares in the capital of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(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 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. As a result, US$6,007,000 ($8,109,450) has been paid and recorded as a deposit at 30 September 2024 since the flotation plant has not been shipped to the Company as at year end.

11) Deposits

Deposits consist of:

DEPOSITS	**30 September 2024**	30 September 2023
Office lease	**$ 2,912**	$ 2,912
Surety deposits	**276,070**	101,028
Flotation plant (US$6,007,000)	**8,109,450**	-
	$ 8,388,432	$ 103,940

As at 30 September 2024, the balance in deposits of $2,912 (2023 - $2,912) represents a deposit for office lease, reclamation surety and bond in the amount of $276,070 (2023 - $101,028) 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 $8,109,450 (2023 - $nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

12) Property, plant, and equipment

PROPERTY, PLANT, AND EQUIPMENT	Equipment	Auto	Land	Ramp	Total
COST					
Balance as at 1 October 2022	$ 161,329	$ 70,699	$ 75,000	$ -	$ 307,028
Addition	-	-	2,735,176	-	2,735,176
Balance as at 30 September 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**
DEPRECIATION					
Balance as at 1 October 2022	$ 72,248	$ 9,417	$ -	$ -	$ 81,665
Depreciation for the year	34,041	7,074	-	-	41,115
Adjustment on currency translation	-	346	-	-	346
Balance as at 30 September 2023	**$ 106,289**	**$ 16,837**	**$ -**	**$ -**	**$ 123,126**
Depreciation for the year	**32,798**	**7,103**	**-**	**-**	**39,901**
Adjustments on currency translation	**-**	**137**	**-**	**-**	**137**
Balance as at 30 September 2024	**$ 139,087**	**$ 24,077**	**$ -**	**$ -**	**$ 163,164**
CARRYING AMOUNTS					
Balance as at 30 September 2023	$ 55,040	$ 53,862	$ 2,810,176	$ -	$ 2,919,078
Balance as at 30 September 2024	**$ 22,242**	**$ 46,460**	**$ 2,792,062**	**$ 3,317,500**	**$ 6,178,264**

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 lump manufacturing facility and flotation plant (Note 10).

In addition to the land parcel acquired during the prior year, land comprises five Canadian properties located in Ontario, Canada (Note 13)f)). The Company earns nominal incidental 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.

During the year ended 30 September 2024, the Company completed the construction of a ramp at its Spor Mountain mineral claims site. The ramp will assist with operations at the site once the Company begins extraction of fluorspar in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

13) 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 30 September 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	59,074	-	-	-	-	-	59,074
Balance as at 30 September 2023	$ 7,960,140	$ -	$ -	$ -	$ -	$ 4	$ 7,960,144
Geological consulting	**267,486**	**-**	**-**	**-**	**-**	**-**	**267,486**
Administration and camp	**59,142**	**-**	**-**	**-**	**-**	**-**	**59,142**
Staking and claiming	**85,942**	**-**	**-**	**-**	**-**	**-**	**85,942**
Adjustments on currency translation	**(10,563)**	**-**	**-**	**-**	**-**	**-**	**(10,563)**
Balance as at 30 September 2024	**8,362,147**	**-**	**-**	**-**	**-**	**4**	**8,362,151**

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, as well as mineworks such as a ramp installation and ventilation system which were installed during the year ended 30 September 2024. The Company acquired its initial interest through the Amalgamation 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.

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 CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

14) Marketable securities

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

MARKETABLE SECURITIES	Number of shares		30 September 2024
Balance – Beginning of Year	**1,060,665**	**$**	**170,848**
Common shares of Wilcox purchaser	**9,000**		**3,100**
Wilcox purchaser shares sold	**(103,500)**		**(48,346)**
Jackpot Lake Purchaser Shares sold	**(666,165)**		**(86,602)**
Jackpot lake purchaser shares transferred to settle payables	**(300,000)**		**(39,000)**
Balance – End of Year	**-**	**$**	**-**

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 13)e), 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 year ended 30 September 2024.

15) Short-term loans

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

SHORT-TERM LOANS	Year		Outstanding Principal		Interest and Financing Fees		Total
Operational loans from related parties	**2024**		**342,210**		**-**		**342,210**
	2023		112,500		-		112,500
Canada Emergency Business Account loan	**2024**		**34,773**		**-**		**34,773**
	2023		60,000		-		60,000
Others	**2024**		**65,000**		**-**		**65,000**
	2023		213,190		-		213,190
Total as at 30 September 2024	**2024**	**$**	**441,983**	**$**	**-**	**$**	**441,983**
Total as at 30 September 2023	2023	$	385,690	$	-	$	385,690

During the year ended 30 September 2024, the Company obtained a net $233,400 loan from the CEO as well as received $108,810 in loans from companies related to directors of the Company subject to 10% per annum and maturing on 30 August 2025. Also, the Company repaid $50,000 to a non-related party. 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. The refinanced balance of $40,000 is subject to prime rate plus 2.14% per annum over 5-year term commencing on 18 January 2024.

NOTES TO THE 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 obtained are unsecured and non-interest bearing.

16) 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 amounting to $563,715 and paid a finders' fee totalling $52,720 for net proceeds of $636,265. The principal amount of the convertible debentures will be convertible at the 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.

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

CONVERTIBLE DEBENTURES		Liability		Equity
Balance as at 1 October 2022	$	-	$	-
Issued during the year		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		126,105		-
Accretion expense		206,889		-
Balance as at 30 September 2023	**$**	**713,865**	**$**	**-**
Interest expense		**152,830**		**-**
Accretion expense		**519,494**		**-**
Balance as at 30 September 2024	**$**	**1,386,189**	**$**	**-**

Subsequent to the year end, a portion of the loan and associated interest have been converted to shares at the option of the holders (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

17) 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 which is situated in Utah (Note 12). 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 September 2024, CB&T holds the trust account in the amount of $4,320 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$370,850 which was allocated to the issuance cost of the loan payable and deducted from the principal value. Interest expense, accretion expense and the amortization of debt costs are being recognized over the loan period, with a total of US$362,800 (2023 - US$10,041) being recognized as accretion expense and US$373,776 (2023 – US$191,748) as interest paid during the year ended 30 September 2024 and recorded as part of capital asset within construction in progress.

		Amount
Principal amount (US$4,420,000)	$	**5,979,597**
Less: Transaction cost (US$370,850)		**(519,243)**
Amount funded		**5,460,354**
Other transaction costs		**(15,000)**
Amortization of transaction costs- accretion		**13,483**
Adjustments on currency translation		**42,212**
USDA loan payable as at 30 September 2023	**$**	**5,501,049**
Amortization of transaction costs – accretion and other	$	**488,898**
Less: Principal amount repaid		**(187,317)**
Adjustments on currency translation		**(34,061)**
USDA loan payable as at 30 September 2024	**$**	**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 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

As at 30 September 2024, the Company did not meet the above covenants and missed interest payments totaling US$157,496 and therefore the USDA loan is in default and has been classified as a current liability. The principal loan payable balance as of 30 September 2024 is $5,768,569 (US$4,273,013).

18) 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 June and 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.

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, which comprises of the flotation plant (Note 10).

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. Interest expense, accretion expense, and the amortization of debt costs are being recognized over the loan period, with a total of US$418,774 (2023 – US$nil) being recognized as accretion expense during the year ended 30 September 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$10,500,000)	**$**	**14,175,000**
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	**$**	**12,489,977**
Less: Current portion	**$**	**(1,431,000)**
Non-current portion	**$**	**(11,058,977)**

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 one year after the completion of construction and installation of the Project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The repayment commitment of 2023A&B 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 and above	7,705,000	3,111,500

19) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

	Number of Shares	Amount
Balance as at 1 October 2023	139,000,722	$ 39,587,384
Shares issued for LIFE Offering, net	**15,938,596**	**2,669,344**
Shares issued for PAB loan	**6,780,500**	**1,356,100**
Shares issued for debt settlement	**2,335,537**	**421,760**
Shares issued for Sorbie	**8,916,666**	**362,935**
Shares issued for exercise of options	**445,000**	**81,850**
Balance as at 30 September 2024	**173,417,021**	**$ 44,479,373**

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

- 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.
- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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.

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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 years ended 30 September 2024 and 2023 is as follows:

STOCK OPTION ACTIVITY	**30 September 2024**		**Weighted Average Exercise Price**	30 September 2023		Weighted Average Exercise Price
Balance – Beginning of Year	**22,238,053**	**$**	**0.12**	8,088,053	$	0.42
Issued [1]	**-**		**-**	22,238,053		0.13
Exercised	**(445,000)**		**0.12**	-		-
Expired	**-**		**-**	-		-
Cancelled	**-**		**-**	(8,088,053)		(0.42)
Balance – End of Year	**21,793,053**	**$**	**0.13**	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 and exercisable as at 30 September 2024 and 30 September 2023 are as follows:

Issuance Date	**Expiry Date**		**Exercise Price**	**30 September 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 September 2024, the outstanding options have a weighted average remaining life 0.36 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 year ended 30 September 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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.

d) Warrants

Warrant activity during the years ended 30 September 2024 and 2023 are as follows:

WARRANT ACTIVITY	**30 September 2024**		**Weighted Average Exercise Price**	30 September 2023		Weighted Average Exercise Price
Balance – Beginning of Year	**2,026,568**	**$**	**0.45**	1,874,797	$	0.45
Issued	**25,701,001**		**0.26**	202,771		0.26
Exercised	**-**		**-**	-		-
Expired	**(1,823,797)**		**0.45**	(51,000)		0.50
Balance – End of Year	**25,903,772**	**$**	**0.26**	2,026,568	$	0.45

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

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

Issuance Date	**Expiry Date**		**Exercise Price**	**30 September 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**	-
16 July 2024	16 July 2026	$	0.26	**1,019,219**	-
1 August 2024	1 August 2024	$	0.26	**1,387,720**	-
11 September 2024	11 September 2024	$	0.26	**9,017,772**	-
				25,903,772	2,026,568

As at 30 September 2024, the outstanding warrants have a weighted average remaining life of 1.78 years (2023 – 0.60 years) and a weighted average exercise price of $0.26 (2023 - $0.43).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

The fair value of the warrants attached to the Units has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

	30 September 2024	30 September 2023
Risk free interest rate	**3.59%**	-
Expected stock price volatility	**74%**	-
Expected warrant life in years	**2**	-

e) Share-based payments

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

		30 September 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

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 September 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 2024, 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 total balance of the three entities Canadian Iron, Karas Iron, and Griffith Iron was assets of $7 as at 30 September 2024 (2023 - $7) and accounts payable and accrued liabilities of $7,495 as at 30 September 2024 (2023 - $7,495). Additionally, the three entities have a total intercompany payables of $8,102,985 as at 30 September 2024 (2023 - $8,125,583) which were eliminated upon consolidation. The value attributed to the non-controlling interest in the Company as at 30 September 2024 is an accumulated deficit of $1,220,065 (2023 - $1,223,455). For the year ended 30 September 2024, net gain and comprehensive gain of $3,390 (2023 – gain of $1,792) has been attributed to the non-controlling interest in these Financial Statements.

20) 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 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	**2024**	**$ 144,000**	**$ -**	**$ 425,975**
	2023	$ 144,000	$ 559,163	$ 176,798
CFO – Management fees	**2024**	**$ 48,000**	**$** -	**$** -
	2023	$ 48,000	$ 56,095	$ 4,000
CFO – Professional fees	**2024**	**$ 77,329**	**$ -**	**$ 19,764**
	2023	$ 66,680	$ -	$ 3,436
Directors – Director fees	**2024**	**$ 1,500**	**$** -	**$ 115,210**
	2023	$ 1,250	$ 107,002	$ 4,500
Directors – Consulting fees	**2024**	**$ 42,000**	**$ -**	**$ 104,127**
	2023	$ 42,000	$ 130,610	$ 60,027
Total	**2024**	**$ 312,829**	**$** -	**$ 665,076**
	2023	$ 301,930	$ 852,870	$ 248,761

(i) For the year ended 30 September 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 and debt settlements with related parties are described in Note (15). There are no specific 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

21) 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 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**
30 September 2023			
Current Assets	$ 1,038,000	$ 1,108,000	$ 2,146,000
Non-Current Assets			
Other non-current assets	4,413,000	2,956,000	7,369,000
Resource properties	5,529,000	2,431,000	7,960,000
Liabilities			
Current Liabilities	1,714,000	864,000	2,578,000
Non-Current Liabilities	-	4,679,000	4,679,000

22) 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 and debt 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.

23) 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 30 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 CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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

- As at 30 September 2024, 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 (Note 9). 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 30 September 2024.

24) Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian and USA statutory income tax rates to the amounts recognized in the Consolidated Statements of Loss and Comprehensive Loss for the years ended 30 September 2024 and 2023.

	30 September 2024	30 September 2023
Net loss before tax	**$ (2,925,347)**	$ (4,673,308)
Statutory tax rate	**25.65%-29.70%**	25.65% -29.70%
Expected income tax (recovery)	**(776,303)**	(1,257,998)
Permanent differences and other	**301,303**	175,392
Change in deferred tax asset not recognized	**475,000**	1,318,000
Total income tax expense (recovery)	**$ -**	$ (235,394)

The unrecognized deductible temporary differences and deferred income tax assets as at 30 September 2024 and 2023 are comprised of the following:

	30 September 2024		30 September 2023	
	Temporary difference	**Deferred income tax asset (liability)**	Temporary difference	Deferred income tax asset
Non-capital losses carry-forwards	**$ 24,816,000**	**6,697,000**	$ 23,529,000	6,349,000
Capital losses	**278,000**	**75,000**	278,000	75,000
Exploration and evaluation assets	**9,680,000**	**2,652,000**	9,942,000	2,721,000
Marketable securities	**-**	**-**	269,000	73,000
Property, plant, and equipment	**412,000**	**110,000**	246,000	65,000
Convertible debentures	**7,000**	**2,000**	(665,000)	(180,000)
Financing costs	**244,000**	**66,000**	90,000	24,000
Total unrecognized deductible temporary differences and deferred income tax assets	**$ 35,437,000**	**9,602,000**	$ 33,689,000	9,127,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

As at 30 September 2024, the Company has not recognized a deferred tax asset in respect of non-capital loss carry-forwards of $24,814,000 (2023 - $23,529,000) in Canada and USA which may be carried forward to apply against future year's income tax for Canadian and USA income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry		Taxable Loss
2033	$	156,000
2034		1,591,000
2035		1,180,000
2036		8,593,000
2037		1,223,000
2038		833,000
2039		882,000
2040		1,817,000
2041		2,073,000
2042		2,157,000
2043		3,062,000
2044		1,247,000
Total	$	24,814,000

25) Subsequent events

- On 7 October 2024, the Company closed the second tranche of its previously announced offering of units 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 following the closing date of the Amended LIFE Offering.
- On 15 December 2024, 202,771 warrants expired unexercised.
- On 19 December 2024, the Company entered into agreements to settle $126,184 in equipment purchase costs through the issuance of up to 664,125 common shares (the "Settlement"). The Company also entered into agreement agreements to settle $86,085 in professional lobbying service fees through the issuance of up to 452,937 common shares (the "Service Settlement"). Additionally, the Company has agreed to settle $8,900 in management service fees through the issuance of up to 46,842 common shares (the "Management Settlement"). Furthermore, a convertible debenture holder requested the conversion of their $192,721 investment to 741,234 common shares of the Company (the “Investment Settlement”). All common shares issued in connection with the Settlement will be subject to a four-month hold period in accordance with applicable securities laws.
- 3,435,000 options were exercised for gross proceeds of $446,550.