

2021

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Management's Discussion and Analysis

**For the Three Months Ended 31 December
2020**

Stated in Canadian Dollars

DATE: 1 MARCH 2021



ARES STRATEGIC MINING INC.

FOR THE THREE MONTHS ENDED 31 DECEMBER 2020

Canadian Dollars

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 Consolidated Financial Statements for the for the three months ended 31 December 2020. 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 Consolidated Financial Statements for the three months ended 31 December 2020, 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.



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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 the funds for further operations which exceed 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.



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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.

QUALIFIED PERSON

The technical and scientific information in this document has been reviewed and approved by Raul Sanabria, P.Geo., a Qualified Person as defined by National Instrument 43-101 (“NI 43-101”). He is the Company’s VP of Exploration, Director, and shareholder.

FUTURE OUTLOOK

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

Ares will develop its industrial ground for an expanded processing operation and install revamped and greater infrastructure to support its enlarged operation.

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.

Ares will identify the most suitable processing equipment to ensure that its manufactured products are industry competitive and economically viable.

Ares intends to purchase more industrial land in Delta Utah, to increase its manufacturing capacity for producing high grade fluorspar products.

Ares will begin preliminary work on the Liard project in preparation for developing the project towards production.

Ares will examine its long-term goal of establishing a hydrofluoric acid facility to manufacture HF from its processed product line.



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Ares intends to renovate its rail spur, or alternatively purchase industrial land with a rail spur, to assist with shipping its products.

CORPORATE OVERVIEW

The Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020. The TSX Venture Exchange (“TSXV”) 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 at its 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

On 29 December 2020, the Company has received technology commitments which will enable Ares to manufacture a fluorspar product not previously anticipated at its Utah mining operation.

On 21 December 2020, Ares completed its engineering design work on the upcoming processing facility to be installed at the mining operation in 2021.

On 12 November 2020, Ares completed its fluorspar surveying work, identifying the most prospective mining areas across its 2,100 acre Spor Mountain operation areas. The Company’s lead engineering project manager, Mr. Keith Minty, has asked to settle \$20,100 of his Invoices in common shares through his Shares for Service Agreement, priced at the time of invoicing, for a total of 80,400 shares. The Company has also completed its non-brokered private placement in the amount (the “Offering”) of 2,400,000 units (“Units”) at a price of \$0.25 per Unit for gross proceeds of approximately \$600,000. Each Unit shall consist of one common share in the capital of the Company (a “Common Share”).

On 4 November 2020, Ares announced that the Company has signed a US\$10MM equipment leasing arrangement with Sertant Capital, LLC. Ares intends to execute a 36-month leasing arrangement, during which the Company will purchase its flotation plant, heavy machinery and vehicles, crushing circuit, and bagging facility. The leasing arrangement will finance 90% of all equipment costs, with the Company being responsible for paying 10% of the leasing facility.

On 28 October 2020, the Company announced the completion of its delineation drilling at the Lost Sheep Mine, successfully locating a large discovery of additional fluorspar within its permitted mining area, and expanding its primary mining operation for 2021.



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On 20 October 2020, Ares Strategic Mining Inc. is pleased to announce the Company has located and acquired additional mining prospects demonstrating fluorspar mineralization and consolidating the Spor Mountain Fluorspar District.

On 13 October 2020, Ares announced several major advances towards its planned mining operation, including approval to commence mining operations, an approved environmental permit, additional land for stockpiling mined product, and local government support for construction work and facility upgrades. The Company has also acquired additional land for the purposes of stockpiling product to ensure a constant feed for processing is available, especially during winter months and mine shut down periods for construction work and upgrades. Following important advances in mine and processing planning, the Company's lead engineering project manager, Mr. Keith Minty, settled \$17,700 of his Invoices in stock through his Shares for Service Agreement, priced at the time of invoicing, for a total of 97,875 shares.

On 5 October 2020, Ares announced the discovery of new and additional fluorspar mineralization between its the Little Giant Pit (LGP) mining site, and an historic mining site called the Purple Pit, all falling within its permitted mining area. Ares has accelerated its RC drilling exploration program, expanding the known LGP target after a successful first round of delineation drilling. The Company has also discovered a new area of fluorspar mineralization between the recently drilled (LGP) mining site and the historic mining area of the Purple Pit. Both mining sites are characterized by high-grade fluorspar mineralization and geological evidence now clearly indicates the LGP branches off from the Purple Pit. Drilling suggests the newly discovered fluorspar connects these mining areas and forms one large single fluorspar bearing breccia. Current drilling has delineated a fluorspar zone over >35m long and 15m wide in plan view (see Figure 1). Drilling has further tested the zone to a vertical depth of 70m as per the deepest drill intersect.

EXPLORATION

Lost Sheep

On 18 February 2020, the Company completed the acquisition of 100% of the Lost Sheep Fluorspar Mine from ASM 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.

The Company is currently the only, permitted and producing fluorspar mine in the United States. Fluorspar is an industrial mineral the US imports 100% from abroad. It is a vital component of US industry, used in the production of steel, aluminium, refrigeration units, cement, hydrofluoric acid, fluorine, electronics and touch screens, Teflon, and electric batteries. The US has been completely reliant on imports for 20 years, and this project represents an opportunity for the US to regain an entire lost industry, as well as become one of the few countries in the world which produce fluorspar. The Company has spent 2020 completing large scale drilling and engineering programs to design the mining and processing operation, which will produce fluorspar ready for US industry in 2021. The Company has also



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worked closely with the Bureau of Land Management (BLM) and the Utah Division of Oil, Gas, and Mining (UDOGM), to update all its permits so production can begin as soon as the equipment and plant are delivered to site.

EVENTS SUBSEQUENT TO 31 DECEMBER 2020

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.

On 18 February 2021, the Company announced it had completed the industrial site design work ahead its planned fluorspar processing operation.

On 9 February 2021, the Company announced that following modelling work using recent drilling and assaying data, it had discovered high-grade industry ready metspar quality fluorspar.

On 7 February 2021, the Company announced it has commenced the initial work to being developing a second mining operation in Utah.

On 27 January 2021, the Company announced it had received the remaining assay results from its delineation drilling program at its Utah fluorspar mine.

On 19 January 2021, the Company announced its metallurgists and process engineers had greatly improved both grades and recoveries during its on-going metallurgical work.

On 11 January 2021, the Company has commenced planning for its second proposed mine site. The Company has identified the historic Bell Hill mine area as the most suitable site for an advanced mining operation.

RESULTS OF OPERATIONS

The comprehensive income reported during the three months ended 31 December 2020 was \$195,740 compared to loss of \$(87,348) in the prior comparative period. The main fluctuations in costs are as follows:

Office and marketing fees (rounded to the nearest '000)	3 months 2021	3 months 2020
	\$ 264,000	\$ 6,000
Variance	\$ 258,000	

Increased office and marketing fees are due to additional marketing and media needs when the Company has entered into media service contracts during last year and continues to utilize the service through this period.



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Management fees (rounded to the nearest '000)	3 months 2021	3 months 2020
	\$ 53,000	\$ 38,000
Variance	\$ 15,000	

The increase in management fees mostly relates to an increase in CEO's contract, and management consulting contracts that were taken over as part of the Amalgamation transaction.

Professional fees (rounded to the nearest '000)	3 months 2021	3 months 2020
	\$ 40,000	\$ 26,000
Variance	\$ 14,000	

The increase in professional fees relates to professional fees with increased operations and consulting services.

Transfer agent and filing fees (rounded to the nearest '000)	3 months 2021	3 months 2020
	\$ 21,000	\$ 8,000
Variance	\$ 13,000	

The increase in transfer agent and filing fees relates to increased share activities during the period and OTC listing.

Recovery of mineral properties (rounded to the nearest '000)	3 months 2021	3 months 2020
	\$ 600,000	\$ -
Variance	\$ 600,000	

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

SUMMARY OF QUARTERLY RESULTS

Three months ended	Dec-21	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Income (loss) for the period	191,962	(427,494)	(521,021)	(530,770)	(87,442)	(421,129)	57,106	(152,950)
Comprehensive income (loss) for the period	195,740	(532,752)	(605,123)	(398,771)	(87,348)	(421,129)	57,106	(152,950)
Profit (loss) per share	(.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.00)	(0.01)
Total assets	7,034,554	5,248,500	5,801,165	5,083,289	2,488,153	2,290,631	4,364,307	2,320,992
Working capital surplus (deficiency)	(110,000)	(139,000)	504,709	(413,000)	(635,000)	(767,110)	(689,000)	(427,000)

OUTSTANDING SHARES

As at 31 December 2020, the Company had 85,767,782 common shares issued and outstanding; the fully diluted amount of 117,882,935 includes 5,900,000 options and 26,215,153 warrants outstanding.



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As at the date of this report, the Company had 85,836,450 common shares issued and outstanding; the fully diluted amount of 112,515,157 includes 4,899,500 options and 21,779,207 warrants outstanding.

FINANCIAL POSITION AND LIQUIDITY

As at 31 December 2020, the Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and short-term loans. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

The following discussion relates to the year ended 31 December 2020 and compares that to the fiscal 2020:

As at 31 December 2020, the Company had a working capital deficit of \$110,000 compared to a working capital deficit of \$139,000 as at 30 September 2019.

Cash used in operating activities during the three months ended 31 December 2020 totalled \$848,038 (31 December 2019: \$28,370). This is consistent with management expectations.

Cash used in investing activities during the three months ended 31 December 2020 totalled \$503,521 (31 December 2019: \$nil).

Cash raised in financing activities during the three months ended 31 December 2020 totalled \$1,572,882 (31 December 2019: \$231,933)



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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	-	-	-	-	-	1,905,164
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



FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 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.

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.



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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.

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 2020 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				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 31 December 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.

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:



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Exploring and developing mineral resource projects bear 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.

Companies typically rely on comprehensive feasibility reports on mineral reserve estimates to reduce the risks and uncertainties associated with a production decision. The Company has not completed a feasibility study on, nor has the Company completed a mineral reserve or resource estimate at the Lost Sheep Mine and as such the financial and technical viability of the project is at higher risk than if this work had been completed. Based on historical engineering work, geological reports, historical production data and current engineering work completed or in the process by Ares, the Company intends to move forward with the development of this asset.

Ares is focusing on progressing its fluor spar projects towards exploitation, production, and supplying metspar and acidspar to the markets. The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in mineral prices. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

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.

CRITICAL ACCOUNTING ESTIMATES

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities relate to but are not limited to the following:

- The recoverability of exploration and evaluation assets presented on the consolidated statement of financial position;
- The estimated useful lives of property and equipment which are included in the consolidated statement of financial position and the related depreciation;
- The inputs used in accounting for share-based payment transactions in the consolidated statements of comprehensive income and loss;



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- Management's determination that there is no material restoration, rehabilitation, and environmental exposure, based on the facts and circumstances that existed during the period.

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