

2020



Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Condensed Interim Consolidated Financial Statements

For the Three Months Ended 31 December 2019

Stated in Canadian Dollars

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Table of Contents

Management’s Responsibility	1
Condensed Interim Consolidated Statements of Financial Position.....	1
Condensed Interim Consolidated Statements of Comprehensive Loss.....	2
Condensed Interim Consolidated Statements of Changes in Equity	3
Condensed Interim Consolidated Statements of Cash Flows	4
Notes to the Condensed Interim Consolidated Financial Statements.....	5
1) Nature of operations and going concern	5
2) Basis of preparation – Statement of Compliance	6
3) Summary of significant accounting policies	6
4) Critical accounting judgements and key sources of estimation uncertainty	6
5) Financial instruments and risk management	7
6) Amounts receivable	9
7) Deposits	9
8) Property and equipment.....	9
9) Exploration and evaluation assets	10
10) Promissory note payable	12
11) Short-term loans	13
12) Share capital	14
13) Related party transactions and obligations.....	17
14) Segmented disclosure	19
15) Capital management	19
16) Commitment	20
17) Subsequent events.....	20

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

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

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

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

The Company's independent auditor has not performed a review of these Condensed Interim Consolidated Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2019	As at 30 September 2019
ASSETS			
Current Assets			
Cash		\$ 203,765	\$ 784
Amounts receivable	(6)	30,044	37,301
Prepaid amounts and other assets		3,754	1,956
		237,563	40,041
Non-current Assets			
Deposits	(7)	2,912	2,912
Property and equipment	(8)	75,000	75,000
Exploration and evaluation assets	(9)	2,172,678	2,172,678
		2,250,590	2,250,590
		\$ 2,488,153	\$ 2,290,631
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	\$ 576,490	\$ 527,999
Promissory note payable	(10)	105,492	104,724
Short-term loans	(11)	190,621	174,428
		872,603	807,151
EQUITY			
Equity Attributable to Shareholders			
Share capital	(12)	18,460,867	18,461,617
Shares to be issued	(12)	273,000	53,000
Options - Contributed surplus	(12)	628,500	628,500
Warrants - Contributed surplus	(12)	1,446,671	1,446,671
Accumulated other comprehensive income ("OCI")		205	37
Deficit		(17,973,217)	(17,885,181)
		2,836,026	2,704,644
Non-controlling Interests	(12)	(1,220,476)	(1,221,164)
Total Equity		1,615,550	1,483,480
		\$ 2,488,153	\$ 2,290,631

Nature of operations and going concern	(1)	Capital management	(15)
Basis of preparation – Statement of Compliance	(2)	Commitment	(16)
Related party transactions and obligations	(13)	Subsequent events	(17)

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 28 February 2020 and were signed on its behalf by:

"Paul Sarjeant"
Paul Sarjeant, Director

"Karl Marek"
Karl Marek, Director



CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Three Month Ended 31 December 2019	Three Month Ended 31 December 2018
CONTINUING OPERATIONS			
Operating Expenses			
Management fees	(13)	\$ 38,000	\$ 37,000
Professional fees		23,338	18,504
Transfer agent and filing fees		8,184	3,567
Office and general		5,594	3,728
Interest, financing fees, and bank charges		5,193	344
Insurance		2,780	960
Shareholder relations		2,487	232
Travel		1,882	1,873
Resource property expenses		(16)	1,300
Loss from Operations		\$ 87,442	\$ 67,508
Loss on sale of marketable securities		-	32,021
Unrealized loss on marketable securities		-	25,000
Foreign exchange (gain)		(94)	(5,077)
Net Loss and Comprehensive Loss for the period		\$ (87,348)	\$ (119,452)
Net Loss and Comprehensive Loss Attributed to:			
Shareholders		(88,036)	(119,257)
Non-controlling interest ("NCI")		688	(195)
		\$ (87,348)	\$ (119,452)
Basic and Diluted Loss per Share		\$ (0.01)	\$ (0.01)
Weighted Average Number of Shares Outstanding		13,563,375	12,804,116



CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders							Total Shareholders Equity	Equity attributable to NCI	Total
	Shares	Share capital	Shares to be issued	Options	Warrants	Accumulated OCI	Deficit			
	#	\$	\$	\$	\$	\$	\$			
BALANCE AS AT 1 OCTOBER 2018	12,804,116	18,359,117	-	628,500	1,446,671	-	(17,248,773)	3,185,515	(1,221,014)	1,964,501
Shares issued for property	759,259	102,500	-	-	-	-	-	102,500	-	102,500
Shares to be issued	-	-	53,000	-	-	-	-	53,000	-	53,000
Other comprehensive income	-	-	-	-	-	37	-	37	-	37
Net loss for the year	-	-	-	-	-	-	(636,408)	(636,408)	(150)	(636,558)
BALANCE AS AT 30 SEPTEMBER 2019	13,563,375	18,461,617	53,000	628,500	1,446,671	37	(17,885,181)	2,704,644	(1,221,164)	1,483,480
Shares to be issued	-	-	220,000	-	-	-	-	220,000	-	220,000
Share issuance cost	-	(750)	-	-	-	-	-	(750)	-	(750)
Other comprehensive income	-	-	-	-	-	168	-	168	-	168
Net loss for the period	-	-	-	-	-	-	(88,036)	(88,036)	688	(87,348)
BALANCE AS AT 31 DECEMBER 2019	13,563,375	18,460,867	273,000	628,500	1,446,671	205	(17,973,217)	2,836,026	(1,220,476)	1,615,550



ARES STRATEGIC MINING INC.
FOR THE THREE MONTH ENDED 31 DECEMBER 2019
(Unaudited) / Canadian Dollars

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Month Ended 31 December 2019	Three Month Ended 31 December 2018
OPERATING ACTIVITIES		
Loss for the period	\$ (87,348)	\$ (119,452)
Items not Affecting Cash		
Interest and financing fees on short-term loans	768	-
Interest on promissory note	4,260	-
Loss on fair value of marketable securities	-	25,000
Loss on sale of marketable securities	-	32,021
Unrealized foreign exchange (gain)	-	(5,077)
	(82,320)	(67,508)
Net Change in Non-cash Working Capital		
Amounts receivable	7,257	(3,264)
Prepaid amounts and other assets	(1,798)	(14,651)
Accounts payable and accrued liabilities	48,491	3,821
	53,950	(14,094)
	(28,370)	(81,602)
INVESTING ACTIVITIES		
Disposal of marketable securities	-	88,108
	-	88,108
FINANCING ACTIVITIES		
Cash received for shares to be issued	220,000	-
Short-term loans received	2,1933	-
Short-term loans repaid	(10,000)	-
	231,933	-
	202,981	6,506
Cash position – beginning of period	784	2,356
Cash Position – End of period	\$ 203,765	\$ 8,862



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Ares Strategic Mining Inc. (“Ares” or the “Company”), formerly Lithium Energy Products Inc., 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 changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020. The TSX Venture Exchange has approved the change of name to “Ares Strategic Mining Inc.” and the concurrent change of the Company’s stock symbol to “ARS”. The Company is classified as a Junior Natural Resource Mining Company.

The Company was in the business of acquiring and exploring lithium properties in Nevada and Arizona. There has been no determination whether properties held contain reserves, which are economically recoverable. The recoverability of valuations assigned to mineral properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the properties, the ability to obtain the necessary financing to complete development, and future profitable production or proceeds from disposition.

Subsequent to the three-month period ended, the Company announced that on 20 February 2020, it completed the acquisition of the Lost Sheep Fluorspar Mine (Note 17). As a result, Ares is focusing on progressing its fluorspar projects towards exploitation, production, and supplying metspar and acidspar to the markets.

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

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

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern 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.

(Rounded 000’s)	31 December 2019	30 September 2019
Working capital (deficit)	\$ (635,000)	\$ (767,000)
Accumulated deficit attributed to shareholders	\$ (17,973,000)	\$ (17,885,000)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the Financial Statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended 30 September 2019.

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

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

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company’s audited annual consolidated financial statements for the year ended 30 September 2019.

4) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 December 2019.

Exploration evaluation assets

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

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

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.

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 December 2019. 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities, promissory note payable and short-term loans. As at 31 December 2019, the carrying value of cash and marketable securities is at fair value. Amounts receivable, accounts payable, promissory note payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 31 December 2019, the Company held currency totalling the following:

	31 December	30 September
CURRENCY	2019	2019
Canadian (Dollars)	203,542	758
US (Dollars)	172	20

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 December 2019, the Company had a cash balance of \$203,765 to settle current liabilities of \$872,603 that are due within one year. The Company is exposed to a significant liquidity risk as there is a shortfall in the cash balance to settle any immediate current liabilities that may fall due.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE	31 December 2019	30 September 2019
Goods and services tax receivable	\$ 6,300	\$ 15,594
Due from American Strategic Minerals Inc.	23,744	21,707
	\$ 30,044	\$ 37,301

Goods and services tax receivable of \$6,300 as at 31 December 2019 is not subject to significant collection risk.

As at 31 December 2019, the Company incurred a total of \$23,744 (2019YE - \$21,707) in expenses related to exploration and evaluation assets wholly owned by American Strategic Minerals Inc. ("ASM"). The Company and ASM entered into a definitive agreement on 1 April 2019, whereby the Company will acquire all of the common shares of ASM upon closing of the transaction in a three-cornered amalgamation (the "Amalgamation Transaction"). ASM is a related party by virtue of common directors. The amount owing from ASM is unsecured, bears no interest, and is due on demand. Subsequent to the three-month ended 31 December 2019, the Company announced completing of amalgamation (Note 17).

7) Deposits

Deposits consist of:

DEPOSITS	31 December 2019	30 September 2019
Office Lease	\$ 2,912	\$ 2,912

As at 31 December 2019 and 30 September 2019, the balance of \$2,912 represents a deposit for office lease.

8) Property and equipment

PROPERTY AND EQUIPMENT	Land	Total
COST		
Balance as at 1 October 2018	\$ 75,000	\$ 75,000
Balance as at 30 September 2019 and 31 December 2019	\$ 75,000	\$ 75,000
DEPRECIATION		
Balance as at 1 October 2018	\$ -	\$ -
Balance as at 30 September 2019 and 31 December 2019	\$ -	\$ -
CARRYING AMOUNTS		
Balance as at 1 October 2018	\$ 75,000	\$ 75,000
Balance as at 30 September 2019 and 31 December 2019	\$ 75,000	\$ 75,000

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Land comprises five Canadian properties located in Ontario, Canada (Note 9d). The Company earns revenues from sale of quarry rock located on this property. These revenues are offset against maintenance payments made on the property, and are included within the resource property expense on the consolidated statement of comprehensive loss.

9) Exploration and evaluation assets

The Company is running an exploration program focusing on the lithium exploration properties acquired. Additionally, the Company holds outright five contiguous mineral properties located in the Red Lake Mining Division, Ontario, Canada. The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS	Vanadium Ridge	Jackpot Lake	Willcox Playa	Ontario Properties	Total
ACQUISITION					
Balance as at 1 October 2018	\$ 312,000	954,958	600,588	4	1,867,550
Additions	-	257,824	4,000	-	261,824
Balance as at 30 September 2019	312,000	\$ 1,212,782	\$ 604,588	\$ 4	\$ 2,129,374
Additions	-	-	-	-	-
Balance as at 31 December 2019	\$ 312,000	\$ 1,212,782	\$ 604,588	\$ 4	\$ 2,129,374
EXPLORATION EXPENDITURES					
Balance as at 1 October 2018	\$ -	-	43,304	\$ -	43,304
Additions	-	-	-	-	-
Balance as at 30 September 2019	-	\$ -	\$ 43,304	\$ -	\$ 43,304
Additions	-	-	-	-	-
Balance as at 31 December 2019	\$ -	\$ -	\$ 43,304	\$ -	\$ 43,304
CARRYING AMOUNTS					
Balance as at 30 September 2019	\$ 312,000	\$ 1,212,782	\$ 647,892	\$ 4	\$ 2,172,678
Balance as at 31 December 2019	\$ 312,000	\$ 1,212,782	\$ 647,892	\$ 4	\$ 2,172,678

a) Vanadium Ridge

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 retains a carried interest of 20% interest in the Vanadium Ridge property at 31 December 2019.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

b) Jackpot Lake property

During the year ended 30 September 2016, the Company acquired 140 mineral claims comprising of 2,800 acres in Clark County, Nevada. The contiguous Jackpot Lake claim group is located 39 miles NE of Las Vegas.

In consideration, the Company issued common shares and made cash payments as follows:

	Number of Shares		Fair Value of Shares		Cash
Payment Due Date					
26 July 2016	-	\$	-	\$	70,000
12 August 2016	1,100,000		330,000		-
22 January 2017	-		-		50,000
26 July 2017	100,000		5,500		-
22 January 2018	100,000		5,500		-
26 July 2018	304,878		48,476		-
22 January 2019	759,259		102,500		-
11 July 2019 ⁽ⁱ⁾	-		-		102,500
Total	2,364,137	\$	491,976	\$	222,500

(i) an unsecured demand promissory note

The seller shall retain 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.

The Company has to file all forms and pay all fees to keep the claims in good standing, including County Fees and BLM Maintenance Fees. Additionally, the Company is required to incur a minimum of \$1,000,000 in exploration expenditures on these claims within three years of signing the agreement.

During the year ended 30 September 2017, the Company did not make scheduled payments and recorded an impairment of \$811,688 for the acquisition and exploration expenditures related to the asset, thereby reducing the value to \$1 to reflect the rights to the mineral claims. During the year ended 30 September 2018, the Company paid the outstanding payments through issuance of the Company's common shares and accordingly reversed a portion of the prior year's impairment losses of \$637,397.

Under the terms of the original agreement, the Company was to make a final payment of \$205,000 by 26 July 2019. The vendor agreed to immediately transfer the 100% interest in the Jackpot Lake property for the issuance of 759,259 common shares of the Company at the 10 January 2019 closing price of \$0.135 for a total value of \$102,500 and an unsecured demand promissory note in the amount of \$102,500, bearing interest at 3% per annum. The promissory note of \$102,500 and associated interest totalling \$105,492 remained unpaid as at 31 December 2019. Effective 11 January 2019, the Company acquired 100% of the Jackpot Lake Property.

c) Willcox Playa property

During the year ended 30 September 2016, the Company entered into an agreement to acquire three permits for a large dry lakebed in south-eastern Arizona consisting of 1,434 acres in the Willcox Playa Basin.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 30 September 2018, the Company made the outstanding payments through issuance of the Company’s common shares, and acquired a 100% interest in the Willcox Playa. The vendor retains a Gross Overriding Royalty (“GOR”) of 1%. The GOR of 1% is subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for \$1,000,000.

Due to state laws in Arizona, the Company is unable to hold the permits as a foreign entity. As a result, the permits are being held by a third party on behalf of the Company (the “Title Holder”). As compensation, the Company has granted to the Title Holder a Net Smelter Returns Royalty (“NSRR”) equal to 1%, subject to a buy back provision whereby the Company may acquire, at any time, one-half of the NSRR (0.5%) for \$1,000,000.

d) Ontario properties

The Company’s Canadian properties comprise of five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constituted an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the Ontario properties, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

10) Promissory note payable

As a part of the final settlement to acquire 100% of the Jackpot Lake property, the Company entered into an unsecured demand promissory note in the amount of \$102,500, bearing interest at 3% per annum (Note 9b). The promissory note was due on 10 July 2019 and remained unpaid as at 31 December 2019.

The following is a summary of the Company’s promissory note payable as at 31 December 2019:

PROMISSORY NOTE PAYABLE	31 December 2019	30 September 2019
Principal	\$ 102,500	\$ 102,500
Interest	2,563	2,224
Total	\$ 105,492	\$ 104,724

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11) Short-term loans

The following is a summary of the Company's short-term loans as at 31 December 2019 and 30 September 2019:

SHORT-TERM LOAN	Period⁽ⁱ⁾	Outstanding Principal	Interest and Financing Fees	Total
Operational loans from Alpha Resource Management Inc., a company owned by the President and Director	2020	54,285	8,772	63,057
	2019	52,352	6,947	59,299
\$20,000 loan from the President and Director	2020	20,000	268	20,268
	2019	-	-	-
\$11,000 loan from the CEO of ASM	2020	11,000	450	11,450
	2019	11,000	113	11,113
\$7,075 loan from the President and Director	2020	7,075	1,416	8,491
	2019	7,075	1,166	8,241
\$10,500 loan from ASM	2020	-	357	357
	2019	-	346	346
\$400,000 loans from the President and Director	2020	-	13,456	13,456
	2019	-	13,456	13,456
\$784,953 (US\$585,000) loan from an unrelated party	2020	-	25,976	25,976
	2019	-	25,910	25,910
\$10,000 loan from ASM	2020	-	866	866
	2019	10,000	660	10,660
\$40,000 loan from ASM	2020	\$ 40,000	\$ 4,100	\$ 44,100
	2019	40,000	2,803	42,803
\$2,600 loan from the CEO	2020	2,600	-	2,600
	2019	2,600	-	2,600
Total as at 31 December 2019	2020	\$ 134,960	\$ 55,661	\$ 190,621
Total as at 30 September 2019	2019	123,027	\$ 51,401	\$ 174,428

⁽ⁱ⁾ For the three months ended 31 December 2019 and the year ended 30 September 2019.

The Company received various unsecured interest-bearing loans for operations from Alpha Resource Management Inc., a company owned by the President and Director of the Company. The loans bear interest at one percent per month compounded. As at 30 September 2019, principal and interest totalling \$63,057 remained unpaid.

On 21 November 2019, the Company received an unsecured, non-interest bearing loan of \$20,000 from the President and Director of the Company. As at 31 December 2019, the principal of 20,000 and interest of \$268 remained unpaid. On 30 August 2019, the Company received an interest-bearing loan of \$11,000 from the CEO of ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and is payable in full on 30 September 2020. As at 31 December 2019, the \$11,000 short-term loan and associated interest of \$450 (2019YE - \$113) owing to the CEO of ASM remained unpaid.

On 21 June 2019, the Company received an unsecured, non-interest bearing loan of \$7,075 from the President and Director of the Company. The loan was due and payable on 30 August 2019. As at 31 December 2019, the principal of \$7,075 (2019YE - \$7,075) and interest and financing fees of \$1,416 (2019YE - \$1,166) remained unpaid.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

On 15 May 2019, the Company received an interest-bearing loan of \$10,500 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 June 2019. As at 31 December 2019, the \$10,500 (2019YE - \$10,500) short-term loan had been repaid and associated interest of \$357(2019YE - \$346) owing to ASM remained unpaid.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of \$400,000 from the President and Director of the Company. The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of \$400,000, and associated financing fees of USD\$10,000 in cash and 150,000 common shares of the Company. As at 31 December 2019, the principal of \$400,000 has been paid back in full. However, the associated financing fees of USD\$10,000 (2019YE - USD\$10,000) in cash remained unpaid and the 150,000 common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of \$784,953 (USD\$585,000) from an unrelated party. The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of USD\$585,000, and associated financing fees of USD\$20,000 in cash and 250,000 in common shares of the Company. As at 31 December 2019, the principal of USD\$585,000 has been paid back in full. However, the associated financing fees of \$25,976 (USD\$20,000) in cash remained unpaid and the 250,000 in common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 18 March 2019, the Company received an interest-bearing loan of \$10,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 April 2019. On 18 April 2019, ASM extended the due date to 18 April 2020. All other terms and conditions of the loan remain unchanged. As at 31 December 2019, the \$10,000 short-term loan had been repaid and interest of \$866 (2019YE - \$660) owing to ASM remained unpaid.

On 5 March 2019, the Company received an interest-bearing loan of \$40,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 6 April 2019. On 6 April 2019, ASM extended the due date to 6 April 2020. All other terms and conditions of the loan remain unchanged. As at 31 December 2019, the \$40,000 (2019YE - \$40,000) short-term loan and associated interest of \$4,100 (2019YE - \$2,803) owing to ASM remained unpaid.

During the year ended 30 September 2019, the Company entered into a loan agreement with the CEO and the director. Pursuant to the terms of the agreement, an interest-free loan in the amount of \$2,600 was issued. The loan remained unpaid as at 31 December 2019 and 30 September 2019.

12) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the three months ended 31 December 2019:

The Company did not issue any shares.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 30 September 2019:

The Company issued 759,259 common shares in lieu of a payment of \$102,500 as partial consideration to acquire 100% of the Jackpot Lake property (Note 9b).

c) Summary of stock option activity

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

Stock option activity during the three months ended 31 December 2019 and the year ended 30 September 2019 are as follows:

STOCK OPTION ACTIVITY	31 December 2019	Weighted Average Exercise Price	30 September 2019	Weighted Average Exercise Price
Balance – Beginning of Period/Year	160,000	\$ 1.28	271,250	\$ 1.55
Expired	-	-	(111,250)	1.93
Balance – End of Period/Year	160,000	\$ 1.28	160,000	\$ 1.28

Details of stock options outstanding as at 31 December 2019 and 30 September 2019 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 December 2019	30 September 2019
10 April 2015	10 April 2020	\$ 1.00	10,000	10,000
25 January 2017	24 January 2022	\$ 1.30	150,000	150,000
			160,000	160,000

As at 31 December 2019, the outstanding options have a weighted average remaining life of 1.96 years (2019YE- 2.21 years) and a weighted average exercise price of \$1.28 (2019YE - \$1.28). All of the outstanding options have vested and are exercisable.

Not included in the mentioned stock options are the compensation options resulting from the private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one Unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance (12 October 2021). Each warrant can be exercised into one common share of the Company at a price of \$2.00 per share before the expiry. The 6,400 compensation options granted to finders that have been valued by reference to the fair value of the equity instruments granted. Therefore, as each Unit in the private placement was valued at \$1.00, the value of compensation options has been estimated at \$6,400.

As a result of the Company's 20-for-1 share consolidation, the numbers of options outstanding were adjusted, in accordance with existing provisions of the plans for these awards, such that the holders of these awards would be in the same economic position before and after effecting the share consolidation. Consequently, these adjustments did not result in a new measurement date for these awards.

All prior period numbers of options, compensation options, restricted share units, performance share units and deferred share units as well as exercise prices and fair values per individual award have been retroactively adjusted to reflect the share consolidation.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the three months ended 31 December 2019 and the year ended 30 September 2019 are as follows:

WARRANT ACTIVITY	31 December 2019	Weighted Average Exercise Price	30 September 2019	Weighted Average Exercise Price
Balance – Beginning of Period/Year	1,500,000	\$ 2.00	1,500,000	\$ 2.00
Expired	(1,500,000)	2.00	-	-
Balance – End of Period/Year	-	\$ -	1,500,000	\$ 2.00

e) Share-based payments

During the three months ended 31 December 2019 and the year ended 30 September 2019, no stock options were granted or vested.

f) Shares to be issued

On 22 April 2019, the Company received a subscription agreement for \$13,000. Shares will be issued at \$0.10 per common share upon Liquidity Event.

On 6 May 2019, the Company received a non-interest-bearing loan of USD\$585,000 from an unrelated party. The associated 250,000 common shares of the Company to be paid as financing fees remained unissued.

On 6 May 2019, the Company received a non-interest-bearing loan of \$400,000 from the President and Director of the Company. The associated 150,000 common shares of the Company to be paid as financing fees remained unissued.

On 25 November 2019, the Company received \$20,000 from an unrelated party for a private placement of 250,000 shares at \$0.08 per share.

On 27 December 2019, the Company received \$200,000 from an unrelated party for a private placement of 2,500,000 shares at \$0.08 per share.

The above-mentioned shares have not been issued as at 31 December 2019 because the Company's shares were halted from trading until the completion of amalgamation transaction completed subsequent to the period end (Note 17).

g) Non-controlling interest

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 31 December 2019, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full \$8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional \$1.5 million in expenditures on the property chosen.

The value attributed to the non-controlling interest in the Company as at 31 December 2019 is an accumulated deficit of \$1,220,476 (2019 - \$1,221,164). For the three-month period ended 31 December 2019, net gain and comprehensive gain of \$688 (2019 - net loss and comprehensive loss of \$195) has been attributed to the non-controlling interest in these Financial Statements.

13) Related party transactions and obligations

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

RELATED PARTY DISCLOSURE	Name and Principal Position	Period⁽ⁱ⁾	Remuneration or fees⁽ⁱⁱ⁾	Amounts Payable and Accrued Liabilities		Prepaid expenses
				\$	\$	
	President and Director, Management fees	2020	\$ -	\$ 13,400	\$ -	-
		2019	\$ 2,817	\$ 63,140	\$ -	-
	A company of which the former CFO is a director – Management fees	2020	\$ -	\$ 42,038	\$ -	-
		2019	\$ 12,000	\$ 27,597	\$ -	-
	Directors – Director Fees	2020	\$ 2,000	\$ 9,038	\$ -	-
		2019	\$ 759	\$ 750	\$ -	-
	CEO and Director – Management fees	2020	\$ 24,000	\$ 138,050	\$ -	-
		2019	\$ 24,000	\$ 51,700	\$ 4,200	-
	CFO – Management fees	2020	\$ 12,000	\$ 34,303	\$ -	-
		2019	\$ -	\$ -	\$ -	-
	Former Directors – Director Fees	2020	\$ -	\$ 3,750	\$ -	-
		2019	\$ 250	\$ 3,250	\$ -	-

(ii) For the three months ended 31 December 2019 and 2018.

(iii) 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.

Other related party transactions not listed in the above table include:

The Company received various unsecured interest-bearing loans for operations from Alpha Resource Management Inc., a company owned by the President and Director of the Company. The loans bear interest at one percent per month compounded. As at 30 September 2019, principal and interest totalling \$63,057 remained unpaid.

On 21 November 2019, the Company received an unsecured, non-interest bearing loan of \$20,000 from the President and Director of the Company. As at 31 December 2019, the principal of 20,000 and interest of \$268 remained unpaid.

On 30 August 2019, the Company received an interest-bearing loan of \$11,000 from the CEO of ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and is payable in full on 30 September 2020. As at 31 December 2019, the \$11,000 short-term loan and associated interest of \$450 (2019YE - \$113) owing to the CEO of ASM remained unpaid.

On 21 June 2019, the Company received an unsecured, non-interest bearing loan of \$7,075 from the President and Director of the Company. The loan was due and payable on 30 August 2019. As at 31 December 2019, the principal of \$7,075 (2019YE - \$7,075) and interest and financing fees of \$1,416 (2019YE - \$1,166) remained unpaid.

On 15 May 2019, the Company received an interest-bearing loan of \$10,500 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 June 2019. As at 31 December 2019, the \$10,500 (2019YE - \$10,500) short-term loan had been repaid and associated interest of \$357(2019YE - \$346) owing to ASM remained unpaid.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of \$400,000 from the President and Director of the Company. The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of \$400,000, and associated financing fees of USD\$10,000 in cash and 150,000 common shares of the Company. As at 31 December 2019, the principal of \$400,000 has been paid back in

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

full. However, the associated financing fees of USD\$10,000 (2019YE - USD\$10,000) in cash remained unpaid and the 150,000 common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 18 March 2019, the Company received an interest-bearing loan of \$10,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 April 2019. On 18 April 2019, ASM extended the due date to 18 April 2020. All other terms and conditions of the loan remain unchanged. As at 31 December 2019, the \$10,000 short-term loan had been repaid and interest of \$866 (2019YE - \$660) owing to ASM remained unpaid.

On 5 March 2019, the Company received an interest-bearing loan of \$40,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 6 April 2019. On 6 April 2019, ASM extended the due date to 6 April 2020. All other terms and conditions of the loan remain unchanged. As at 31 December 2019, the \$40,000 (2019YE - \$40,000) short-term loan and associated interest of \$4,100 (2019YE - \$2,803) owing to ASM remained unpaid.

During the year ended 30 September 2019, the Company entered into a loan agreement with the CEO and the director. Pursuant to the terms of the agreement, an interest-free loan in the amount of \$2,600 was issued. The loan remained unpaid as at 31 December 2019 and 30 September 2019.

14) Segmented disclosure

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

(Rounded to 000's)	Canada	US	Total
31 December 2019			
Current Assets	\$ 238,000	\$ -	\$ 238,000
Non-Current Assets			
Other non-current assets	78,000	-	78,000
Resource properties	312,000	1,861,000	2,173,000
Liabilities			
Current Liabilities	873,000	-	873,000
30 September 2019			
Current Assets	\$ 40,000	\$ -	\$ 40,000
Non-Current Assets			
Other non-current assets	78,000	-	78,000
Resource properties	312,000	1,861,000	2,173,000
Liabilities			
Current Liabilities	807,000	-	807,000

15) 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



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

16) Commitment

The Company entered into an agreement to extend the lease of the premises for an extension of two years commencing 1 July 2018 and expiring 30 June 2020. The Company's remaining annual minimum lease payments as at 31 December 2019 are shown below:

Fiscal 2020	\$	9,556
Total	\$	9,556

17) Subsequent events

On 20 February 2020, the Company announced that it completed the acquisition of 100% of the Lost Sheep Fluorspar Mine from ASM. The acquisition was structured as a three-cornered amalgamation. Pursuant to the terms of the Agreement, Ares issued an aggregate of 14,184,560 units to the former shareholders of ASM, each Unit consisting of one common share of Ares and one half of one warrant at an exercise price of \$0.16. The Company also settled an aggregate of \$255,558 of bona fide debt owed by Ares to certain creditors through the issuance of an aggregate of 3,194,474 shares to the creditors and 1,394,737 warrants to certain of the eligible creditors (the "Debt Settlement"). Subsequent to the closing of the Transaction, the Company received additional gross proceeds of \$40,000 as part of the non-brokered private placement through the issuance of 500,000 Financing Units. Following the subsequent financing, there will be 56,118,396 Ares Shares issued and outstanding on a non-diluted basis. On 28 February 2020, the Company announced that trading of the Company's shares has been scheduled to recommence on 3 March 2020.

On 19 February 2020, the Company announced the Closing of its \$1.8MM Financing, issuing 22,175,987 shares and 11,087,993 warrants, at a price of \$0.08 per unit. Each warrant exercisable for a two-year period from the date of closing at an exercise price of \$0.15. The Offering was completed as part of a larger offering, with \$200,000 being closed on 31 January 2020, for a total raise of \$1,974,079, with 24,675,987 shares and 12,337,993 warrants being issued.

Effective 13 February 2020, the Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry. The Company's shares will begin trading on the TSXV under the new symbol "ARS" on 13 February 2020.

On 6 January 2020, the Company announced that it successfully arranged a bridge financing, representing the funds required to satisfy the closing of transaction with ASM. The bridge financing consists of the issuance of 2,500,000 common shares of the Company at a price of \$0.08 per common share with 1,250,000 warrants attached with an exercise price of \$0.15, valid for two years from the closing of the financing. With the closing of the bridge financing, the Company will pay certain external service providers up to \$200,000, which will allow the Company to proceed towards the closing of amalgamation.