



ARRAS
MINERALS CORP.

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three months ended January 31, 2025 and 2024

(Expressed in United States dollars)

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ARRAS MINERALS CORP.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in United States Dollars)**

	Notes	January 31, 2025 (Unaudited)	October 31, 2024 (Audited)
		\$	\$
Assets			
Current			
Cash and cash equivalents	16	679,188	1,727,459
Other receivables	4,6	55,803	102,199
Prepaid expenses and deposits	7	878,654	881,374
		1,613,645	2,711,032
Non-Current			
Office and equipment	8	97,668	108,828
Mineral properties	9	5,035,259	5,035,259
Right-of-use assets	11	86,537	106,507
Prepaid expenses and deposits	7	413,948	457,482
Total Assets		7,247,057	8,419,108
Liabilities			
Current			
Accounts payable and accrued liabilities	14	552,580	575,259
Lease liability	11	88,438	86,259
Due to related party	14	22,175	22,095
Warrant derivate liability	10	1,792,871	961,774
		2,456,064	1,645,387
Non-Current			
Lease liability	11	15,616	38,560
Total Liabilities		2,471,680	1,683,947
Shareholders' Equity			
Share capital	12	20,961,476	20,942,888
Reserves	12	1,851,396	1,790,055
Deficit		(18,037,497)	(15,997,782)
Total Shareholders' Equity		4,775,375	6,735,161
Total Liabilities and Shareholders' Equity		7,247,055	8,419,108

On behalf of the Board:

/s/ Brian Edgar.....
Director*/s/ Vera Kobalia*.....
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARRAS MINERALS CORP.**Condensed Interim Consolidated Statements of Comprehensive (Loss) Income****(Expressed in United States Dollars)****(Unaudited)**

	Notes	For the three months ended January 31, 2025	For the three months ended January 31, 2024
		\$	\$
Expenses			
Exploration	4,5,8,12	790,390	531,344
Personnel	12,14	240,988	175,203
Professional services		10,666	58,748
Directors' fees	12,14	30,712	40,691
Marketing and shareholders' communication		64,296	39,863
Office and administrative	14	14,103	18,114
Depreciation	8,11	20,577	20,577
Loss from operations		(1,171,732)	(884,540)
Management fee and reimbursement	4	33,486	1,000,000
Interest income		2,996	3,196
Change of fair value of warrant derivative	10	(881,320)	-
Foreign currency translation (loss) gain		(23,145)	55,073
Other (loss) income		(867,983)	1,058,269
Net and Comprehensive (Loss) Income		(2,039,715)	173,729
Basic and Diluted (Loss) Income per Common Share	13	(0.02)	0.00
Basic and Diluted Weighted Average Number of Common Shares Outstanding	13	89,190,024	68,504,400

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARRAS MINERALS CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****(Expressed in United States Dollars)****(Unaudited)**

	Share Capital		Reserves		Deficit	Shareholders' Equity
	Common Shares	Amount	Options	Warrants		
	\$	\$	\$	\$		
Balance, October 31, 2024	89,188,046	20,942,888	1,505,555	284,500	(15,997,782)	6,735,161
Warrants exercised, net of share issue costs	50,000	18,588	-	-	-	18,588
Share-based payment	-	-	61,341	-	-	61,341
Net loss for the period	-	-	-	-	(2,039,715)	(2,039,715)
Balance, January 31, 2025	89,238,046	20,961,476	1,566,896	284,500	(18,037,497)	4,775,375

	Share Capital		Reserves		Deficit	Shareholders' Equity
	Common Shares	Amount	Options	Warrants		
		\$	\$	\$	\$	\$
Balance, October 31, 2023	68,504,400	17,745,232	1,386,080	284,500	(13,775,032)	5,640,780
Share-based payment	-	-	45,022	-	-	45,022
Net income for the period	-	-	-	-	173,729	173,729
Balance, January 31, 2024	68,504,400	17,745,232	1,431,102	284,500	(13,601,303)	5,859,531

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARRAS MINERALS CORP.
Condensed Interim Consolidated Statement of Cash Flows
(Expressed in United States Dollars)
(Unaudited)

	Three months ended January 31, 2025	Three months end January 31, 2024
	\$	\$
Operating Activities		
Net (loss) income for the period	(2,039,715)	173,729
Items not affecting cash		
Depreciation	31,130	30,848
Share-based payment	61,341	45,022
Interest expense	2,954	4,926
Change of fair value of warrant derivative	881,320	-
Unrealized foreign exchange gain	(45,478)	-
	(1,108,448)	254,525
Changes in non-cash working capital		
Other receivables	46,397	(764)
Prepaid expenses	46,254	(179,560)
Due to related party	80	4,987
Accounts payable and accrued liabilities	(22,678)	158,515
Other liability	-	237,000
	70,053	220,177
Cash (Used) Provided in Operating Activities	(1,038,395)	474,703
Financing Activities		
Proceeds from exercise of warrants, net of costs	13,843	-
Repayment of lease liability	(23,719)	(23,719)
Cash Used by Financing Activities	(9,876)	(23,719)
Net Change in Cash and Cash Equivalents	(1,048,271)	450,984
Cash and Cash Equivalents, Beginning of Period	1,727,459	290,684
Cash and Cash Equivalents, End of Period	679,188	741,668

Supplemental Cash Flow Information (Note 16)

The accompanying notes are an integral part of these condensed interim condensed consolidated financial statements.

Arras Minerals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended January 31, 2025 and 2024

(Expressed in United States dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Arras Minerals Corp. (the "Company") was incorporated on February 5, 2021 under the *Business Corporations Act* (British Columbia) as part of an asset purchase agreement to reorganize Silver Bull Resources, Inc. ("Silver Bull") as described in Note 5. The Company's head office is located at 1605-777 Dunsmuir Street, Vancouver, British Columbia, Canada, V7Y 1K4.

The Company is engaged in the acquisition, exploration, and development of mineral property interests. On February 3, 2022, the Company purchased 100% of the issued and outstanding shares of Ekidos Minerals LLP ("Ekidos") and Ekidos became a wholly-owned subsidiary of the Company. Ekidos is in the business of the exploration and evaluation of mineral properties.

The Company's assets consist of the option to acquire a 100% interest in the Beskauga property ("Beskauga") and a number of exploration licenses located in northeastern Kazakhstan. Operations are conducted through Ekidos.

The Company has not yet determined whether the properties contain mineral reserves where extraction is both technically feasible and commercially viable. The business of mining and the exploration for minerals involves a high degree of risk and there can be no assurance that such activities will result in profitable mining operations.

These unaudited condensed interim consolidated financial statements are prepared on a going concern basis, which contemplate that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred operating losses since inception and has no current sources of revenue or cash inflows from operations. The Company's net loss and an accumulated deficit of \$18,037,000 may cast significant doubt on the validity of the going concern assumption. The Company relies on share issuances in order to fund its exploration and other business objectives. During the three months ended January 31, 2025, the Company has raised gross amounts of \$13,000 United States dollars ("USD") (\$20,000 Canadian dollars ("CDN")) through issuance of common shares for the exercise warrants (Notes 10 and 12 (e)). The Company had cash and cash equivalents of \$0.7 million and \$1.7 million as of January 31, 2025 and October 31, 2024, respectively. During February and March 2025, the Company raised \$CDN 4.0 million (\$2.8 million) on the issuance of common shares as a result of warrant exercises.

The Company's ability to continue as a going concern and fulfill its commitments under the Beskauga option agreement and exploration licenses is dependent upon successful execution of its business plan, raising additional capital, or evaluating other strategic alternatives, such as the Teck Alliance Agreement (Note 4). The Company expects to continue to raise the necessary funds primarily through the issuance of common shares and funding from strategic partners. There can be no guarantees that future equity financing will be available, in which case the Company may need to reduce its exploration activities. There can be no assurance that management's plan will be successful. If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended October 31, 2024 (the "annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement

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presentation. In particular, the Company's use of judgements and estimates and material accounting policies were presented in notes 3 of those annual financial statements and have been consistently applied in the preparation of the condensed interim consolidated financial statements. The annual financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

These condensed interim consolidated financial statements are presented in United States dollars, which is the Company's and its subsidiaries' functional currency.

The Company's interim results are not necessarily indicative of its results for a full fiscal year.

b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Approval of the condensed interim consolidated financial statements

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2025.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies in these condensed interim consolidated financial statements are defined in Note 3 of the Company's annual consolidated financial statements for the year ended October 31, 2024 filed on SEDAR+ on February 27, 2025.

Other recent accounting pronouncements issued by the IASB did not or are not expected to have a material impact on the Company's present or future consolidated financial statements.

4. TECK ALLIANCE AGREEMENT

On December 6, 2023, the Company entered into the Teck Alliance Agreement and received \$1,497,668 cash, including \$1 million for the reimbursement of certain related expenses made by the Company prior to the Teck Alliance Agreement and \$497,668 for exploration activities expected to be committed to or completed by December 31, 2023. Upon the terms and subject to the conditions set forth in the Teck Alliance Agreement, in order for Teck to earn and maintain its option, Teck must incur \$5 million in exploration expenditures on two licenses packages totaling approximately 1,736 square kilometers located in Pavlodar, Kazakhstan by December 31, 2025 (the "Initial Exploration Period"). Of this, \$2 million is a firm commitment to be completed in calendar year 2024. Arras is initially acting as manager of the projects under the Teck Alliance Agreement and Teck is expected to fund the projects on a quarterly basis based on an agreed upon project budget.

On the completion of the Initial Exploration Period, Teck may exercise an option in the Teck Alliance Agreement by selecting up to four designated properties up to 120 square kilometers each. Teck must pay \$500,000 for each designated property to the Company as an additional reimbursement for the previously invested exploration expenditures. Teck agrees to pay to the Company a management fee for administrative services between 5% to 10% of certain exploration expenditures, excluding capital asset purchases. During the three months ended January 31, 2025 and 2024, \$33,486 and \$nil were recognized as management fees, respectively.

Teck will have three options to earn and maintain its option:

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Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited)

- “First Option”: Teck may elect to solely fund \$5.5 million in 2024 and 2025 calendar years, and on completion will be deemed to own 51% of the designated property,
- “Second Option”: Teck may elect to solely fund \$18 million over the next three years (\$5 million committed in Year 1) to earn an additional 14% (total of 65%) of the designated property,
- “Third Option”: Teck may elect to solely fund \$24 million over four years (\$6 million committed in Year 1) to earn an additional 10% (total of 75%) of the designated property.

As of December 31, 2024, Teck incurred \$2,926,000 required expenditure.

If Teck elects not to continue with the Teck Alliance Agreement before December 31, 2025, the licenses will remain 100% owned by the Company. If the Teck Alliance Agreement is terminated by Teck without cause at the Initial Exploration Period, the Company is under no obligation to reimburse Teck for amounts contributed under the Teck Alliance Agreement.

As of January 31, 2025, \$30,778 incurred in relation to the Teck Alliance Agreement was unpaid by Teck, therefore the Company recorded this amount as other receivables:

Other receivable as of October 31, 2024	\$	85,517
Funding from Teck during the period		544,500
Expenditures incurred during the period		(489,762)
Other receivable as of January 31, 2025	\$	30,778

During the three months ended January 31, 2025 and 2024, the Company incurred the following exploration expenditures:

	2025	2024
Total exploration expenditures	\$ 1,280,151	\$ 792,012
Expenditures incurred under Teck agreement	(489,761)	(260,668)
	\$ 790,390	\$ 531,344

During the three months ended January 31, 2025 and 2024, the Company recorded the following income and reimbursement pursuant to the Teck Alliance Agreement:

	2025	2024
Reimbursement	\$ -	\$ 1,000,000
Management fees	33,486	-
Income and reimbursement	\$ 33,486	\$ 1,000,000

5. BESKAUGA OPTION AGREEMENT

On August 12, 2020, Silver Bull entered into the Beskauga Option Agreement with Copperbelt AG (“Copperbelt”) pursuant to which it has the exclusive right and option to acquire Copperbelt’s right, title and 100% interest in the Beskauga property located in Kazakhstan. Upon completion of Silver Bull’s due diligence on January 26, 2021, the Beskauga Option Agreement was finalized (the “Closing Date”).

On March 19, 2021, pursuant to an asset purchase agreement, Silver Bull transferred all its rights, title and interest in and to the Beskauga Option Agreement to the Company. The consideration payable by the Company to Silver Bull for the purchased assets was \$1,367,668, paid through the issuance of 36,000,000 common shares of common shares in the capital of the Company.

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Under the terms of the Beskauga Option Agreement, the exploration expenditure requirements and incurred are summarized as follows:

Period	Annual Expenditure Required	Cumulative Expenditure Required	Annual Expenditure Incurred	Cumulative Expenditure Incurred
By January 26, 2022 (1 year from Closing Date)	\$2 million	\$2 million (met)	\$4.85 million	\$4.85 million
By January 26, 2023 (2 years from Closing Date)	\$3 million	\$5 million (met)	\$4.10 million	\$8.95 million
By January 26, 2024 (3 years from Closing Date)	\$5 million	\$10 million (met)	\$3.38 million	\$12.33 million
By January 26, 2025 (4 years from Closing Date)	\$5 million	\$15 million (met)	\$3.05 million	\$15.38 million

As of January 31, 2025, the Company has met the \$15 million expenditure required to be incurred under the Beskauga Option Agreement and the option remains in good standing. The expenditures have been incurred via 1) investment agreements with Dostyk LLP, the holder of the Beskauga exploration license, 2) expenditures incurred by Arras and 3) expenditures incurred by Ekidos in relation to the Stepnoe and Ekidos properties. The amounts funded under the investment agreements with Dostyk are non-interest bearing and the Company does not expect the investments to be repaid.

The Beskauga Option Agreement also provides that subject to the terms and conditions, after the Company or its affiliate has incurred the exploration expenditures (outlined above), the Company or its affiliate may exercise the Beskauga Option and acquire (i) the Beskauga Property by paying Copperbelt \$15,000,000 in cash, (ii) the Beskauga Main Project only by paying Copperbelt \$13,500,000 in cash, or (iii) the Beskauga South Project only by paying Copperbelt \$1,500,000 in cash.

The Company is currently contemplating its intention of whether to exercise its rights to acquire Beskauga. The Company has 90 business days from January 26, 2025 to make this decision (i.e. June 16, 2025).

In addition, the Beskauga Option Agreement provides that subject to the terms and conditions, the Company or its affiliate may be obligated to make the following bonus payments (collectively, the "Bonus Payments") to Copperbelt if the Beskauga Main Project or the Beskauga South Project is the subject of a bankable feasibility study in compliance with Canadian National Instrument 43-101 indicating gold equivalent resources in the amounts set forth below, with (i) (A) 20% of the Bonus Payments payable after completion of the bankable feasibility study or after the mineral resource statement is finally determined and (B) the remaining 80% of the Bonus Payments due within 15 business days of commencement of on-site construction of a mine for the Beskauga Main Project or the Beskauga South Project, as applicable, and (ii) up to 50% of the Bonus Payments payable in shares of the Company's common shares to be valued at the 20-day volume-weighted average trading price of the shares on the Toronto Stock Exchange calculated as of the date immediately preceding the date such shares are issued:

Gold equivalent resources	Cumulative Bonus Payments
Beskauga Main Project	
3,000,000 ounces	\$2,000,000
5,000,000 ounces	\$6,000,000
7,000,000 ounces	\$12,000,000
10,000,000 ounces	\$20,000,000

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Gold equivalent resources	Cumulative Bonus Payments
Beskauga South Project	
2,000,000 ounces	\$2,000,000
3,000,000 ounces	\$5,000,000
4,000,000 ounces	\$8,000,000
5,000,000 ounces	\$12,000,000

The Beskauga Option Agreement may be terminated under certain circumstances, including (i) upon the mutual written agreement of the Company and Copperbelt; (ii) upon the delivery of written notice by the Company, provided that at the time of delivery of such notice, unless there has been a material breach of a representation or warranty given by Copperbelt that has not been cured, the Beskauga Property is in good standing; or (iii) if there is a material breach by a party of its obligations under the Beskauga Option Agreement and the other party has provided written notice of such material breach, which is incapable of being cured or remains uncured.

6. OTHER RECEIVABLES

	January 31, 2025	October 31, 2024
Receivable from Teck (Note 4)	\$ 30,778	\$ 85,517
Goods and Services Taxes Credit ("GST")	23,493	15,150
Other	1,532	1,532
	\$ 55,803	\$ 102,199

7. PREPAID EXPENSES AND DEPOSITS

	January 31, 2025	October 31, 2024
General insurance	\$ 19,887	\$ 29,663
Other prepaid deposits - current	766,001	752,725
Exploration license insurance - current	92,766	98,986
Prepaid expenses and deposits – current	878,654	881,374
Prepaid deposits - non-current	37,948	33,482
Exploration license insurance - non-current	376,000	424,000
Prepaid expenses and deposits – non-current	413,948	457,482
Total prepaid expenses and deposits	\$ 1,292,602	\$ 1,338,856

The terms of the exploration license insurance agreements are equal to the remaining terms of the exploration licenses (originally six years) plus two years from the effective dates.

Arras Minerals Corp.**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended January 31, 2025 and 2024

(Expressed in United States dollars)

(Unaudited)

8. OFFICE AND EQUIPMENT

	Mining Equipment		Computer Equipment and Software		Office Equipment		Vehicles		Total	
Cost										
Balance, October 31, 2024	\$	127,803	\$	9,331	\$	7,282	\$	103,232	\$	247,648
Balance, January 31, 2025	\$	127,803	\$	9,331	\$	7,282	\$	103,232	\$	247,648
Accumulated depreciation										
Balance, October 31, 2024	\$	86,636	\$	9,331	\$	6,472	\$	36,381	\$	138,810
Additions		6,390		-		607		4,163		11,160
Balance, January 31, 2025	\$	93,026	\$	9,331	\$	7,079	\$	40,544	\$	127,660
Net book value										
Balance, October 31, 2024	\$	41,167	\$	-	\$	801	\$	66,851	\$	108,828
Balance, January 31, 2025	\$	47,557	\$	-	\$	1,416	\$	71,017	\$	119,990

During the three months ended January 31, 2025, the Company recorded \$10,553 of depreciation on mining equipment and vehicles in exploration expenses.

	Mining Equipment		Computer Equipment and Software		Office Equipment		Vehicles		Total	
Cost										
Balance, October 31, 2023	\$	122,168	\$	9,331	\$	7,282	\$	103,232	\$	242,013
Balance, January 31, 2024	\$	122,168	\$	9,331	\$	7,282	\$	103,232	\$	242,013
Accumulated depreciation										
Balance, October 31, 2023	\$	61,733	\$	9,331	\$	4,045	\$	19,725	\$	94,834
Additions		6,109		-		607		4,162		10,877
Balance, January 31, 2024	\$	67,842	\$	9,331	\$	4,652	\$	23,887	\$	105,712
Net book value										
Balance, October 31, 2023	\$	60,435	\$	-	\$	3,237	\$	83,507	\$	147,179
Balance, January 31, 2024	\$	54,326	\$	-	\$	2,630	\$	79,345	\$	136,301

During the three months ended January 31, 2024, the Company recorded \$10,271 of depreciation on mining equipment and vehicles in exploration expenses.

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(Unaudited)

9. MINERAL PROPERTIES – EXPLORATION AND EVALUATION ASSET

The Company, through the asset purchase agreement, entered into an option agreement dated August 12, 2020 with Copperbelt, to earn up to a 100% interest in the Beskauga project and through acquisition of Ekidos, which holds other exploration licenses located in Kazakhstan (Note 5).

As of January 31, 2024, a balance of \$5,035,259 is recorded as mineral property assets.

Balance, January 31, 2025 and October 31, 2024	\$ 5,035,259
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Additionally, the Company holds its interest in the Stepnoe and Ekidos properties through the Stepnoe and Ekidos Joint Venture Agreement (the “Stepnoe and Ekidos JV Agreement”), and the Akkuduk, Nogurbek, Maisor, Elemes, Aktasty, Besshoky, Aimandai and South Bozshakol properties through the Maikain Joint Venture Agreement (the “Maikain JV Agreement”).

The Company also holds interest in the Tay, Azhe 1, Karatal 1, 2 and 3, Beskauga West and Beskauga East properties.

Stepnoe and Ekidos JV Agreement

In connection with the spin-off and pursuant to the Separation and Distribution Agreement (Note 5), Silver Bull transferred its interest in the Stepnoe and Ekidos JV Agreement to Arras.

On September 1, 2020, Silver Bull entered into the Stepnoe and Ekidos JV Agreement in connection with, among other things, mineral license applications (the “Stepnoe and Ekidos Licenses”) for, and further exploration and evaluation of certain properties, including the Stepnoe and Ekidos properties located in Kazakhstan. The exploration licenses for the Stepnoe and Ekidos properties were granted on October 22, 2020.

The Company (through Ekidos LLP) and Copperbelt have initial participating interests in the joint venture of 80% and 20%, respectively. Pursuant to the Stepnoe and Ekidos JV Agreement, once the Company spends a minimum of \$3,000,000 on either the Stepnoe or Ekidos property, the Company has the option to acquire Copperbelt’s participating interest in such property for \$1,500,000. As of January 31, 2025, approximately \$2,354,000 (October 31, 2024 - \$1,874,000) of the required expenditures have been incurred under the Beskauga Option Agreement (Note 5).

The Stepnoe and Ekidos JV Agreement shall terminate automatically upon there being one participant in the joint venture, or by written agreement between the parties.

On November 11, 2023, the Stepnoe and Ekidos JV Agreement was amended to allow for financing and third-party support of exploration and development activities on some or all of the JV licenses.

Maikain JV Agreement

On May 20, 2021, Ekidos LLP entered into the Maikain JV Agreement with Orogen LLP, a company incorporated under the laws of Kazakhstan, in connection with, among other things, mineral license applications for, and further exploration and evaluation of, certain properties in an area of interest, including the Akkuduk, Nogurbek, Maisor, Elemes, Aktasty, Besshoky, Aimandai and South Bozshakol properties located in Kazakhstan. The exploration licenses have been granted for an initial six-year period, with the possibility of a five-year extension.

The Company (through Ekidos LLP) and Orogen LLP have initial participating interests in the Maikain joint venture of 80% and 20%, respectively. Pursuant to the Maikain JV Agreement, once the Company spends a minimum of \$3,000,000 on a property in the area of interest, the Company has the option to acquire Orogen LLP’s participating interest in such property for \$1,500,000. As of January 31, 2025, approximately \$3,797,000 (October 31, 2024 - \$3,630,000) of the required expenditures have been incurred.

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(Unaudited)

On November 11, 2023, the Maikain JV Agreement was amended to accommodate the Teck Alliance Agreement to allow for third-party financing and support of exploration and development activities on some or all of the JV licenses. The amended agreement also clarified that the Maikain JV Agreement shall not terminate and will continue in full force and effect with respect to any mineral licenses held by or on behalf of the Maikain joint venture as of the date of expiry (May 20, 2024).

10. WARRANT DERIVATIVE LIABILITY

On June 6, 2024, the Company completed a private placement for 20,268,662 units at an issuance price of \$CDN 0.26 per unit (the "\$CDN 0.26 Unit"). In connection with the CDN \$0.26 Unit private placement, the Company issued 10,134,332 CDN \$0.40 Warrants ("CDN 0.40 Warrant") (Note 12 (b)). Each whole warrant entitles its holder to purchase one additional common share at an exercise price of CDN \$0.40 for a period of 36 months from the closing of the private placement. In the event the volume weighted average trading price of the Common Shares on the TSXV meets or exceeds CDN \$0.60 for any continuous fifteen trading day period at any time after four months and one day following closing of the private placement, the Company shall have the option, but not the obligation, at any time thereafter to accelerate the expiry date to a date that is thirty days following the date of issuance of a press release by the Company announcing the acceleration of the expiry date.

A continuity of the Company's shares issuable for June 2024 CDN\$ 0.40 Warrants is as follows:

Warrants		Shares	Weighted Average Exercise Price
Balance, October 31, 2024		10,134,332	\$ CDN 0.40 (0.29)
Exercised (Note 12)		50,000	CDN 0.40 (0.29)
Outstanding and exercisable at January 31, 2025		10,084,332	\$ CDN 0.40 (0.29)

Expiry Date	Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Life
June 6, 2027	\$ CDN 0.40 (0.29)	10,084,332	2.35

	January 31, 2025
Balance, October 31, 2024	\$ 961,774
Exercised	(4,745)
Change in fair value	881,320
Effect of movements on exchange rates	(45,478)
Balance, January 31, 2025	\$ 1,792,871

Under IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation, warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative measured at fair value with subsequent changes in fair value accounted for through profit and loss. As these warrants are exercised, the fair value at the date of exercise and the associated non-cash liability will be included in the share capital along with the proceeds from the exercise. If these warrants expire, the non-cash warrant liability is reversed through the profit and loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

In connection with the private placement completed on June 6, 2024, the Company issued 10,134,332 Purchase Warrants. Each whole warrant entitles its holder to purchase one additional common share at an exercise price

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of CDN\$0.40 for a period of 36 months following the closing of the private placement.

The CDN\$0.40 Warrants are considered derivative liabilities, as the currency denomination of the exercise price is different from the functional currency of the Company. Due to the non-standard nature of the CDN\$ 0.40 Warrants, which have an accelerated exercise provision, the closed form Black Scholes model cannot be used. As such, a Monte Carlo Simulation was used with the underlying share price of the Company to determine the fair value. The Company determined the allocated fair value of CDN\$0.40 Warrants at the date of issuance (\$687,676) using the Monte Carlo valuation model with the following assumptions:

	CDN\$0.40 Warrants
Share price on date of issuance	CDN\$0.29
Strike Price	CDN\$0.40
Risk-free interest rate	3.80%
Expected volatility	99%
Expected life (in years)	3
Forfeiture rate	nil
Expected dividend	nil
Exchange rate (\$USD to \$CDN)	1.3686
Number of Simulations	1,000

The fair value of the CDN\$0.40 Warrants were revalued as of January 31, 2025 (\$1,792,871) using the Monte Carlo valuation model with the following assumptions:

	CDN\$0.40 Warrants
Share price on date on January 31, 2025	CDN\$0.57
Strike Price	CDN\$0.40
Risk-free interest rate	2.65%
Expected volatility	91%
Expected life (in years)	2.35
Forfeiture rate	nil
Expected dividend	nil
Exchange rate (\$USD to \$CDN)	1.4484
Number of Simulations	1,000

As a result of the revaluation, the Company recognized a loss on remeasurement of warrant liability related to the CDN\$0.40 Warrants of \$881,320 in the condensed interim consolidated statements of comprehensive (loss) income during the three months ended January 31, 2025.

11. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company entered into a lease agreement for its corporate head office commencing March 1, 2022, until February 28, 2026. Upon entering into this lease, the Company recognized a right-of use ("ROU") asset in the amount of \$319,521, and a corresponding lease liability in the same amount (\$319,521). The lease liability is measured at amortized cost using the incremental borrowing rate of 10.02%.

The continuity of the ROU asset and lease liability for the three-month period ended January 31, 2025 is as

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follows:

Right-of-use asset		
Value of ROU asset as of October 31, 2023	\$	186,388
Depreciation		(79,881)
Value of ROU asset as of October 31, 2024		106,507
Depreciation		(19,970)
Value of ROU asset as of January 31, 2025	\$	86,537
Lease liability		
Lease liability recognized as of October 31, 2023	\$	202,887
Lease payments		(94,875)
Lease interest		16,807
Lease liability recognized as of October 31, 2024		124,819
Lease payments		(23,719)
Lease interest		2,954
Lease liability recognized as of January 31, 2025	\$	104,054
Current portion	\$	88,438
Non-current portion		15,616
Closing balance	\$	104,054
Undiscounted lease payment obligations		
Less than one year	\$	99,902
Greater than on year		8,337
Total undiscounted lease liabilities	\$	108,239

12. SHARE CAPITAL

a) Authorized

Unlimited number of common shares and an unlimited number of preferred shares, without par value.

b) Issued and outstanding

Preferred shares

No preferred shares have been issued.

Common shares

As of January 31, 2025 and October 31, 2024, there were 89,238,046 and 89,188,046 common shares issued and outstanding, respectively.

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During the three months ended January 31, 2025, the following transactions occurred:

On January 20, 2025, warrants to acquire 50,000 common shares were exercised at an exercise price of \$CDN 0.40 per common share for aggregate gross proceeds of \$CDN 20,000 (\$13,855).

During the three months ended January 31, 2024, no common shares were issued.

Shares held in escrow

As a requirement of the Company's listing on the TSX Venture Exchange (the "TSXV") on June 14, 2022 (the "Listing Date"), certain directors, officers and their affiliates were required to have their shares held in escrow by the Company's transfer agent.

As at January 31, 2025, 374,846 (October 31, 2024 – 749,691) of the Company's common shares were held in escrow. These are to be released on June 14, 2025 (the 36-month anniversary of the Listing Date).

c) Stock options

Pursuant to the Company's Equity Incentive Plan (the "Plan") approved by the Board of Directors, the Company grants stock options to employees, directors, officers and advisors. Under the Plan, options can be granted for a maximum term of ten years and the stock options shall vest in three equal installments, with one third of the options vesting on each of the grant date, the first-year anniversary of the grant date and the second anniversary of the grant date, unless otherwise designated by the Board. Further, the exercise price shall not be less than the price of the Company's common shares on the date of the stock option grant.

No options were granted or exercised during the three months ended January 31, 2025 and 2024.

Stock option transactions are summarized as follows:

The following options were outstanding at January 31, 2025:

	Number of Options		Weighted Average Exercise Price
Balance, October 31, 2023	5,160,000	\$	0.38 (\$CDN 0.53)
Granted	500,000		0.25 (\$CDN 0.35)
Balance, October 31, 2024	5,660,000		0.37 (\$CDN 0.51)
Balance, January 31, 2025	5,660,000	\$	0.37 (\$CDN 0.51)

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The following options were outstanding and exercisable at January 31, 2025:

Grant Date	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Life
April 15, 2021	April 14, 2026	\$CDN 0.50 (\$0.36)	3,500,000	3,500,000	1.20
August 5, 2021	August 4, 2026	\$CDN 0.50 (\$0.36)	800,000	800,000	1.51
September 24, 2021	September 23, 2026	\$CDN 0.50 (\$0.36)	160,000	160,000	1.65
December 7, 2021	December 7, 2026	\$CDN 1.00 (\$0.72)	100,000	100,000	1.85
March 2, 2022	March 2, 2027	\$CDN 1.00 (\$0.72)	300,000	300,000	2.08
September 22, 2022	September 22, 2027	\$CDN 0.35 (\$0.25)	300,000	300,000	2.64
September 26, 2024	September 22, 2029	\$CDN 0.35 (\$0.25)	500,000	333,333	4.64
			5,660,000	5,493,333	1.70

The following options were outstanding and exercisable at January 31, 2024

Grant Date	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Life
April 15, 2021	April 14, 2026	\$CDN 0.50 (\$0.40)	3,700,000	3,500,000	2.20
August 5, 2021	August 4, 2026	\$CDN 0.50 (\$0.40)	800,000	800,000	2.51
September 24, 2021	September 23, 2026	\$CDN 0.50 (\$0.40)	260,000	260,000	2.65
December 7, 2021	December 7, 2026	\$CDN 1.00 (\$0.79)	100,000	100,000	2.85
March 2, 2022	March 2, 2027	\$CDN 1.00 (\$0.79)	300,000	200,000	3.08
September 22, 2022	September 22, 2027	\$CDN 0.35 (\$0.26)	300,000	200,000	3.64
			5,460,000	4,960,000	2.37

The weighted average remaining contractual life for options outstanding is 1.70 years and 2.37 years ended January 31, 2025 and 2024, respectively.

The total fair value of options granted during the three months ended January 31, 2025 and 2024 was \$nil.

As of January 31, 2025, there is a total remaining unrecognized compensation expenses of \$15,868 (October 31, 2024 - \$22,669) which will be expensed in future reporting periods.

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Total share-based payments recognized during the three months ended January 31, 2025 was \$6,801 (three months ended January 31, 2024 - \$8,940), which was expensed in the condensed interim consolidated statements of comprehensive (loss) income.

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of \$nil (2024 - \$nil) were recognized as personnel expenses for options granted to employees, \$nil (2024 - \$8,250) were recognized in directors' fees for options granted to directors and \$6,801 (2024 - \$690) was recognized as exploration for options granted to employees and consultants for the three months ended January 31, 2025.

d) Restricted shares units ("RSUs")

On February 27, 2024, the Company granted 1,495,484 RSUs to officers, in accordance with the Company's Equity Incentive Plan. The grant date fair value of the RSUs was \$CDN 0.195. RSUs are awards for service which upon vesting and settlement entitle the recipient to receive common shares. Vesting conditions for RSUs are set by the Board but must be at least one year following the grant date. The RSUs granted vest in a single tranche, one year from the grant date.

Compensation expense for RSUs was \$54,540 for the three months ended January 31, 2025 (2024 - \$36,082) and is presented as personnel costs.

The following table summarizes information about the RSUs outstanding at January 31, 2025:

	Number of RSUs Outstanding		Fair Value Per Arras Share issuable
Balance, January 31, 2025 at October 31, 2024	1,495,484	\$CDN	0.195

e) Shares issuable for Silver Bull Warrants and CDN \$0.40 Warrant

On March 19, 2021, pursuant to an asset purchase agreement with Silver Bull, a majority shareholder (88% interest at the time) and related party, Silver Bull transferred all of its rights, title and interest in and to the Beskauga Option Agreement, as described in Note 5, to the Company.

Further, Silver Bull warrant holders will receive, upon exercise of any Silver Bull warrant (the "Silver Bull Warrants"), for the original exercise price, one Silver Bull common share and one common share of the Company. The Company will receive \$0.25 of the proceeds from the exercise of each of these Silver Bull Warrants. A total of 1,971,289 Silver Bull Warrants were outstanding at the time of the Distribution which, if all exercised, would require the Company to issue 1,971,289 common shares for proceeds of \$492,822.

A continuity of the Company's shares issuable for Silver Bull Warrants is as follows:

Warrants	Shares	Weighted Average Exercise Price Per Arras share issuable	Weighted Average Exercise Price Per Silver Bull Share issuable
Balance, January 31, 2025 and October 31, 2024	1,971,289	\$ 0.25	\$ 0.34

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In connection with the CDN \$0.26 Unit private placement completed on June 6, 2024, the Company issued 10,134,330 share CDN \$0.40 Warrants (Note 10).

On January 20, 2025, warrants to acquire 50,000 common shares were exercised at an exercise price of \$CDN 0.40 per common share for aggregate gross proceeds of \$CDN 20,000 (\$13,855).

No warrants were issued during the three months ended January 31, 2025.

No warrants were issued or exercised during the three months ended January 31, 2024.

The following warrants were outstanding at January 31, 2025 (inclusive of those recorded as warrant derivative liabilities in Note 10):

Expiry Date	Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Life
October 27, 2025	\$0.25	1,971,289	0.74
June 6, 2027	\$0.29 (\$CDN 0.40)	10,084,332	2.35
	\$0.28	12,055,621	2.08

13. LOSS PER SHARE

Loss per common share is calculated by dividing net loss for the period by the weighted average number of common shares outstanding for the three months ended January 31, 2025, of 89,190,024 (2024 – 68,504,400). The effect of any potential exercise of our stock options, RSUs, and warrants outstanding during the period has been excluded from the calculation of diluted loss per common share, as it would be anti-dilutive.

14. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at January 31, 2025 is \$342,712 (October 31, 2024 - \$270,919) due to officers and directors of the Company for their compensation and services. The partial balance of due to officers are to be settled in RSUs and cash within one year and bear no interest. Unpaid amounts due to directors are unsecured and bear no interest.

As at January 31, 2025, due to related party consists of \$22,175 due to Silver Bull for shared employees' salaries and office expenses (October 31, 2024 - \$22,095). The balance of due to related party is interest free and is to be repaid on demand.

During the three months ended January 31, 2025 and 2024, expenses totalling \$53,432 and \$55,094 were incurred by Silver Bull on the Company's behalf, which was offset by an incurred shared office rent. If specific identification of expenses is not practicable, a proportional cost allocation based on management's estimation is applied.

	January 31, 2025	January 31, 2024
Personnel	\$ 62,283	\$ 59,544
Office and administrative	2,883	7,250
Office rent reimbursement	(11,734)	(11,700)
	\$ 53,432	\$ 55,094

During the three months ended January 31, 2025 and 2024, the Company paid or accrued the following amounts to officers, directors or companies controlled by officers and/or directors:

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	January 31, 2025	January 31, 2024
Share-based payment	\$ 8,250	\$ 8,250
Directors' fees	29,967	31,643
Personnel	205,295	150,356
	\$ 243,512	\$ 190,249

15. COMMITMENTS AND CONTINGENCIES

Contractual obligated per calendar year requirements as at January 31, 2025 are as follows:

	< 1 year (\$)	1-2 years (\$)	2-3 years (\$)	3-4 years (\$)	Total (\$)
Lease commitments (Note 11)	100,000	8,000	-	-	108,000
Exploration licenses expenditure commitments	2,297,000	2,380,000	1,821,000	729,000	7,227,000
	2,397,000	2,388,000	1,821,000	729,000	7,335,000

The Company's commitments include contractually obligated payments associated to its office lease (Note 11) and minimum expenditure requirements to maintain its exploration licenses as mandated by the Kazakh government authorities to keep the tenements in good standing.

16. SUPPLEMENTAL CASH FLOW INFORMATION

As at January 31, 2025, cash and cash equivalents consist of guaranteed investment certificates ("GIC") of \$nil (October 31, 2024 – \$778,929) and \$679,188 in cash (October 31, 2024 - \$948,530) held in bank accounts.

	January 31, 2025	January 31, 2024
Supplemental information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Non-cash financing activity		
Derivative warrants exercise	\$ 4,745	\$ -

17. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, other receivables excluding GST, accounts payable and accrued liabilities, lease liability, warrant derivative liability and due to related party. The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

a) Credit risk

The Company's credit risk on other receivables is negligible.

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash and cash equivalents.

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Management believes that the credit risk concentration with respect to cash and cash equivalents is remote as it maintains accounts with highly rated financial institutions. Cash and cash equivalents are denominated in \$USD, \$CDN and Kazakh Tenge, and include guaranteed investment certificates for terms of less than 100 days acquired from a Canadian financial institution.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. As at January 31, 2025, the Company had net working capital of \$950,000, excluding warrant derivate liability (October 31, 2024 – working capital of \$2,027,000) and cash and cash equivalents of \$679,000 (October 31, 2024 - \$1,727,000), and is not exposed to significant liquidity risk at this time. Furthermore, as the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through equity offerings.

Accounts payable and accrued liabilities, and due to related party are non-interest-bearing and are normally settled on 30-day terms.

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate risk or other price risk. The Company is exposed to foreign currency risk with respect to cash denominated in Canadian dollars. As at January 31, 2025, a 10% strengthening (weakening) of the Canadian dollar against the United States dollar would have increased (decreased) the Company's comprehensive loss by approximately \$11,000 for the three months ended January 31, 2025 (October 31, 2024 - \$81,000).

The Company also maintains a minimum cash balance of local currency in a bank account in Kazakhstan. Due to the small balance, the Company assessed Kazakh Tenge foreign currency risk as low.

The Company has not hedged any of its foreign currency risks.

d) Commodity price risk

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of copper and gold. The Company monitors copper and gold prices to determine the appropriate course of action to be taken.

e) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significant of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash and cash equivalents, accounts payable and accrued liabilities and due to related party. The lease liability is classified as Level 3 financial instruments.

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The warrant liability derivative is not traded in an active market, and the fair value is determined using valuation techniques. The estimates may be significantly different from those recorded in the consolidated financial statements because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. All changes in the fair value are recorded in the consolidated statement of operations and comprehensive loss each reporting period. This is considered to be a Level 3 financial instrument.

The carrying values approximate the fair values due to the short-term maturity of these instruments except the lease liability. There were no transfers between fair value levels during the three months ended January 31, 2025 and 2024.

18. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations and exploration. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid. The Company is not subject to any externally imposed capital requirements. The Company did not change its approach to capital management during the three months ended January 31, 2025.

19. SEGMENTED INFORMATION

Operating segments

The Company operated in a single reportable operating segment - the acquisition, exploration and evaluation of mineral properties, with its head office function in Canada. As at January 31, 2025, the Company's exploration and evaluation assets are currently located in Kazakhstan.

The following table details the allocation of assets included in the accompanying condensed interim consolidated statement of financial position at January 31, 2025:

	Canada	Kazakhstan	Total
Cash and cash equivalents	\$ 397,000	\$ 282,000	\$ 679,000
Other receivables	56,000	-	56,000
Prepaid expenses	20,000	859,000	879,000
Office and equipment	35,000	62,000	97,000
Minerals properties	—	5,035,000	5,035,000
Right-of use assets	87,000	—	87,000
Prepaid expense non-current	37,000	377,000	414,000
	<u>\$ 632,000</u>	<u>\$ 6,615,000</u>	<u>\$ 7,247,000</u>

The following table details the allocation of assets included in the accompanying condensed interim consolidated statement of financial position at October 31, 2024:

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	Canada	Kazakhstan	Total
Cash and cash equivalents	\$1,497,000	\$ 231,000	\$ 1,728,000
Other receivables	102,000	—	102,000
Prepaid expenses	33,000	848,000	881,000
Office and equipment	42,000	67,000	109,000
Minerals properties	—	5,035,000	5,035,000
Right-of use assets	107,000	—	107,000
Prepaid expense non-current	33,000	424,000	457,000
	<u>\$1,814,000</u>	<u>\$ 6,605,000</u>	<u>\$ 8,419,000</u>

20. SUBSEQUENT EVENTS

From February 1, 2025 to March 14, 2025, warrants to acquire 10,084,332 common shares were exercised at an exercise price of \$CDN 0.40 per common share for aggregate gross proceeds of \$CDN 4,033,733 (\$2,820,563).

On February 27, 2025, the Company granted 241,196 RSUs to officers, in accordance with the Company's Equity Incentive Plan.

On March 14, 2025, 1,495,484 RSUs that were granted in February 2024 were settled as common shares of the Company (Note 12(d)).

On March 14, 2025, options to acquire 100,000 common shares were exercised by way of a cashless exercise whereby the recipient elected to receive 47,435 common shares without payment of the exercised price and the remaining options for 52,565 common shares were cancelled.

On March 17, 2025, Silver Bull Warrants to acquire 21,500 common shares were exercised at an exercise price of \$0.25 per common share (exercise price per Arras share issuable). The Company received gross proceeds of \$5,375 (Note 12 (e)).