

2021

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Condensed Interim Consolidated Financial Statements

For the Three Months Ended 31 December 2020

Stated in Canadian Dollars

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

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

In discharging its responsibilities for the integrity and fairness of the Condensed Interim Consolidated Financial Statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of 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 2020	As at 30 September 2020
ASSETS			
Current Assets			
Cash		\$ 448,020	\$ 219,770
Amounts receivable	(7)	59,843	12,831
Prepaid amounts and other assets		725,757	309,585
		1,233,620	542,186
Non-current Assets			
Deposits	(8)	69,029	72,181
Property and equipment	(9)	183,782	190,119
Exploration and evaluation assets	(10)	5,548,123	4,444,014
		5,800,934	4,706,314
		\$ 7,034,554	\$ 5,248,500
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	\$ 461,808	\$ 617,699
Short-term loans	(11)	661,483	63,355
		1,123,291	681,054
EQUITY			
Equity Attributable to Shareholders			
Share capital	(12)	23,377,135	22,467,660
Options - Contributed surplus	(12)	1,259,500	1,152,500
Warrants - Contributed surplus	(12)	2,401,186	2,269,584
Accumulated other comprehensive income ("OCI")		14,168	10,393
Deficit		(19,918,011)	(20,108,460)
		7,133,978	5,791,677
Non-controlling interests	(12)	(1,222,715)	(1,224,231)
Total Equity		5,911,263	4,567,446
		\$ 7,034,554	\$ 5,248,500

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 1 March 2021 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 2020	Three Month Ended 31 December 2019
General and Administrative			
Office and marketing		263,440	5,594
Management fees	(13)	53,000	38,000
Professional fees		34,403	23,338
Transfer agent and filing fees		21,309	8,184
Depreciation		6,337	-
Insurance		3,029	2,780
Travel		-	1,882
Shareholder relations		-	2,487
Bank charges and interest expense		993	5,193
Resource property recoveries		(10,107)	(16)
		(372,404)	(87,442)
Other Expenses			
Foreign exchange loss		(36,219)	-
Recovery of mineral properties	(10)	600,588	-
Net Income (Loss) for the period		191,965	\$ (87,442)
Other Comprehensive Income			
Foreign operations – foreign exchange		3,775	94
Comprehensive Loss for the period		\$ 195,740	\$ (87,348)
Net Loss Attributed to:			
Shareholders		190,448	-
Non-controlling interest		1,517	-
		\$ 191,965	\$ (87,348)
Comprehensive Loss Attributed to:			
Shareholders		194,223	(88,036)
Non-controlling interest		1,517	688
		\$ 195,740	\$ (87,348)
Basic and Diluted Loss per Share		\$ 0.00	\$ (0.01)
Weighted Average Shares Outstanding		81,019,973	13,563,375



CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders									
	Shares	Share capital	Shares to be issued	Options	Warrants	Accumulated OCI	Deficit	Total Shareholders Equity	Equity attributable to NCI	Total
	#	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE AS AT 1 OCTOBER 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
Units issued for private placement	39,978,712	2,667,959	(13,000)	-	530,338	-	-	3,185,297	-	3,185,297
Units issued on Amalgamation (Note 5)	14,184,560	995,306	-	-	139,459	-	-	1,134,765	-	1,134,765
Shares issued for property (Note 10)b)	5,000,000	400,000	-	-	-	-	-	400,000	-	400,000
Units issued for debt settlement	3,825,384	323,122	(40,000)	-	21,773	-	-	304,895	-	304,895
Units issued for promissory note	1,312,320	85,643	-	-	19,343	-	-	104,986	-	104,986
Share issuance cost	353,550	(465,987)	-	-	112,000	-	-	(353,987)	-	(353,987)
Stock-based compensation	-	-	-	524,000	-	-	-	524,000	-	524,000
Other comprehensive income	-	-	-	-	-	10,356	-	10,356	-	10,356
Net loss for the year	-	-	-	-	-	-	(2,223,279)	(2,223,279)	(3,067)	(2,226,346)
BALANCE AS AT 30 SEPTEMBER 2020	78,217,901	22,467,660	-	1,152,500	2,269,584	10,393	(20,108,460)	5,791,677	(1,224,231)	4,567,446
Shares issued for debt	480,369	113,323	-	-	-	-	-	113,323	-	113,323
Shares issued to ASM management	600,000	60,000	-	-	-	-	-	60,000	-	60,000
Shares issued upon exercises of warrants	5,519,512	722,652	-	-	131,602	-	-	854,254	-	854,254
Shares issued upon exercises of options	950,000	13,500	-	107,000	-	-	-	120,500	-	120,500
Other comprehensive income	-	-	-	-	-	3,775	-	3,775	-	3,755
Net loss for the period	-	-	-	-	-	-	190,449	190,449	1,516	191,965
BALANCE AS AT 31 DECEMBER 2020	85,767,782	23,377,135	-	1,259,500	2,401,186	14,168	(19,918,011)	7,133,978	(1,222,715)	5,911,263

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Three Month Ended 31 December 2020	Three Month Ended 31 December 2019
OPERATING ACTIVITIES			
Loss for the period		\$ 191,965	\$ (87,348)
Items not Affecting Cash			
Depreciation	(9)	6,337	-
Interest on short-term loan		-	768
Shares issued for Amalgamation		60,000	-
Recovery of mineral properties	(10)	(600,588)	-
Interest on promissory note		-	4,260
		(342,286)	(82,320)
Net Change in Non-cash Working Capital			
Accounts payable and accrued liabilities		(42,568)	48,491
Amounts receivable		(47,012)	7,257
Prepaid amounts and other assets		(416,172)	(1,798)
		(505,752)	53,950
		(848,038)	(28,370)
INVESTING ACTIVITIES			
Resource property - expenditures		(503,521)	-
		(503,521)	-
FINANCING ACTIVITIES			
Proceeds from warrants exercised		854,254	-
Proceeds from options exercised		120,500	-
Short term loan received	(11)	-	21,933
Short term loans paid		598,128	(10,000)
Proceeds from shares to be issued		854,254	220,000
		1,572,882	231,933
Net effect of foreign currency translation		6,927	-
Net Increase (Decrease) in Cash		228,250	202,981
Cash position – beginning of period		219,770	784
Cash Position – End of period		\$ 541,405	\$ 203,765

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. On 18 February 2020, the Company completed a three-cornered amalgamation transaction (the “Amalgamation”) with American Strategic Minerals Inc. (“ASM”) (Note 5). 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.

During 2020, the global outbreak of COVID-19 ensued, which has had a significant impact on organizations through the restrictions put in place by Canadian, US, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, although the Company’s operations have not been drastically affected by COVID-19, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, US and other countries to fight the virus.

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.

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

(Rounded 000's)	31 December 2020	30 September 2020
Working capital deficit	\$ 110,000	\$ 139,000
Accumulated deficit attributed to shareholders	\$ 21,141,000	\$ 20,108,000

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) 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 2020.

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

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

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a complete summary of significant accounting policies, please refer to the Company’s audited annual consolidated financial statements for the year ended 30 September 2020.

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 (CONT.)

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 December 2020.

Business combinations

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed as part of the acquisition transaction.

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.

Covid-19

On 11 March 2020, the World Health Organization declared Covid-19, the disease caused by the novel coronavirus, a global pandemic, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. There is the possibility that future developments from the Covid-19 pandemic could negatively impact operations which could have a material adverse impact on our cash flows and financial position as well as affect judgements, estimates and assumptions made by management. The Company continues to monitor the situation closely to plan and adjust accordingly.

5) Acquisition transaction ("Amalgamation")

The Company and ASM previously entered into a definitive agreement (the "Amalgamation Agreement") on 1 April 2019. On 18 February 2020, the Company completed the acquisition of ASM, a private company that was incorporated under the laws of the province of British Columbia on 14 May 2015. A wholly owned subsidiary of ASM,

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

101017BC, Inc., is a company incorporated in the state of Delaware, United States of America and currently possesses several mineral claim blocks including the Lost Sheep Fluoride Mine, known as the Lost Sheep Property.

The acquisition was structured as a three-cornered amalgamation. Pursuant to the terms of the Amalgamation Agreement, the Company acquired all of the issued and outstanding shares of ASM and issued an aggregate of 14,184,560 units to the former shareholders of ASM, each unit consisting of one common share of the Company and one half of one warrant at an exercise price of \$0.16 exercisable for a period of two years. All of the options of ASM (the "ASM Options") were cancelled in exchange for the Company's Options.

The Company has determined that ASM did not meet the definition of a business under IFRS 3, Business Combinations, and as such has been accounted for as an asset acquisition. The cost of an acquisition should be based on the fair value of items received, except where the fair value of the items received is not clearly evident. In such a case, the fair value of the consideration given is used.

The fair value of consideration given, totaling \$1,232,924 has been allocated as follows:

Cash	\$	756
Amounts receivable and prepaid expenses		92,220
Exploration and evaluation assets (Note 10)		1,459,064
Accounts payable and accrued liabilities		(296,746)
Revolving Loan		(22,370)
Total net assets acquired	\$	1,232,924
14,184,560 units issued		1,134,765
600,000 stock options issued		-
Transaction costs		98,159
Total purchase consideration	\$	1,232,924

6) 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 2020. 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 (CONT.)

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts payable and short-term loans. As at 31 December 2020, the carrying value of cash is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 31 December 2020, the Company held currency totalling the following:

CURRENCY	31 December 2020	30 September 2020
Canadian (Dollars)	\$ 443,318	\$ 218,114
US (Dollars)	\$ 3,122	\$ 1,242

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 2020, the Company had a cash balance of \$448,020 to settle current liabilities of \$1,123,324 that are due within one year.

7) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE	31 December 2020	30 September 2020
Goods and services tax receivable	\$ 59,843	\$ 12,831
	\$ 59,843	\$ 12,831

As at 31 December 2020, amounts receivable consists only of goods and services tax receivable of \$59,843 and is not subject to significant collection risk.

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

8) Deposits

Deposits consist of:

	31 December 2020	30 September 2020
DEPOSITS		
Office Lease	\$ 2,912	\$ 2,912
Surety deposits	66,117	69,269
	\$ 69,029	\$ 72,181

As at 31 December 2020, the balance in deposits of \$2,912 (2020 - \$2,912) represents a deposit for office lease and reclamation surety and bond in the amount of \$66,117 (2020 - \$69,269) paid to the State of Utah for a five-year escalation at Lost Sheep.

9) Property and equipment

PROPERTY AND EQUIPMENT	Field Equipment	Land	Total
COST			
Balance as at 1 October 2019	\$ -	\$ 75,000	\$ 75,000
Addition	126,736	-	126,736
Balance as at 30 September 2020	126,736	75,000	201,736
Addition	-	-	-
Balance as at 31 December 2020	\$ 126,736	\$ 75,000	\$ 201,736
DEPRECIATION			
Balance as at 1 October 2019	\$ -	-	\$ -
Depreciation for the period	11,617	-	11,617
Balance as at 30 September 2020	11,617	-	11,617
Depreciation for the period	6,337	-	6,337
Balance as at 31 December 2020	\$ 17,954	\$ -	\$ 17,954
CARRYING AMOUNTS			
Balance as at 1 October 2019	\$ -	\$ 75,000	\$ 75,000
Balance as at 30 September 2020	\$ 115,119	\$ 75,000	\$ 190,119
Balance as at 31 December 2020	\$ 108,782	\$ 75,000	\$ 183,782

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

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

During the year ended 30 September 2020, the Company acquired and modified field equipment; depreciation commenced upon the use of this equipment.

Land comprises five Canadian properties located in Ontario, Canada (Note 10)f). The Company earns revenues from sale of quarry rock located on this property. These revenues are offset against maintenance payments made on the property, and are included within the resource property expense on the condensed interim consolidated statement of comprehensive loss.



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

10) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS	Lost Sheep	Liard Fluorspar	Vanadium Ridge	Jackpot Lake	Wilcox Playa	Ontario Properties	Total
Balance as at 1 October 2019	\$ -	\$ -	\$ 312,000	\$ 1,212,782	\$ 647,892	\$ 4	\$ 2,172,678
Acquisition	-	431,000	-	-	-	-	431,000
Acquired upon Amalgamation	1,459,064	-	-	-	-	-	1,459,064
Drilling	696,806	-	-	-	-	-	696,806
Geological consulting	260,452	-	-	-	-	-	260,452
Other	32,876	1,332	-	-	2,008	-	36,216
Impairment	-	-	-	-	(649,900)	-	(649,900)
Adjustments on currency translation	37,698	-	-	-	-	-	37,698
Balance as at 30 September 2020	\$ 2,486,896	\$ 432,332	\$ 312,000	\$ 1,212,782	\$ -	\$ 4	\$ 4,444,014
Acquisition	15,100	-	-	-	-	-	15,100
Drilling	183,783	-	-	-	-	-	183,783
Geological consulting	268,883	-	-	-	-	-	268,883
Other	14,126	-	-	-	-	-	14,126
Recovery	-	-	-	-	600,588	-	600,588
Adjustments on currency translation	21,629	-	-	-	-	-	21,629
Balance as at 31 December 2020	\$ 2,990,417	\$ 432,332	\$ 312,000	\$ 1,212,782	\$ 600,588	\$ 4	\$ 5,548,123

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

a) Lost Sheep

On 18 February 2020, the Company completed the acquisition of 100% of the Lost Sheep Fluorspar Mine from ASM (Note 5) through the Amalgamation.

The Company acquired 100% interest in U.S. federal mining claims in Juab County, Utah, comprising approximately 1,447 acres, known as the Lost Sheep Property. The Lost Sheep property consists of several mineral claim blocks including the Lost Sheep Fluoride Mine, and other unpatented claims. The Lost Sheep Property is 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 sellers retained an outstanding royalty payment in the amount of US\$1,000,000 once the property is in production.

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:

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
13 April 2020	-	\$ -	\$ 31,000
30 April 2020	5,000,000	400,000	-
Total	5,000,000	\$ 400,000	\$ 31,000

The sellers will retain a 2% of the Net Smelter Returns (NSR) Royalty payment of commercial production for the first 6 months of production, after which Ares will recover full revenues. The Company paid the cash consideration of \$31,000 and issued 5,000,000 shares during the year ended 30 September 2020.

c) 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 20% interest in the Vanadium Ridge property.

d) 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.

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

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⁾	1,312,320	104,986	-
Total	3,676,457	\$ 596,962	\$ 120,000

(i) an unsecured demand promissory note settled with shares on 1 February 2020

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.

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. Effective 11 January 2019, the Company acquired 100% of the Jackpot Lake property.

Pursuant to an agreement dated 1 February 2020, the promissory note of \$102,500 and associated interest of \$2,486 totalling \$104,986 was settled through the issuance of 1,312,320 units of the Company. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the company at a price of \$0.15 for a period of 24 months.

e) 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.

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 property. 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 was 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 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.

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

During the year ended 30 September 2020, the Company did not renew the permits required to continue exploring the Wilcox Playa property and as a result the Company recorded an impairment of \$649,900.

The Company reinstated the renewal process with the state of Arizona and the Title Holder and the permits are active and in good standing as at the date of the filing of these Financial Statements and accordingly reversed prior year's impairment losses of \$600,588.

f) Ontario properties

The Company holds a 100% interest in 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.

11) Short-term loans

The following is a summary of the Company's short-term loans as at 31 December 2020 and 30 September 2020:

SHORT-TERM LOANS	Year	Outstanding Principal	Interest and Financing Fees	Total
\$11,000 loan from the former CEO of ASM, director	2021	\$ -	\$ -	\$ -
	2020	-	848	848
Operational loans from related parties	2021	600,000	-	600,000
	2020	-	-	-
Loan from Clearwater	2021	21,483	-	21,483
	2020	22,507	-	22,507
Canada Emergency Business Account loan	2021	40,000	-	40,000
	2020	40,000	-	40,000
Total as at 31 December 2020	2021	\$ 661,483	\$ -	\$ 661,483
Total as at 30 September 2020	2020	\$ 62,507	\$ 848	\$ 63,335

On 30 August 2019, the Company received an interest-bearing loan of \$11,000 from the former CEO of ASM. The loan was secured by the assets of the Company, subject to interest at one percent per month compounded and was payable in full on 30 September 2020. As at 30 September 2020, the principal of \$11,000 had been repaid through the issuance of the Company's common shares (Note 12)b).

During the three month period ended 31 December 2020, the Company had received \$600,000 from unrelated parties. This loan was settled by the Company's related parties who had transferred their own common shares in settlement.

Ares assumed a revolving loan payable of \$21,483 (US\$16,873) from ASM on 18 February 2020 through the Amalgamation (Note 5). Clearwater provided the Company with a revolving credit facility of up to a maximum of US\$50,000. The revolving credit facility is unsecured and non-interest bearing. In return for this credit facility, Ares is to pay to Clearwater a financing charge of 20%, net of royalties, of all sales from the ore production of the Lost Sheep project as long as the credit facility is being used. As at 31 December 2020, the revolving loan in the amount of \$21,483 (US\$16,873) (2020 – US\$16,873) owing to Clearwater remained unpaid.

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

During the year ended 30 September 2020, the Company received a Canada Emergency Business Account loan of \$40,000 from the Government of Canada. The amount is non-interest bearing and the Company will receive a \$10,000 loan forgiveness upon repayment, provided it is repaid in full on or before December 31, 2022.

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 2020:

	Number of Shares	Amount
Balance as at 1 October 2020	78,217,901	\$ 22,467,660
Shares issued for debt settlement	480,369	113,323
Shares issued as part of Amalgamation	600,000	60,000
Shares issued upon exercise of warrants	5,519,512	722,652
Shares issued upon exercise of options	950,000	13,500
Balance as 31 December 2020	85,767,782	23,377,135

During the three months ended 31 December 2020:

- The Company settled debt of \$113,324 through the issuance of 480,369 common shares to certain creditors.
- The Company issued 600,000 common shares as part of the Amalgamation agreement (Note 5).
- The Company issued 5,519,512 common shares upon the exercise of warrants ranging in price from \$0.15 to \$0.16 per common share for gross proceeds of \$722,652.
- The Company issued 950,000 common shares upon the exercise of stock options at a price of \$0.10 - \$0.13 per common share for gross proceeds of \$13,500.

During the year ended 30 September 2020:

Shares issued for private placement:

- On 15 July 2020, the Company issued 625,000 units pursuant to a non-brokered private placement at a price of \$0.08 per unit for gross proceeds of \$50,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.
- On 15 June 2020, the Company completed a non-brokered private placement of 14,177,725 units at a price of \$0.08 per unit for gross proceeds of \$1,134,218. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.

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

- On 18 February 2020, the Company issued 500,000 units pursuant to a non-brokered private placement at a price of \$0.08 per unit for gross proceeds of \$40,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.
- On 14 February 2020, the Company issued 22,175,987 units at a price of \$0.08 per unit for gross proceeds of \$1,774,079. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.
- On 3 January 2020, the Company completed a bridge financing, representing the funds required to satisfy the closing of transaction with ASM. The Company issued 2,500,000 units at a price of \$0.08 per unit for gross proceeds of \$200,000, out of which \$13,000 received during the year ended 30 September 2019. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.

Shares issued for debt:

- On 20 August 2020, the Company settled debt of \$14,100 through the issuance of 141,000 common shares.
- On March 2, 2020, the Company settled debt of \$180,223 through the issuance of an aggregate of 1,802,230 common shares. Of the common shares issued, 400,000 related to settlement of financing fees incurred during the year ended 30 September 2019, where 150,000 were issued to the former Director of the Company and 1,384,730 common shares were issued to the former CEO of ASM and former Director of the Company.
- On 14 February 2020, the Company settled an aggregate of \$150,572 of debt with certain creditors through the issuance of an aggregate of 1,882,154 common shares and 738,577 share purchase warrants to certain creditors. Of the common shares issued, 466,250 common shares were issued to current and related parties. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.

Share issuance costs:

- In connection with the shares issued for cash, the Company issued 353,550 common shares and 3,258,295 warrants to certain finders and consultants as finders' fees. The Company agreed to pay finders' fees ranging from 7% to 8.5% of the gross proceeds raised by the consultants and finders, and issue finder's warrants ranging from 7% to 8.5% of the number of units issued. Each finder's warrant is exercisable by the holder thereof into one common share of the Company at a price of \$0.15 for a period of 24 months.

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.

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

Stock option activity during the three months ended 31 December 2020 and 30 September 2020 is as follows:

STOCK OPTION ACTIVITY	31 December 2020	Weighted Average Exercise Price	30 September 2020	Weighted Average Exercise Price
Balance – Beginning of Period	6,850,000	\$ 0.14	160,000	\$ 1.28
Issued	-	-	6,100,000	0.12
Issued upon Amalgamation	-	-	600,000	0.10
Exercised	950,000	0.12		
Expired	-	-	(10,000)	-
Balance – End of Period	5,900,000	\$ 0.14	6,850,000	\$ 0.14

Details of stock options outstanding as at 31 December 2020 and 30 September 2020 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 December 2020	30 September 2020
25 January 2017	24 January 2022	\$ 1.30	150,000	150,000
18 February 2020	01 September 2022	\$ 0.10	300,000	300,000
18 February 2020	01 November 2022	\$ 0.10	300,000	300,000
9 March 2020	8 March 2022	\$ 0.10	2,700,000	2,800,000
30 August 2020	30 August 2022	\$ 0.13	2,450,000	3,300,000
			5,900,000	6,850,000

As at 31 December 2020, the outstanding options have a weighted average remaining life of 1.43 years (2020 – 1.71 years) and a weighted average exercise price of \$0.14 (2020 - \$10.14). All of the outstanding options have vested and are exercisable.

During the three months ended 31 December 2020:

950,000 stock options were exercised during the period.

Not included in the above-noted stock options are the compensation options resulting from a 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.

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

d) Warrants

Warrant activity during the three months ended 31 December 2020 and 30 September 2020 are as follows:

WARRANT ACTIVITY	31 December 2020	Weighted Average Exercise Price	30 September 2020	Weighted Average Exercise Price
Balance – Beginning of Period	31,734,665	\$ 0.15	1,500,000	\$ 2.00
Issued	-	-	31,734,665	0.15
Exercised	(5,519,512)	0.16	-	-
Expired	-	-	(1,500,000)	2.00
Balance – End of Period	26,215,153	\$ 0.15	31,734,665	\$ 0.15

During the three months ended 31 December 2020:

Details of warrants outstanding as at 31 December 2020 and 30 September 2020 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 December 2020	30 September 2020
3 January 2020	3 January 2022	\$ 0.15	696,875	1,250,000
13 February 2020	13 February 2022	\$ 0.15	11,680,248	13,352,072
14 February 2020	14 February 2022	\$ 0.15	1,357,862	1,394,737
18 February 2020	18 February 2022	\$ 0.16	4,459,590	7,092,277
15 June 2020	15 June 2022	\$ 0.15	8,020,579	8,645,579
			26,215,153	31,734,665

As at 31 December 2020, the outstanding warrants have a weighted average remaining life of 1.25 years and a weighted average exercise price of \$0.15 (2020 - \$0.15).

The fair value of the warrants recognized in the accounts has been estimated using the Black-Scholes Model assuming no expected dividends, volatility of 86%, expected life of 2 years, and a risk-free rate of 0.66%. Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

e) Share-based payments

During the year ended 30 September 2020, the Company granted 6,100,000 incentive stock options to its directors, officer, and consultants and recognized share-based payments as follows:

	31 December 2020	30 September 2020
Total Options Granted	-	6,100,000
Average exercise price	\$ -	\$ 0.14
Estimated fair value of compensation	\$ -	\$ 524,000
Estimated fair value per option	\$ -	\$ 0.09

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

The fair value of the share-based payments of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

	31 December 2020	30 September 2020
Risk free interest rate	-	0.26-0.66%
Expected stock price volatility	-	86%-93%
Expected option life in years	-	1.44-1.92

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 30 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 31 December 2020, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full \$8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional \$1.5 million in expenditures on the property chosen.

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

The value attributed to the non-controlling interest in the Company as at 31 December 2020 is an accumulated deficit of \$1,222,715 (2020 - \$1,224,231). For the three months ended 31 December 2020, net loss and comprehensive loss of \$1,516 (2020 - \$nil) 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:

RELATED PARTY DISCLOSURE					Amounts Payable and Accrued Liabilities
Name and Principal Position	Period ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based payments		
CEO and Director – Management fees	2021	\$ 36,000	\$ -	\$ -	113,078
	2020	\$ 24,000	\$ -	\$ -	88,100
CFO – Management fees	2021	\$ 12,000	\$ -	\$ -	-
	2020	\$ 12,000	\$ -	\$ -	17,588
CFO – Professional fees	2021	\$ 6,150	\$ -	\$ -	6,150
	2020	\$ -	\$ -	\$ -	-
Directors – Director fees	2021	\$ -	\$ -	\$ -	6,038
	2020	\$ -	\$ -	\$ -	-
Directors – Consulting fees	2021	\$ 27,500	\$ -	\$ -	3,500
	2020	\$ -	\$ -	\$ -	-
Total	2021	\$ 81,650	\$ -	\$ -	128,766
	2020	\$ 103,669	\$ -	\$ -	109,438

⁽ⁱ⁾ For the three months ended December 31 2020 and 2019.

⁽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.

Short-term loans with related parties are described in Note (11) and debt settlement with related parties is described in Note (12).

14) 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:

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

(Rounded to 000's)	Canada	US	Total
31 December 2020			
Current Assets	\$ 1,233,620	\$ -	\$ 1,233,620
Non-Current Assets			
Other non-current assets	252,811	-	252,811
Resource properties	3,290,038	2,258,085	5,548,123
Liabilities			
Current Liabilities	1,123,291	-	1,123,291
30 September 2020			
Current Assets	\$ 542,000	\$ -	\$ 542,000
Non-Current Assets			
Other non-current assets	262,000	-	262,000
Resource properties	2,327,000	2,117,000	4,444,000
Liabilities			
Current Liabilities	462,000	219,000	681,000

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 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 12 months commencing 1 July 2020 and expiring 30 June 2021. The Company's remaining annual minimum lease payments as at 31 December 2020 are shown below:

Fiscal 2021	9,556
Total	\$ 9,556



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

17) Subsequent events

Subsequent to the three months ended 31 December 2020:

The Company settled an aggregate of \$37,215 of debt through the issuance of an aggregate of 68,668 common shares to certain creditors.

The Company issued 4,435,946 common shares upon the exercise of warrants ranging in price from \$0.15 to \$0.16 per common share for gross proceeds of \$671,079.

The Company issued 1,000,500 common shares upon the exercise of stock options at a price of \$0.10 - \$0.13 per common share for gross proceeds of \$73,050.

On 26 February 2021, the Company announced that Ares completed a purchase of lumps plant processing facility from the Mujim Group, related party by common director. The processing plant has an estimated cost of US\$2 million and will be settled by 5,300,000 common shares. There is a profit-sharing component whereby the Mujim Group will receive US\$10/tonne from future sales. This is pending TSXV approval.

The Company will also expect to complete a non-brokered private placement of approximately 4,000,000 Units at a price of \$50 per Unit for gross proceeds of approximately \$2,000,000. Each Unit shall consist of one common share in the capital of the Company.