2020

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Management's Discussion and Analysis

For the Three Months Ended 31 December 2019

Stated in Canadian Dollars

DATE: 28 FEBRUARY 2020

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

TO OUR SHAREHOLDERS

This Management Discussion and Analysis ("MD&A") supplements - but does not form part of – the Condensed Interim Consolidated Financial Statements for the three months ended 31 December 2019. Consequently, the following discussion and analysis of the financial condition and results of operations for Ares Strategic Mining Inc. ("Ares" or the "Company"), formerly Lithium Energy Products Inc., should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the three month period ended 31 December 2019, and the related notes therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), consistently applied.

Discussion of the Company, its operations and associated risks are further described in the Company's filings, available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com.

The table below sets forth the significant forward-looking information included in this MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing operations	Ares has the resources to fund their ongoing operations and the ability to raise funds for further operations exceeding current resources.	Ares has disclosed that this may be difficult and failure to raise these funds will materially impact the Company's ability to continue as a going concern.
Proving Ares deposits' economic viability.	Deposits are either economically viable or Ares can obtain new sources of minerals for exploitation, trading or offtake agreements.	Lack of information to assess corporate and mining strategy for the existing assets.
Proving Ares deposits' processing ability.	Ares deposit compositions are favourable towards economically recovering minerals.	Lack of information to assess asset grade.
Ares intends to acquire further properties to expand their mining and supply operations.	Properties demonstrating economic potential and have existing supportive infrastructure can be located and acquired.	Prospective acquisitions do not demonstrate sufficient potential and viability to justify acquisition.
Ares intends to enter into MOUs with several customers to ensure a customer base exists for Ares products.	Potential customers are willing to commit to mineral acquisition from Ares prior to exploration completion and exploitation.	Potential Ares customers may overstate the quantities they intend to purchase as they are currently predictive.
Ares intends to arrange financing for the development of its current properties	The Company and its properties can prove economic potential and attract investment.	Ares is unable to attract investment and must investigate alternate strategies.
Ares intends to acquire operational projects to improve its cashflow	The Company will have the resources and/or means to acquire such projects.	Ares is unable to acquire the necessary investment and must investigate alternate strategies.

Ares intends to investigate and determine the most suitable technology and mining practices for its projects.	The Company has the expertise and connections to reasonably inform their decision-making processes.	Being unable to locate the most suitable technology and practises and running a sub-optimal operation.
Ares intends to use several exploration methods to gain better insight into its deposits for the purposes of mine design and exploitation optimisation.	The Company can source the best personnel to undertake the work necessary to obtain the detailed geological and geophysical information required.	Defining improper requirements for the contracted personnel.
Ares intends to purchase equipment tailored to the geology and composition of its material.	Bench testing and metallurgy return results able to provide the Company with information upon which the plant design and setup can be determined.	Lab work could be undertaken which provides results that provide insufficient information to reliably determine the best equipment.

FUTURE OUTLOOK

Ares intends to upgrade and increase the heavy equipment at the mine site, as well as construct adits which allow the Company to exploit the fluorite resources available more fully.

Ares intends to partner with a multinational supplier of fluorspar to act as distributor for its product.

Ares intends to install a professional staff able to manage the mining operations at its Lost Sheep Fluorspar mine project.

Ares will employ experienced mining and process engineers to act in concert with its management team, to verify and ensure that all steps taken to advance its projects are considered and objective, so the optimum outcome can be obtained.

GENERAL

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”.

Ares is a publicly traded junior mining Company whose principal business is identifying and mining. Currently, the Company is focusing on progressing its fluorspar projects towards exploitation, production and supplying metspar and acidspar to the markets.

Ares has disposal geologists, geophysicists, mining engineers and market experts responsible for developing the project towards production.

The Company’s business is managed by specialist staff and experts with diverse experience across the entire mineral resource industry. The Company has a proven track record of identifying viable mineral deposits and progressing these discoveries to operation and sale.

SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

Effective 5 December 2019, the Company's board of directors has appointed Manning Elliott LLP as the Company's auditor. MNP LLP resigned effective 5th December 2019 and there were no reservations in the former Auditor's audit reports for any period and ending at the date of the resignation. There are also no "reportable events" (as the term is defined in National Instrument 51-102 02 – Continuous Disclosure Obligations ("NI 51-102")) between the Company and the Former Auditor. In accordance with NI 51- 102, the notice of change of auditor, together with the required letters from the Successor Auditor and the Former Auditor, have been reviewed by the board of directors of the Company and filed on SEDAR.

On 1 December 2019, James Walker was appointed to the board of directors. Mr. Walker has over 13 years of engineering and project management experience within several industries including mechanical engineering, mining engineering, construction, project management, manufacturing, safety management and nuclear engineering. He is currently the CEO and President of the Company, and Director for Bayhorse Silver Inc. He has degrees in Mechanical Engineering, Mining Engineering, and Nuclear Physics, as well as qualifications in Project Management and Accountancy. He is a chartered engineer with the IMechE and registered as a Professional Project Manager with the APM, with experience in Quality Control, Stakeholder Management, and PPP projects.

On 19 November 2019, the Company announced that as a result of its intention to complete the amalgamation transaction with American Strategic Metals Inc. ("ASM") and ramp up ASM's Lost Sheep fluorspar mine in Utah, it has engaged Sprott Capital Partners LP (the "Agent"), on a best efforts basis, as the exclusive placement agent to the Company, for a private placement of up to 43,750,000 units (the "Units") at a price of $0.08 per Unit (the "Purchase Price") for gross proceeds of up to $3,500,000 (the "Offering"). Each Unit is comprised of one common share of the Company (each a "Common Share") and one half of one common share purchase warrant of the Company (each whole warrant, a "Warrant"). Each whole Warrant shall entitle the holder thereof to purchase one Common Share for a period of twenty-four (24) months after the closing of the Offering at an exercise price of $0.15 per Common Share. The net proceeds from the Offering will be used to purchase mining equipment, employ a professional workforce, upgrade processing facilities, construct an adit, and will provide the Company working capital to restart the mine.

On 18 November 2019, the Company announced the signing of an MOU between Possehl Erzkontor North America Inc. (Possehl) and the Company.

Under the MOU, the two firms will negotiate binding definitive agreements for the following:

- Possehl will become Ares's exclusive agent for the sale and worldwide distribution of Flurospar produced at the Company's Lost Sheep Mine in Utah.
- Under a take or pay sales agreement, Possehl will be responsible for selling all the Company's expected 60,000 tonne per year production of Metspar, for the next 5 years, with the option of renewal at the end of that period.
- Possehl will earn a commission on all sales.
- After suitable due diligence, Possehl will advance US$2,000,000 under a forward sale agreement, to enable the Company to meet its working capital and investment needs.
- Possehl also has the right of first refusal for any additional fluorspar products such as acidspar and any production from other mines Ares may acquire.

On 23 October 2019, Karl Marek and Raul Sanabria were appointed to the board of directors of Ares, both of whom are also directors of ASM.

On 10 October 2019, the Company announced that, following recent progress in financing the project, the Company and ASM have agreed to extend the Definitive Amalgamation Agreement, as originally dated 1 April 2019 cornered amalgamation (the "Amalgamation Transaction"). ASM is a related party by virtue of common directors. The amount owing from ASM is unsecured, bears no interest, and is due on demand. Subsequent to the three-month ended 31 December 2019, the Company announced completing of amalgamation.

During the period ended 31 December 2019, all 1,500,000 outstanding warrants of the Company expired unexercised.

EVENTS SUBSEQUENT TO 31 DECEMBER 2019

Ares mining has contracted SGS Minerals Services to begin bench work testing, to facilitate the Company's intended flotation plant.

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

On 19 February 2020, the Company announced the Closing of its $1.8MM Financing, issuing 22,175,987 shares and 11,087,993 warrants of Ares, at a price of $0.08 per unit. Each Warrant exercisable for a two-year period from the date of closing at an exercise price of $0.15. The Offering was completed as part of a larger offering, with $200,000 being closed on the 3rd January 2020, for a total raise of $1,974,079, with 24,675,987 shares and 12,337,993 warrants being issued. The Company also closed its shares for debt submission on Friday 17th 2020, settling $255,558 of debt for 3,194,474 Units. Ares intends to use the net proceeds to immediately begin developing its project, with drilling and bench testing being commenced as of Friday 17th 2020. The financing will also be used to buy equipment, such as ore sorters, crushers, and a bagging system, as well as complete adit construction to increase the mining capacity at the Lost Sheep operation.

On 10 February 2020, the Company received conditional approval from the TSX Venture Exchange for the proposed transaction with American Strategic Minerals Inc., a private British Columbia company, to acquire 100% of the Lost Sheep Fluorspar Mine.

Effective 13 February 2020, the Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry. The Company's shares will begin trading on the TSXV under the new symbol "ARS" on 13 February 2020. The new CUSIP number is 04017M104 and ISIN number is CA04017M1041. Trading in Lithium Shares has been halted and will remain halted pending review by the TSXV of the Transaction, and satisfaction of TSXV conditions with respect to the same.

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

On 3 January 2020, the Company completed the raise required to complete the amalgamation with ASM, return to trading on the TSX, and commence initial operations on ASM's Lost Sheep fluorspar mine. The amalgamation with ASM is subject to regulatory and shareholder approval, which has not been obtained as of the date of this report.

RESULTS OF OPERATIONS

The comprehensive loss reported during the three months ended 31 December 2019 was $87,348 compared to $119,452 in the comparative period. The main fluctuations in costs are as follows:

Professional fees (rounded to the nearest '000)	**3 months** **2020**	3 months 2019
	$ 23,000	$ 19,000
Variance increase	**$ 4,000**	

Professional fees increased due to a one-time consulting services related to the amalgamation transaction.

Interest, financing fees, and bank charges (rounded to the nearest '000)	**3 months** **2020**	3 months 2019
	$ 5,000	$ -
Variance increase	**$ 5,000**	

The Company's finance fees increased due to a number of short-term loans from various parties.

Loss on sale of marketable securities (rounded to the nearest '000)	**3 months** **2020**	3 months 2019
	$ -	$ 32,000
Variance increase	**$ (32,000)**	

Loss on sale of marketable securities decreased due to the Company sold all marketable securities during the year ended 30 September 2019.

Unrealized loss (rounded to the nearest '000)	**3 months** **2020**	3 months 2019
	$ -	$ 25,000
Variance increase	**$ (25,000)**	

Unrealized loss decreased due to the balance for marketable securities as at 31 December 2019 is $nil.

SUMMARY OF QUARTERLY RESULTS

Three months ended	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18
	$	$	$	$	$	$	$	$
Total revenue	-	-	-	-	-	-	-	-
Profit (loss) for the period	(87,348)	(421,129)	57,106	(152,950)	(119,257)	(874,255)	(596,707)	548,477
Profit (loss) per share	(0.01)	(0.03)	(0.00)	(0.01)	(0.01)	(0.10)	(0.03)	0.06
Total assets	2,488,153	2,290,631	4,364,307	2,320,992	2,117,153	2,237,901	1,466,553	1,463,718
Working capital surplus (deficiency)	(635,000)	(767,110)	(689,000)	(427,000)	(144,000)	(24,000)	(169,000)	(2,000)

EXPLORATION AND EVALUATION ASSETS

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

OUTSTANDING SHARES

As at 31 December 2019, the Company had 13,563,375 common shares issued and outstanding; the fully diluted amount of 13,723,375 includes options of 160,000 and no warrants outstanding.

As at the date of this report, the Company had 56,118,396 common shares issued and outstanding; the fully diluted amount of 77,353,406 includes options of 160,000 and 21,075,010 warrants outstanding.

FINANCIAL POSITION AND LIQUIDITY

As at 31 December 2019, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, promissory note payable and short-term loans. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

The following discussion relates to the three months ended 31 December 2019 and compares that to the same period in fiscal 2019:

As at 31 December 2019, the Company had a working capital deficit of $635,000 compared to a working capital deficit of $767,000 as at 30 September 2019.

Cash used in operating activities during the three months ended 31 December 2019 totalled $28,370 (31 December 2018: $81,602). This is consistent with management expectations.

Cash used in investing activities during the three months ended 31 December 2019 totalled $nil (31 December 2018: $88,108).

Cash raised in financing activities during the three months ended 31 December 2019 totalled $231,933 (31 December 2018: $nil).

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed interim consolidated statement of financial position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 2019 and 2018. There have been no changes in levels during the year.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, accounts payable, promissory note payable and short-term loans. As at 30 September 2019, the carrying value of cash and marketable securities is at fair value. Amounts receivable, accounts payable, promissory note payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

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

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

g) Liquidity risk

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

CAPITAL RESOURCES

Ares has no recent history of profitable operations. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of adequate revenues.

It will be necessary for Ares to arrange for additional financing to meet its on-going exploration and overhead requirements.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although Ares successfully completed financing during the year ended 30 September 2019, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

The Company's capital consists of cash and shareholders' equity. 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at 31 December 2019 and as at the date hereof.

RELATED PARTY TRANSACTIONS

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

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

RELATED PARTY DISCLOSURE

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

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

(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.

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

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

On 15 May 2019, the Company entered into a loan agreement with ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an interest-bearing loan of $10,500 at 1% a month compounded and secured by the assets of the Company was issued. As at 31 December 2019, the $10,500 short-term loan had been repaid and associated interest of $357 (2019YE - $346) owing to ASM remained unpaid.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $400,000 from the President and Director of the Company. As at 31 December 2019, the principal of $400,000 has been paid back in full. However, an associated financing fee of USD$10,000 (2019YE - USD$10,000) in cash remained unpaid and 150,000 (2019YE -

150,000) common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 18 March 2019, the Company entered into a loan agreement with ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an interest-bearing loan of $10,000 at 1% a month compounded and secured by the assets of the Company was issued. As at 31 December 2019, the $10,000 short-term loan had been repaid and interest of $866 (2019YE - $xxx) owing to ASM remained unpaid.

On 5 March 2019, the Company entered into a loan agreement with ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an interest-bearing loan of $40,000 at 1% a month compounded and secured by the assets of the Company was issued. As at 31 December 2019, the $40,000 (2019YE - $40,000) short-term loan and associated interest of $4,100 (2019YE - $xxx) owing to ASM remained unpaid.

On 31 August 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of approximately $938.34 per month for rent at 1% a month compounded was issued. As at 31 December 2019, the loan and interest on the loan remained unpaid.

On 30 August 2018, the Company entered into a loan agreement with the CEO of ASM, a related party by virtue of common directors. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $11,000 at 1% a month compounded was issued. As at 31 December 2019, the $11,000 (2019YE - $11,000) short-term loan and associated interest of $450 (2019YE - $xxx) owing to the CEO of ASM remained unpaid.

On 1 August 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $20,000 at 1% a month compounded was issued. As at 31 December 2019, the loan and interest on the loan remained unpaid.

On 24 July 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $8,051.25 at 1% a month compounded was issued. As at 31 December 2019, the loan and interest on the loan remained unpaid.

On 19 July 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $9,037.26 at 1% a month compounded was issued. As at 31 December 2019, the loan and interest on the loan remained unpaid.

On 1 June 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan totalling $1,865.59 at 1% a month compounded was issued. As at 31 December 2019, the loan and interest on the loan remained unpaid.

On 27 April 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an unsecured interest-bearing loan of $35,000 at 1% a month compounded was issued. The loan was fully paid as at 30 September 2019.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

MANAGEMENT

Ares is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Ares could result, and other persons would be required to manage and operate the Company.

RISK FACTORS

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

At present the principal activity of the Company is the exploration and development of lithium resource properties. The feasible development of such properties is highly dependent upon the price of lithium commodities. A sustained and substantial decline in these commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect these commodity prices in order to assess the feasibility of its resource projects.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management Discussion and Analysis.

A CAUTIONARY TALE

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted on behalf of the Board of Directors,

"James Walker"

James Walker

CEO