FORM 2A

LISTING STATEMENT

This Listing Statement must be used for all initial applications for listing and for Issuers resulting from a fundamental change. The Exchange requires prospectus level disclosure in the Listing Statement (other than certain financial disclosure and interim Management's Discussion and Analysis) and can require that the Issuer include additional disclosure.

General Instructions

(a) Please prepare this Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) In this form, the term "Issuer" includes the applicant Issuer and any of its subsidiaries.

(c) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgment in a particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the Issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(d) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation.

(e) For Issuers that are re-qualifying for listing following a fundamental change, provide historic and current details on

(i) the Issuer

(ii) all other companies or businesses that are involved in the fundamental change (the "target"); and

(iii) the entity that will result from the fundamental change (the "New Issuer").

Information concerning the Issuer that was contained in the most recent Listing Statement may be incorporated by reference, but this statement must indicate if any of the information in the prior statement has changed (e.g. describing a business that will no longer be undertaken by the New Issuer). Information concerning assets or lines of business of the target that will not be part of the New Issuer's business should not be included.

(f) This Listing Statement provides prospectus-level disclosure. It will be amended from time to time to reflect any changes to the prospectus disclosure requirements. If changed, the new form is to be used for the next listing statement the Issuer is required to file. The Issuer does not have to amend a listing statement currently on file to reflect any new disclosure requirements.

1. Table of Contents

1.1 Include a table of contents with the following headings:

2. Corporate Structure

2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

ARES STRATEGIC MINING INC.
ADDRESS & REGISTERED OFFICE
1001-409 GRANVILLE STREET
VANCOUVER, BC V6C 1T2

2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

ONTARIO INCORPORATED NO 2224716 ON NOVEMBER 20, 2019 AND BC EXTRAPROVINCIAL REGISTRATION NO A0080601 ON JULY 9, 2010

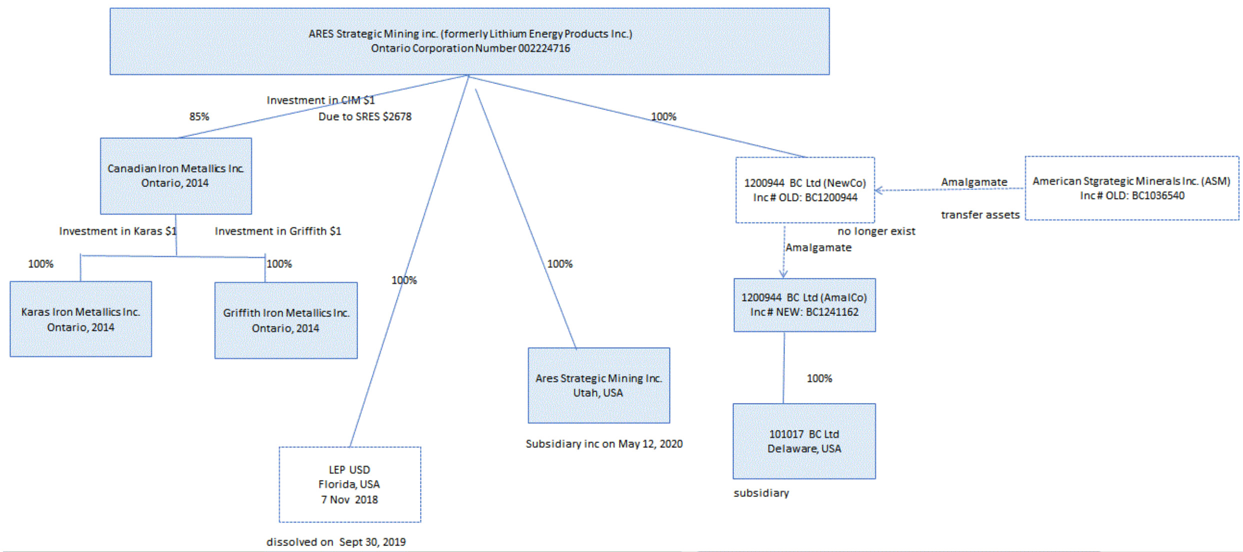
2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state

(a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;

(b) the place of incorporation or continuance; and

(c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

PLEASE SEE CORPORATE CHART BELOW



2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Instruction: A particular subsidiary may be omitted if

(a) the total assets of the subsidiary do not constitute more than 10 per cent of the consolidated assets of the Issuer at the most recent financial year end;

(b) the sales and operating revenues of the subsidiary do not exceed 10 per cent of the consolidated sales and operating revenues of the Issuer at the most recent financial year end; and

(c) the conditions in paragraphs (a) and (b) would be satisfied if

  (i) the subsidiaries that may be omitted under paragraphs (a) and (b) were considered in the aggregate, and

  (ii) the reference to 10 per cent in those paragraphs was changed to 20 per cent.

2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

3. General Development of the Business

3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

Lithium Energy Products Inc was the former name of the Company, whose principal business was identifying the most promising mineral deposits to purchase, progress and exploit. The Company was focusing on progressing its lithium projects towards exploitation, production and supplying lithium to the markets. LEP acquired 3 highly prospective lithium properties in Nevada and Arizona in August 2016. The Company sought projects close to production, which required relatively little capital investment to advance small operations to large businesses. The Company initially identified a Vanadium/Iron project, but could not get support for its proposition.

The Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020 as part of the amalgamation transaction described below. Currently, the Company is focusing on progressing its fluorspar projects towards exploitation, production and supplying metspar and acidspar to the markets. Development work has included, drilling, assaying, metallurgy, mineralogy, process plant designs, rail upgrades, infrastructure designs, equipment identification, and personnel recruiting. The Company has now advanced into the construction phase of its project, and bought a plant, as well as begun the tendering process for its equipment, as well as commencing mine site personnel recruiting.

Ares intends to upgrade and increase the heavy equipment at the mine site, as well as construct mineworks which allows 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.

Instruction: Include the business of subsidiaries only insofar as is necessary to explain the character and development of the business conducted by the combined enterprise.

3.2 Disclose:

(1) (a) any **significant acquisition completed** by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and

(b) any **significant disposition completed** by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.

On February 18, 2020, the Company completed the acquisition of 100% of the Lost Sheep Fluorspar Mine from American Strategic Minerals Inc. (“ASM”), a private British Columbia company.

The Company and ASM previously entered into a definitive agreement (the "Amalgamation Agreement") on 1 April 2019. A wholly owned subsidiary of ASM, 101017BC, Inc., is a company incorporated in the state of Delaware, United States of America and currently possesses several mineral claim blocks including the Lost Sheep Fluoride Mine, known as the Lost Sheep Property.

On 13 April 2020, the Company entered into an agreement to acquire 100% interest in 14 claims in the Liard Fluorspar property, located in British Columbia, from private owners of the property.

(2) Under paragraph (1) include particulars of

(a) the nature of the assets acquired or disposed of or to be acquired or disposed of;

Lost Sheep Fluorspar Project – Delta, Utah
- 100% owned – 2,100 acres – 118 Claims
- Located in the Spor Mountain area, Juab County, Utah, approximately 214 km south-west of Salt Lake City.

Liard Fluorite Project located near the Liard River, and are accessible from mile 497 of the Alaska Highway, extending northwards for around 16km. Ares has acquired 100% of the 1,176 acres of targeted fluorspar prospects.

(b) the actual or proposed date of each significant acquisition or significant disposition;

Lost Sheep Fluorspar acquired through amalgamation on February 18, 2020.

Liard Fluorite Project acquired through cash and shares on April 13, 2020

(c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;

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

Liard Fluorite Project

The Company paid David Heyman and Clive Brookes $10,000 and $21,000 respectively, as well as 2,500,000 (Two Million Five Hundred Thousand) common shares each. In addition, Mr. Brookes and Mr. Heyman will retain a 2% royalty for the first 6 months of production, after which Ares will recover full revenues.

(d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;

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 sellers retained an outstanding royalty payment in the amount of US$1,000,000 once the property is in production.

(e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

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

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

(f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and

Not Applicable

(g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

Not Applicable

3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

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. This is dependent on the future financing of the Company.

Instruction: Issuers are encouraged, but not required, to supply other forward-looking information. Optional forward-looking disclosure involves anticipating a future trend or event or anticipating a less predictable effect of a known event, trend or uncertainty. This other forward-looking information is to be distinguished from presently-known information that is reasonably expected to have a material effect on future operating results, such as known future increases in costs of labour or materials, which information is required to be disclosed.

4 Narrative Description of the Business

4.1 General

(1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:

The Company has one reportable segment, being the acquisition, exploration, and development of resource properties. The Issuer is a junior mining company currently in the process of launching a mining operation in Utah.

(a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

The Company is transitioning into being an industrial mineral supplier for US industry but will continue to identify economically viable projects for the purposes of development.
The Company will buy the equipment and construct the mine stie at Lost Sheep and explore BC Liard property further. The Company also purchased a lumps plant processing facility which will take 6 months to construct.

(b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

The Company must complete infrastructure upgrades at its industrial site, as well install mineworks. It must also contract haulage, and complete its personnel hiring. These milestones need to be completed before the end of Q3. Management expects to buy the equipment in the amount of US$12.7 MM in the second half of 2021 using the lease financing available in the amount of US$10 MM. The construction of the mine will take 1 year time period. There is estimated cost in consulting/geological fee of US$500,000.

(c) disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated working capital (deficiency) **as of the most recent month end prior to filing the Listing Statement**, and

The Company had a consolidated $724,000 in the working capital as at September 30, 2021, the Financial Statements are yet to be audited for the year ended September 30, 2021.

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

The Company financed the acquisition of the lumps plant processing facility by issuing 5.3 MM shares. The Company also completed 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 consists of one common share in the capital of the Company.

(d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

The projected G&A is expected to be at $1.3 MM and $500K on project related fees for the full year. It is expected to take 6 months to commence construction of the mine.

Instruction:

(1) The description of the Issuer's business objectives should also provide the context for the description of the milestones which are required to be disclosed. For example, one business

objective of an Issuer may be to commence marketing and licencing technology nationally through direct sales and a network of agents; a milestone may be to conduct four feasibility studies over the next ten months to facilitate marketing of the technology, with an anticipated cost of $X for the studies.

(2) For the purposes of paragraph (1)(b), examples of significant events would include the hiring of key personnel, making major capital acquisitions, obtaining necessary regulatory approvals, implementing marketing plans and strategies and commencing production and sales.

(2) For principal products or services describe:

a) the methods of their distribution and their principal markets;

The Company is readying to produce fluorspar products for US industry. These products will include metallurgical lumps for the steel industry, and acidspar for the aluminum, fluorine, and hydrofluoric acid industries.

b) as dollar amounts or as percentages, for each of the two most recently completed financial years, the revenues for each category of principal products or services that accounted for 15 per cent or more of total consolidated revenues for the applicable financial year derived from:

(i) sales or transfers to joint ventures in which your company is a participant or to entities in which your company has an investment accounted for by the equity method,

(ii) sales to customers, other than those referred to in clause (i), outside the consolidated entity,

(iii) sales or transfers to controlling shareholders; and

(iv) sales or transfers to investees.

Not Applicable.

c) if not fully developed, the stage of development of the principal products or services and, if the products are not at the commercial production stage,

(i) the timing and stage of research and development programs,

(ii) the major components of the proposed programs, including an estimate of anticipated costs,

(iii) whether the Issuer is conducting its own research and development, is subcontracting out the research and development or is using a combination of those methods, and

(iv) the additional steps required to reach commercial production and an estimate of costs and timing.

The Company is sourcing out equipment cost which is the most material cost of the project and is expected to cost approximately US$12.7MM, the bulk of which will be spent within 6 months of obtaining financing. The Company is using the combination of own research and subcontracting it.

(3) Concerning production and sales, disclose:

a) the actual or proposed method of production of products and if the Issuer provides services, the actual or proposed method of providing services;

For the Company's metallurgical lumps products, a jig system can be employed to manufacture the lumps. For the acidspar product, a floatation system will be used to manufacture the acidspar. Both processes will be preceded by a crushing and grinding system.

b) the payment terms, expiration dates and terms of any renewal options of any material leases or mortgages, whether they are in good standing and, if applicable, that the landlord or mortgagee is a Related Person of the Issuer;

Not Applicable.

c) specialized skill and knowledge requirements and the extent that the skill and knowledge are available to the Issuer;

Through metallurgical investigation and experiment, the Company has become expert at fluorspar upgrading and processing.

d) the sources, pricing and availability of raw materials, component parts or finished products;

The cost of manufacturing a tonne of Final product is estimated at approximately US $140/tonne for operating costs and US$10/tonne for capital cost. The source of all the raw material will come from the Company's fluorspar mining operation in Utah.

e) the importance, duration and effect on the segment of identifiable intangible properties such as brand names, circulation lists, copyrights, franchises, licences, patents, software, subscription lists and trademarks;

Not Applicable.

f) the extent to which the business of the segment is cyclical or seasonal;

The business will operate all year round.

g) a description of any aspect of the Issuer's business that may be affected in the 12 months following the date of the Listing Statement by renegotiation or termination of contracts or sub-contracts and the likely effect;

Not Applicable.

h) the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of the Issuer in the current financial year and the expected effect, on future years;

Not Applicable.

i) the number of employees, as at the most recent financial year end or as an average over that year, whichever is more relevant;

No employees, approximately 12 consultants, some on a regular basis and some on as needed.

j) any risks associated with foreign operations of the Issuer and any dependence of the segments upon the foreign operations;

The business operates principally in the US. No risks have been assessed in connection with operating in the US.

k) a description of any contract upon which your company's business is substantially dependent, such as a contract to sell the major part of your company's products or services or to purchase the major part of your company's requirements for goods, services or raw materials, or any franchise or licence or other agreement to use a patent, formula, trade secret, process or trade name upon which your company's business depends;

Not Applicable.

l) a description of any aspect of your company's business that you reasonably expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts, and the likely effect.

Not Applicable.

(4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

The Company will be the only domestic supplier of its product in the country. Its main source of supply competition will emanate from Mexico. The Issuer will have significant market advantages as the only domestic producer in the US.

(5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

Not Applicable

(6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

Not Applicable

(7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

Not Applicable

(8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

Not Applicable

Instruction:

(1) The Issuer's stated business objectives must not include any prospective financial information with respect to sales, whether expressed in terms of dollars or units, unless the information is derived from future-oriented financial information issued in accordance with National Instrument 51-102 Continuous Disclosure Obligations or any successor instrument and is included in the Listing Statement.

(2) Where sales performance is considered to be an important objective, it must be stated in general terms. For example, the Issuer may state that it anticipates generating sufficient cash flow from sales to pay its operating cost for a specified period.

Companies with Asset-backed Securities Outstanding

4.2 In respect of any outstanding asset-backed securities, disclose the following information:

Not Applicable

(1) Payment Factors - A description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the asset-backed securities.

(2) Underlying Pool of Assets - For the three most recently completed financial years of your company or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, information on the pool of financial assets servicing the asset-backed securities relating to

(a) the composition of the pool as of the end of each financial year or partial period;

(b) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(d) servicing and other administrative fees; and

(e) any significant variances experienced in the matters referred to in paragraphs (a), (b), (c), or (d).

(3) Investment Parameters - The investment parameters applicable to investments of any cash flow surpluses.

(4) Payment History - The amount of payments made during the three most recently completed financial years or the lesser period commencing on the first date on which your company had asset-backed securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of your company outstanding.

(5) Acceleration Event - The occurrence of any event that has led to, or with the passage of time could lead to, the accelerated payment of principal, interest or capital of asset-backed securities.

(6) Principal Obligors - The identity of any principal obligors for the outstanding asset-backed securities of your company, the percentage of the pool of financial assets servicing the asset-backed securities represented by obligations of each principal obligor and whether the principal obligor has filed an AIF in any jurisdiction or a Form 10-K, Form 10-KSB or Form 20F in the United States.

Instruction:

(1) For the purposes of this item an "asset backed security" is treated as in item 5.3 of Form 41-101F1.

(2) Present the information requested under section 4.2 in a manner that enables a reader to easily determine the status of the events, covenants, standards and preconditions referred to in subsection (1)

(3) If the information required under subsection (2)

(A) is not compiled specifically on the pool of financial assets servicing the asset-backed securities, but is compiled on a larger pool of the same assets from which the securitized assets are randomly selected so that the performance of the larger pool is representative of the performance of the pool of securitized assets, or

(B) in the case of a new company, where the pool of financial assets servicing the asset-backed securities will be randomly selected from a larger pool of the same assets so that the performance of the larger pool will be representative of the performance of the pool of securitized assets to be created,

(4) a company may comply with subsection (2) by providing the information required based on the larger pool and disclosing that it has done so.

4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

Lost Sheep Fluorspar Project – Delta, Utah

The Spor Mountain deposits in Juab County began production in 1944 and have continued intermittently at small scale to the present. It has been the only important source of fluorspar in Utah, yielding about 350.000 tons of ore until 1980 and sporadically thereafter. Details of the individual mines at Spor Mountain and other deposits in the state have been previously described by Bullock (1976, 89 p.).

The Lost Sheep claims Nos. 1-4 were staked on May 10, 1948, by Albert and Earl Willden of Delta in the northern part of Spor Mountain. The Lost Sheep pipe or Purple pit began production in 1948 and has produced ore almost continuously to the present and is the largest fluorspar deposit in Utah. Mining at the Lost Sheep Mine (Purple Pit) has continued to a depth of 122 m, yielding 160,000 tons of ore to the year 1980. The nearby Badger Hole pipe on the same claim as the Purple pit yielded an additional 600 tons of ore. The Blowout claim through the years 1950-1958 produced about 10,200 tons of ore. An additional 1,460 tons were mined during the 1970's. The total production of the Blowout claim is at least 11,660 tons of ore.

The Bell Hill claims Nos. 1 -7 contain six ore bodies, but about 95 percent of the ore came from one large pipe, where the ore was mined from the surface to a depth of 60 meters. Exploratory 'work extended to a depth of 85 meters. Production from 1950 to 1956 was 23,644 tons, and intermittent production between 1957 and 1974 yielded an additional 8,886 tons; or a total tonnage from the Bell Hill property of at least 32,530 tons of fluorspar ore.

Fluorspar production from Spor Mountain from 1944 to 1980 accounts for approximately 360,000 tons, although the documented shipped ore by the U. S. Bureau of Mines is considerably less.

A total of 22 reverse circulation drill holes, covering approximately 1975m, have been drilled at the Company's two known large mining pits. Fluorspar mineralization was consistent throughout the area, connecting the Company's delineated LGP primary mining target and a known pipe within the permitted mining area. Drilling was directed under the shallower part of the Purple Pit historic mine, and large areas of fluorspar mineralization were located at depth, providing an additional 50 meters and 60 meters as indicated by the drill hole intersects. These fluorspar pipes remain open at depth. Between the Company's known mines, drillholes show over 30 meters of fluorspar mineralization, open at both depth and above, likely extending the fluorspar all the way to surface, giving over 60m of high-grade fluorspar. The width of the fluorspar mineralization in these areas ranges between 20 meters and 30 meters. In the northernmost drillholes, a fluorspar pipe between 10 meters and 15 meters wide, and 30 meters long, is also intersected at shallow depths by further fluorspar. Additionally, disseminations of fluorspar have been located, which are frequent and conspicuous all around the main fluorspar mineralized zones.

- 100% owned – 2,100 acres – 108 Claims

- Located in the Spor Mountain area, Juab County, Utah, approximately 214 km south-west of Salt Lake City.

- Fully Permitted – including mining permits.

- NI 43-101 Technical Report identified extensive high-grade fluorspar with low levels of impurities.

The Liard Fluorite project consists of prospects and deposits are located near the Liard River, and are the most significant fluorite prospect in British Columbia. They are accessible from mile 497 of the Alaska Highway, extending northwards for around 16km. Ares has acquired 100% of the 1,176 acres of targeted fluorspar prospects.

The showings were discovered in 1953, and exploration work commenced in 1954. By 1971 regional prospecting resulted in the discovery of the northern showings, which were drilled and extensively explored during 1971 and 1972, with grades in excess of 30% fluorspar over excellent widths and thicknesses. Historic drilling was completed between 1975 and 1981 for a total of 79 drill holes ending up in forming part of a historic resource estimate. A summary of the historical resources includes:

TAM Prospect: 2,039,000 tons indicated at 31.5% Fluorspar

Camp Prospect: 19,200 tons inferred at 20% Fluorspar

Fire Prospect: 160,400 tons indicated at 37% Fluorspar

Tee Deposit: 470,000 tons inferred at 52% Fluorspar

Cliff Prospect: 90,000 tons inferred at 35% Fluorspar

Coral Prospect: 589,000 tons indicated at 36.6% Fluorspar

Coral Prospect: 588,000 tons indicated at 22.6% Fluorspar

The key assumptions, parameters, and methods used to prepare these historical resource estimates are not available. The company has not reviewed or validated the historic data and caution should be taken as a qualified person has not done sufficient work to classify these historical estimates as a current mineral resource and Ares is not treating them as a current mineral resources.

Instructions:

(1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.

(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.

(4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

5. Selected Consolidated Financial Information

5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

(a) net sales or total revenues;

(b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;

(c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;

(d) total assets;

(e) total long-term financial liabilities as defined in the Handbook;

(f) cash dividends declared per share for each class of share; and

(g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

Annual Information	**Sep 30, 2018**	**Sep 30, 2019**	**Sep 30, 2020**	**Dec 31, 2020**	**Mar 31, 2021**	**Jun 30, 2021**
net sales or total revenues	N/A	N/A	N/A	N/A	N/A	N/A
income from continuing operations	N/A	N/A	N/A	N/A	N/A	N/A
net income or loss Per Share	(1,013,482) ($0.10)	(636,558) ($0.05)	(2,226,346) ($0.05)	191,965 ($0.00)	(568,869) ($0.01)	(2,147,558) ($0.01)
total assets	2,237,901	2,290,631	5,248,500	7,034,554	8,376,944	8,510,533
total long-term financial liabilities	N/A	N/A	N/A	N/A	N/A	N/A

cash dividends declared	N/A	N/A	N/A	N/A	N/A	N/A

During the year ended September 30, 2019, total assets increased due to addition of Liard BC property ($430,000) via shares and cash. In 2020, acquisition of Lost Sheep in Utah ($1.5 MM) via Amalgamation described above and further directly related exploration activities in the amount of $1 MM.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (b) of Section 5.1.

Period	**net sales or total revenues**	**income from continuing operations**	**net income or loss**
Sep 30, 2019	N/A	N/A	(421,129) (0.01) Per Share
Dec 31, 2019	N/A	N/A	(87,442) (0.01) Per Share
March 31, 2020	N/A	N/A	(530,770) (0.01) Per Share
June 30, 2020	N/A	N/A	(521,021) (0.01) Per Share
Sep 30, 2020	N/A	N/A	(427,494) (0.01) Per Share
Dec 31, 2020	N/A	N/A	191,965 0.00 Per Share
March 31, 2021	N/A	N/A	(568,869) ($0.01)Per Share
June 30, 2021	N/A	N/A	(2,147,558) ($0.01)Per Share

Instruction:

(1) For an Issuer that has not been a reporting issuer for the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1 for the period that the Issuer was not a reporting issuer only if the Issuer has prepared quarterly financial statements for that period.

(2) If the Issuer is only required to file six month interim financial statements, the information required under paragraph (1) may instead be provided for each of the four most recently completed six month periods ended at the end of the most recently completed financial year for which financial statements have been prepared.

5.3 Dividends – disclose:

Not Applicable

(a) any restriction that could prevent the Issuer from paying dividends; and

(b) the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

Not Applicable

(a) the Issuer's primary financial statements have been prepared using foreign GAAP; and

(b) if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Instruction:

(1) If financial information that is included in the summary is derived from financial statements included in the Listing Statement, but the financial information is neither directly presented in, nor readily determinable from, the financial statements, include a reconciliation to the financial statements in notes.

(2) If financial information that is included in the listing statement is derived from financial statements that are not included in the Listing Statement, indicate in the lead-in to the summary the source from which the information is extracted, the percentage interest that the Issuer has in the person or company, the GAAP principles used, the name of the auditors, the date of the report, and the nature of the opinion expressed.

(3) The derivation of ratios included in the Listing Statement in notes should be disclosed in notes to the Listing Statement.

(4) Information included in the Listing Statement should be presented in a manner that is consistent with the intent of Canadian accounting recommendations and practices (e.g., cash flow data should not be interspersed with amounts from an income statement in a manner which suggests that cash flow data has been or should be presented in an income statement, and cash flow data should not be presented in a manner that appears to give it prominence equal to or greater than earnings data).

6. Management's Discussion and Analysis

General Instructions and Interpretation

Provide MD&A for the most recent annual financial statements filed with the application for listing (or filed since the last update of the listing statement, and interim MD&A for each interim financial statement filed with the application for listing (or filed since the last update of the quotation statement). The first interim MD&A will update the annual MD&A, and each subsequent interim MD&A will update the previous interim MD&A. If the Issuer includes annual income statements, statements of retained earnings, and cash flow statements for three financial years under Section 5, provide MD&A for the second most recent annual financial statements of the Issuer.

What is MD&A? — MD&A is a narrative explanation, through the eyes of management, of how an Issuer performed during the period covered by the financial statements, and of an Issuer's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements. Management's objective when preparing the MD&A should be to improve the Issuer's overall financial disclosure by giving a balanced discussion of the Issuer's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news.

MD&A should help current and prospective investors understand what the financial statements show and do not show; discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations; discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and provide information about the quality, and potential variability, of the Issuer's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

Date of Information — In preparing the MD&A, management must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, management must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

Explain the Analysis — Explain the nature of, and reasons for, changes in the Issuer's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. The discussion should assist the reader to understand trends, events, transactions and expenditures.

Focus on Material Information —Management does not need to disclose information that is not material. Exercise judgment when determining whether information is material.

What is Material? — Would a reasonable investor's decision whether or not to buy, sell or hold the Issuer's securities likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

Forward-Looking Information — Management is encouraged to provide forward-looking information if it has a reasonable basis for making the statements. Preparing MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect the Issuer's business. However, MD&A does not require that the Issuer provide a detailed forecast of future revenues, income or loss or other information. All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, management's material assumptions and appropriate risk disclosure and cautionary language.

The MD&A must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Timely disclosure obligations might also require the Issuer to issue a news release and file a material change report.

Issuers Without Significant Revenues — If the Issuer is without significant revenues from operations, focus the discussion and analysis of results of operations on expenditures and progress towards achieving management's business objectives and milestones.

Reverse Takeover Transactions — When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

Foreign Accounting Principles — If the Issuer's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, the MD&A must focus on the primary financial statements.

Resource Issuers — If the Issuer has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. If the Issuer has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

US issuers –

(1) If the Issuer is a US issuer, for any MD&A that is included in the Listing Statement, include the disclosure prepared in accordance with subsection (2) if the Issuer:

(a) has based the discussion in the MD&A on financial statements prepared in accordance with U.S. GAAP, and

(b) is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP.

(2) In the disclosure required under subsection (1) restate, based on financial information of the Issuer prepared in accordance with, or reconciled to, Canadian GAAP, those parts of the MD&A that are based on financial statements of the Issuer prepared in accordance with U.S. GAAP, and would contain material differences if they were based on financial statements of the Issuer prepared in accordance with Canadian GAAP.

Annual MD&A

6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

MD&A dated January 20, 2021 for the Year Ended September 30, 2020 is Attached.

6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

One reportable segment, and the disclosure is provided based on geographic location (US and Canada), see Segmented Disclosure note.

(b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs, or

Not Applicable

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

Not Applicable

(c) industry and economic factors affecting the Issuer's performance;

At this time, although the Company's operations have not been drastically affected by COVID-19, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

Not Applicable

(e) the effect of discontinued operations on current operations.

Not Applicable

Instruction:

(1) When explaining changes in the Issuer's financial condition and results, include an analysis of the effect on the Issuer's continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.

(2) Financial condition includes the Issuer's financial position (as shown on the balance sheet) and other factors that may affect the Issuer's liquidity and capital resources.
(3) Include information for a period longer than one financial year if it will help the reader to better understand a trend.

Selected Annual Financial Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

Annual Information	**September 30, 2018**	**September 30, 2019**	**September 30, 2020**
net sales or total revenues	N/A	N/A	N/A
income from continuing operations	N/A	N/A	N/A
net income or loss Per Share	(1,013,482) ($0.10)	(636,558) ($0.05)	(2,226,346) ($0.05)
total assets	2,237,901	2,290,631	5,248,500
total long-term financial liabilities	N/A	N/A	N/A
cash dividends declared	N/A	N/A	N/A

6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the

Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

See above 5.1 The Financial Statements are prepared based on IFRS, reporting currency is Canadian dollars.

Instruction: Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

Not Applicable

(b) any other significant factors that caused changes in net sales or total revenues;

Not Applicable

(c) cost of sales or gross profit;

Not Applicable

(d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

The Company is near construction phase of the mine, management expects to buy, install the equipment and processing facility in the amount of US$12.7 MM in the first half of 2022 using the financing options that are currently contemplated. The construction of the mine will take 1 year time period. There is an estimated cost in consulting/geological fee of US$500,000.

(e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

The Company went through the equity financing, raising approximately $2,000,000. The Company's shareholders also exercise options/warrants which attributes to the Company's cash position. During the nine month period ended June 30, 2021, near $2.1 MM was raised through these exercises.

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

Not Applicable

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

Not Applicable

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

Not Applicable

Instruction: The discussion under Item 6.5(d) should include:

a) whether or not management plans to expend additional funds on the project; and
b) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Period	**net sales or total revenues**	**income from continuing operations**	**net income or loss**
Sep 30, 2019	N/A	N/A	(421,129) (0.01) Per Share
Dec 31, 2019	N/A	N/A	(87,442) (0.01) Per Share
March 31, 2020	N/A	N/A	(530,770) (0.01) Per Share
June 30, 2020	N/A	N/A	(521,021) (0.01) Per Share
Sep 30, 2020	N/A	N/A	(427,494) (0.01) Per Share
Dec 31, 2020	N/A	N/A	191,965 0.00 Per Share
March 31, 2021	N/A	N/A	(568,869) ($0.01) Per Share
June 30, 2021	N/A	N/A	(2,147,558) ($0.01) Per Share

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

The Company continued its exploration activities during the above noted periods, no significant variations noted.

Instruction:

(1) The most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year. Information does not have to be provided for a quarter prior to the Issuer becoming a reporting issuer if the Issuer has not prepared financial statements for those quarters.

(2) For sections 6.2, 6.3, 6.4 and 6.5 consider identifying, discussing and analyzing the following factors:

a) changes in customer buying patterns, including changes due to new technologies and changes in demographics;

b) changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;

c) changes in competition, including an assessment of the Issuer's resources, strengths and weaknesses relative to those of its competitors;

d) the effect of exchange rates;

e) changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;

f) changes in production capacity, including changes due to plant closures and work stoppages;

g) changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;

h) changes in the terms and conditions of service contracts;

i) the progress in achieving previously announced milestones; and

j) for resource Issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.

(3) Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

Historically, the Company has been financed via debt and equity and will continue to do so until the production.

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

There is a risk where the Company will not be able to raise these funds which will materially impact the Company's ability to continue as a going concern.

(c) its working capital requirements;

Same as 6.7 (a) and (b)

(d) liquidity risks associated with financial instruments;

Same as 6.7 (a) and (b)

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

Same as 6.7 (a) and (b)

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

Same as 6.7 (a) and (b)

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

Not Applicable

(h) defaults or arrears or anticipated defaults or arrears on

Not Applicable

(i) dividend payments, lease payments, interest or principal payment on debt,
(ii) debt covenants during the most recently completed financial year, and
(iii) redemption or retraction or sinking fund payments; and

(i) details on how the Issuer intends to cure the default or arrears.

Not Applicable

Instruction:

(1) In discussing the Issuer's ability to generate sufficient amounts of cash and cash equivalents, describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.

(2) In discussing trends or expected fluctuations in the Issuer's liquidity and liquidity risks associated with financial instruments, discuss

(a) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment (examples of such situations are provisions linked to credit rating, earnings, cash flows or share price); and

(b) circumstances that could impair the Issuer's ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.

(3) In discussing the Issuer's working capital requirements, discuss situations where the Issuer must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.

(4) In discussing the Issuer's balance sheet conditions or income or cash flow items consider a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. This summary and table is not, however, mandatory. An example of a table that can be adapted to the Issuer's particular circumstances follows:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations[1]					
Other Long Term Obligations [2]					
Total Contractual Obligations					

[1] "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

[2] "Other Long Term Obligations" means other long-term liabilities reflected on the Issuer's balance sheet.

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of the Issuer's specified contractual obligations.

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including:

(i) the amount, nature and purpose of these commitments,

There is no significant commitments that the Company has entered into other than the office lease expiring in June 2022. The total amount of which is $19,000. The budgeted construction of the mine has no commitments as of this date.

(ii) the expected source of funds to meet these commitments, and

Currently, the Company is working on US$13M funding with the United States Department of Agriculture (USDA) and $10M private activity bond to finance its mines and infrastructure construction. There is no material commitments to the current debtors.

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

The projected G&A is expected to be at $1.3 MM and $500K on project related fees for the full year.

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

Not Applicable

(c) sources of financing that the Issuer has arranged but not yet used.

Not Applicable

Instruction:

(1) Capital resources are financing resources available to the Issuer and include debt, equity and any other financing arrangements that management reasonably considers will provide financial resources to the Issuer.

(2) In discussing the Issuer's commitments management should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

Not Applicable

(a) a description of the other contracting part(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Instruction:

(1) Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with the Issuer, under which the Issuer has

(a) any obligation under certain guarantee contracts;

(b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;

(c) any obligation under certain derivative instruments; or

(d) any obligation under a material variable interest held by the Issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Issuer, or engages in leasing, hedging or, research and development services with the Issuer.

(2) Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

(3) Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.

(4) The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

RELATED PARTY DISCLOSURE **Name and Principal Position**	**Period**[i]		**Remuneration or fees**[ii]		**Share-based payments**		**Amounts Payable and Accrued Liabilities**
CEO and Director – Management fees	**2021**	**$**	**108,000**	**$**	**364,500**	**$**	**8,500**
	2020	$	88,828	$	127,000	$	75,278
CFO – Management fees	**2021**	**$**	**36,000**	**$**	**135,000**	**$**	**4,100**
	2020	$	36,000	$	-	$	2,834
CFO – Professional fees	**2021**	**$**	**39,060**	**$**	**-**	**$**	**-**
	2020	$	17,174	$	-	$	-
Directors – Director fees	**2021**	**$**	**3,250**	**$**	**405,000**	**$**	**6,038**
	2020	$	11,500	$	-	$	12,038
Directors – Consulting fees	**2021**	**$**	**70,500**	**$**	**337,500**	**$**	**3,050**
(VP Explorations, director)	2020	$	30,000	$	-	$	10,500
Total	**2021**	**$**	**256,810**	**$**	**1,242,000**	**$**	**21,688**
	2020	$	183,502	$	127,000	$	100,650

(i) For the nine months ended 30 June 2021 and 2020.
(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. There is a 2-month notice period that is required should the Company wish to terminate the officers of the Company. The Company granted 4,600,000 stock options to it's directors and officers in May 2021. During the nine month period ended 30 June 2021, the Company had received $600,000 from unrelated parties. This loan was settled by the Company's related parties (CEO and Director) who had transferred their Company's common shares in settlement.

Instruction: In discussing the Issuer's transactions with related parties, the discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of each transaction's business purpose and economic substance. Management should discuss:

(a) the relationship and identify the related person or entities;
(b) the business purpose of the transaction;
(c) the recorded amount of the transaction and the measurement basis used; and
(d) any ongoing contractual or other commitments resulting from the transaction.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

During the year ended, and as part of the audit, the impairment was recorded for Wilcox property due to non-renewal. This has resulted in rounded $650,000 of impairment loss.

6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

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 is settled by issuing 5,300,000 common shares. There is a profit-sharing component whereby the Mujim Group will receive US$10/tonne from future sales.

6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

Not Applicable

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

(ii) describe the accounting principle that has been adopted and the method of applying that principle,

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives,

(B) identify the alternatives,

(C) describe why management made the choice that you did, and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Instruction: Management does not have to present the discussion under paragraph 6.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

The Company's financial instruments include cash, restricted cash, accounts payable and short-term loans.

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

As at 30 June 2021, 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.

(b) describe and analyze the risks associated with the instruments;

No significant risks identified

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

Not Applicable

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

Not Applicable

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Not Applicable

Instruction:

(1) "Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.

(2) The discussion under paragraph 6.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on the Issuer's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.

(3) For purposes of paragraph 6.14(c), if the Issuer is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the Issuer's exposure to price risk.

(4) For purposes of paragraph 6.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

Interim MD&A dated August 30, 2021 for the period ended June 30, 2021.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Interim MD&A dated August 30, 2021 for the period ended June 30, 2021 is attached.

Instruction:

(1) For the purposes of paragraph (b), do not duplicate the discussion and analysis of financial condition in the annual MD&A. For example, if economic and industry factors are substantially unchanged the interim MD&A may make a statement to this effect.

(2) For the purposes of subparagraph (a)(i), you should generally give prominence to the current quarter.

(3) In discussing the Issuer's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under section 6.7. Instead, you should disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of the Issuer's business.

(4) Interim MD&A is not required for the Issuer's fourth quarter as relevant fourth quarter content will be contained in the Issuer's annual MD&A.

6.17 Additional Disclosure for Issuers without Significant Revenue:

(a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

(ii) expensed research and development costs,

(iii) deferred development costs,

(iv) general and administration expenses, and

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

(b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and

(c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

The information is disclosed in the Financial Statements and MD&A.

6.18 Description of Securities:

(a) disclose the designation and number or principal amount of:

(i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,

(ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and

(iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;

(b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and

(c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

Capital Structure as at September 29, 2021

# of Outstanding Shares	106,790,832
# of Options	9,149,500
# of Warrants	16,621,702
Fully Diluted Shares	132,562,034

6.19 Provide Breakdown:

(a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

(i) capitalized or expensed exploration and development costs,

See table below

(ii) expensed research and development costs,

Not Applicable

(iii) deferred development costs,

Not Applicable

(iv) general and administrative expenses, and

Same as FS

(v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);

Not Applicable

(b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and

(c) provide the disclosure in subsection (a) for the following periods:

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

The following table summarizes exploration and evaluation assets:

Exploration and Evaluation Assets		**Lost Sheep**		**Liard Fluorspar**		**Vanadium Ridge**		**Jackpot Lake**		**Wilcox Playa**		**Ontario Properties**		**Total**
Balance as at 1 October 2019	$	-	$	-	$	312,000	$	1,212,782	$	647,892	$	4	$	2,172,678
Acquisition		-		431,000		-		-		-		-		431,000
Acquired upon Amalgamation		1,459,064		-		-		-		-		-		1,459,064
Drilling		696,806		-		-		-		-		-		696,806
Geological consulting		260,452		-		-		-		-		-		260,452
Other		32,876		1,332		-		-		2,008		-		36,216
Impairment		-		-		-		-		(649,900)		-		(649,900)
Adjustments on currency translation		37,698		-		-		-		-		-		37,698
Balance as at 30 September 2020	$	2,486,896	$	432,332	$	312,000	$	1,212,782	$	-	$	4	$	4,444,014
Acquisition		**30,883**		**2,272**		**-**		**-**		**-**		**-**		**33,155**
Drilling		**167,269**		**-**		**-**		**-**		**-**		**-**		**167,269**
Geological consulting		**1,080,112**		**-**		**-**		**-**		**-**		**-**		**1,080,112**
Skating and claiming		**103,353**		**-**		**-**		**54,987**		**-**		**-**		**158,340**
Other		**-**		**-**		**-**		**-**		**-**		**-**		**-**
Administration and camp		**125,500**		**-**		**-**		**-**		**-**		**-**		**125,500**
Adjustments on currency translation		**(66,111)**		**-**		**-**		**-**		**-**		**-**		**(66,111)**
Balance as at 30 June 2021	**$**	**3,927,902**		**434,604**		**312,000**		**1,267,769**		**-**		**4**		**5,942,279**

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

the period of time the proceeds raised are expected to fund operations;

the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and

the estimated amount of other material capital expenditures during that period of time.

The processing facility that is budgeted in the amount of US$12.7 MM. The funding for this business objective is contingent upon successful completion of US$13M funding with the United States Department of Agriculture (USDA) and $10M private activity bond to finance its mines and infrastructure construction.

6.21 Additional disclosure for Issuers with significant equity investees:

Not Applicable

if the Issuer has a significant equity investee

(i) summarized information as to the assets, liabilities and results of operations of the equity investee, and

(ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

(i) the two most recently completed financial years, and

(ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

(i) the information required under that subsection has been disclosed in the financial statements included, or

(ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

7. Market for Securities

7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

Market	Symbol
TSXV	ARS
OTC	ARSMF
FRA	N8I1

8. Consolidated Capitalization

8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

	Common Shares	**Options**	**Warrants**	**Fully diluted**	**Fully diluted %**
Balance as at 30 September 2020	78,217,901	6,850,000	31,734,665	116,802,566	88.11%
Shares issued for private placement	3,645,000		51,000	3,696,000	2.79%
Shares issued upon Amalgamation	600,000			600,000	0.45%
Shares issued for debt	713,468			713,468	0.54%
Shares issued for profit sharing agreement	5,300,000			5,300,000	4.00%
Shares issued upon exercises of warrants	15,163,963		-15,163,963	0	0.00%
Shares issued upon exercises of options	3,150,500	-3,150,500		0	0.00%
Options granted		5,450,000		5,450,000	4.11%
Balance as at 29 September 2021	**106,790,832**	**9,149,500**	**16,621,702**	**132,562,034**	**100%**

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

(a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;

(b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

(c) all other employees and past employees of the Issuer as a group, without naming them;

(d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;

(e) all consultants of the Issuer as a group, without naming them; and

(f) any other person or company, including the underwriter, naming each person or company.

Options as at September 29, 2021

	Numbers	Exercise Price $	Expiry Date
Various	150,000	1.30	Jan 24, 2022
Executive Officer	1,399,500	0.10	Mar 8, 2022
Various	1,400,000	0.13	Aug 30, 2022
Consultant	750,000	0.15	Aug 30, 2022
Various	5,450,000	0.62	May 19, 2023

Instruction:

(1) Describe the options, stating the material provisions of each class or type of option, including:

(a) the designation and number of the securities under option;

(b) the purchase price of the securities under option or the formula by which the purchase price will be determined, and the expiration dates of the options;

(c) if reasonably ascertainable, the market value of the securities under option on the date of grant;

(d) if reasonably ascertainable, the market value of the securities under option on the specified date; and

(e) with respect to options referred to in paragraph (f) of Item 9.1, the particulars of the grant including the consideration for the grant.

(2) For the purposes of item (f) of section 9.1, provide the information required for all options except warrants and special warrants.

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

a) dividend rights;

b) voting rights;

c) rights upon dissolution or winding-up;

d) pre-emptive rights;

e) conversion or exchange rights;

f) redemption, retraction, purchase for cancellation or surrender provisions,

g) sinking or purchase fund provisions;

h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

i) provisions requiring a securityholder to contribute additional capital.

The Corporation shall be authorized to issue an unlimited number of each of the following classes of shares: Preferred Shares and Common Shares.

7(1) . The Preferred Shares as a class shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) Voting: Subject to any requirements under the Business Corporations Act (Ontario) (the "Act"), the holders of the Preferred Shares shall not be entitled to receive notice of and to attend any meetings of the shareholders of the Corporation, nor shall they be entitled to vote (whether separately as a class, or together with any other outstanding shares as one combined class) at any such meeting.

(b) Issuance in Series: The Preferred Shares may be issued from time to time in one or more series and, subject to these articles, the board of directors is authorized to fix, from time to time before issuance, the number of shares in and the designation, rights, privileges, restrictions and conditions attaching to tte shares of each series of Preferred Shares.

(c) Dividends and Other Distributions: The Preferred Shares of each series shall be entitled to the payment of dividends from the Corporation at such rate, and subject to such terms and conditions, as determined by the board of directors of the Corporation prior to issuance. In the event of the liquidation, dissolution or winding—up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series as well as with the Common Shares.

(d) Other Rights: The Preferred Shares of any series shall also be entitled to such other rights, privileges, restrictions, conditions, including preferences over the Common Shares, as are designated by the board of directors of the Corporation prior to issuance, to the extent not inconsistent with these provisions and the requirements of the Act.
7(2) . The Common Shares as a class shall have attached thereto the following rights, privileges, restrictions and conditions:
(a) Voting: The holders of the Common Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and to ore vote in respect of each Common Share held at all such meetings.
(b) Dividends: Subject to the rights of the holders of the Preferred Shares, the holders of the Common Shares shall be entitled to receive and participate rateably in any dividends declared by the board of directors of the Corporation.
(c) Liquidation, Dissolution or Winding—Up: Subject to the rights of the holders of the Preferred Shares, in the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purposes of winding up its affairs, the holders of the Common Shares shall participate ratably with the Preferred Shares in the distribution of the assets of the Corporation.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

Not Applicable

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions,

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the Issuer and

(h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

Not Applicable

10.5 Modification of terms:

Not Applicable

(a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

(b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

10.6 Other attributes:

Not Applicable

(a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and

(b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

10.7	**Prior Sales by Ares or related parties**	
Date	# Shares Sold	$ /Share
Oct-20	284,875	$0.23-0.27
Dec-20	660,000	$0.33-0.51
Jan-21	215,000	$0.45-0.62
Feb-21	449,000	$0.55-0.58
Mar-21	411,000	$0.54-0.56

17-Mar-21	3,645,000	$0.50
Apr-21	488,000	$0.57-0.72
May-21	2,023,500	$0.61-0.77
Jul-21	159,375	$0.55-0.70

Instruction: In the case of sales by a Related Person, the information required under section 10.7 may be given in the form of price ranges for each calendar month.

10.8 Stock Exchange Price:

a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;

b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and

c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

TSXV - ARS

Period	Price Range	Volume
Jul – Sep 2019	0.1	0.0
Oct – Dec 2019	0.1	0.0
Jan – Mar 2020	0.075-0.105	1,052,149
Apr – Jun 2020	0.075-0.12	2,428,476
Jul – Sep 2020	0.075-0.20	11,343,173
Oct – Dec 2020	0.19-0.53	22,811,168
Jan – Mar 2021	0.405-0.61	14,879,870
Apr 2021	0.56-0.75	3,248,844
May 2021	0.6-0.79	6,693,449
Jun 2021	0.55-0.74	2,183,627
Jul 2021	0.58-0.73	1,483,407
Aug 2021	0.55-0.62	779,764
Sep 2021	0.55	0.0

11. Escrowed Securities

Not Applicable

11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

ESCROWED SECURITIES

Designation of class held in escrow	Number of securities held in escrow	Percentage of class

12. Principal Shareholders

12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:

(a) Name;

(b) The number or amount of securities owned of the class to be listed;

(c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and

(d) The percentages of each class of securities known by the Issuer to be owned.

(2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

(3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement.

State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

(4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

(5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

Instruction: If a company, partnership, trust or other unincorporated entity is a principal shareholder of an Issuer, disclose, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of the company or membership in the partnership, as the case may be, is a principal shareholder of the company or partnership.

Not Applicable

13 Directors and Officers

13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Name	**Residence**	**Position**	**Committee Member**	**Since**	**Occupations**	**# of Shares**	**%**
Karl Marek	Dublin, Ireland	Director	Audit & Compensation	June 1, 2019	Businessman	2,702,966	2.53
Paul Sarjeant	Ontario, Canada	Director	Audit & Compensation	Oct 13, 2011	Professional Engineer	31,250	0.03
Changxian Li	Beijing, China	Director		Oct 19, 2016	Businessman	964,900	0.9
Bob Li	Beijing, China	Director		Jun 9, 2020	Businessman	6,048,076	5.66
Raul Sanabria	BC, Canada	Director & VP Exploration		June1, 2019	Professional Geologist	875,750	0.82
James Walker	BC, Canada	Director, President & CEO	Audit & Compensation	Dec 1, 2019	Professional Engineer	3,275,500	3.07
Viktoriya Griffin	BC, Canada	CFO		Jan 21, 2019	Professional Accountant	100,000	0.09

Instruction: If, during the period, a director or officer has held more than one position with the Issuer or the Issuer's controlling shareholder or a subsidiary of the Issuer, state only the current position held.

13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

See above

13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

Not applicable

Instruction: Securities of subsidiaries that are beneficially owned, directly or indirectly, or over which control or direction is exercised by directors or executive officers through ownership or control or direction over securities of the Issuer do not need to be included.

13.4 Disclose the board committees of the Issuer and identify the members of each committee.

See above

13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

Name	**Officer other than Ares**	**Principal Business**
Paul Sarjeant	Doublewood Consulting Inc.	geological consulting services
Changxian Li	OMC Investments Limited	A resources trading company
Bob Li	Mujim Group	Fluorspar Producer
Raul Sanabria	Baroyeca Gold & Silver Inc.	Natural Resource Exploration
Viktoriya Griffin	Viktoriya Griffin CFO Corporation	CFO and accounting services

13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

Paul Sarjeant, currently a Director of Ares, was a Director of G4G Resources Ltd. until his departure on May 8th 2013. G4G failed to file year-end financial statements and MD&A, and was subsequently subject to a Cease Trade Order issued by the British Columbia Securities Commission on May 8th 2013. The Cease Trade Order was subsequently revoked on August 7, 2013 after the Company was taken over by David D' Onofrio and the PowerOne Group. G4G changed its name to White Gold Corp, and commenced trading under the TSXV.

On 30 July 2021, all the officers and directors of the Company were subject to the Company being delisted from the TSX Venture Exchange at the close of market hours on the 29th of July. The intention was to commence trading on the 30th July, 2021 on the Canadian Securities Exchange (the “CSE”). However, it is necessary for the Company to complete an updated NI 43- 101 report on its Utah Fluorspar project, to meet the British Columbia Securities Commission (BCSC) disclosure requirements, before being able to complete its CSE application. After being informed of these requirements, the Company commenced this work and currently ceased trading pending acceptance of the new NI 43-101 report.

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

Not Applicable

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

Not Applicable

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Not Applicable

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

Not Applicable

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

Not Applicable

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

Not Applicable

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

Not Applicable

13.11 Management — In addition to the above provide the following information for each member of management:

(a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;

(b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;

(c) state whether the individual is an employee or independent contractor of the Issuer;

(d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:

(i) its name and principal business,

(ii) if applicable, that the organization was an affiliate of the Issuer,

(iii) positions held by the individual, and

(iv) whether it is still carrying on business, if known to the individual;

(e) describe the individual's experience in the Issuer's industry; and

(f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

Name	Age	Position	Responsibility	Education	Time spend	Independent Contractor	Occupation
James Walker	38	President & CEO	Overall Operation	Professional Engineer	90%	Yes	CEO, Engineer
Raul Sanabria	44	VP Exploration	Exploration	Professional Geologist	50%	Yes	VP of Explorations
Viktoriya Griffin	38	CFO	Accounting	Professional Accountant	75%	Yes	Professional Accountant
Tuangphak Klaimanee	58	Corporate Secretary	General Administration	M.B.A.	75%	Yes	Business Consultant

Instruction:

(1) For purposes of this Item "management" means all directors, officers, employees and contractors whose expertise is critical to the Issuer, its subsidiaries and proposed subsidiaries in providing the Issuer with a reasonable opportunity to achieve its stated business objectives.

(2) The description of the principal occupation of a member of management must be specific. The terms "businessman" or "entrepreneur" are not sufficiently specific.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	%of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	106,790,832	132,562,034	100	100
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)				
Bob Li	6,048,076	10,397,364	5.66	7.82
Total Public Float (A-B)	100,742,756	122,164,670	94.34	92.18
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	697,747	697,747	0.65	0.52

Total Tradeable Float (A-C)	106,093,085	131,864,287	99.35	99.48

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	45	1,791
100 – 499 securities	103	25,871
500 – 999 securities	60	35,958
1,000 – 1,999 securities	80	100,941
2,000 – 2,999 securities	32	74,884
3,000 – 3,999 securities	21	71,805
4,000 – 4,999 securities	13	57,566
5,000 or more securities	293	100,373,940
	646	100,742,756

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities		
Unable to confirm	37	14,114,883

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities	1	6,048,076

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

As of September 29, 2021

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Options	9,149,500	9,149,500
Warrants	16,621,702	16,621,702

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Not Applicable

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission (1) ($)**	**Bonus ($)**	**Committee or meeting fees (1) ($)**	**Value of perquisites ($)**	**Value of all other compensation ($)**	**Total compensation ($)**
Karl Marek Chairman	2020 2019	45,000 Nil	Nil Nil	2,500 750	Nil Nil	42,000 Nil	89,500 750
James Walker President and Chief Executive Officer	2020 2019	124,828 96,000	Nil Nil	Nil Nil	Nil Nil	183,000 Nil	307,828 96,000
Viktoriya Griffin (2) Chief Financial Officer	2020 2019	48,000 40,169	Nil Nil	Nil Nil	Nil Nil	45,495 Nil	93,495 40,169
Paul Sarjeant (3) Director	2020 2019	Nil Nil	Nil Nil	2,750 1,250	Nil Nil	30,000 Nil	32,750 1,250
Changxian Li Director	2020 2019	Nil Nil	Nil Nil	2,000 1,000	Nil Nil	24,000 Nil	26,000 1,000
Raul Sanabria Director	2020 2019	55,500 Nil	Nil Nil	2,250 500	Nil Nil	60,000 Nil	117,750 500
Bob Li(4) Director	2020 2019	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Stock Options and Other Compensation Securities

The following table provides information regarding the compensation securities granted or issued to each director and Named Executive Officer by the Corporation during the financial year ending September 30, 2020:

Compensation Securities

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price ($)	Closing price of security or underlying security on date of grant ($)	Closing price of security or underlying security at year end ($)	Expiry date
Karl Marek [1] Chairman	Option[2]	350,000	Aug 31, 2020	0.13	0.20	0.53	Aug 31, 2022
James Walker[3] President and Chief Executive Officer	Option[2]	2,800,000 450,000	Mar 31, 2020 Aug 31, 2020	0.10 0.13	0.09 0.20	0.53 0.53	Mar 31, 2022 Aug 31, 2022
Viktoriya Griffin Chief Financial Officer	Option[2]	200,000	Aug 31, 2020	0.13	0.20	0.53	Aug 31, 2022
Paul Sarjeant[4] Director	Option[2]	250,000	Aug 31, 2020	0.13	0.20	0.53	Aug 31, 2022
Changxian Li[5] Director	Option[2]	200,000	Aug 31, 2020	0.13	0.20	0.53	Aug 31, 2022
Raul Sanabria Director	Option[2]	350,000	Aug 31, 2020	0.13	0.20	0.53	Aug 31, 2022
Bob Li[7] Director	Option[2]	200,000	Aug 31, 2020	0.13	0.20	0.53	Aug 31, 2022

16. Indebtedness of Directors and Executive Officers

Not Applicable

16.1 Aggregate Indebtedness

(1) Complete the above table for the aggregate indebtedness outstanding as at a date within thirty days before the date of the information circular entered into in connection with:

(a) a purchase of securities; and

(b) all other indebtedness.

(2) Report separately the indebtedness to:

AGGREGATE INDEBTEDNESS ($)		
Purpose	To the Issuer or its Subsidiaries	To Another Entity
(a)	(b)	(c)
Share purchases		
Other		

(a) the Issuer or any of its subsidiaries (column (b)); and

(b) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries (column (c)),

of all officers, directors, employees and former officers, directors and employees of the Issuer or any of its subsidiaries.

(3) “Support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Most Recently Completed Financial Year] ($)	Amount Outstanding as at [the date of the Form] ($)	Financially Assisted Securities Purchases During [Most Recently Completed Financial Year] (#)	Security for Indebtedness	Amount Forgiven During [Most Recently Completed Financial Year] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Securities Purchase Programs						
Other Programs						

(1) Complete the above table for each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Issuer, each proposed nominee for election as a director of the Issuer, and each associate of any such director, executive officer or proposed nominee,

(a) who is, or at any time since the beginning of the most recently completed financial year of the Issuer has been, indebted to the Issuer or any of its subsidiaries, or

(b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries,

and separately disclose the indebtedness for security purchase programs and all other programs.

(2) Note the following:

Column (a) – disclose the name and principal position of the borrower. If the borrower was, during the year, but no longer is a director or executive officer, state that fact. If the borrower is a proposed nominee for election as a director, state that fact. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director or executive officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual.

Column (b) – disclose whether the Issuer or a subsidiary of the Issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding.

Column (c) – disclose the largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year.

Column (d) – disclose the aggregate amount of indebtedness outstanding as at a date within thirty days before the date of the information circular.

Column (e) – disclose separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (security purchase programs only).

Column (f) – disclose the security for the indebtedness, if any, provided to the Issuer, any of its subsidiaries or the other entity (security purchase programs only).

Column (g) – disclose the total amount of indebtedness that was forgiven at any time during the last completed financial year.

(3) Supplement the above table with a summary discussion of:

(a) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including:

(i) the nature of the transaction in which the indebtedness was incurred,

(ii) the rate of interest,

(iii) the term to maturity,

(iv) any understanding, agreement or intention to limit recourse, and

(v) any security for the indebtedness;

(b) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding. Forgiveness of indebtedness reported in column (g) of the above table should be explained; and

(c) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including the provisions for exchange, conversion, exercise, redemption, retraction and dividends.

Instruction:

(1) For purposes of this item, the following interpretation applies to the term "routine indebtedness":

(a) A loan, whether or not in the ordinary course of business, is considered as routine indebtedness if made on terms, including terms relating to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the Issuer to employees generally unless the amount at any time during the last completed financial year remaining unpaid under the loans to any one director or executive officer together with his or her associates exceeds $25,000, in which case the indebtedness is not routine;

(b) A loan made by an Issuer to a director or executive officer, whether or not the Issuer makes loans in the ordinary course of business, is routine indebtedness if:

(i) the borrower is a full-time employee of the Issuer or a subsidiary of the Issuer,

(ii) the loan is fully secured against the residence of the borrower, and

(iii) the amount of the loan does not exceed the annual aggregate salary of the borrower from the Issuer and its subsidiaries;

(c) If the Issuer makes loans in the ordinary course of business, a loan to a person or company other than a full-time employee of the Issuer or of a subsidiary of the Issuer is routine indebtedness, if the loan:

(i) is made on substantially the same terms, including terms relating to interest rate and security, as are available when a loan is made to other customers of the Issuer with comparable credit ratings, and

(ii) involves no greater than usual risks of collectability; and

(d) Indebtedness for purchases made on usual trade terms, for ordinary travel or expense advances or for loans or advances made for similar purposes is routine indebtedness if the repayment arrangements are in accordance with usual commercial practice.

(2) For purposes of this item, "support agreement" includes an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

(3) No disclosure need be made under this item of indebtedness that has been entirely repaid on or before the date of the Listing Statement.

17. Risk Factors

17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.

The Company anticipates no unusual risks outside of normal market fluctuations.

17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.

Not Applicable

17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

Not Applicable

Instruction: Disclose risks in the order of seriousness from the most serious to the least serious. A risk factor must not be de-emphasized by including excessive caveats or conditions.

18. Promoters

Instruction: In this Part, "promoter" includes any person performing Investor Relations Activities (as defined in the Policies) for the Issuer.

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

(a) the person or company's name;

The Company has employed Zimtu to promote its stock.

(b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;

Zimtu currently owns 1,250,000 shares and 625,000 warrants of the Company.

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and

Not Applicable

(d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:

Not Applicable

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

Not Applicable

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and

Not Applicable

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer; or

Not Applicable

b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

Not Applicable

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(2) For the purposes of section 18.2 (1), “order” means:

Not Applicable

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

(3) If a promoter referred to in section 18.2 (1):

Not Applicable

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

(4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

Not Applicable

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

(5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

Not Applicable

Instruction: *The disclosure required by sections 18.2(2), 18.2(4) and 18.2(5) also applies to any personal holding companies of any of the persons referred to in sections 18.2(2), 18.2(4), and 18.2(5).*

1. *A management cease trade order which applies to a promoter referred to in section 18.1 is an "order" for the purposes of section 18.2(2)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.*

2. *For the purposes of this section, a late filing fee, such as a filing fee that applies to the late filing of an insider report, is not a "penalty or sanction". The disclosure in section 18.2(2)(a) only applies if the promoter was a director, chief executive officer or chief financial officer when the order was issued against the person or company. The Issuer does not have to provide disclosure if the promoter became a director, chief executive officer or chief financial officer after the order was issued*

19. Legal Proceedings

Not Applicable

19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Instruction: No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 per cent of the current assets of the Issuer and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in the other proceedings shall be included in computing the percentage.

19.2 Regulatory actions - Describe any:

Not Applicable

(a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;

(b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and

(c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

Not Applicable

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

(a) any director or executive officer of the Issuer;

(b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and

(c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

Instruction:

(1) The materiality of an interest is to be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors to be considered in determining the significance of the information to investors.

(2) Give a brief description of the material transaction. Include the name of each person or company whose interest in any transaction is described and the nature of the relationship to the Issuer.

(3) For any transaction involving the purchase of assets by or sale of assets to the Issuer or a subsidiary of the Issuer, state the cost of the assets to the purchaser, and the cost of the assets to the seller if acquired by the seller within three years before the transaction.

(4) This item does not apply to any interest arising from the ownership of securities of the Issuer if the security holder receives no extra or special benefit or advantage not shared on an equal basis by all other holders of the same class of securities or all other holders of the same class of securities who are resident in Canada.

(5) Information must be included as to any material underwriting discounts or commissions upon the sale of securities by the Issuer if any of the specified persons or companies were or are to be an underwriter or are associates, affiliates or partners of a person or company that was or is to be an underwriter.

(6) No information need be given in answer to this item as to a transaction, or an interest in a transaction, if

(a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;

(b) the interest of a specified person or company in the transaction is solely that of a director of another company that is a party to the transaction;

(c) the transaction involves services as a bank or other depository of funds, a transfer agent, registrar, trustee under a trust indenture or other similar services; or

(d) the transaction does not involve remuneration for services and the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company that is party to the transaction and the transaction is in the ordinary course of business of the Issuer or its subsidiaries.

(7) Describe all transactions not excluded above that involve remuneration (including an issuance of securities), directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, of less than 10 per cent of any class of equity securities of another company furnishing the services to the Issuer or its subsidiaries.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

Manning Elliott
17th Floor, 1030 west Georgia street
Vancouver, BC V6E 2Y3

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

	Transfer agent, Registrar, Trustee
Shares	TSX Trust Company 301-100 Adelaide Street West, Toronto, ON M5H 4H1
Options	Ares Strategic Mining Inc. 1001-409 Granville St, Vancouver, BC V6C 1T2
Warrants	Ares Strategic Mining Inc. 1001-409 Granville St, Vancouver, BC V6C 1T2

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

The following contracts are described in MD&A and FS:

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.

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 22 June 2020, Ares signed an agreement with Zimtu Capital Corp. (TSXV: ZC; FSE: ZCT1) ("Zimtu") whereas Zimtu shall provide Ares services under the Zimtu ADVANTAGE program. Zimtu ADVANTAGE is a program designed to provide opportunities, guidance, cost savings and assistance to clients covering multiple aspects of being a public company. The services may include building financial networks, building business networks, shared costs with other public companies, building a social media presence, conference opportunities, media outlets and guidance, and special group pricing provided by Zimtu's network of public company professionals. Under the terms of the agreement, Zimtu shall receive $8,333 per month, payable in advance, for a period of twelve months.

On 29 May 2020, the Board approved the employment of Market IQ Inc., and Axe Communications Inc. to assist with marketing, advertising, distribution of news – particularly within the United States, article writing, and market analytics.

On 13 April 2020, the Company entered into Mineral Property Acquisition Agreement to acquire 100% interest in of 14 claims in the Liard Fluorspar Property located in British Columbia from private owners of the property.

On 18 February 2020, the Company completed Amalgamation (described above).

Instruction:

(1) The term "material contract" for this purpose means a contract that can reasonably be regarded as material to a proposed investor in the securities being listed and may in some circumstances include contracts with a person or company providing the Issuer with promotional or investor relations services.

(2) Set out a complete list of all material contracts, indicating those that are disclosed elsewhere in Listing Statement and provide particulars about those material contracts for which particulars are not given elsewhere in the Listing Statement.

(3) Particulars of contracts should include the dates of, parties to, consideration provided for in, and general nature of, the contracts.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

23 Interest of Experts

Raul Sanabria, P.Geo., is a qualified person as defined by NI 43-101 has reviewed and approved the technical contents of the Company news release. Mr. Sanabria is a Director and Shareholders of the Company.

23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.

23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.

23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.

23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

24. Other Material Facts

Not Applicable

24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

25. Financial Statements

25.1 Provide the following audited financial statement for the Issuer:

(a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and

(b) a copy of financial statements for any completed interim period of the current fiscal year.

Sep 30, 2018 - 2019 - 2020 year-end audited Financial Statements and Dec 31, 2020, March 31 and June 30, 2021 Interim Financial Statements are attached.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

Not Applicable

(a) the information required in sections 5.1 to 5.3 for the target;

(b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;

(c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:

(i) the last full fiscal year of the Issuer, and

(ii) any completed interim period of the current fiscal year.

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, (full legal name of the Issuer), hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver

this 29th day of September, 2021.

Chief Executive Officer

Chief Financial Officer

Promoter (if applicable)

Director – Karl Marek

Director – Raul Sanabria

CERTIFICATE OF THE TARGET

The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the target). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver

this 29th day of September, 2021.

Chief Executive Officer

Chief Financial Officer

Promoter (if applicable)

Director – Karl Marek

Director – Raul Sanabria

APPENDIX A: MINERAL PROJECTS

(1) Property Description and Location – Describe:

(a) the area (in hectares or other appropriate units) and location of the property;

Lost Sheep Fluorspar Property located in the Spor Mountain area, Juab County, western Utah, U.S.A. The Lost Sheep Property consists of 111 unpatented claims on BLM lands covering approximately 924.6 ha (2,283 acres). The Property is situated in the Basin and Range Province and covers approximately 8 km strike length of Paleozoic sedimentary rocks and overlying Tertiary volcanic rocks hosting fluorite mineralized breccia pipes and veins.

The Lost Sheep Property is located 70 km northwest of the City of Delta, in Millard County, and 150 km southwest of Salt Lake City. The past-producing Lost Sheep Mine in the northern part of the Property is located at 39° 45' 40" N latitude and 113° 11' 46" W longitude and at UTM coordinates 311,880 m E and 4,403550 m N (WGS84 Zone 12S).

(b) the nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights;

The Lost Sheep Property includes a total of 111 unpatented lode mining claims on Federal Bureau of Land Management ("BLM") lands. Each claim is nominally 8.37 ha (20.66 acres) and the Property covers approximately 924.6 ha (2,283 acres).

To maintain the validity of these claims, an annual rental or holding fee, currently US$165/claim/year must be paid to the BLM prior to the end of each assessment year at September 1st. This amount is adjusted for accumulated inflation every five (5) years. A "Small Miner Exemption" allows a holder of 10 or fewer claims in total the right to substitute the performance of "assessment work" in lieu of paying these annual rental fees. The current total BLM fee to hold all 111 claims is US$18,315 and was due and paid before September 1, 2021.

In August 2021, Ares staked an additional 251 claims, SM 001 to SM 258, on the land surrounding their existing Lost Sheep area claims. These claims have been submitted to the Utah BLM and are pending approval.

On February 18, 2020, the Company completed the acquisition of 100% interest in the past producing Lost Sheep Fluorspar Mine and the Lost Sheep Property from American Strategic Minerals Inc., a private company incorporated under the laws of British Columbia, through an amalgamation agreement. American Strategic Minerals' wholly owned subsidiary, 101017 BC Inc., incorporated in the state of Delaware, USA, is the corporate entity that holds the Lost Sheep Property assets.

(c) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject;

There is a payment in the amount of $1,000,000 to be paid within 18 months from the production proceeds.

(d) all environmental liabilities to which the property is subject;

Exploration work on unpatented claims is permitted by the BLM, (St. George Field Office), under a Plan of Operations. The Utah Division of Oil, Gas and Mining ("DOGM") administers permitting and bonding relating to land disturbance. Where land is leased, oversight and approval may also be required from the School and Institutional Trust Lands Administration ("SITLA").

Permitting for mining operations requires various approvals from the state DOGM and the BLM. The Lost Sheep Mine (LSM), comprising the 10 unpatented mining claims (Lost Sheep # 1-4, Canyon and Low Boy No. 1-2 and 5-7), and totalling 202 acres, has an exploration permit. All other Property mining claims have no permit.

(e) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements; and

Cumulative production at the Lost Sheep from 1948–2014 is estimated to be approximately 170,000 tons of fluorite. The most active production years were from the 1940s to 1950s. The Lost Sheep produced mineralized material from three breccia pipes from 1948 to 2007 with the Purple Pit being the source of approximately 160,000 tons (Lunbeck 2017). From 2008 to 2017, there were periodic attempts to re-start production with small scale mining in preparation for larger scale production. From December 2014 to December 2018, no production is recorded, however Hughes (2019) reports that some small amounts of fluorite concentrate were shipped during this period. At the Lost Sheep Mine mineralization was selectively mined to provide a metallurgical grade of 60-95% fluorite for shipment (Bullock 1981). Most of the early production was shipped to the Geneva Steel plant at Vineyard (near Orem) in Utah County. All of the early production was run of mine mineralization.

(f) to the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained;

See 1 (d) above

(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe:

(a) the means of access to the property;

The Lost Sheep Property is located 150 km southwest of Salt Lake City. From Salt Lake City, the Property is accessed via State Route 68, then south on US Route 6, and then west on Utah State Route 174, also known as the Brush-Wellman Road, and subsequently using seasonally maintained gravel roads. Total driving distance by road from Salt Lake City is approximately 280 km.

(b) the proximity of the property to a population centre and the nature of transport;

The closest community to the Property is Delta with a population of 3,436 based on the 2010 census. Delta is located 70 km southeast of the Property. Overall distance by road from Delta to the Lost Sheep Mine is 98 km. Road access from Delta is achieved taking local county roads north for approximately 10 km, then turning west onto State Route 174 known as the Brush Wellman Road and Brush Highway. The paved highway 174 ends at the Fish Springs Road, the turn-off to the Beryllium Mine located to the west. The dirt road continuation of the Brush Highway continues to the north. The southern portion of the Lost Sheep Property is immediately west of the dirt road and by following the dirt road a further 10 km to the north and northwest, the Lost Sheep Mine is accessed.

(c) to the extent relevant to the mining project, the climate and length of the operating season;

Climate information for the Property can be obtained from the weather station at Deseret, just southwest of Delta. The region lies within the Koppen climate type BSk: Cold semi-arid (steppe) climate, characterised by hot dry summers and cool, relatively arid winters. Climate data for Topaz Mountain located 5 km southeast of the Property at 39.71°N 113.1° W, 2,051 m asl are provided from:

https://www.meteoblue.com/en/weather/forecast/modelclimate/topaz-mountain_united-states-ofamerica_5548584.

Average temperatures over a 30 year period are a mean daily summer maximum of 30°C, (July) and a mean daily minimum of -8°C. (January). Annual precipitation is approximately 160-250 mm, with a peak maximum in April, of 22 mm. Snowfall can be expected between October and May. Exploration can be carried year-round, with minor delays of a few days due to periodic snowstorms.

(d) the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites; and

The nearest significant population centre is Delta, in neighbouring Millard County, with a population of approximately 3,436. Delta is well serviced by paved highways and the Union Pacific Railroad main line runs through Delta, with a yard office in the town. A 1.9 Gw coal-burning power plant supplying the states of Utah and California with electricity is located 10 km northwest of Delta on the Brush-Wellman road. The line to California and southwest Utah passes between the Property and Delta, within the basin.

Adjacent to the station is a carbon sequestration area. The main regional electric power line is approximately 30 km southwest of Delta. A natural gas pipeline operated by Questra is located southwest of Delta. Delta can supply workers, water, fuel, lodging, food, vehicle maintenance and some construction services. Major services and mining equipment can be sourced from Salt Lake City and nearby centres. Other proximal communities include Spanish Fork, Payson, Santaquin, and Nephi. The active Materion Natural Resources Inc. beryllium mine, is 5 km to the southwest of the Lost Sheep Mine and is adjacent to the Lost Sheep Property. Materion provided drilling water for the Lost Sheep and worked with Deseret Mining and Development, past owners of the Lost Sheep Mine, on various projects. This included the drilling of a water well in the southwest, supplying the Lost Sheep Mine (Lunbeck 2017). The Materion mine operates periodically with 24-hour on-site security and maintenance.

(e) the topography, elevation and vegetation;

The Property is located in the Basin and Range province. The Basin and Range province of Nevada and western Utah is defined by a series of north-south trending fault-bounded mountains and ranges, separated by basins that are partially filled by Recent to Tertiary age sediments. The Spor Mountain Range has an area of approximately 54 km2 in area.

The Thomas Range to the east is characterised by moderate to rugged topography, especially at higher elevations, while Spor Mountain has less pronounced topographic variation and gentler ridge topography. The Property elevation ranges from 1,200 to 1,740 m asl, with an average of 1,579 m asl. The highest point in the Spor Mountains is 2,004 m. Wide, flat valley floors at elevations of 1,200 m asl are variably, generally moderately incised. Above the valley floors, the land is generally not accessible by vehicles unless roads are constructed.

Drainage and active run-off are highly seasonal, with the drainage to the east and north into the. Dell, a flat lying area between Spor Mountain and the Thomas Range, and then north and west into Fish Springs Flat. In the south and southwest, run-off is west into the flats west of Spor Mountain with drainage northwards into the Fish Springs Flat and ultimately, the Great Salt Lake Desert 20 km to the north.

Natural vegetation is comprised of scattered low brush, scrub or grass, and at moderate to higher elevations, there are stands and expanses of juniper. Regional desert species include various grasses, forbs, sagebrush, greasewood, rabbit brush, shadscale, blackbrush, Mormon tea, leadbush, and prickly pear cactus. There are few recorded animal species, but these may include rodents, jackrabbits, lizards, and snakes, with insignificant to rare recordings of coyotes, deer, owls, and raptors. There is no commercial land in the area except mining and limited sheep grazing.

(3) History - Describe:

(a) the prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known;

Mineral deposits at Spor Mountain, of western Utah, are well-known examples of the association of fluorine with lithophile metal mineralization in a volcanic environment. In addition to fluorspar, the Spor Mountain district contains the world's largest economic deposits of beryllium and has produced uranium in the past. The Spor Mountain mining district was a major fluorite producer dating back to the 1940s, with the Lost Sheep Mine being the largest fluorite producer in the State of Utah.

Cumulative production at the Lost Sheep from 1948–2014 is estimated to be approximately 170,000 tons of fluorite. The most active production years were from the 1940s to 1950s. The Lost Sheep produced mineralized material from three breccia pipes from 1948 to 2007 with the Purple Pit being the source of approximately 160,000 tons (Lunbeck 2017). From 2008 to 2017, there were periodic attempts to re-start production with small scale mining in preparation for larger scale production. From December 2014 to December 2018, no production is recorded, however Hughes (2019) reports that some small amounts of fluorite concentrate were shipped during this period. At the Lost Sheep Mine mineralization was selectively mined to provide a metallurgical grade of 60-95% fluorite for shipment (Bullock 1981). Most of the early production was shipped to the Geneva Steel plant at Vineyard (near Orem) in Utah County. All of the early production was run of mine mineralization. Production after about 1990 was crushed and screened before shipping. The fluorspar is screened at the mine, with about 80 percent of the mined material passing a 3/8-in screen before crushing. Oversize is crushed in a 4- x 8-in jaw crusher and rescreened. The fluorspar tends to be concentrated in the finer fractions and the grey chalcedony and other gangue minerals tends to concentrate in the coarser fractions. The screened fluorspar is air dried at the mine.

Recent mining at Lost Sheep has employed jacklegs, for driving adits and shafts and a backhoe for surface excavation and hauling. Historical mining employed drifting, stopping and raises often to surface to extract more mineralized material. Elsewhere, several mines were of sufficient tonnage to install haul carts on a small rail system. The fluorspar contains about 6% moisture as mined and is dried to about 4% moisture. The bulk fluorspar is then hauled to the Delta plant in dump trucks where it is bagged in 50-lb paper bags and put on pallets and shipped by truck. The bagging machine can process about 4.5 tons per hour (Tripp, 2015).

Additionally, several thousand tons of montmorillonite clay were mined by Materion along the access road into the Little Giant Pit (Tripp, 2015).

(b) if a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor; and

Not applicable

(c) to the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

Not applicable

(4) Geological Setting — The regional, local and property geology.

REGIONAL GEOLOGY

Spor Mountain is a faulted block of gently to moderately west-dipping, north to north-easterly striking Paleozoic sedimentary rocks overlain by Tertiary volcanic flows, tuffs and related pyroclastic rocks. The volcanic and older sedimentary rocks are locally intruded by rhyodacitic to rhyolitic dykes and breccias related to the sub-alkalic Thomas Mountains Intrusive Complex. The eastern boundary of Spor Mountain is defined as a normal fault marking the western edge of the Oligocene Thomas Caldera. The Thomas Caldera is one of several volcanic centres in western Utah. The Thomas Range that is east of Spor Mountain is comprised mainly of Miocene-age sub-alkalic to alkalic rhyolite flow, plugs, breccias and pyroclastic and volcaniclastic rocks formed during and following the collapse of the Thomas Caldera.

The volcanic events were coincident with Mid- to Late Cenozoic extensional tectonics with extensive normal faulting, and the creation of the north-south trending parallel mountain ranges of the Great Basin. The Basin and Range province was dissected by normal faults in an NE-SW to east-west extensional regime. These normal faults bound a series of basin and topographic highs that have been developing since the Oligocene. Extension in the Basin and Range is still active today. Brecciation is spatially related to and in part controlled by re-activated semi-regional scale normal and subsidiary-reverse faulting. Mineral deposits or significant mineralization of fluorine, beryllium, lithium, rare earths, arsenic and uranium are associated with volcanic hydrothermal fluids within or adjacent to these structural features.

(5) Exploration Information — The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including:

SURFACE EXPLORATION

Surface exploration by Ares Strategic Mining began in 2019 and 2020 with LiDAR DEM and orthophoto analysis delineating areas of disturbed stratigraphy and recessive topography possibly related to dissolution features or intrusive breccia pipes. Potential locations for fluorite bearing breccia pipes were identified as topographic lows (often surface depressions) at the intersections of faults, mapped from orthophotos or Google Earth. Evidence on the photos of purplish colored rock exposed on surface was also reported.

All targets identified from the above remote sensing were visited during the summer of 2020 by a geologist. Notes were taken of whether evidence of breccias were visible, the type of breccia, or if there was fluorspar seen on surface.

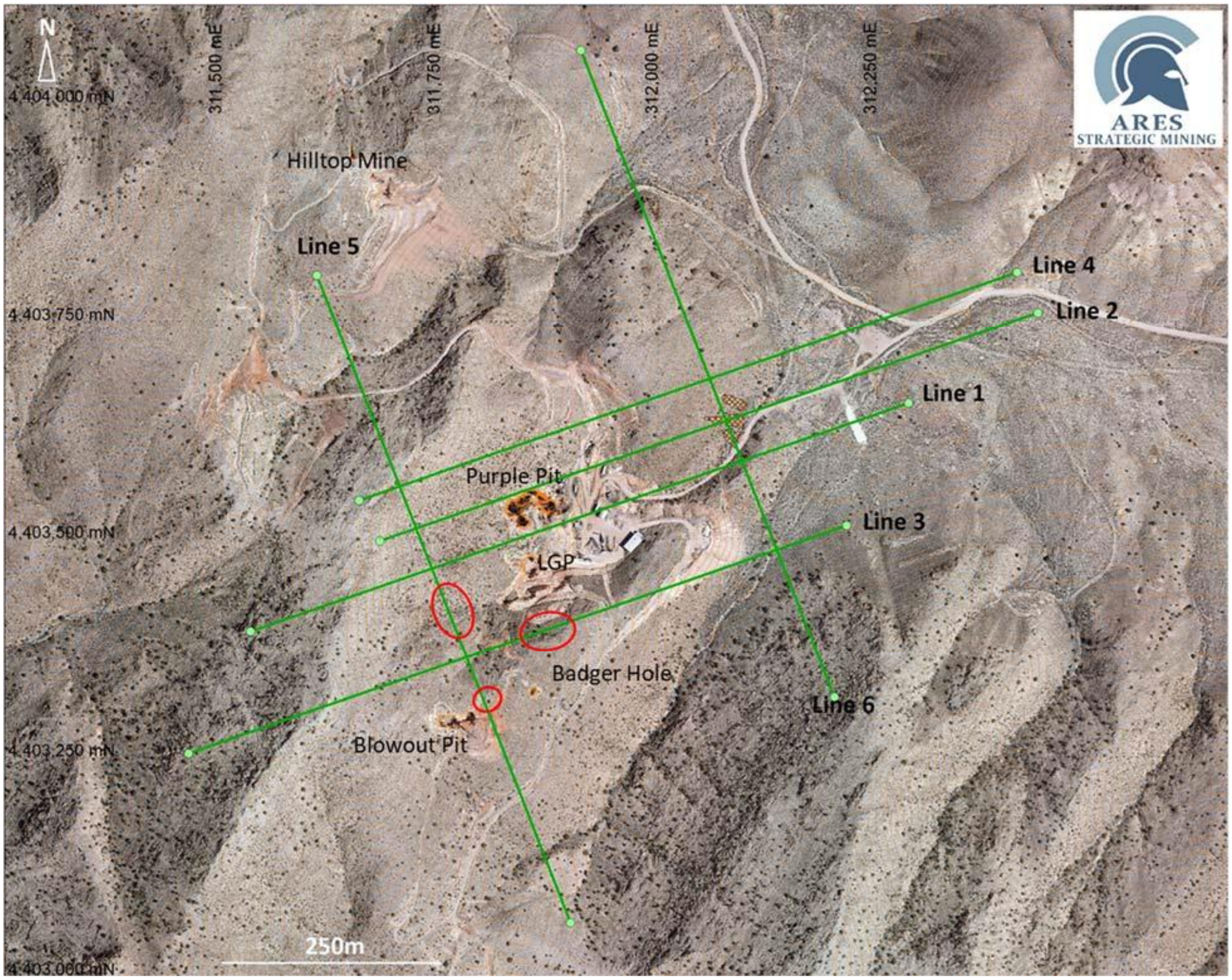
(a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;

IP GEOPHYSICAL SURVEYS

The reader is cautioned that some portions of the IP lines are on property that is not currently owned by Ares and consequently some anomalies and targets may not be on property currently owned by Ares.

Ares conducted a detailed IP survey during April and May 2021 on the Lost Sheep permitted mining area and Bell Hill zone. Work was done by KLM Geoscience of Las Vegas, NV. The IP program at the Lost Sheep Mine consisted of 6 lines, each of them 800 m long, with dipoles located 25 m apart (Figure 9.1). Some of the lines were designed to run over known fluorspar locations to identify and define their geophysical signatures, which could then be used to identify new potential targets by response comparison. Some parallel lines were planned away from those to test for potential blind targets. Two orthogonal lines were also planned as tie lines for structure and stratigraphic correlation.

FIGURE 9.1 LOCATION OF IP SECTION LINES, AND POSITION OF THE NEWLY LOCATED POTENTIAL BRECCIA PIPE TARGETS



Source: *Ares* *(2021)*

Notes: *Breccia pipe targets = red circled area*

Lines 3 and 5 on the Lost Sheep Mine area show clear anomalies that can be correlated with breccias pipes breaking through the limestone host rocks. The anomaly in Line 3 (Figures 9.2, 9.3, 9.4) is 50 m long in an ENE-WSW direction and open to a depth of approximately 50 m from surface. The anomaly is located right between the known Blowout / Badger Hole known fluorspar pipes and the LGP / Purple Pit fluorspar pipes, suggesting the continuation of an almost linear trend. Line 5 shows three anomalies the smaller clearly related to the down dip projection of the known Blowout Mine (possibly indicating additional nonmined fluorspar mineralization). Under the Badger Hole a thin elongated anomaly may indicate the presence of a narrow pipe, as indicated also by the nature and extent of historic workings. A larger more elongated anomaly extending at depth and to the north at moderate angle to an inferred depth between 75 and 100 m is known to correlate at surface where volcanic intrusive breccia and fluorite are also reported and mapped.

The IP anomalies may be related to intrusive breccia bodies (red circled areas) and surrounding known fluorspar bearing breccia pipes, including the wireframes for the known LGP-Purple Pits and drill hole traces for reference. One of the most prospective zones outside of the Lost Sheep Mine area is the Bell Hill area. There are some historic mines and prospects identified and the IP Survey was planned consisting of 10 lines, each of them 800 m long, with dipoles located 25 m apart. The lines were designed to run over known fluorspar locations to identify and define their geophysical signatures, which could then be used to identify new potential targets immediately below surface. A grid with seven parallel lines spaced about 50 m between each other were planned on top of historically known mineralized zones. Some of these zones show fluorspar mineralization at surface and had not been previously mined. The IP survey was designed to test for geophysical signatures immediately below these zones to test for continuity and also correlating other anomalous zones with potential blind targets. Three orthogonal lines were also planned as tie lines for structure and stratigraphic correlation.

Lines 7, 12 and 14 show clear anomalies that can be correlated with fluorspar breccias pipes breaking through the limestone host rock, particularly when coincident fluorspar mineralization has been identified at surface in them. Line 14 indicates the presence of a very discrete anomaly reaching the surface with approximate dimensions of 40 m wide and near 100 m of vertical depth, very similar to the size of historic Bell Hill Pit 1 deposit. The anomaly is on trend with Bell Hill Pits 1 and 2, suggesting it may be part of the same feeding intrusive.

Line 12 shows a discrete anomaly immediately north of the known Pit 2 mineralized breccia pipe, indicating it may well be the continuation of that pipe towards the north and to about 75 m at depth.

Line 7 is orthogonal to lines 12 and 14. The IP line runs on top of three known fluorspar occurrences, two of them historic (fluorspar vein, Trench 1) and one found after ground prospecting of a feature identified from LiDAR and satellite imagery. There are a series of anomalies related to the down dip projection of the known showings reaching a depth of approximately 50 m. There is also a very discrete anomaly starting 60 m below surface and extending for at least 75 m below that depth that may indicate the presence of a breccia pipe as a blind target.

(b) an interpretation of the exploration information;

The Lost Sheep Fluorspar Property is host to approximately 39 occurrences of visible fluorite in surface outcrops. Of those occurrences, five more prominent areas (Purple Pit, Little Giant Pit (LGP), Dell No. 5, Fluorine Queen No. 3 and No. 4, and Bell Hill) are located on Ares claims, exhibiting loosely quantifiable tonnages and fluorite grades that qualify as Exploration Targets. The Estimated Exploration Target is 200,000 to 350,000 tonnes at a fluorite grade of 40 to 60%.

(c) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and

Contractor:

- KLM Geoscience of Las Vegas, NV.

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

The potential quantity and grade of the Exploration Target in this Technical Report is conceptual in nature, there has been insufficient exploration to define a Mineral resource and it is uncertain if further exploration will result in the Exploration Target being delineated as a Mineral Resource. There are no current Mineral Resources or Mineral Reserves on the Lost Sheep Property.

(6) Mineralization — The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

Information in this section is primarily summarized from Hughes (2019).

Fluorite mineralization is usually hosted within breccia pipes, minor dyke-like breccias and replacement features oriented sub-parallel to stratigraphy generally plunging steeply east, possibly oriented in part due to block rotation. Lesser bodies include sub-strata parallel replacement bodies and metre to dmscale vein-type fluorite. There is ome potential for high-grade fluorspar deposits along the contact between dolomite and the porphyritic rhyolite in volcanic vents.

Deposits are strongly fault controlled, occurring within or adjacent to faults, and may contain trace amounts of beryllium, lithium and uranium. The breccia pipes are characterised as very steeply east-plunging and related to faults and small rhyolitic intrusive bodies (Staatz and Carr, 1964). Nearly all of the pipes are funnel-shaped, becoming smaller at depth. Low-grade uranium occurs in the fluorite pipes, with a gradual increase in grade from the northern portion of the district toward the south. The Yellow Chief uranium mine produced modest quantities of low-grade mineralization from a series of Oligocene tuffaceous sandstone and conglomeratic lenses in The Dell, just east of Spor Mountain. The area has been extensively faulted by mainly small-displacement normal faults.

Fluorite has also been recorded in volcaniclastic sediments at Spor Mountain (Staatz and Griffiths, 1961, Staatz, 1963).

Bullock (1981) reports that Lost Sheep Property fluorspar mineralization consists of 65-95% fluorite, with montmorillonite, dolomite, quartz, chert, calcite, chalcedony and opal as impurities. The fluorspar closely resembles brown, white, or purple clay and forms either pulverulent masses or box works. With depth, the grade of the mineralization commonly decreases, and masses of montmorillonite, chert, or quartz and dolomite have been found in increasing abundance. In some deposits, the fluorspar mineralization contains 0.003-0.33% U, and uranium grade varies considerably from place to place.

Chalcedony occurs within F mineralization or within cherty dolomites, quartz and calcite are often late, fine, prismatic, partially infilling voids and boxwork textures, accompanied by montmorillonite and fine to, rarely, relatively coarse prismatic fluorite.

Bullock (1981) describes five fluorspar mineralization types:

• Pulverulent mineralized material constitutes the majority of mineralization mined, it being friable, white to tan to brown or purplish, soft, almost clay-like, with significant extraction from Bell Hill, Blowout, LSM, and Fluorine Queen. Associated with such mineralization are boxwork textures with dolomite-calcite replacement by fluorite, and late recrystallization by quartz and/or calcite, with gangue montmorillonite.
• Boxwork mineralization is intimately associated with the preceding, occurring in large, open space replacement zones within breccias. These are very typical of volcanic-hydrothermal systems, and texturally appear quite similar to epithermal deposits. Boxworks have a fluorite-rich network with vein or boxwork calcite/dolomite surrounding fragmented dolomite. Dolomite is completely or partially dissolved, leaving vugs and voids, or there is often later open-space replacement mineralization, characterised by fluorite, montmorillonite, calcitequartz/chalcedony, dolomite in highly varying combinations. Boxwork mineralization was mined at e.g., Bell Hill, Fluoride No. 5, LSP, and Hilltop mines.
• Aphanitic mineralization is hard, compact, fine, relatively dense, occurring as masses within more boxwork ore, 'lumps' or veins. Banded mineralization is also noted, with these textures clearly representative of epithermal-type 'veins' or replacement. Examples include at Dell No. 5, and Green Crystal mines. This type is uncommon and does not form large scale deposits despite a high F grade exceeding 80%.
• Sponge Mineralization is rarely noted, and defined by Bullock as rounded, hollow, tubular and columnar. Forming a very minor component of mineralization, Bullock surmised their origin to be related to relatively unrestricted hydrothermal fluid circulation and deposition within cavities and open channel ways.
• Crystalline Mineralization is represented by small, prismatic, 1-2 mm cubic F crystallisation, often seen as drusy 'crusts' with carbonate and very rarely, idiomorphic topaz. Rare and collected more for gem quality, samples areas include Blue Queen and Green Crystal. Commercial grade crystalline mineralized material came from the Fissure Pit of the Fluorine No. 2 Mine, where it is associated with coarsely crystalline masses and banded F mineralization. Some Be deposits in the Beryllium Tuff contain fine crystalline F and may be considered a sub-class of Crystalline mineralization.

(7) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.

During 2020 there were two drilling campaigns conducted at the Lost Sheep Mine area, targeted on testing the fluorspar grades in the Little Giant Pit, and the area between it and the previously mined Purple Pit.

Phase 1 drilling started April 16, 2020 and extended into June 2020 and consisted of 12 reverse circulation ("RC") holes, testing the breccia body hosting the historic Little Giant Pit ("LGP").

Phase 2 drilling commenced on September 10, 2020 and extended until October 28, 2020. Drilling was directed under the shallower parts of the Purple Pit, a total of 11 RC drill holes, drilling approximately 890 metres, were collared between the two known fluorspar bearing breccia pipes (LGP and Purple Pit) on the Company's permitted mining area.

The 2020 COVID-19 pandemic had a significant impact on the 2020 drilling at Lost Sheep. The on-site geologist during the drill program was not a Qualified Person. He had daily phone calls with R. Sanabria, who was in Vancouver, and did his best to follow instructions. He also took large number of photographs and emailed them to R. Sanabria daily. Drill hole collars were located using a handheld GPS. Holes were aligned on azimuth and dip using a handheld Brunton Compass. There were no downhole surveys. The actual drill collar was not surveyed for location, azimuth, or dip, on completion of any drill hole.

Drilling was done with a track mounted RC drill rig owned by Ares. Drillers were supplied by More Core Diamond Drilling Corp. of Chehalis, Wa. Drill pipe 4.5 inches in diameter was used. Water and drill stabilizing fluids were added to the hole, to stabilize it and reduce dust levels. Samples were collected in large sample bags inside a 5-gallon plastic bucket. These were split using a riffle splitter, which reduced sample volume to 25% of what was put in at the top. Where sample volume warranted, the sample was run through the splitter twice. Use of the riffle splitter was problematic with wet samples, as it was designed for dry samples only.

For Phase 1 of the drilling, the sample rejects were preserved and are stored at the Lost Sheep Mine and also at the assay labs where they were processed. For the Phase 2 drilling, no sample rejects were preserved at site, however, sample rejects have been preserved at the assay labs where they were processed.

There does not appear to have been any recording of the volume of sample for each interval. This is a concern as it has been reported by the geologist who was present at the drill rig, that it could at times be extremely variable. The geologist reports that there were many instances where voids would be intercepted and no sample would be possible, and other cases where very small amounts of sample would be taken.

Material from each five foot interval was put into numbered chip trays. These were photographed, and emailed to the R. Sanabria, in Vancouver, on a daily basis. The chip trays were also sent to him for logging. Holes were drilled with five foot pipe lengths, and depths were converted to metres for logging and reporting purposes. At Lost Sheep, high-grade fluorspar is located within discrete near vertical fluorite earing volcanic breccia pipes hosted within competent dolomite. Phase 1 drilling from April 16, 2020 to June 2020 and consisted of 12 RC holes directed to delineate mineralization at the Little Giant Pit (LGP) fluorite pipe target, two holes to test a siliceous breccia pipe 200 m north of the LGP and three holes behind the hoist room of the Purple Pit. A total of 1,160 m was drilled in the Phase 1 program. Due to working safety and space limitations inside the LGP pit, all 12 RC drill holes were drilled from two pads and holes were drilled as a fan through the fluorite bearing breccia pipe to delineate the shape and grade distribution of the fluorspar mineralization.

(8) Sampling and Analysis — The sampling and assaying including:

(a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;

Reverse-circulation (RC) drill cuttings / samples were prepared on-site by the company's project geologist, and subsequently put into sealed plastic bags. The hole number, and from and to distances in feet were written on each sample bag. The RC drill samples were collected with an airstream cyclone. If samples were large enough the on-site geologist then passed them into a splitter that quartered the large sample. The resulting quartered sample was bagged, sealed with identification, and the geology was photographed and logged at the drill site.

Phase 1 samples (LGP drilling) were sent by courier to Ares' VP Exploration in Vancouver, BC, who inspected the samples, put sample tags, either into the bags or affixed them to the sample bags, created sample duplicates, and inserted sample bags containing either blanks or a standards into the sample stream, before shipping the samples on to SGS Laboratories ("SGS") in Burnaby, BC for preparation. After initial preparation, SGS internally sent the samples to SGS in Lakefield, ON for analysis, with approximately three control samples inserted (one blank, one standard and one field duplicate for each twenty samples). The samples were analyzed for fluorine element using GC XRF76V (Included F 0.1-50%) package, that also includes SiO_2%, Al_2O_3%, Fe_2O_3%, MgO%, CaO%, Na_2O%, K_2O%, TiO_2%, P_2O_5%, MnO%, Cr_2O_3% and V_2O_5%. Comparison to control samples and their standard deviations indicates acceptable accuracy of the assays.

Drill samples from Phase 2 (Purple Pit drilling) followed the same field procedures for chain of custody and expedition, but for this phase Ares chose AGAT Laboratories ("AGAT") in Mississauga, ON for final assays. Routine blank, standard, and field duplicates were inserted in the sample batches in the same manner as described for Phase 1 of the drilling (above). There was one exception to this, however, due to lack of Standard Material, coarse reject remnants of the Standards used in Phase 1 drilling were pulled from SGS Labs and were re-inserted into the sample stream being sent to AGAT Laboratories. Assay method for CaF_2 consisted of 201-676 Lithium Borate Fusion, Summation of Oxides and XRF Finish.

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;

Not Applicable

(c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;

All samples, irrespective of quality and size, were drawn from drilling, excavated directly through reverse-circulation (RC). No biases noted.

(d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and

The largest fluorite deposits are steeply plunging mineralized breccia pipes, typically emplaced between Ordovician Quartzite and Silurian Dolomite. The underlying geology of the Lost Sheep Property is a series of dolomite formations including the Bell Hill, Harrisite and Lost Sheep formations. Striking at approximately 040-045°, dipping 37-42° northwest, they are intruded by breccias and cut by at several faults that effectively control the distribution of fluoride mineralization. The Spor Mountain fluorspar deposits, though occurring dominantly in Palæozoic sedimentary rocks, are associated with Tertiary age volcanic rocks and are spatially and genetically related to topaz-bearing and Be-bearing rhyolite and rhyolite tuffs. (Staatz, 1963; Shawe, 1968). A total of 29 past producing fluorspar mines and prospects are located at Spor Mountain, along with several Be mines and prospects, and two Uranium deposits, notably Yellow Chief, located in The Dell (Bullock 1981). No cut off grades were used, nor sampling intervals. Everything excavated through RC was bagged and assayed.

(e) quality control measures and data verification procedures.

Routine blank, standard, and field duplicates were inserted in the sample batches following standard QA/QC practices. P&E was not provided with results of blank, standard and field duplicates and was not able to provide an analysis of QA/QC results.

For the 2020 drill programs, the Covid-19 global travel restrictions prevented site visits during the execution of the Phase 1 and Phase 2 drill programs. The author believes the sample preparation and analytical procedures used by Ares are adequate and that the description of sampling methods and details of location, number, type, nature, and spacing or density of samples collected, and the size of the area covered, are all adequate for the current stage of the Lost Sheep Project. There was no bias in the sampling program completed on the Lost Sheep Project.

The two assay labs (SGS and AGAT) gave comparable results for the samples collected by Ares. Observations of the drilling programs during the site visits and inspection and analyses of the validation of collected sample data indicates that the drilling programs and related sample collection and analyses has been conducted according to basic standards associated with early stage exploration.

(9) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.

See 8(a)

(10) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including:

Not Applicable

The description of mining and processing methods in this Technical Report are based on known techniques, however, they are applied to Lost Sheep on a conceptual basis only. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the delineation of a Mineral Resource. There are no current Mineral Resources or Mineral Reserves on the Lost Sheep Property.

(a) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and

(c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

(11) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

Not Applicable

(12) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Contemplated drilling includes delineation drilling to assess new deposits, and obtain dimensions, for the purpose of mine design.

Instructions:

(1) Disclosure regarding mineral exploration development or production activities on material properties is required to comply with National Instrument 43-101, including the use of the appropriate terminology to describe mineral reserves and mineral resources.

(2) Disclosure is required for each property material to the Issuer. Materiality is to be determined in the context of the Issuer's overall business and financial condition, taking into account quantitative and qualitative factors. A property will not generally be considered material to an Issuer if the book value of the property as reflected in the Issuer's most recently filed financial statements or the value of the consideration paid or to be paid (including exploration obligations) is less than 10 per cent of the book value of the total of the Issuer's mineral properties and related plant and equipment.

(3) The information required under these items is required to be based upon a technical report or other information prepared by or under the supervision of a qualified person, as that term is defined in National Instrument 43-101.

(4) In giving the information required under these items, include the nature of ownership interests, such as fee interests, leasehold interests, royalty interests and any other types and variations of ownership interests.

APPENDIX B: OIL AND GAS PROJECTS

1. Drilling Activity — The number of wells the Issuer has drilled or has participated in drilling, the number of these wells that were completed as oil wells and gas wells that are capable of production, each stated separately, and the number of dry holes, expressed in each case as gross and net wells, during each of the two most recently completed financial years of the Issuer.

2. Location of Production — The geographical areas of the Issuer's production, the groups of oil and gas properties, the individual oil and gas properties and the plants, facilities and installations that, in each case, are owned or leased by the Issuer and are material to the Issuer's operations or exploratory activities.

3. Location of Wells — The location, stated separately for oil wells and gas wells, by jurisdiction, if in Canada, by state, if in the United States, and by country otherwise, of producing wells and wells capable of producing, in which the Issuer has an interest and which are material, with the interest expressed in terms of gross and net wells.

4. Interest in Material Properties — For interests in material properties to which no proved reserves have been attributed, the gross acreage in which the Issuer has an interest and the net interest of the Issuer, and the location of acreage by geographical area.

5. Reserve Estimates — To the extent material, estimated reserve volumes and discounted cash flow from such reserves, stated separately by country and by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, on both a gross and net basis as at the most recent financial year end, including information on royalties.

6. Source of Reserve Estimates — The source of the reserve estimates and whether the reserve estimates have been prepared by the Issuer or by independent engineers or other qualified independent persons and any other information relating to reserve estimates required to be disclosed in a prospectus by any successor instrument to National Instrument 51-101.

7. Reconciliation of Reserves — A reconciliation of the reserve volumes by categories and types that conform to the classifications, definitions and disclosure requirements of National Instrument 51-101 or any successor instrument, as at the financial year end immediately preceding the most recently completed financial year to the reserve volume information furnished under paragraph 5, with the effects of production, acquisitions, dispositions, discoveries and revision of estimates shown separately, if material.

8. Production History — For each quarter of the most recently completed financial year of the Issuer, with comparative data for the same periods in the preceding financial year.

9. If your company is engaged in oil and gas activities as defined in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, disclose the following information:

(a) Reserves Data and Other Information -

(i) In the case of information that, for purposes of Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, is to be prepared as at the end of a financial year, disclose that information as at your company's most recently completed financial year-end;

(ii) In the case of information that, for purposes of Form 51-101F1, is to be prepared for a financial year, disclose that information for your company's most recently completed financial year; and

(iii) To the extent not reflected in the information disclosed in response to paragraphs (i) and (ii), disclose the information contemplated by Part 6 of National Instrument 51-101 in respect of material changes that occurred after your company's most recently completed financial year-end.

(b) Report of Independent Qualified Reserves Evaluator or Auditor - Include with the disclosure under subsection (a) a report in the form of Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor, on the reserves data included in the disclosure required under paragraphs (a)(i) and (a)(ii) above.

(c) Report of Management - Include with the disclosure under subsection (a) a report in the form of Form 51-101F3 Report of Management and Directors on Oil and Gas Disclosure that refers to the information disclosed under subsection (a).

(d) the average daily production volume, before deduction of royalties, of

(i) conventional crude oil,

(ii) natural gas liquids, and

(iii) natural gas;

(e) the following on a per barrel basis for conventional crude oil and natural gas liquids and on a per thousand cubic feet basis for natural gas

(i) the average net product prices received,

(ii royalties,

(iii) operating expenses, specifying the particular items included, and

(iv) netback received;

(f) the average net product price received for the following, if the Issuer's production of the following is material to the Issuer's overall production,

(i) light and medium conventional crude oil,

(ii) heavy conventional crude oil, and

(ii) synthetic crude oil; and

(g) the dollar amounts expended on

(i) property acquisition,

(ii) exploration, including drilling, and

(iii) development, including facilities.

10. Future Commitments — A description of the Issuer's future material commitments to buy, sell, exchange or transport oil or gas, stating for each commitment separately

(a) the aggregate price;

(b) the price per unit;

(c) the volume to be purchased, sold, exchanged or transported; and

(d) the term of the commitment.

11. Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Instruction: The information required under this item shall be derived from or supported by information obtained from a report prepared in accordance with the provisions of National Instrument 51-101 or any successor instrument.

2018

Lithium Energy Products Inc.

Consolidated Financial Statements

For The Year Ended 30 September 2018

Stated in Canadian Dollars

TABLE OF CONTENTS

MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Lithium Energy Products Inc.:

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

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

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

We draw attention to Note 1 in the audited consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with the Board of Directors, Audit Committee, and management to discuss their audit findings.

The consolidated financial statements were approved by the Board of Directors on 17 January, 2019 and were signed on its behalf by:

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

MNP LLP

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lithium Energy Products Inc.:

We have audited the accompanying consolidated financial statements of Lithium Energy Products Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lithium Energy Products Inc. and its subsidiaries as at September 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of these consolidated financial statements, which states that Lithium Energy Products Inc. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Lithium Energy Products Inc. to continue as a going concern.

MNP LLP

Vancouver, British Columbia
January 17, 2019

Chartered Professional Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2018	As at 30 September 2017
ASSETS			
Current Assets			
Cash		**$ 2,356**	$ 156,200
Amounts receivable	(8)	**14,325**	38,738
Prepaid amounts and other assets		**12,285**	29,573
Marketable securities	(7)	**220,169**	-
		249,135	224,511
Non-current Assets			
Deposits	(9)	**2,912**	2,912
Property and equipment	(10)	**75,000**	75,000
Exploration and evaluation assets	(11)	**1,910,854**	467,236
		1,988,766	545,148
		$ 2,237,901	$ 769,659
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	**$ 273,400**	$ 47,947
EQUITY (STATEMENT 3)			
Equity Attributable to Shareholders			
Share capital	(12)	**18,359,117**	16,102,846
Options - Contributed surplus	(12)	**628,500**	628,500
Warrants - Contributed surplus	(12)	**1,446,671**	1,446,671
Deficit		**(17,248,773)**	(16,237,305)
		3,185,515	1,940,712
Non-controlling Interests		**(1,221,014)**	(1,219,000)
Total Equity		**1,964,501**	721,712
		$ 2,237,901	$ 769,659

Subsequent event	(11(b))		
Nature of operations and going concern	(1)	Capital management	(15)
Basis of preparation – Statement of Compliance	(2)	Contingencies	(18)
Related party transactions and obligations	(13)	Commitment	(16)

The consolidated financial statements were approved by the Board of Directors on 17 January, 2019 and were signed on its behalf by:

"Paul Sarjeant"	***"Alberto Hassan"***
Paul Sarjeant, Director	Alberto Hassan, Director

-- The accompanying notes form an integral part of the consolidated financial statements --

(Statement 2)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note		Year Ended 30 September 2018		Year Ended 30 September 2017
CONTINUING OPERATIONS					
Operating Expenses					
Shareholder relations		**$**	**333,676**	$	104,479
Consulting fees	(13)		**246,653**		366,820
Share-based payments	(12)		**120,000**		191,000
Transfer agent and filing fees			**48,626**		26,219
Professional fees			**44,047**		133,254
Office and general			**16,502**		25,925
Resource property expenses			**10,426**		147,773
Insurance			**7,900**		8,023
Travel			**3,502**		22,174
Interest expense			**1,418**		1,837
Amortization			**-**		968
Loss from Operations		**$**	**(832,750)**	$	(1,028,472)
Recovery (impairment) of mineral properties	(11)		**637,397**		(914,024)
Gain on debt settlement	(12)		**60,000**		-
Unrealized gain			**32,670**		-
From foreign exchange loss			**(299)**		(21,439)
Loss on sale of interest in mineral property	(11)		**(910,500)**		-
Impairment of deposit			**-**		(212,092)
Net Loss and Comprehensive Loss for the year		**$**	**(1,013,482)**	$	(2,176,027)
Net Loss and Comprehensive Loss Attributed to:					
Shareholders			**(1,011,468)**		(2,173,268)
Non-controlling interest			**(2,014)**		(2,759)
		$	**(1,013,482)**	$	(2,176,027)
Basic and Diluted Loss per Share		**$**	**(0.10)**	$	(0.26)
Weighted Average Number of Shares Outstanding			**10,094,172**		8,296,305

-- The accompanying notes form an integral part of the consolidated financial statements --

(Statement 3)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders								
	Shares	Share capital	Obligation to issue shares	Options	Warrants	Deficit	Total	Equity attributable to non-controlling interest	Total
	#	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2016	6,918,894	15,383,825	90,000	431,100	806,623	(14,064,037)	2,647,511	(1,216,241)	1,431,270
Proceeds on issuance	1,500,000	769,952	-	-	640,048	-	1,410,000	-	1,410,000
Obligation to issue shares	-	90,000	(90,000)	-	-	-	-	-	-
Issuance costs	-	(140,931)	-	-	-	-	(140,931)	-	(140,931)
Share-based payments	-	-	-	9,400	-	-	9,400	-	9,400
Net loss for the period	-	-	-	-	-	(204,081)	(204,081)	(423)	(204,504)
BALANCE AS AT 31 DECEMBER 2016	8,418,894	16,102,846	-	440,500	1,446,671	(14,268,118)	3,721,899	(1,216,664)	2,505,235
Share-based payments	-	-	-	181,000	-	-	181,000	-	181,000
Net loss for the period	-	-	-	-	-	(589,508)	(589,508)	(453)	(589,961)
BALANCE AS AT 31 MARCH 2017	8,418,894	16,102,846	-	621,500	1,446,671	(14,857,626)	3,313,391	(1,217,117)	2,096,274
Share-based payments	-	-	-	7,000	-		7,000	-	7,000
Net loss for the period	-	-	-	-	-	(268,605)	(268,605)	(1,275)	(269,880)
BALANCE AS AT 30 JUNE 2017	8,418,894	16,102,846	-	628,500	1,446,671	(15,126,231)	3,051,786	(1,218,392)	1,833,394
Net loss for the period	-	-	-	-	-	(1,111,074)	(1,111,074)	(608)	(1,111,682)
BALANCE AS AT 30 SEPTEMBER 2017	8,418,894	16,102,846	-	628,500	1,446,671	(16,237,305)	1,940,712	(1,219,000)	721,712

-- The accompanying notes form an integral part of the consolidated financial statements --

(Statement 3)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – CONTINUED

	Equity attributable to shareholders								
	Shares	Share capital	Obligation to issue shares	Options	Warrants	Deficit	Total	Equity attributable to non-controlling interest	Total
	#	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2017	8,418,894	16,102,846	-	628,500	1,446,671	(16,237,305)	1,940,712	(1,219,000)	721,712
Net (loss) for the period	-	-	-	-	-	(88,983)	(88,983)	(90)	(89,073)
BALANCE AS AT 31 DECEMBER 2017	8,418,894	16,102,846	-	628,500	1,446,671	(16,326,288)	1,851,729	(1,219,090)	632,639
Shares issued for property	200,000	220,000	-	-	-	-	220,000	-	220,000
Net gain for the period	-	-	-	-	-	548,477	548,477	(630)	547,847
BALANCE AS AT 31 MARCH 2018	8,618,894	16,322,846	-	628,500	1,446,671	(15,777,811)	2,620,206	(1,219,720)	1,400,486
Shares issued for debt	600,000	240,000	-	-	-	-	240,000	-	240,000
Shares issued for services rendered	300,000	120,000	-	-	-	-	120,000	-	120,000
Net (loss) for the period	-	-	-	-	-	(596,707)	(596,707)	(89)	(596,796)
BALANCE AS AT 30 JUNE 2018	9,518,894	16,682,846	-	628,500	1,446,671	(16,374,518)	2,383,499	(1,219,809)	1,163,690
Shares issued for property	3,285,222	1,676,271	-	-	-	-	1,676,271	-	1,676,271
Net (loss) for the period	-	-	-	-	-	(874,255)	(874,255)	(1,205)	(875,460)
BALANCE AS AT 30 SEPTEMBER 2018	12,804,116	18,359,117	-	628,500	1,446,671	(17,248,773)	3,185,515	(1,221,014)	1,964,501

-- The accompanying notes form an integral part of the consolidated financial statements --

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 30 September 2018	Year Ended 30 September 2017
OPERATING ACTIVITIES		
Loss for the year	**$ (1,013,482)**	$ (2,176,027)
Items not Affecting Cash		
Amortization	-	968
Impairment (recovery) of mineral properties	**(637,397)**	914,024
Impairment of deposit	**-**	212,092
Gain on debt settlement	**(60,000)**	-
Gain on FV of marketable securities	**(32,670)**	-
Loss on disposal of interest in mineral roperty	**910,500**	-
Shares issued for shareholder relation service	**300,000**	-
Share-based payments	**120,000**	191,000
	(413,049)	(857,943)
Net Change in Non-cash Working Capital		
Amounts receivable	**24,413**	(29,871)
Prepaid amounts and other assets	**17,288**	7,380
Accounts payable and accrued liabilities	**225,452**	(17,683)
Long term deposits	**-**	(2,912)
	(145,894)	(901,029)
INVESTING ACTIVITIES		
Proceeds from sale of interest in mineral properties	**150,000**	-
Resource property expenditures	**(22,950)**	(145,404)
Exploration acquisition costs	**(135,000)**	(191,259)
	(7,950)	(336,663)
FINANCING ACTIVITIES		
Proceeds from unit issuances	**-**	1,410,000
Unit issuance costs	**-**	(134,531)
	-	1,275,469
Net Increase (Decrease) in Cash	**(153,844)**	37,777
Cash position – beginning of year	**156,200**	118,423
Cash Position – End of year	**$ 2,356**	$ 156,200
Supplementary Disclosure of Cash Flow Information:		
Shares issued for resource property acquisition	**$ 1,896,271**	$ -
Shares issued to settle debt	**240,000**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Lithium Energy Products Inc. ("Lithium" or the "Company") was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. On 12 December 2016, the Company announced that the TSX Venture Exchange has approved the change of name to "Lithium Energy Products Inc." and the concurrent change of the Company's stock symbol to "LEP". The Company is classified as a Junior Natural Resource Mining Company.

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

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

Consistent with other companies, in the sector of mineral exploration, the Company has incurred operating losses since inception, has limited sources of revenue, is unable to self-finance operations and has significant cash requirements to meet its overhead and maintain its mineral interests.

During the year ended 30 September 2018, the board of directors authorized a 20-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented, unless otherwise stated.

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the consolidated statement of financial position classifications used and such adjustments could be material.

(Rounded '000's)	**30 September 2018**	30 September 2017
Working capital	**$ (24,000)**	$ 177,000
Accumulated deficit attributed to shareholders	**$ (17,249,000)**	$ (16,237,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were authorized for issue by the Board of Directors and have been prepared under the historical cost convention, except for certain financial instruments, as set out in the summary of significant accounting policies (Note 3). In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

3) Summary of significant accounting policies

a) Basis of presentation

These Financial Statements incorporate the financial statements of Lithium Energy and the entities controlled by the Company, which consist of:

- Canadian Iron Metallics Inc. ("Canadian Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, owned 85% by Lithium Energy.
- Griffith Iron Metallics Inc. ("Griffith Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Karas Iron Metallics Inc. ("Karas Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

b) Foreign currency

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. Both the parent and its subsidiaries use the Canadian dollar as their functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as available-for-sale are reported as part of the fair value gain or loss and are included in equity.

c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the valuation of exploration and evaluation assets, and the deferred tax asset not recognized.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

e) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

f) Property and equipment

Property and equipment are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The depreciation method, useful life and residual values are assessed annually.

Property and equipment are stated, in the consolidated statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. The cost of property and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

Assets held under capital lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive loss.

Subsequent costs

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

Impairment

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer Equipment	1-3 years
Equipment	3-5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the indicators of impairment of each property on an annual basis, at a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed and the exploration results achieved by the Company and others. When the indicators of impairment exist, the carrying value of a property is compared to its net recoverable amount. An impairment adjustment is made for the decline in fair value.

The amounts shown for the exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. Acquisition costs represent shares or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore and develop the resource properties. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

h) Provision for reclamation and remediation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

All financial instruments must be recognized, initially, at fair value on the statement of financial position. The Company has classified each financial instrument into the following categories: "held-for-trading," "loans and receivables," "other financial liabilities", and "fair value through profit and loss". Subsequent measurement of the financial instruments is based on their respective classification. Unrealized gains and losses on held-for-trading instruments are recognized in earnings. The other categories of financial instruments are recognized at amortized cost using the effective interest method. The Company had made the following classification

Financial Assets or Liabilities	**Category**
Cash	Loans and receivables
Marketable securities	Available-for-sale
Accounts payable and accrued liabilities	Other financial liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

l) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

m) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in share capital with the common shares that were concurrently issued, based on their relative fair values. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model.

After issuance the terms of warrants may be modified throughout the warrant life. At the time of the modification the warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes pricing model. The incremental value in the warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded to the consolidated statement of loss and comprehensive loss.

n) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

o) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

p) Comprehensive loss

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit/loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive loss are presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

4) New accounting standards not yet effective

The following accounting standards have been issued by the International Accounting Standards Board ("IASB") but are not yet effective for the Company; both the effective date and the expected impact are noted, based on the information currently available.

a) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments: Classification and Measurement, introduces new requirements for the classification and measurement of financial instruments, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January, 2018, with early adoption permitted. The Company will adopt IFRS 9 on 1 October 2018, but will not affect their measurement. The balance of the Company's financial assets is held at amortized cost, and will continue to do so under the IFRS 9 classification model. The Company has assessed that there will be no material reporting changes as a result of adopting the new standard, however, there will be enhanced disclosure requirements.

b) IFRS 15, Revenues from Contracts with Customers

IFRS 15, Revenue Recognition: provides for a single, comprehensive revenue recognition model for all contracts with customers. It contains a single principle based five step approach that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after 1 January, 2018, with early adoption permitted. The Company will adopt IFRS 15 on 1 October 2018 and does not expect that the adoption of IFRS 15 to have an effect on the Company's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) IFRS 16, Leases

IFRS 16, Leases: introduces a new standard replacing IAS 17 Leases, that results in bringing many leases on balance sheet that are considered operating leases under IAS 17. Lessor accounting remains largely unchanged. IFRS 16 is effective for periods beginning on or after 1 January, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Management is currently assessing the potential impact of the adoption of IFRS 16.

5) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 September 2018.

Exploration evaluation assets

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

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

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

6) 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 2018 and 2017. 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, and accounts payable and accrued liabilities. As at 30 September 2018 and 2017, the carrying value of cash is at fair value. Amounts receivable, accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 September 2018, the Company held currency totalling the following:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Currency	30 September 2018	30 September 2017
Canadian (Dollars)	**1,884**	30,927
US (Dollars)	**364**	100,376

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 30 September 2018, the Company had a cash balance of $2,356, to settle current liabilities of $273,400 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.

h) Marketable securities risk

Marketable securities risk is the sensitivity of the fair value of marketable securities to supply and demand for marketable securities. The Company manages this risk by continually monitoring the market pricing and trends of its portfolio of securities to determine the appropriate timing to complete any acquisition or dispositions. The Company has determined marketable securities risk at year end is minimal.

7) Marketable securities

The following is a summary of the Company's fair value of the marketable securities:

Marketable Securities	Number of shares		30 September 2018
Balance – Beginning of Year	**-**	**$**	**-**
Argentum Silver Corp.	**1,250,000**		**212,500**
Orford Mining Corp.	**477,569**		**7,669**
Balance – End of Year	**1,727,569**	**$**	**220,269**

a) On 2 July 2018, the Company signed an agreement with Argentum Silver Corporation, agreeing the sale of 80% interest in the Vanadium Ridge Property to Argentum. In exchange, Argentum has paid the Company $150,000 cash and issued 1,250,000 Argentum shares. See Note10a for further details.

b) In July 2018, Orford Mining Corporation ("Orford") acquired Condor Precious Metals ("Condor"). The Company's 479,569 shares in Condor Precious Metals shares have been replaced by 34,862 Orford shares and 8,715 Orford warrants expiring 27 July, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8) Amounts receivable

Amounts receivable are comprised of:

	30 September 2018	30 September 2017
Goods and services tax recoverable	**$ 14,325**	$ 38,738

9) Deposits

CARRYING AMOUNTS	30 September 2018	30 September 2017
Balance – Beginning of Year	**$ 2,912**	$ 212,092
Impairment	**-**	(212,092)
Additions	**-**	2,912
Balance – End of Year	**$ 2,912**	$ 2,912

During the year ended 30 September 2017, the Company had recorded an impairment of $212,092 for a security deposit comprised of refundable reclamation bond for three permits at the Willcox Playa Lithium Brine prospect, as the balance was deemed unrecoverable.

As at 30 September 2018, the remaining balance of $2,912 represents a deposit for office lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10) Property and equipment

	Land	Computer Equipment	Field Equipment	Total
COST				
Balance as at 1 October 2016	$ 75,000	$ 9,734	$ 53,055	$ 137,789
Dispositions	-	-	(53,055)	(53,055)
Balance as at 30 September 2018 and 2017	**$ 75,000**	**$ 9,734**	**$ -**	**$ 84,734**
DEPRECIATION				
Balance as at 1 October 2016	$ -	$ 8,766	$ 53,055	$ 61,821
Depreciation for the year	-	968	-	968
Dispositions	-	-	(53,055)	(53,055)
Balance as at 30 September 2018 and 2017	**$ -**	**$ 9,734**	**$ -**	**$ 9,734**
CARRYING AMOUNTS				
Balance as at 30 September 2018 and 2017	**$ 75,000**	**$ -**	**$ -**	**$ 75,000**

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

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer equipment	1-3 years
Field equipment	3-5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11) Exploration and evaluation assets

The Company is running an exploration program focusing on the lithium exploration properties acquired. Additionally, the Company also holds outright five contiguous mineral properties located in the Red Lake Mining Division, Ontario, Canada.

EXPLORATION AND EVALUATION ASSETS

	Vanadium Ridge	Jackpot Lake	Willcox Playa	Little Rock	Ontario Properties	Total
ACQUISITION						
Balance as at 1 October 2016	$ -	$ 547,934	$ 379,803	$ 80,635	$ 5	$ 1,008,377
Additions	-	56,628	67,075	-	-	123,703
Impairment	-	(604,561)	-	(80,635)	(1)	(685,197)
Balance as at 30 September 2017	$ -	$ 1	$ 446,878	$ -	$ 4	$ 446,883
Additions	**1,560,000**	**317,560**	**153,710**	**-**	**-**	**2,031,270**
Dispositions	**(1,248,000)**	**-**	**-**	**-**	**-**	**(1,248,000)**
Recovery	**-**	**637,397**	**-**	**-**	**-**	**637,397**
Balance as at 30 September 2018	**$ 312,000**	**$ 954,958**	**$ 600,588**	**$ -**	**$ 4**	**$ 1,867,550**
EXPLORATION EXPENDITURES						
Balance as at 1 October 2016	$ -	$ 32,836	$ 3,384	$ -	$ -	$ 36,220
Geological and consulting	-	164,092	7,050	-	-	**171,142**
Staking and claiming	-	-	1,882	-	-	**1,882**
Assaying	-	6,606	3,682	-	-	**10,288**
Admin and camp	-	2,983	4,355	-	-	**7,338**
Transportation	-	610	-	-	-	**610**
Impairment	-	(207,127)	-	-	-	**(207,127)**
Balance as at 30 September 2017	**$ -**	**$ -**	**$ 20,353**	**$ -**	**$ -**	**$ 20,353**
Staking and claiming	-	-	**22,950**	-	-	**22,950**
Balance as at 30 September 2018	**$ -**	**$ -**	**$ 43,303**	**$ -**	**$ -**	**$ 43,303**
CARRYING AMOUNTS						
Balance as at 30 September 2017	$ -	$ 1	$ 467,231	$ -	$ 4	$ 467,236
Balance as at 30 September 2018	**$ 312,000**	**$ 954,958**	**$ 643,891**	**$ -**	**$ 4**	**$ 1,910,853**

a) Vanadium Ridge

During the year ended 30 September 2018, the Company announced the signing of a definitive agreement for the acquisition of a 100% interest in the Vanadium Ridge Property. The Vanadium Ridge Property consists of 20 mining claims, covering over 5,200 acres, situated 40 minutes by road from Kamloops, British Columbia. The payment of purchase price has been fully paid by issuing the Vendor 2,500,000 common shares of the Company, $135,000 cash payment and a 1% Net Smelter Returns Royalty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On 2 July 2018, the Company signed an agreement with Argentum Silver Corporation to sell 80% interest in the Vanadium Ridge Property to Argentum. In exchange, Argentum has paid the Company $150,000 cash and issued 1,250,000 Argentum shares. As a result, the Company retains a carried interest of 20% interest in the project.

b) Jackpot Lake property

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

Upon payment in full of the purchase agreement, the Company will become the legal and beneficial owner of 100% interest in the property, except for the Gross Overriding Royalty ("GOR") of 1%. In order to keep the Jackpot Lake property agreement in good standing, the Company must perform the following by the dates specified below:

Payment Due Date	Number of Shares	Cash
26 July 2016(i)	-	$ 70,000
12 August 2016(ii)	1,100,000	-
22 January 2017(i)	-	50,000
26 July 2017(ii)	100,000	-
22 January 2018(ii)	100,000	-
26 July 2018(ii)	304,878	-
22 January 2019(iii)	-	205,000
Total	1,604,878	$ 325,000

(i) paid in cash
(ii) settled in shares
(iii) payment can be made in cash or shares

The seller shall retain a 1% GOR, subject to a buyback provision to Lithium whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

The Company has to file all forms and pay all fees to keep the claims in good standing, including County Fees and BLM Maintenance Fees. Additionally, the Company has to complete no less than $1,000,000 worth of expenditures on claims within three years of signing the agreement. During the year ended 30 September 2017, the Company did not make scheduled payments and recorded an impairment of $811,688 for the acquisition and exploration expenditures related to the asset, reducing the value to $1 to reflect the rights to the mineral claims.

During the year ended 30 September 2018, the Company paid the outstanding payments through issuance of shares and has accordingly reversed the prior year's impairment losses of $637,397.

Effective 11 January, 2019 the Company acquired 100% of the Jackpot Late property in exchange for 759,259 common shares (at the closing price of $0.135 per share) valued at $102,500, and an unsecured demand promissory note in the amount of $102,500, bearing interest at 3% per annum, and payable on or before July 11, 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) Willcox Playa property

During the year ended 30 September 2016, the Company acquired three permits for a large dry lakebed in south-eastern Arizona consisting of 1,434 acres in the Wilcox Playa Basin.

Upon payment in full of the purchase agreement, the Company will become the legal and beneficial owner of 100% interest in the property, except for the GOR of 1%. The GOR of 1% is subject to a buyback provision to the purchaser whereby it may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000. The Company has now completed all its payments due on the property and has fully acquired 100% of the project.

Payment Due Date	Number of Shares	Cash
26 July 2016[i]	-	$ 16,645
12 August 2016[ii]	749,042	-
29 July 2016[i]	-	41,613
8 June 2017[i]		67,075
8 June 2018[ii]	480,344	-
Total	1,229,386	$ 125,333

(i) paid in cash
(ii) settled in shares

During the year ended 30 September 2018, the Company paid the outstanding payments through issuance of shares.

d) Little Rock property

During the year ended 30 September 2016, the Company acquired 14 claims comprising a land package of 289 acres in the Little Rock Target in Yavapai Country, Arizona.

During the year ended 30 September 2017, management determined that the Little Rock operation is unlikely to be profitable. The Company cancelled the acquisition agreement and recognized an impairment of $80,635.

e) Ontario Properties

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

12) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

<u>During the year ended 30 September 2018:</u>

During the year ended 30 September 2018, the board of directors authorized a 20-for-1 share consolidation. All share and per share information in these consolidated financial statements have been restated to reflect the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

impact of the share consolidation. On the day of share consolidation, a total of 172,377,875 common shares were consolidated into 8,618,894 common shares.

On 27 April 2018, the Company completed the agreement to acquire the Vanadium Ridge property in exchange for the issuance of 2,500,000 common shares of the Company and $135,000 in cash payment.

On 8 June 2018, The TSX Venture Exchange has given final approval of a shares for service agreement between the Company and a consultant in exchange for geological services. Pursuant to the terms of the Agreement, the Company issued 150,000 common shares of the Company to the consultant.

On 8 June 2018, the Company settled debts resulting from a consulting service agreement through the issuance of Shares to an arm's length party. Pursuant to the terms of the debt settlement agreement, the Company settled $300,000 owing in Shares through the issuance of 600,000 common shares.

On 29 May 2018, the Company has entered into a data acquisition agreement to issue shares for the acquisition of mining data on a Vanadium mine located in Kamloops, British Columbia. The Company issued 150,000 common shares for the mining data.

The Company issued 200,000 shares valued at $220,000 in full satisfaction of the 8 June 2017 and 8 June 2018 obligations for the acquisition of the Jackpot Lake property. In addition, the Company issued 304,878 shares on 17 July 2018 valued at $97,560 in order to keep the Jackpot Lake property agreement in good standing (Note 10b).

The Company issued 480,344 shares in full satisfaction of the July 2017 and January 2017 obligations for the acquisition of the Wilcox property.

<u>During the year ended 30 September 2017:</u>

On 12 October 2016, the Company closed the first tranche of a non-brokered private placement of 155,000 units at a price of $1.00 per Unit, for aggregate proceeds of $155,000. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant can be exercised into one common share of the Company at a price of $2.00 per share for a period of three years from the date of issuance. The Company recorded finder's fee in the amount of $12,800 in share issuance costs including 6,400 finder's units. Each Finder's Unit can be exercised for one Unit for a period of five years from the date of issuance at an exercise price of $1.00.

On 2 November 2016, the Company closed the second tranche of a non-brokered private placement of 1,345,000 units of the Company at a price of $1.00 per Unit, for aggregate proceeds of $1,345,000. Each Unit consists of one common share and one common share purchase warrant.

Each Warrant is exercisable for a period of three years from the date of issuance at an exercise price of $1.00. The Company recorded $128,132 of share issuance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) Summary of stock option activity

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

Stock option activity during the years ended 30 September 2018 and 2017 are as follows:

STOCK OPTION ACTIVITY	30 September 2018		Weighted Average Exercise Price	30 September 2017		Weighted Average Exercise Price
Balance – Beginning of Year	**271,250**	**$**	**1.55**	151,250	$	2.60
Issued	-		-	150,000		1.40
Expired	-		-	(30,000)		6.00
Balance – End of Year	**271,250**	**$**	**1.55**	271,250	$	1.60

Details of stock options outstanding as at 30 September 2018 and 2017 are as follows:

Issuance Date	Expiry Date		Exercise Price	30 September 2018	30 September 2017
1 April 2010	17 February 2019	$	2.00	**12,500**	12,500
1 April 2010	17 February 2019		2.00	**1,250**	1,250
13 October 2011	17 February 2019		6.00	**10,000**	10,000
10 July 2012	17 February 2019		3.00	**20,000**	20,000
28 February 2014	27 February 2019		1.00	**67,500**	67,500
10 April 2015	10 April 2020		1.00	**10,000**	10,000
25 January 2017	24 January 2022		1.30	**150,000**	150,000
				271,250	271,250

The outstanding options have a weighted average remaining life of 2.05 years and a weighted average exercise price of $1.55 as at 30 September 2018. All of the outstanding options have vested.

On 30 June 2017, the Company amended the terms of 20,000 options issued on 10 July 2012. The renewed terms extended the expiry date of options to 17 February 2019. The exercise price of options is the same at $3.00.

On 12 October 2016, the Company amended the terms of 10,000 options issued on 13 October 2011. The renewed terms extended the expiry date of options to 17 February 2019. The exercise price of options is the same at $6.00.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the years ended 30 September 2018 and 2017 are as follows:

WARRANT ACTIVITY	**30 September 2018**	**Weighted average exercise price**	30 September 2017	Weighted average exercise price
Balance – Beginning of Year	**2,452,400**	**$ 2.00**	952,400	$ 1.00
Issued	**-**	-	1,500,000	2.00
Expired	**(952,400)**	-	-	-
Balance – End of Year	**1,500,000**	**$ 2.00**	2,452,400	$ 2.00

Details of warrants outstanding as at 30 September 2018 and 2017 are as follows:

Expiry Date	Exercise Price	**30 September 2018**	30 September 2017
28 November 2017	$ 1.00	**-**	952,400
12 October 2019	2.00	**155,000**	155,000
2 November 2019	2.00	**1,345,000**	1,345,000
		1,500,000	2,452,400

The following provides the exercise price and life of the warrants:

	30 September 2018	30 September 2017
The outstanding warrants have a weighted-average exercise price of:	**$ 2.00**	$ 1.55
The weighted average remaining life of the outstanding warrants is:	**1.08**	1.34

e) Share-based payments

During the year ended 30 September 2018, no stock options were granted or vested. During the year ended 30 September 2017, the Company granted 3,000,000 incentive stock options to its directors, officer, and consultants and recognized share-based payments as follows:

	30 September 2017
Total Options Granted	150,000
Average exercise price	$ 1.40
Estimated fair value of compensation	$ 191,000
Estimated fair value per option	$ 1.27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	30 September 2017
Risk free interest rate	0.82-1.17%
Expected stock price volatility	111-130%
Expected dividend yield	-
Expected option life in years	1.63-5

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

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

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

f) Non-controlling interest

On 16 October 2014, the Company announced that it has entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company ("Units") by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. OMC now holds approximately 11.31% of the issued and outstanding shares of the Company. Each Unit consists of one common share in the capital of Lithium and one common share purchase warrant (a "Warrant"). Each Warrant is exercisable for a period of three years from the date of closing of the Private Placement at an exercise price of $0.05. These warrants expired on September 30th, 2018. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The value attributed to the non-controlling interest in Canadian Iron as at 30 September 2018 is an accumulated deficit of $1,221,014 (2017 - $1,219,000) due to the impairment of the Company's mineral properties. Net loss and comprehensive loss of $2,014 (2017 - $2,759) has been attributed to the non-controlling interest in these Financial Statements.

13) Related party transactions and obligations

a) 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. 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. Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Year[i]	Remuneration or fees[ii]	Share-based awards	Amounts Payable	Prepaid expenses
Basil Botha – President and Director,	**2018**	**$ 35,200**	**$ - $**	**13,883**	-
consulting fees	2017	$ 136,000	$ 24,133 $	3,273	10,080
Clearline CPA – a company of which	**2018**	**$ 58,203**	**$ - $**	**25,200**	-
the CFO is a director, professional fees	2017	$ 48,000	$ 15,083 $	8,437	-
Michael Hepworth, VP Corporate	**2018**	**$ -**	**$ - $**	**-**	-
Development	2017	$ 72,000	$ 24,133 $	-	-
Paul Sarjeant, Director	**2018**	**$ -**	**$ - $**	**-**	-
	2017	$ 1,500	$ 19,833 $	1,000	8,400
James Walker – CEO	**2018**	**$ 96,000**	**$ - $**	**36,222**	-
	2017	$ 87,000	$ 21,117 $	-	-
Annie Storey, Director	**2018**	**$ 1,788**	**$ - $**	**-**	-
	2017	$ 1,000	$ 15,083 $	500	-
Alberto Hassan, Director	**2018**	**$ -**	**$ - $**	**2,500**	-
	2017	$ 1,750	$ 20,333 $	1,000	-

(i) For the years ended 30 September 2018 and 2017.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Obligations

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 interest bearing loan of $35,000 at 1% a month compounded was issued. The loan was fully paid as at 30 September 2018.

14) Segmented disclosure

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

(Rounded to 000's)	Canada	US	Total
30 September 2018			
Current Assets	**$ 249,000**	**$ -**	**$ 249,000**
Non-Current Assets			
Other non-current assets	**78,000**	**-**	**78,000**
Resource properties	**312,000**	**1,556,000**	**1,868,000**
Liabilities			
Current Liabilities	**273,000**	**-**	**273,000**
30 September 2017			
Current Assets	$ 225,000	$ -	$ 225,000
Non-Current Assets			
Other non-current assets	78,000	-	78,000
Resource properties	-	467,000	467,000
Liabilities			
Current Liabilities	48,000	-	48,000

15) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16) Commitment

During the year ended 30 September 2016, the Company entered into a contract for office rent which expired 30 June 2018. During the year ended 30 September 2018, the Company entered into an agreement to extend the lease of the premises for an extension of two years commencing 1 July 2018 and expiring 30 June 2020.

Under the new agreement commencing 1 July 2018, the Company's total annual minimum lease payments are shown below:

Fiscal 2019	$	18,790
Fiscal 2020		14,334
Total	$	33,124

17) Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended 30 September, 2018 and 2017. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	30 September 2018	30 September 2017
Net loss before tax	**$ (2,176,027)**	$ (2,176,027)
Statutory tax rate	**26.00%**	26.00%
Expected income tax (recovery)	**(565,767)**	(565,767)
Non-deductible items	**75,929**	75,929
Change in deferred tax asset not recognized	**489,220**	489,220
Total income tax expense (recovery)	**$ -**	$ -

Details of deferred tax assets (liabilities) are as follows:

	30 September 2018	30 September 2017
Marketable securities	**(4,410)**	-
Capital loss carry-forwards	**4,410**	-
Net deferred tax assets (liabilities)	**$ -**	$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The unrecognized deductible temporary differences as at 30 September, 2018 and 2017 are comprised of the following:

	30 September 2018	30 September 2017
Non-capital losses carry-forwards	**$ 5,128,643**	$ 4,338,657
Capital losses	**167,332**	200,000
Exploration and evaluation assets	**8,305,169**	8,021,639
Donation	**1,550**	1,550
Property and equipment	**72,385**	72,385
Financing costs	**104,476**	164,661
Total unrecognized deductible temporary differences	**$ 13,779,555**	$ 12,798,892

As at 30 September, 2018, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of $5,128,643 (2017 - $4,338,657) which may be carried forward to apply against future year's income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry	Taxable Loss
2032	$ 156,463
2033	1,590,908
2034	1,180,071
2035	267
2036	475,457
2037	935,491
2038	789,986
Total	$ 5,128,643

18) Contingencies

On 4 August 2016, the Company paid a lease payment of USD $70,000 for the Arizona property to Bluewater Renewables Inc. (“Bluewater) which should have been CAD $70,000 according to the terms of the agreement. Bluewater disagreed on the application of overpayment towards the next scheduled payment. The Company filed a claim against Bluewater for the overpaid amount of $21,700, and the hearing was scheduled for 18 September 2017. The Company received a favourable judgement from the Provincial Court of British Columbia. As at 30 September 2018, a similar lawsuit has been filed at the Ontario Small Claims Court and the Company is waiting for the court ruling.

2019

Lithium Energy Products Inc.

Consolidated Financial Statements

For The Years Ended 30 September 2019 and 2018

Stated in Canadian Dollars

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Management's Responsibility

To the Shareholders of Lithium Energy Products Inc.:

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

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

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

We draw attention to Note 1 in the audited consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

Manning Elliott LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with the Board of Directors, Audit Committee, and management to discuss their audit findings.

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

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Independent Auditors' Report

To the Shareholders and Directors of Lithium Energy Products Inc.

Opinion

We have audited the consolidated Financial Statements of Lithium Energy Products Inc. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at September 30, 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The consolidated financial statements of the Company as of September 30, 2018 and for the year ended September 30, 2018, which are presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on January 17, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
January 27, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2019	As at 30 September 2018
ASSETS			
Current Assets			
Cash		$ 784	$ 2,356
Amounts receivable	(9)	37,301	14,325
Prepaid amounts and other assets		1,956	12,285
Marketable securities	(8)	-	220,169
		40,041	249,135
Non-current Assets			
Deposits	(10)	2,912	2,912
Property and equipment	(11)	75,000	75,000
Exploration and evaluation assets	(12)	2,172,678	1,910,854
		2,250,590	1,988,766
		$ 2,290,631	$ 2,237,901
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(16)	$ 527,999	$ 273,400
Promissory note payable	(13)	104,724	-
Short-term loans	(14)	174,428	-
		807,151	273,400
EQUITY			
Equity Attributable to Shareholders			
Share capital	(15)	18,461,617	18,359,117
Shares to be issued	(15)	53,000	-
Options - Contributed surplus	(15)	628,500	628,500
Warrants - Contributed surplus	(15)	1,446,671	1,446,671
Accumulated other comprehensive income		37	-
Deficit		(17,885,181)	(17,248,773)
		2,704,644	3,185,515
Non-controlling Interests	(15)	(1,221,164)	(1,221,014)
Total Equity		1,483,480	1,964,501
		$ 2,290,631	$ 2,237,901

Nature of operations and going concern	(1)	Capital management	(18)
Basis of preparation – Statement of Compliance	(2)	Commitment	(19)
Related party transactions and obligations	(16)	Subsequent events	(22)

The consolidated financial statements were approved by the Board of Directors on 27 January 2020 and were signed on its behalf by:

"Paul Sarjeant"
Paul Sarjeant, Director

"Karl Marek"
Karl Marek, Director

-- The accompanying notes form an integral part of these consolidated financial statements --

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	**Year Ended 30 September 2019**	Year Ended 30 September 2018
CONTINUING OPERATIONS			
Operating Expenses			
Professional fees		**$ 189,941**	$ 44,047
Management fees	(16)	**147,169**	193,653
Interest, financing fees, and bank charges	(16)	**105,561**	1,418
Consulting fees		**70,831**	53,000
Transfer agent and filing fees		**24,963**	48,626
Office and general		**15,691**	16,502
Insurance		**7,295**	7,900
Shareholder relations		**7,214**	333,676
Resource property expenses		**5,755**	10,426
Travel		**4,051**	3,502
Share-based payments	(15)	**-**	120,000
		(578,471)	(832,750)
Loss from Operations			
Loss on sale on marketable securities	(8)	**(57,628)**	-
Recovery of exploration and evaluation asset	(12)	**-**	637,397
Gain on debt settlement		**-**	60,000
Unrealized gain on marketable securities		**-**	32,670
Loss on foreign exchange		**(459)**	(299)
Loss on sale of interest in exploration and evaluation asset		**-**	(910,500)
Net Loss for the Year		**(636,558)**	(1,013,482)
Other Comprehensive Income			
Foreign operations – foreign currency translation differences		**37**	-
Comprehensive Loss for the Year		**(636,521)**	(1,013,482)
Net Loss Attributed to:			
Shareholders		**(636,408)**	(1,011,468)
Non-controlling interest		**(150)**	(2,014)
		(636,558)	(1,013,482)
Comprehensive Loss Attributed to:			
Shareholders		**(636,371)**	(1,011,468)
Non-controlling interest		**(150)**	(2,014)
		$ (636,521)	**$** (1,013,482)
Basic and Diluted Loss and Comprehensive Loss per Share		**$ (0.05)**	$ (0.10)
Weighted Average Number of Shares Outstanding		**13,330,397**	10,094,172

-- The accompanying notes form an integral part of these consolidated financial statements --

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Share capital	Shares to be issued	Options	Warrants	Accumulated other comprehensive income	Deficit	Total Shareholders Equity	Equity attributable to non-controlling interest	Total
	Equity attributable to shareholders									
	#	$	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2017	8,418,894	16,102,846	-	628,500	1,446,671	-	(16,237,305)	1,940,712	(1,219,000)	721,712
Shares issued for property	3,485,222	1,896,271	-	-	-	-	-	1,896,271	-	1,896,271
Shares issued for debt	600,000	240,000	-	-	-	-	-	240,000	-	240,000
Shares issued for services rendered	300,000	120,000	-	-	-	-	-	120,000	-	120,000
Net loss for the year	-	-	-	-	-	-	(1,011,468)	(1,011,468)	(2,014)	(1,013,482)
BALANCE AS AT 30 SEPTEMBER 2018	**12,804,116**	**18,359,117**	**-**	**628,500**	**1,446,671**	**-**	**(17,248,773)**	**3,185,515**	**(1,221,014)**	**1,964,501**
Shares issued for property	**759,259**	**102,500**	**-**	**-**	**-**	**-**	**-**	**102,500**	**-**	**102,500**
Shares to be issued	**-**	**-**	**53,000**	**-**	**-**	**-**	**-**	**53,000**	**-**	**53,000**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**37**	**-**	**37**	**-**	**37**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(636,408)**	**(636,408)**	**(150)**	**(636,558)**
BALANCE AS AT 30 SEPTEMBER 2019	**13,563,375**	**18,461,617**	**53,000**	**628,500**	**1,446,671**	**37**	**(17,885,181)**	**2,704,644**	**(1,221,164)**	**1,483,480**

-- The accompanying notes form an integral part of these consolidated financial statements --

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year Ended 30 September 2019		Year Ended 30 September 2018
OPERATING ACTIVITIES				
Loss for the year	**$**	**(636,558)**	$	(1,013,482)
Items not Affecting Cash				
Share-based payments		**-**		120,000
Loss on sale of marketable securities		**57,628**		-
Interest and financing fees on short-term loans		**51,401**		-
Shares to be issued for financing fees		**40,000**		-
Interest on promissory note		**2,224**		-
Loss on disposal of interest in mineral property		**-**		910,500
Shares issued for shareholder relation service		**-**		300,000
Recovery of exploration and evaluation asset		**-**		(637,397)
Gain on debt settlement		**-**		(60,000)
Gain on marketable securities		**-**		(32,670)
		(485,305)		(413,049)
Net Change in Non-cash Working Capital				
Amounts receivable		**(22,976)**		24,413
Prepaid amounts and other assets		**10,329**		17,288
Accounts payable and accrued liabilities		**254,599**		225,452
		(243,353)		(145,894)
INVESTING ACTIVITIES				
Proceeds from sale of marketable securities		**162,541**		-
Proceeds from sale of interest in mineral properties		**-**		150,000
Resource property expenditures		**-**		(22,950)
Exploration acquisition costs		**(56,824)**		(135,000)
		105,717		(7,950)
FINANCING ACTIVITIES				
Cash received for shares to be issued		**13,000**		-
Short-term loans received		**1,318,480**		-
Short-term loans repaid		**(1,195,453)**		-
		136,027		-
Effects of currency translation on cash and cash equivalents		**37**		-
Net Decrease in Cash		**(1,572)**		(153,844)
Cash position – beginning of year		**2,356**		156,200
Cash Position – End of Year	**$**	**784**	$	2,356
Supplementary Disclosure of Cash Flow Information:				
Shares issued for resource property acquisition	**$**	**102,500**	$	1,896,271
Shares issued to settle debt		**-**		240,000

-- The accompanying notes form an integral part of these consolidated financial statements --

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Lithium Energy Products Inc. ("Lithium" or the "Company") was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. On 12 December 2016, the Company announced that the TSX Venture Exchange has approved the change of name to "Lithium Energy Products Inc." and the concurrent change of the Company's stock symbol to "LEP". The Company is classified as a Junior Natural Resource Mining Company.

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

The Company is currently halted from trading on the TSX Venture Exchange as a result of pending news.

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

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

During the year ended 30 September 2019, the Company incorporated a wholly-owned subsidiary in the United States named Lithium Energy Products US, Corp.

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

(Rounded '000's)	**30 September 2019**	30 September 2018
Working capital deficiency	**$ (767,000)**	$ (24,000)
Accumulated deficit attributed to shareholders	**$ (17,885,000)**	$ (17,249,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB").

These Financial Statements were authorized for issue by the Board of Directors and have been prepared on a historical cost basis, except for certain financial instruments, as set out in the summary of significant accounting policies (Note 3). In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

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

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

3) Summary of significant accounting policies

a) Basis of presentation

These Financial Statements incorporate the accounts of Lithium and the entities controlled by the Company, which consist of:

- Canadian Iron Metallics Inc. ("Canadian Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, owned 85% by Lithium Energy.
- Griffith Iron Metallics Inc. ("Griffith Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Karas Iron Metallics Inc. ("Karas Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Lithium Energy Products US, Corp. ("Lithium USA"), which was incorporated on 7 November 2018 under the laws of the state of Florida in the United States, wholly owned by Lithium.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Foreign currency

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The functional currency of the parent and its Canadian subsidiaries is the Canadian dollar. The functional currency of Lithium USA is the United States dollar.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as fair value through profit or loss are reported as part of the fair value gain or loss and are included in equity.

c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the valuation of exploration and evaluation assets, and the deferred tax asset not recognized.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

e) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

f) Property and equipment

Property and equipment are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

Property and equipment are stated, in the consolidated statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. The cost of property and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

Assets held under capital lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive loss.

<u>Subsequent costs</u>

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

<u>Impairment</u>

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer Equipment	1-3 years
Field Equipment	3-5 years

g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the indicators of impairment of each property on an annual basis, at a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed and the exploration results achieved by the Company and others. When the indicators of impairment exist, the carrying value of a property is compared to its net recoverable amount. An impairment adjustment is made for the decline in fair value.

The amounts shown for the exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. Acquisition costs represent shares or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore and develop the resource properties. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

h) Provision for reclamation and remediation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company’s business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company’s business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company’s business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables. At each reporting date the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company’s historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company’s financial assets consist of cash and marketable securities, which have been classified at FVPL, and amounts receivable, which have been classified as financial assets at amortized cost and are measured at cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, promissory note payable and short-term loans, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

l) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in share capital with the common shares that were concurrently issued, based on their relative fair values. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model.

After issuance the terms of warrants may be modified throughout the warrant life. At the time of the modification the warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes pricing model. The incremental value in the warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded to the consolidated statement of loss and comprehensive loss.

m) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

n) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

o) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit/loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations if the functional currency is not the Canadian dollar. The Company's comprehensive loss is presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

4) New accounting standards

The details of the new significant accounting policies are set out in Note 3.

a) IFRS 9, Financial Instruments

On 1 October 2018, the Company adopted the new accounting standard, IFRS 9, which replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduced a new classification and measurement model for financial assets and liabilities, a more forward-looking impairment model based on expected credit losses and a substantially reformed hedge accounting model.

IFRS 9 contains a new classification and measurement approach for financial assets, reflecting the business model for assets and for cash flow characteristics. The following table summarizes the classification impact of the Company’s financial assets and financial liabilities upon the adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in any measurement adjustments of the Company’s financial assets and liabilities.

Financial Asset or Liability	Classification under IAS 39	Classification under IFRS 9
Cash	FVPL	FVPL
Amounts receivable	Loans and receivables	Amortized cost
Marketable securities	FVPL	FVPL
Accounts payable	Other liabilities	Amortized cost
Promissory note	Not applicable	Amortized cost
Short-term loans	Not applicable	Amortized cost

IFRS 9 also replaces the ‘incurred loss’ model in IAS 39 with an expected credit loss (“ECL”) model. ECL’s are a probability-weighted estimate of credit losses.

The adoption of IFRS 9 has not had an effect on the Company’s consolidated financial statements, other than the reclassification of certain financial instruments as noted above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5) New accounting standards not yet effective

The following accounting standards have been issued by the IASB but are not yet effective for the Company; both the effective date and the expected impact are noted, based on the information currently available.

a) IFRS 16, Leases

IFRS 16 is a new standard that sets out the principle for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of lease as either operating or finance lease, as is required by IAS 17 and instead introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 is applicable to annual reporting periods beginning on or after 1 January 2019. The Company is planning to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on 1 October 2019. The Company has decided to apply the modified retrospective approach on transition. Accordingly, the cumulative effect of initially applying IFRS 16 will be recognized as an adjustment to the opening balance of deficit as at the date of initial application, and the comparative information will not be restated. Based on the initial assessment, the Company estimates that it will have no impact on its consolidated financial statements.

6) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

<u>Going concern evaluation</u>

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 September 2019.

<u>Exploration evaluation assets</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

7) 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 2019. 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, marketable securities, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 September 2019, the Company held currency totalling the following:

Currency	30 September 2019	30 September 2018
Canadian (Dollars)	758	1,884
US (Dollars)	20	364

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 30 September 2019, the Company had a cash balance of $784 to settle current liabilities of $807,151 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.

8) Marketable securities

The following is a summary of the Company's fair value of the marketable securities:

MARKETABLE SECURITIES	Number of shares	30 September 2019	Number of shares	30 September 2018
Argentum Silver Corp. – shares	-	$ -	1,250,000	$ 212,500
Orford Mining Corp. – shares	-	-	34,862	7,669
Balance – End of Year	-	$ -	1,284,862	$ 220,169

Argentum Silver Corp.

On 2 July 2018, the Company signed an agreement with Argentum Silver Corp. ("Argentum"), agreeing the sale of 80% interest in the Vanadium Ridge Property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum shares (Note12a). During the year ended 30 September 2019, the Company sold all 1,250,000 common shares of Argentum Silver Corp. for total proceeds of $156,958 and recognized a loss of $55,542.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Orford Mining Corp.

In July 2018, Orford Mining Corporation ("Orford") acquired Condor Precious Metals ("Condor"). The Company's 479,569 common shares in Condor have been replaced by 34,862 Orford shares and 8,715 Orford warrants, expiring 27 July 2020. During the year ended 30 September 2019, the Company sold all 34,862 shares of Oxford for total proceeds of $5,583 and recognized a loss of $2,086.

9) Amounts receivable

Amounts receivable are comprised of:

AMOUNTS RECEIVABLE	**30 September 2019**	30 September 2018
Goods and services tax receivable	**$ 15,594**	$ 14,325
Due from American Strategic Minerals Inc.	**21,707**	-
	$ 37,301	$ 14,325

Goods and services tax receivable of $15,594 is not subject to significant collection risk.

During the year ended 30 September 2019, the Company incurred a total of $21,707 (2018 - $Nil) in expenses related to exploration and evaluation assets wholly owned by American Strategic Minerals Inc. ("ASM"). The Company and ASM entered into a definitive agreement on 1 April 2019, whereby the Company will acquire all of the common shares of ASM upon closing of the transaction in a three-cornered amalgamation (Note 21). 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.

10) Deposit

As at 30 September 2019 and 2018, the balance of $2,912 represents a deposit for office lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11) Property and equipment

PROPERTY AND EQUIPMENT	Land	Equipment	Total
COST			
Balance as at 1 October 2017	$ 75,000	$ 9,734	$ 84,734
Balance as at 30 September 2019 and 2018	**$ 75,000**	**$ -**	**$ 75,000**
DEPRECIATION			
Balance as at 1 October 2017	$ -	$ 9,734	$ 9,734
Balance as at 30 September 2019 and 2018	**$ -**	**$ -**	**$ -**
CARRYING AMOUNTS			
Balance as at 1 October 2017	$ 75,000	$ -	$ 75,000
Balance as at 30 September 2019 and 2018	**$ 75,000**	**$ -**	**$** 75,000

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to recognize the cost of the asset on the consolidated statements of comprehensive loss using the straight-line method over the estimated useful life of the asset.

Land comprises five Canadian properties located in Ontario, Canada (Note 12d). The Company earns revenues from sale of quarry rock located on this property. These revenues are offset against maintenance payments made on the property, and are included within the resource property expense on the consolidated statement of comprehensive loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12) Exploration and evaluation assets

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

EXPLORATION AND EVALUATION ASSETS	Vanadium Ridge	Jackpot Lake	Willcox Playa	Ontario Properties	Total
ACQUISITION					
Balance as at 1 October 2017	$ -	$ 1	$ 446,878	$ 4	$ 446,883
Additions	1,560,000	317,560	153,710	-	2,031,270
Dispositions	(1,248,000)	-	-	-	(1,248,000)
Recovery	-	637,397	-	-	637,397
Balance as at 30 September 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**
EXPLORATION EXPENDITURES					
Balance as at 1 October 2017	$ -	$ -	$ 20,354	$ -	$ 20,354
Additions	-	-	22,950	-	22,950
Balance as at 30 September 2018	**-**	**-**	**43,304**	**$ -**	**43,304**
Additions	-	-	-	-	-
Balance as at 30 September 2019	**$ -**	**$ -**	**$ 43,304**	**$ -**	**$ 43,304**
CARRYING AMOUNTS					
Balance as at 30 September 2018	**$ 312,000**	**$ 954,958**	**$ 643,892**	**$ 4**	**$ 1,910,854**
Balance as at 30 September 2019	**$ 312,000**	**$ 1,212,782**	**$ 647,892**	**$ 4**	**$ 2,172,678**

Acquisition costs represent common shares issued or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore the resource properties.

a) Vanadium Ridge property

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in the Vanadium Ridge property. The Vanadium Ridge Property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a carried interest of 20% interest in the Vanadium Ridge property at 30 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Jackpot Lake property

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

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

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

(i) an unsecured demand promissory note

The seller shall retain a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

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

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

Under the terms of the original agreement, the Company was to make a final payment of $205,000 by 26 July 2019. The vendor agreed to immediately transfer the 100% interest in the Jackpot Lake property for the issuance of 759,259 common shares of the Company at the 10 January 2019 closing price of $0.135 for a total value of $102,500 and an unsecured demand promissory note in the amount of $102,500, bearing interest at 3% per annum. The promissory note of $102,500 and associated interest totalling $104,724 remained unpaid as at 30 September 2019. Effective 11 January 2019, the Company acquired 100% of the Jackpot Lake Property.

c) Willcox Playa property

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

During the year ended 30 September 2018, the Company made the outstanding payments through issuance of the Company's common shares, and acquired a 100% interest in the Willcox Playa. The vendor retains a Gross

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Overriding Royalty ("GOR") of 1%. The GOR of 1% is subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

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

d) Ontario properties

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

13) Promissory note payable

As a part of the final settlement to acquire 100% of the Jackpot Lake property, the Company entered into an unsecured demand promissory note in the amount of $102,500, bearing interest at 3% per annum (Note 12b). The promissory note was due on 10 July 2019 and remained unpaid as at 30 September 2019.

The following is a summary of the Company's promissory note payable as at 30 September 2019:

PROMISSORY NOTE PAYABLE	Principal	Interest	Total
Jackpot Lake Property	$ 102,500	$ 2,224	$ 104,724

14) Short-term loans

On 5 March 2019, the Company received an interest-bearing loan of $40,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 6 April 2019. On 6 April 2019, ASM extended the due date to 6 April 2020. All other terms and conditions of the loan remain unchanged. As at 30 September 2019, the $40,000 short-term loan and associated interest of $2,803 owing to ASM remained unpaid.

On 18 March 2019, the Company received an interest-bearing loan of $10,000 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 April 2019. On 18 April 2019, ASM extended the due date to 18 April 2020. All other terms and conditions of the loan remain unchanged. As at 30 September 2019, the $10,000 short-term loan and associated interest of $660 owing to ASM remained unpaid.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $784,953 (USD$585,000) from an unrelated party. The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of USD$585,000, and associated financing fees of USD$20,000 in cash and 250,000 in common shares of the Company. As at 30 September 2019, the principal of USD$585,000 has been paid back in full. However, the associated financing fees of $25,910 (USD$20,000) in cash remained unpaid and the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

250,000 in common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $400,000 from the President and Director of the Company (Note 16). The loan was due and payable 60 days after the date on which the deposit was made. The repayment consisted of the principal payment of $400,000, and associated financing fees of USD$10,000 in cash and 150,000 common shares of the Company. As at 30 September 2019, the principal of $400,000 has been paid back in full. However, the associated financing fees of USD$10,000 in cash remained unpaid and the 150,000 common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

On 15 May 2019, the Company received an interest-bearing loan of $10,500 from ASM. The loan is secured by the assets of the Company, bears interest at one percent per month compounded and was payable in full on 18 June 2019. As at 30 September 2019, the $10,500 short-term loan had been repaid and associated interest of $346 owing to ASM remained unpaid.

On 21 June 2019, the Company received an unsecured, non-interest bearing loan of $7,075 from the President and Director of the Company (Note 16). The loan was due and payable on 30 August 2019. As at 30 September 2019, the principal of $7.075 and interest and financing fees of $1,166 remained unpaid.

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

During the year ended 30 September 2019, the Company received various unsecured interest-bearing loans for operations from Alpha Resource Management Inc., a company owned by the President and Director of the Company (Note 16). The loans bear interest at one percent per month compounded. As at 30 September 2019, principal and interest totalling $59,298 remained unpaid.

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

SHORT-TERM LOAN	Outstanding Principal	Interest and Financing Fees	Total
$40,000 loan from ASM	$ 40,000	$ 2,803	$ 42,803
$10,000 loan from ASM	10,000	660	10,660
$10,500 loan from ASM	-	346	346
$11,000 loan from the CEO of ASM	11,000	113	11,113
$784,953 (US$585,000) loan from an unrelated party	-	25,910	25,910
$400,000 loans from the President and Director	-	13,456	13,456
$7,075 loan from the President and Director	7,075	1,166	8,241
$52,352 operational loans from Alpha Resource Management Inc., a company owned by the President and Director	52,352	6,947	59,299
$2,600 loan from the CEO	2,600	-	2,600
	$ 123,027	$ 51,401	$ 174,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the year ended 30 September 2019:

The Company issued 759,259 common shares in lieu of a payment of $102,500 as partial consideration to acquire 100% of the Jackpot Lake property (Note 12b).

During the year ended 30 September 2018:

The board of directors authorized a 20-for-1 share consolidation. All share and per share information in these consolidated financial statements have been retroactively adjusted to reflect the impact of the share consolidation. On the day of share consolidation, a total of 172,377,875 common shares were consolidated into 8,618,894 common shares.

On 27 April 2018, the Company completed the agreement to acquire the Vanadium Ridge property in exchange for the issuance of 2,500,000 common shares of the Company and $135,000 in cash payment.

On 8 June 2018, The TSX Venture Exchange provided the final approval of a shares for service agreement between the Company and a consultant in exchange for geological services. Pursuant to the terms of the Agreement, the Company issued 150,000 common shares of the Company to the consultant.

On 8 June 2018, the Company settled debts resulting from a consulting service agreement through the issuance of common shares to an arm's length party. Pursuant to the terms of the debt settlement agreement, the Company settled $300,000 owing in common shares through the issuance of 600,000 common shares.

On 29 May 2018, the Company entered into a data acquisition agreement to issue common shares for the acquisition of mining data on a Vanadium mine located in Kamloops, British Columbia. The Company issued 150,000 common shares for the mining data.

The Company issued 200,000 shares valued at $220,000 in full satisfaction of the 8 June 2017 and 8 June 2018 obligations for the acquisition of the Jackpot Lake property. In addition, the Company issued 304,878 shares on 17 July 2018 valued at $97,560 in order to keep the Jackpot Lake property agreement in good standing (Note 10b).

The Company issued 480,344 common shares in full satisfaction of the July 2017 and January 2017 obligations for the acquisition of the Willcox property.

c) Summary of stock option activity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Stock option activity during the years ended 30 September 2019 and 2018 are as follows:

STOCK OPTION ACTIVITY	30 September 2019	Weighted Average Exercise Price	30 September 2018	Weighted Average Exercise Price
Balance – Beginning of Year	**271,250**	**$ 1.55**	**271,250**	$ 1.55
Expired	**(111,250)**	**1.93**	**-**	-
Balance – End of Year	**160,000**	**$ 1.28**	**271,250**	$ 1.55

Details of stock options outstanding as at 30 September 2019 and 2018 are as follows:

Issuance Date	Expiry Date	Exercise Price	30 September 2019	30 September 2018
1 April 2010	17 February 2019	$ 2.00	-	12,500
1 April 2010	17 February 2019	$ 2.00	-	1,250
13 October 2011	17 February 2019	$ 6.00	-	10,000
10 July 2012	17 February 2019	$ 3.00	-	20,000
28 February 2014	27 February 2019	$ 1.00	-	67,500
10 April 2015	10 April 2020	$ 1.00	**10,000**	10,000
25 January 2017	24 January 2022	$ 1.30	**150,000**	150,000
			160,000	271,250

As at 30 September 2019, the outstanding options have a weighted average remaining life of 2.21 years (2018 – 2.05 years) and a weighted average exercise price of $1.28 (2018 - $1.55). All of the outstanding options have vested and are exercisable.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) Warrants

Warrant activity during the years ended 30 September 2019 and 2018 are as follows:

WARRANT ACTIVITY	30 September 2019	Weighted Average Exercise Price	30 September 2018	Weighted Average Exercise Price
Balance – Beginning of Year	**1,500,000**	**$ 2.00**	2,452,400	$ 2.00
Expired	-	-	(952,400)	-
Balance – End of Year	**1,500,000**	**$ 2.00**	1,500,000	$ 2.00

Details of warrants outstanding as at 30 September 2019 and 2018 are as follows:

Expiry Date	Exercise Price	30 September 2019	30 September 2018
12 October 2019 (i)	**$ 2.00**	**155,000**	155,000
2 November 2019(i)	**$ 2.00**	**1,345,000**	1,345,000
		1,500,000	1,500,000

(i) Expired subsequent to the year-end unexercised.

As at 30 September 2019, the outstanding warrants have a weighted average remaining life of 0.08 years (2018 – 1.08) and a weighted average exercise price of $2.00 (2018 – $2.00).

e) Share-based payments

During the years ended 30 September 2019 and 2018, no stock options were granted or vested.

During the year ended 30 September 2018, The Company issued 150,000 common shares for an agreement with Raquel Fernandez, and 150,000 common shares for an agreement with Golden Hammer for consulting fees.

f) Shares to be issued

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

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

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

The above-mentioned shares have not been issued as at 30 September 2019 because the Company's shares are currently halted from trading.

g) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on September 30th, 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 30 September 2019, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

The value attributed to the non-controlling interest in the Company as at 30 September 2019 is an accumulated deficit of $1,221,164 (2018 - $1,221,014). For the year ended 30 September 2019, net loss and comprehensive loss of $150 (2018 – $2,014) has been attributed to the non-controlling interest in these Financial Statements.

16) Related party transactions and obligations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Year(i)		Remuneration or fees(ii)		Share-based awards		Amounts Payable
President and Director – Management fees	**2019**	**$**	**-**	**$**	**-**	**$**	**35,097**
	2018	$	35,200	$	-	$	13,833
A company of which the former CFO is a director – Management fees(iii)	**2019**	**$**	**12,000**	**$**	**-**	**$**	**42,038**
	2018	$	58,203	$	-	$	25,200
CEO and Director – Management fees	**2019**	**$**	**96,000**	**$**	**-**	**$**	**122,200**
	2018	$	96,000	$	-	$	**36,222**
CFO – Professional fees	**2019**	**$**	**6,750**	**$**	**-**	**$**	**-**
	2018	$	-	$	-	$	-
CFO – Management fees	**2019**	**$**	**33,419**	**$**	**-**	**$**	**26,188**
	2018	$	-	$	-	$	-
Former Directors – Director fees	**2019**	**$**	**1,250**	**$**	**-**	**$**	**3,750**
	2018	$	1,788	$	-	$	2,500
Directors – Director fees	**2019**	**$**	**4,450**	**$**	-	**$**	**6,988**
	2018	$	-	$	-	$	-

(i) For the years ended 30 September 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 30 September 2019.

On 6 November 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 interest-bearing loan totalling $6,090 at 1% a month compounded was issued. The loan was fully paid as at 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 30 September 2019, the principal of $7.075 and interest and financing fees of $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 30 September 2019, the principal of the loan was fully paid and interest of $346 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 30 September 2019, the principal of $400,000 has been paid back in full. However, an associated financing fee of USD$10,000 in cash remained unpaid and 150,000 common shares of the Company remained unissued. The amounts outstanding are unsecured, bear no interest and are due on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 30 September 2019, the loan and interest on the loan 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 30 September 2019, the loan and interest on the loan 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 30 September 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 30 September 2019, the loan and interest on the loan 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 30 September 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 30 September 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 30 September 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 30 September 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17) Segmented disclosure

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

(Rounded to 000's)	Canada	US	Total
30 September 2019			
Current Assets	**$ 40,000**	**$ -**	**$ 40,000**
Non-Current Assets			
Other non-current assets	**78,000**	**-**	**78,000**
Resource properties	**312,000**	**1,861,000**	**2,173,000**
Liabilities			
Current Liabilities	**807,000**	**-**	**807,000**
30 September 2018			
Current Assets	$ 249,000	$ -	$ 249,000
Non-Current Assets			
Other non-current assets	78,000	-	78,000
Resource properties	312,000	1,599,000	1,911,000
Liabilities			
Current Liabilities	273,000	-	273,000

18) Capital management

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

19) Commitment

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

Fiscal 2020	$ 14,334
Total	$ 14,334

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20) Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended 30 September 2019 and 2018. The presentation of the prior year income tax note has been updated to conform with the current year presentation.

	30 September 2019	30 September 2018
Net loss before tax	**$ (636,521)**	$ (2,176,027)
Statutory tax rate	**27.00%**	26.00%
Expected income tax (recovery)	**(172,000)**	(565,767)
Permanent differences and other	**(1,667,000)**	75,929
Effect of changes in statutory tax rates	**(138,000)**	-
Change in deferred tax asset not recognized	**1,977,000**	489,220
Total income tax expense (recovery)	**$ -**	$ -

The unrecognized deductible temporary differences and deferred income tax assets as at 30 September 2019 and 2018 are comprised of the following:

	30 September 2019		30 September 2018	
	Temporary difference	**Deferred income tax asset (liability)**	Temporary difference	Deferred income tax asset (liability)
Non-capital losses carry-forwards	**$ 14,090,000**	**$ 3,804,000**	$ 5,128,643	$ 1,333,000
Exploration and evaluation assets	**6,421,000**	**1,734,000**	8,305,169	2,159,000
Capital losses	**56,000**	**15,000**	167,332	44,000
Financing costs	**54,000**	**15,000**	104,476	27,000
Property and equipment	**(30,000)**	**(8,000)**	72,385	19,000
Marketable securities	**-**	**-**	(4,410)	(1,000)
Capital loss carry-forwards	**-**	**-**	4,410	1,000
Donation	**-**	**-**	1,550	-
Total unrecognized deductible temporary differences and deferred income tax assets	**$ 20,591,000**	**$ 5,560,000**	$ 13,779,555	$ 3,582,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2019, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of $14,090,000 (2018 - $5,128,643) in Canada which may be carried forward to apply against future year's income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry		Taxable Loss
	$	156,000
2033		1,591,000
2034		1,180,000
2036		8,584,000
2037		1,105,000
2038		772,000
2039		702,000
Total	$	14,090,000

21) Proposed transaction

During the year ended 30 September 2019, the Company entered into a definitive agreement with ASM whereby the Company will acquire all of the issued and outstanding common shares of ASM by way of a three-cornered amalgamation between the Company, ASM and a wholly owned subsidiary of the Company (the "Amalgamation Transaction"). In consideration, the Company will issue one common share and one-half share purchase warrant for every two ASM common shares. The share purchase warrants will be exercisable at a price of $0.16 for a period of 2 years. Prior to entering into this arrangement, the Company and ASM were dealing at arm's length.

The completion of the Amalgamation Transaction is subject to shareholder and regulatory approval. The Company's common shares on the TSX Venture Exchange have been halted from trading until the completion of the Amalgamation Transaction.

22) Subsequent events

Subsequent to the year ended 30 September 2019, all 1,500,000 outstanding warrants of the Company expired unexercised.

On 6 January 2020, the Company 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.

2020

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Consolidated Financial Statements

For the Years Ended 30 September 2020 and 2019

Stated in Canadian Dollars

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

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

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

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

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

Manning Elliott LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the Consolidated Financial Statements and report directly to them; their report follows. The external auditors have full and free access to meet periodically and separately with the Board of Directors, Audit Committee, and management to discuss their audit findings.

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Ares Strategic Mining Inc.

Opinion

We have audited the consolidated financial statements of Ares Strategic Mining Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at September 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management's Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
January 19, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30 September 2020	As at 30 September 2019
ASSETS			
Current Assets			
Cash		**$ 219,770**	$ 784
Amounts receivable	(9)	**12,831**	37,301
Prepaid amounts and other assets		**309,585**	1,956
		542,186	40,041
Non-current Assets			
Deposits	(10)	**72,181**	2,912
Property and equipment	(11)	**190,119**	75,000
Exploration and evaluation assets	(12)	**4,444,014**	2,172,678
		4,706,314	2,250,590
		$ 5,248,500	$ 2,290,631
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(16)	**$ 617,699**	$ 527,999
Promissory note payable	(13)	**-**	104,724
Short-term loans	(14)	**63,355**	174,428
		681,054	807,151
EQUITY			
Equity Attributable to Shareholders			
Share capital	(15)	**22,467,660**	18,461,617
Shares to be issued	(15)	**-**	53,000
Options - Contributed surplus	(15)	**1,152,500**	628,500
Warrants - Contributed surplus	(15)	**2,269,584**	1,446,671
Accumulated other comprehensive income ("OCI")		**10,393**	37
Deficit		**(20,108,460)**	(17,885,181)
		5,791,677	2,704,644
Non-controlling interests	(15)	**(1,224,231)**	(1,221,164)
Total Equity		**4,567,446**	1,483,480
		$ 5,248,500	$ 2,290,631

Nature of operations and going concern	(1)	Capital management	(18)
Basis of preparation – Statement of Compliance	(2)	Commitment	(19)
Related party transactions and obligations	(16)	Subsequent events	(21)

The Consolidated Financial Statements were approved by the Board of Directors on 19 January 2021 and were signed on its behalf by:

"Paul Sarjeant" — Paul Sarjeant, Director

"Karl Marek" — Karl Marek, Director

-- The accompanying notes form an integral part of the consolidated financial statements --

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note		**Year Ended 30 September 2020**		Year Ended 30 September 2019
General and Administrative					
Stock-based compensation	(15)	**$**	**524,000**	$	-
Office and marketing			**424,473**		15,691
Management fees	(16)		**269,828**		147,169
Professional fees			**193,154**		260,772
Transfer agent and filing fees			**80,385**		24,963
Depreciation			**11,617**		-
Insurance			**11,393**		7,295
Travel			**10,466**		4,051
Shareholder relations			**9,924**		7,214
Bank charges and interest expense			**9,170**		105,561
Resource property expenses			**8,978**		5,755
			(1,553,388)		(578,471)
Other Expenses					
Impairment of exploration and evaluation assets	(12)		**(649,900)**		-
Loss on sale on marketable securities			**-**		(57,628)
Foreign exchange loss			**(23,058)**		(459)
Net Loss for the Year		**$**	**(2,226,346)**	$	(636,558)
Other Comprehensive Income					
Foreign operations – foreign exchange			**10,356**		37
Comprehensive Loss for the Year		**$**	**(2,215,990)**	$	(636,521)
Net Loss Attributed to:					
Shareholders			**(2,223,279)**		(636,408)
Non-controlling interest			**(3,067)**		(150)
		$	**(2,226,346)**	$	(636,558)
Comprehensive Loss Attributed to:					
Shareholders			**(2,212,923)**		(636,371)
Non-controlling interest			**(3,067)**		(150)
		$	**(2,215,990)**	$	(636,521)
Basic and Diluted Loss per Share		**$**	**(0.05)**	$	**(0.05)**
Weighted Average Shares Outstanding			**47,817,706**		13,330,397

-- The accompanying notes form an integral part of the consolidated financial statements --

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to shareholders

	Shares	Share capital	Shares to be issued	Options	Warrants	Accumulated OCI	Deficit	Total Shareholders Equity	Equity attributable to NCI	Total
	#	$	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2018	12,804,116	18,359,117	-	628,500	1,446,671	-	(17,248,773)	3,185,515	(1,221,014)	1,964,501
Shares issued for property	759,259	102,500	-	-	-	-	-	102,500	-	102,500
Shares to be issued	-	-	53,000	-	-	-	-	53,000	-	53,000
Other comprehensive income	-	-	-	-	-	37	-	37	-	37
Net loss for the year	-	-	-	-	-	-	(636,408)	(636,408)	(150)	(636,558)
BALANCE AS AT 30 SEPTEMBER 2019	13,563,375	18,461,617	53,000	628,500	1,446,671	37	(17,885,181)	2,704,644	(1,221,164)	1,483,480
Units issued for private placement	**39,978,712**	**2,667,959**	**(13,000)**	**-**	**530,338**	**-**	**-**	**3,185,297**	**-**	**3,185,297**
Units issued on Amalgamation (Note 7)	**14,184,560**	**995,306**	**-**	**-**	**139,459**	**-**	**-**	**1,134,765**	**-**	**1,134,765**
Shares issued for property (Note 12)b)	**5,000,000**	**400,000**	**-**	**-**	**-**	**-**	**-**	**400,000**	**-**	**400,000**
Units issued for debt settlement	**3,825,384**	**323,122**	**(40,000)**	**-**	**21,773**	**-**	**-**	**304,895**	**-**	**304,895**
Units issued for promissory note	**1,312,320**	**85,643**	**-**	**-**	**19,343**	**-**	**-**	**104,986**	**-**	**104,986**
Share issuance cost	**353,550**	**(465,987)**	**-**	**-**	**112,000**	**-**	**-**	**(353,987)**	**-**	**(353,987)**
Stock-based compensation	**-**	**-**	**-**	**524,000**	**-**	**-**	**-**	**524,000**	**-**	**524,000**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**10,356**	**-**	**10,356**	**-**	**10,356**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(2,223,279)**	**(2,223,279)**	**(3,067)**	**(2,226,346)**
BALANCE AS AT 30 SEPTEMBER 2020	**78,217,901**	**22,467,660**	**-**	**1,152,500**	**2,269,584**	**10,393**	**(20,108,460)**	**5,791,677**	**(1,224,231)**	**4,567,446**

-- The accompanying notes form an integral part of the consolidated financial statements --

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note		**Year Ended 30 September 2020**		Year Ended 30 September 2019
OPERATING ACTIVITIES					
Loss for the Year		$	**(2,226,346)**	$	(636,558)
Items not Affecting Cash					
Impairment of exploration and evaluation assets	(12)		**649,900**		-
Stock-based compensation	(15)		**524,000**		-
Depreciation	(12)		**11,617**		-
Interest on short-term loan			**2,829**		51,401
Shares to be issued for financing fees			**-**		40,000
Interest on promissory note			**-**		2,224
Loss on sale of marketable securities			**-**		57,628
			(1,038,000)		(485,305)
Net Change in Non-cash Working Capital					
Accounts payable and accrued liabilities			**(52,447)**		254,599
Amounts receivable			**82,144**		(22,976)
Prepaid amounts and other assets			**(342,352)**		10,329
			(1,350,655)		(243,353)
INVESTING ACTIVITIES					
Resource property - expenditures			**(993,475)**		(56,824)
Equipment purchases	(11)		**(126,736)**		-
Amalgamation transaction costs	(7)		**(98,159)**		-
Resource property – acquisition	(12)		**(31,000)**		-
Cash acquired upon Amalgamation	(7)		**756**		-
Proceeds on sale of marketable securities			**-**		162,541
			(1,248,614)		105,717
FINANCING ACTIVITIES					
Proceeds on private placement			**3,185,297**		-
Short term loan received	(14)		**40,000**		1,318,480
Short term loans paid			**(25,976)**		(1,195,453)
Share issuance costs			**(353,987)**		-
Proceeds from shares to be issued			**-**		13,000
			2,845,334		136,027
Net effect of foreign currency translation			**(27,079)**		37
Net Increase (Decrease) in Cash			**218,986**		(1,572)
Cash position – beginning of year			**784**		2,356
Cash Position – End of Year		$	**219,770**	$	784

-- The accompanying notes form an integral part of the consolidated financial statements --

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

	Year Ended 30 September 2020	Year Ended 30 September 2019
Supplementary Disclosure of Cash Flow Information:		
Units issued for Amalgamation (Note 7)	**$ 1,134,765**	$ -
Shares issued for property acquisition (Note 12)b)	**400,000**	-
Units issued for debt settlement	**344,895**	-
Warrants issued to agents	**112,000**	-
Shares issued for promissory note	**104,986**	102,500
Interest paid	**53,625**	-
Income taxes paid	**-**	-

-- The accompanying notes form an integral part of the consolidated financial statements --

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Ares Strategic Mining Inc. ("Ares" or the "Company"), formerly Lithium Energy Products Inc., was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. The Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020. The TSX Venture Exchange has approved the change of name to "Ares Strategic Mining Inc." and the concurrent change of the Company's stock symbol to "ARS". The Company is classified as a Junior Natural Resource Mining Company.

The Company was in the business of acquiring and exploring lithium properties in Nevada and Arizona. On 18 February 2020, the Company completed a three-cornered amalgamation transaction (the "Amalgamation") with American Strategic Minerals Inc. ("ASM") (Note 7). As a result, Ares is focusing on progressing its fluorspar projects towards exploitation, production, and supplying metspar and acidspar to the markets.

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

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

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

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumptions were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

(Rounded 000's)	**30 September 2020**	30 September 2019
Working capital deficit	**$ 139,000**	$ 767,000
Accumulated deficit attributed to shareholders	**$ 20,108,000**	$ 17,885,000

2) Basis of preparation – Statement of Compliance

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

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

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

3) Summary of significant accounting policies

a) Basis of presentation

These Financial Statements incorporate the accounts of Lithium and the entities controlled by the Company, which consist of:

- Canadian Iron Metallics Inc. ("Canadian Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, owned 85% by Lithium Energy.
- Griffith Iron Metallics Inc. ("Griffith Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- Karas Iron Metallics Inc. ("Karas Iron"), which was incorporated on 11 September 2014 in Ontario, Canada, wholly owned by Canadian Iron.
- 1200944 BC Ltd., which was formed on 18 February 2020 in BC, Canada as part of the Amalgamation with ASM, wholly owned by Ares.
- 101017 BC Inc., which was incorporated on 11 October 2017 in the state of Delaware in the United States, wholly owned by 1200944 BC Ltd.
- Ares Strategic Mining, Inc., which was incorporated on 12 May 2020 in the state of Utah in the United States, wholly owned by Ares.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition.

b) Foreign currency

These Financial Statements are presented in Canadian dollars, which is the functional and presentation currency of the parent. Each entity determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. The functional currency of the parent and its Canadian subsidiaries is the Canadian dollar. The functional currency of 101017 BC Inc. is the United States dollar.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the end of reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences and other changes in the carrying amount of the security. Translation differences are recognized in the income statement and other changes in carrying amount are recognized in equity.

Translation differences on non-monetary financial assets, such as investments in equity securities, classified as fair value through profit or loss are reported as part of the fair value gain or loss and are included in equity.

c) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas that require estimates as the basis for determining the stated amounts include assumptions related to the valuation of exploration and evaluation assets, and the deferred tax asset not recognized.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d) Cash

The Company considers cash to include amounts held in banks and highly liquid investments with maturities at a point of purchase of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

e) Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence.

f) Property and equipment

Property and equipment are depreciated using the straight-line method based on estimated useful lives. Land is not depreciated.

Where an item of property and equipment is comprised of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

The costs of day-to-day servicing are recognized in profit or loss as incurred. These costs are more commonly referred to as "maintenance and repairs."

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalized at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings is utilized. Capitalization of borrowing costs ceases when the asset is substantially complete.

The depreciation method, useful life and residual values are assessed annually.

Property and equipment are stated, in the consolidated statement of financial position, at cost less accumulated depreciation and accumulated impairment losses. Assets in the course of construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use. The cost of property and equipment includes directly attributed incremental costs incurred in their acquisition and installation.

Assets held under capital lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The gain or loss arising on the disposal or retirement of an item of equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive loss.

<u>Subsequent costs</u>

The cost of replacing part of an item within property and equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized as an expense as incurred.

<u>Impairment</u>

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Depreciation is charged so as to write off the cost of the asset using the straight-line method over the estimated useful lives as follows:

Computer Equipment	1-3 years
Field Equipment	3-5 years

g) Exploration and evaluation assets

The Company is currently in the exploration stage with all of its mineral interests. Exploration and evaluation costs include the costs of acquiring licenses, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination.

Costs of acquisition and exploration of mineral properties are capitalized until either commercial production is established or a property is abandoned. Once commercial production has commenced, the net costs of the applicable property are charged to operations using the unit-of-production method based on estimated proven and probable recoverable reserves. The net costs related to abandoned properties are charged to income. Office and administration costs not specifically related to mineral projects are expensed in the year in which they occur.

The Company reviews the indicators of impairment of each property on an annual basis, at a minimum. This review generally is made by reference to the timing of exploration work, work programs proposed and the exploration results achieved by the Company and others. When the indicators of impairment exist, the carrying value of a property is compared to its net recoverable amount. An impairment adjustment is made for the decline in fair value.

The amounts shown for the exploration and evaluation assets represent costs incurred to date and do not reflect present or future values. Acquisition costs represent shares or cash paid to acquire the rights to the resource property, while exploration expenditures represent amounts paid to explore and develop the resource properties. The recoverability of these capitalized costs is dependent upon the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to successfully complete their exploration program.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

h) Provision for reclamation and remediation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

j) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial instruments

All financial instruments are measured at initial recognition at fair value plus any transaction costs that are directly attributable to the acquisition of the financial instruments except for transaction costs related to financial instruments classified as at fair value through profit or loss (FVPL) which are expensed as incurred.

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three categories into which the Company can classify its financial assets:

i) Amortized cost. A financial asset is measured at amortized cost if the contractual cash flows to repay the principal and interest are made at specific dates and if the Company's business model is to collect the contractual cashflows. Subsequent measurement uses the effective interest method, less any provision for impairment.

ii) Fair value through other comprehensive income (FVOCI). A financial asset is measured at FVOCI if the Company's business model is both to collect the contractual cashflows and sell assets and the contractual terms of the assets give rise on specified dates to cash flows that are solely repayments of principal and interest.

iii) Fair value through profit or loss (FVPL). A financial asset is measured at FVPL if it cannot be measured at amortized cost or FVOCI. At initial recognition the Company may also irrevocably designate a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party. The Company recognizes a loss allowance for expected credit losses on its financial assets using the simplified approach which permits the use of the lifetime expected loss provision for all amounts receivables. At each reporting date the Company assesses impairment of amounts receivable on a collective basis as its amounts receivable possess shared credit risk characteristics and have been grouped based on days past due. The loss allowance will be based upon the Company's historical credit loss experience over the expected life of trade receivables and contract assets, adjusted for forward looking estimates. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company's financial assets consist of cash, which has been classified at FVPL, and amounts receivable, which have been classified as financial assets at amortized cost and are measured at cost using the effective interest method.

A financial liability is initially classified as measured at amortized cost or FVPL. A financial liability is classified as measured at FVPL if it is held for trading, a derivative, contingent consideration of an acquirer in a business combination, or has been designated as FVPL on initial recognition. Financial liabilities at FVPL are measured at fair value with changes in fair value, along with any interest expense, recognized in profit or loss. All other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable, promissory note payable and short-term loans, which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled or expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

l) Share capital

Share capital issued for non-monetary consideration is recorded at an amount based on the quoted market value of the Company's shares at the time of issuance.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in share capital with the common shares that were concurrently issued, based on their relative fair values. Broker compensation options are classified as issuance costs and a deduction from equity and measured at fair value on the date of issue using the Black-Scholes option pricing model.

After issuance the terms of warrants may be modified throughout the warrant life. At the time of the modification the warrant is valued under the new terms immediately preceding and immediately after the modification using the Black-Scholes pricing model. The incremental value in the warrants issued as compensation for services is added to warrant equity and a warrant modification expense is recorded to the consolidated statement of loss and comprehensive loss.

m) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

n) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

o) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit/loss such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations if the functional currency is not the Canadian dollar. The Company's comprehensive loss is presented in the Consolidated Statements of Comprehensive Loss and the Consolidated Statements of Changes in Equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

4) New accounting standards

a) IFRS 16, Leases

On 1 October 2019, the Company adopted the new accounting standard, IFRS 16, Leases, which replaces the guidance in IAS 17, Leases and related interpretations. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract based on whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model, with limited exceptions for short-term leases or leases of low-value assets. The Company has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with short-term leases are recognized as expenses on a straight-line basis over the lease term. The adoption of IFRS 16 had no impact on the Company's consolidated financial statements as all leases are short-term leases.

5) New accounting standards not yet effective

The following accounting standards have been issued by the IASB but are not yet effective for the Company; both the effective date and the expected impact are noted, based on the information currently available.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non - current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

IFRS 3 – Business Combinations was amended to assist entities in determining whether an acquired set of activities and assets are considered a business. The amendments clarify the minimum requirements to be a business, remove the assessment of a market participant’s ability to replace missing elements, narrow the definition of outputs, add guidance to assess whether an acquired process is substantive and introduce an optional concentration test to permit a simplified assessment. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

6) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 September 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Business combinations

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

Exploration evaluation assets

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

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

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

Covid-19

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

7) Acquisition transaction ("Amalgamation")

The Company and ASM previously entered into a definitive agreement (the "Amalgamation Agreement") on 1 April 2019. On 18 February 2020, the Company completed the acquisition of ASM, a private company that was incorporated under the laws of the province of British Columbia on 14 May 2015. A wholly owned subsidiary of ASM, 101017BC, Inc., is a company incorporated in the state of Delaware, United States of America and currently possesses several mineral claim blocks including the Lost Sheep Fluoride Mine, known as the Lost Sheep Property.

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

The Company has determined that ASM did not meet the definition of a business under IFRS 3, Business Combinations, and as such has been accounted for as an asset acquisition. The cost of an acquisition should be based

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

on the fair value of items received, except where the fair value of the items received is not clearly evident. In such a case, the fair value of the consideration given is used.

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

Cash	$	756
Amounts receivable and prepaid expenses		92,220
Exploration and evaluation assets (Note 12)		1,459,064
Accounts payable and accrued liabilities		(296,746)
Revolving Loan		(22,370)
Total net assets acquired	**$**	**1,232,924**
14,184,560 units issued		1,134,765
600,000 stock options issued		-
Transaction costs		98,159
Total purchase consideration	**$**	**1,232,924**

8) 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 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, accounts payable and short-term loans. As at 30 September 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 September 2020, the Company held currency totalling the following:

CURRENCY		**30 September 2020**		30 September 2019
Canadian (Dollars)	**$**	**218,114**	$	758
US (Dollars)	**$**	**1,242**	$	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 30 September 2020, the Company had a cash balance of $219,770 to settle current liabilities of $681,054 that are due within one year.

9) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE		**30 September 2020**		30 September 2019
Goods and services tax receivable	**$**	**12,831**	$	15,594
Due from ASM		**-**		21,707
	$	**12,831**	$	37,301

As at 30 September 2020, amounts receivable consists only of goods and services tax receivable of $12,831 and is not subject to significant collection risk.

As a result of the Amalgamation (Note 7), amounts due from ASM have been eliminated upon consolidation as at 30 September 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

10) Deposits

Deposits consist of:

DEPOSITS		30 September 2020		30 September 2019
Office Lease	**$**	**2,912**	$	2,912
Surety deposits		**69,269**		-
	$	**72,181**	$	2,912

As at 30 September 2020, the balance in deposits of $2,912 (2019 - $2,912) represents a deposit for office lease and reclamation surety and bond in the amount of $69,269 (2019 - $Nil) paid to the State of Utah for a five-year escalation at Lost Sheep.

11) Property and equipment

PROPERTY AND EQUIPMENT		Field Equipment		Land		Total
COST						
Balance as at 1 October 2018	$	-	$	75,000	$	75,000
Addition		-		-		-
Balance as at 30 September 2019		-		75,000		75,000
Addition		**126,736**		**-**		**126,736**
Balance as at 30 September 2020	**$**	**126,736**	**$**	**75,000**	**$**	**201,736**
DEPRECIATION						
Balance as at 1 October 2018	$	-		-	$	-
Depreciation for the year		-		-		-
Balance as at 30 September 2019		-		-		-
Depreciation for the year		**11,617**		**-**		**11,617**
Balance as at 30 September 2020	**$**	**11,617**	**$**	**-**	**$**	**11,617**
CARRYING AMOUNTS						
Balance as at 1 October 2018	$	-	$	75,000	$	75,000
Balance as at 30 September 2019	**$**	**-**	**$**	**75,000**	**$**	**75,000**
Balance as at 30 September 2020	**$**	**115,119**	**$**	**75,000**	**$**	**190,119**

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

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

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

Land comprises five Canadian properties located in Ontario, Canada (Note 12)f). The Company earns revenues from sale of quarry rock located on this property. These revenues are offset against maintenance payments made on the property, and are included within the resource property expense on the consolidated statement of comprehensive loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

12) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS	Lost Sheep	Liard Fluorspar	Vanadium Ridge	Jackpot Lake	Wilcox Playa	Ontario Properties	Total
Balance as at 1 October 2018	$ -	$ -	$ 312,000	$ 954,958	$ 643,892	$ 4	$ 1,910,854
Additions	-	-	-	257,824	4,000	-	261,824
Balance as at 30 September 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**
Adjustments on currency translation	**37,698**	**-**	**-**	**-**	**-**	**-**	**37,698**
Impairment	**-**	**-**	**-**	**-**	**(649,900)**	**-**	**(649,900)**
Balance as at 30 September 2020	**$ 2,486,896**	**$ 432,332**	**$ 312,000**	**$ 1,212,782**	**$ -**	**$ 4**	**$ 4,444,014**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

a) Lost Sheep

On 18 February 2020, the Company completed the acquisition of 100% of the Lost Sheep Fluorspar Mine from ASM (Note 7) 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.

b) Liard Fluorspar

On 13 April 2020, the Company entered into an agreement to acquire 100% interest in 14 claims in the Liard Fluorspar property, located in British Columbia, from private owners of the property. The consideration is as follows:

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

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

c) Vanadium Ridge

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in the Vanadium Ridge property. The Vanadium Ridge property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a 20% interest in the Vanadium Ridge property.

d) Jackpot Lake property

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
26 July 2016	-	-	$ 70,000
12 August 2016	1,100,000	330,000	-
22 January 2017	-	-	50,000
26 July 2017	100,000	5,500	-
22 January 2018	100,000	5,500	-
26 July 2018	304,878	48,476	-
22 January 2019	759,259	102,500	-
11 July 2019[(i)]	1,312,320	104,986	-
Total	3,676,457	$ 596,962	$ 120,000

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

The seller shall retain a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

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

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

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

e) Willcox Playa property

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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

f) Ontario properties

The Company holds a 100% interest in five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constituted an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the Ontario properties, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

13) Promissory note payable

In order to acquire 100% of the Jackpot Lake property, the Company entered into an unsecured demand promissory note in the amount of $102,500, bearing interest at 3% per annum (Note 12)d). The promissory note was due on 10 July 2019 and was settled during the year ended 30 September 2020 through the issuance of 1,312,320 shares of the Company. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

The following is a summary of the Company's promissory note payable as at 30 September 2020:

PROMISSORY NOTE PAYABLE	**30 September 2020**	30 September 2019
Principal	**$ -**	$ 102,500
Interest	**-**	2,224
Total	**$ -**	$ 104,724

14) Short-term loans

The following is a summary of the Company's short-term loans as at 30 September 2020 and 30 September 2019:

SHORT-TERM LOANS	Year	Outstanding Principal	Interest and Financing Fees	Total
$11,000 loan from the former CEO of ASM, director	**2020**	$ -	$ **848**	$ **848**
	2019	11,000	113	11,113
Operational loans from related parties	**2020**	-	-	-
	2019	62,027	21,569	83,596
Operational loans from ASM, former related party	**2020**	-	-	-
	2019	50,000	3,809	53,809
$784,953 (US$585,000) loan from an unrelated party	**2020**	-	-	-
	2019	-	25,910	25,910
Loan from Clearwater	**2020**	22,507	-	22,507
	2019	-	-	-
Canada Emergency Business Account loan	**2020**	40,000	-	40,000
	2019	-	-	-
Total as at 30 September 2020	**2020**	**$ 62,507**	**$ 848**	**$ 63,355**
Total as at 30 September 2019	2019	123,027	51,401	174,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

On 30 August 2019, the Company received an interest-bearing loan of $11,000 from the former CEO of ASM. The loan was secured by the assets of the Company, subject to interest at one percent per month compounded and was payable in full on 30 September 2020. As at 30 September 2020, the principal of $11,000 had been repaid through the issuance of the Company's common shares (Note 15)b).

As at 30 September 2019, the Company had $83,956 in outstanding principal and interested related to various unsecured interest-bearing loans for operations from related parties. During the year ended 30 September 2020, principal in the amount of $62,027 and interest in the amount of $21,569 have been repaid through the issuance of the Company's common shares (Note 15)b).

During the year ended 30 S eptember 2019, the Company received an interest-bearing loans from ASM, related party prior to the Amalgamation (Note 7). As at 30 September 2020, the intercompany balances have been eliminated upon consolidation after completion of the Amalgamation (Note 7).

On 6 May 2019, the Company received an unsecured, non-interest-bearing loan of $784,953 (USD$585,000) from an unrelated party. The loan was due and payable 60 days after the date on which the loan was received. The repayment consisted of the principal payment of USD$585,000, and associated financing fees of USD$20,000 in cash and 250,000 in common shares of the Company. As at 30 September 2019, the principal of USD$585,000 had been paid back in full. The associated financing fees of $25,976 (USD$20,000) in cash was paid during the year ended 30 September 2020, and the 250,000 in common shares has been issued as at 30 September 2020.

Ares assumed a revolving loan payable of $22,370 (US$16,873) from ASM on 18 February 2020 through the Amalgamation (Note 7). Clearwater provided the Company with a revolving credit facility of up to a maximum of US$50,000. The revolving credit facility is unsecured and non-interest bearing. In return for this credit facility, Ares is to pay to Clearwater a financing charge of 20%, net of royalties, of all sales from the ore production of the Lost Sheep project as long as the credit facility is being used. As at 30 September 2020, the revolving loan in the amount of $22,507 (US$16,873) owing to Clearwater remained unpaid.

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

15) Share capital

a) Authorized:

Unlimited common shares without par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

b) Issued or allotted and fully paid:

During the year ended 30 September 2020:

	Number of Shares	Amount
Balance as at 1 October 2019	13,563,375	$ 18,461,617
Units issued for private placement	**39,978,712**	**2,667,959**
Units issued upon the Amalgamation (Note 7)	**14,184,560**	**995,306**
Shares issued for property (Note 12)b)	**5,000,000**	**400,000**
Units issued for debt settlement	**3,825,384**	**323,122**
Units issued for promissory note (Note 12)d)	**1,312,320**	**85,643**
Share issuance cost	**353,550**	**(465,987)**
Balance as 30 September 2020	**78,217,901**	**$ 22,467,660**

Shares issued for private placement:

- On 15 July 2020, the Company issued 625,000 units pursuant to a non-brokered private placement at a price of $0.08 per unit for gross proceeds of $50,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.
- On 15 June 2020, the Company completed a non-brokered private placement of 14,177,725 units at a price of $0.08 per unit for gross proceeds of $1,134,218. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.
- On 18 February 2020, the Company issued 500,000 units pursuant to a non-brokered private placement at a price of $0.08 per unit for gross proceeds of $40,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.
- On 14 February 2020, the Company issued 22,175,987 units at a price of $0.08 per unit for gross proceeds of $1,774,079. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.
- On 3 January 2020, the Company completed a bridge financing, representing the funds required to satisfy the closing of transaction with ASM. The Company issued 2,500,000 units at a price of $0.08 per unit for gross proceeds of $200,000, out of which $13,000 received during the year ended 30 September 2019. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

Shares issued for debt:

- On 20 August 2020, the Company settled debt of $14,100 through the issuance of 141,000 common shares.
- On March 2, 2020, the Company settled debt of $180,223 through the issuance of an aggregate of 1,802,230 common shares. Of the common shares issued, 400,000 related to settlement of financing fees incurred during

the year ended 30 September 2019, where 150,000 were issued to the former Director of the Company and 1,384,730 common shares were issued to the former CEO of ASM and former Director of the Company.

- On 14 February 2020, the Company settled an aggregate of $150,572 of debt with certain creditors through the issuance of an aggregate of 1,882,154 common shares and 738,577 share purchase warrants to certain creditors. Of the common shares issued, 466,250 common shares were issued to current and related parties. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

Share issuance costs:

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

During the year ended 30 September 2019:

The Company issued 759,259 common shares in lieu of a payment of $102,500 as partial consideration to acquire 100% of the Jackpot Lake property (Note 12 d).

c) Summary of stock option activity

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

Stock option activity during the years ended 30 September 2020 and 2019 is as follows:

STOCK OPTION ACTIVITY	**30 September 2020**	**Weighted Average Exercise Price**	30 September 2019	Weighted Average Exercise Price
Balance – Beginning of Year	**160,000**	**$ 1.28**	**271,250**	$ 1.55
Issued	**6,100,000**	**0.12**	**-**	-
Issued upon Amalgamation	**600,000**	**0.10**	**-**	-
Expired	**(10,000)**	-	**(111,250)**	1.93
Balance – End of Year	**6,850,000**	**$ 0.14**	**160,000**	$ 1.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Details of stock options outstanding as at 30 September 2020 and 30 September 2019 are as follows:

Issuance Date	Expiry Date		Exercise Price	30 September 2020	30 September 2019
10 April 2015	10 April 2020	$	1.00	-	10,000
25 January 2017	24 January 2022	$	1.30	150,000	150,000
18 February 2020	01 September 2022	$	0.10	300,000	-
18 February 2020	01 November 2022	$	0.10	300,000	-
9 March 2020	8 March 2022	$	0.10	2,800,000	-
30 August 2020	30 August 2022	$	0.13	3,300,000	-
				6,850,000	160,000

As at 30 September 2020, the outstanding options have a weighted average remaining life of 1.71 years (2019 - 2.21 years) and a weighted average exercise price of $0.14 (2019 - $1.28). All of the outstanding options have vested and are exercisable.

During the year ended 30 September 2020:

In August 2020, the Company granted 3,300,000 incentive stock options to its management and Board at an exercise price of $0.13 per common share for a period of 24 months from the date of issuance. The strike price of the stock options was determined in accordance with the current stock option plan and the rules as defined by the TSX Venture Exchange.

On 10 April 2020, 10,000 options expired unexercised.

In March 2020, the Company granted 2,800,000 incentive stock options to its chief executive officer at an exercise price of $0.10 per common share for a period of 24 months from the date of issuance. The strike price of the stock options was determined in accordance with the current stock option plan and the rules as defined by the TSX Venture Exchange.

Not included in the above-noted stock options are the compensation options resulting from a private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance (12 October 2021). Each warrant can be exercised into one common share of the Company at a price of $2.00 per share before the expiry.

d) Warrants

Warrant activity during the year ended 30 September 2020 and the year ended 30 September 2019 are as follows:

WARRANT ACTIVITY	30 September 2020		Weighted Average Exercise Price	30 September 2019		Weighted Average Exercise Price
Balance – Beginning of Year	1,500,000	$	2.00	1,500,000	$	2.00
Issued	31,734,665		0.15	-		-
Expired	(1,500,000)		2.00	-		-
Balance – End of Year	31,734,665	$	0.15	1,500,000	$	2.00

During the year ended 30 September 2020:

During the year ended 30 September 2020, 1,500,000 warrants expired unexercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

Details of warrants outstanding as at 30 September 2020 and 30 September 2019 are as follows:

Issuance Date	Expiry Date		Exercise Price	30 September 2020	30 September 2019
12 October 2016	12 October 2019	$	2.00	**-**	155,000
2 November 2016	2 November 2019	$	2.00	**-**	1,345,000
3 January 2020	3 January 2022	$	0.15	**1,250,000**	-
13 February 2020	13 February 2022	$	0.15	**13,352,072**	-
14 February 2020	14 February 2022	$	0.15	**1,394,737**	-
18 February 2020	18 February 2022	$	0.16	**7,092,277**	-
15 June 2020	15 June 2022	$	0.15	**8,645,579**	-
				31,734,665	1,500,000

As at 30 September 2020, the outstanding warrants have a weighted average remaining life of 1.48 years and a weighted average exercise price of $0.15 (2019 - $2.00).

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

e) Share-based payments

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

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

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

	30 September 2020
Risk free interest rate	**0.26 – 0.66%**
Expected stock price volatility	**86% - 93%**
Expected dividend yield	**-**
Expected option life in years	**1.44-1.92**

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

f) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 30 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 30 September 2020, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

The value attributed to the non-controlling interest in the Company as at 30 September 2020 is an accumulated deficit of $1,224,231 (2019 - $1,221,164). For the year ended 30 September 2020, net loss and comprehensive loss of $3,067 (2019 - $150) has been attributed to the non-controlling interest in these Financial Statements.

16) Related party transactions and obligations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

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	Year[(i)]	Remuneration or fees[(ii)]	Share-based payments	Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2020**	**$ 124,828**	**$ 183,000**	**$ 113,078**
	2019	$ 96,000	$ -	$ 122,000
CFO – Management fees	**2020**	**$ 48,000**	**$ 24,000**	**$ 770**
	2019	$ 33,419	$ -	$ -
CFO – Professional fees	**2020**	**$ 21,495**	**$ -**	**$ -**
	2019	$ 6,750	$ -	$ -
Directors – Director fees	**2020**	**$ 12,000**	**$ 78,000**	**$ 11,325**
	2019	$ 3,200	$ -	$ -
Directors – Consulting fees	**2020**	**$ 100,500**	**$ 102,000**	**$ 45,000**
	2019	$ -	$ -	$ -
Former Director – Consulting fees	**2020**	**$ 40,000**	**$ -**	**$ 15,750**
	2019	$ -	$ -	$ -
Former Directors – Director fees	**2020**	**$ -**	**$ -**	**$ -**
	2019	$ 1,250	$ -	$ 3,750
Total	**2020**	**$ 346,823**	**$ 387,000**	**$ 185,923**
	2019	$ 153,869	$ -	$ 236,261

(i) For the year ended 30 September 2020 and 2019.

(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

Short-term loans with related parties are described in Note (14) and debt settlement with related parties is described in Note (15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

17) Segmented disclosure

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

(Rounded to 000's)	Canada	US	Total
30 September 2020			
Current Assets	**$ 542,000**	**$ -**	**$ 542,000**
Non-Current Assets			
Other non-current assets	**262,000**	**-**	**262,000**
Resource properties	**2,327,000**	**2,117,000**	**4,444,000**
Liabilities			
Current Liabilities	**462,000**	**219,000**	**681,000**
30 September 2019			
Current Assets	$ 40,000	$ -	$ 40,000
Non-Current Assets			
Other non-current assets	78,000	-	78,000
Resource properties	312,000	1,861,000	2,173,000
Liabilities			
Current Liabilities	807,000	-	807,000

18) Capital management

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

19) Commitment

The Company entered into an agreement to extend the lease of the premises for an extension of 12 months commencing 1 July 2020 and expiring 30 June 2021. The Company's remaining annual minimum lease payments as at 30 September 2020 are shown below:

Fiscal 2021	14,334
Total	**$ 14,334**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

20) Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian and USA statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended 30 September 2020 and 2019.

	30 September 2020	30 September 2019
Net loss before tax	**$ (2,226,346)**	$ (636,521)
Statutory tax rate	**27.00% to 29.70%**	27.00%
Expected income tax (recovery)	**(601,000)**	(172,000)
Permanent differences and other	**(257,000)**	(1,667,000)
Effect of changes in statutory tax rates	**-**	(138,000)
Change in deferred tax asset not recognized	**858,000**	1,977,000
Total income tax expense (recovery)	**$ -**	$ -

The unrecognized deductible temporary differences and deferred income tax assets as at 30 September 2020 and 2019 are comprised of the following:

	30 September 2020		30 September 2019	
	Temporary difference	**Deferred income tax asset (liability)**	Temporary difference	Deferred income tax asset (liability)
Non-capital losses carry-forwards	**$ 15,740,000**	**$ 4,251,000**	$ 14,090,000	$ 3,804,000
Exploration and evaluation assets	**7,517,000**	**2,042,000**	6,421,000	1,734,000
Capital losses	**29,000**	**8,000**	56,000	15,000
Financing costs	**310,000**	**84,000**	54,000	15,000
Property and equipment	**123,000**	**33,000**	(30,000)	(8,000)
Total unrecognized deductible temporary differences and deferred income tax assets	**$ 23,719,000**	**$ 6,418,000**	$ 20,591,000	$ 5,560,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT.)

As at 30 September 2020, the Company has not recognized a deferred tax asset in respect of non-capital loss carryforwards of $15,739,000 (2019 - $14,090,000) in Canada and USA which may be carried forward to apply against future year's income tax for Canadian and USA income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year of Expiry	Taxable Loss
2032	$ 156,000
2033	1,591,000
2034	1,180,000
2036	8,593,000
2037	1,206,000
2038	871,000
2039	1,002,000
2040	1,140,000
Total	$ 15,739,000

21) Subsequent events

Subsequent to the year ended 30 September 2020:

The Company completed a non-brokered private placement of 2,400,000 units at a price of $0.25 per unit for gross proceeds of $600,000. Each Unit consists of one common share in the capital of the Company.

The Company settled an aggregate of $127,963 of debt through the issuance of an aggregate of 507,992 common shares to certain creditors. Of the common shares issued, 266,394 common shares were issued to current or former related parties.

The Company issued 6,802,328 common shares upon the exercise of warrants ranging in price from $0.15 to $0.16 per common share for gross proceeds of $1,032,926.

The Company issued 1,100,000 common shares upon the exercise of stock options at a price of $0.10 - $0.13 per common share for gross proceeds of $135,500.

The Company issued 600,000 common shares upon the exercise of ASM Options related to the Amalgamation.

2020

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Management's Discussion and Analysis

For the Year Ended 30 September 2020

Stated in Canadian Dollars

DATE: 20 JANUARY 2021

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 year ended 30 September 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 year ended 30 September 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.

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.

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.

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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 YEAR

On 9 September2020, Ares announced follow-up drill program after confirming high-grade fluorspar mineralization on its Lost Sheep fluorspar mine.

On 31 August 2020, Ares announced that its board of directors approved the granting of incentive stock options to the Ares management and Board at an exercise price of $0.13 per common share for a period of 24 months from the date of issuance.

On 31 August 2020, Ares received all the assay results from its 12 Reverse Circulation delineation drill holes from the drill program conducted at its Lost Sheep Fluorspar mining operation located In Delta, Utah, US.

On 19 August 2020, Ares announces the appointment of Mr. Keith Minty, to the position of Vice President - Project Manager, responsible for coordinating, progressing, and launching, commissioning the Company's new expanded fluorspar mining operation located near Delta Utah, U.S.A. Mr. Minty has agreed to settle 60% of his future Invoices in Company's common shares through a Shares for Debt Settlement. The Company has agreed to settle $14,100 of Mr. Minty's Invoices through shares, at the current trading price of $0.10, for a total of 141,000 shares.

On 14 August 2020 Ares announced that the Company has commenced trading as "ARESMF" on all applicable OTC marketplaces.

On 2 July 2020, Ares announced it had engaged P&E Mining Consultants Inc. to complete the Mine Design for its Lost Sheep Fluorspar Mine.

On 22 June 2020, Ares signed an agreement with Zimtu Capital Corp. (TSXV: ZC; FSE: ZCT1) ("Zimtu") whereas Zimtu shall provide Ares services under the Zimtu ADVANTAGE program. Zimtu ADVANTAGE is a program designed to provide opportunities, guidance, cost savings and assistance to clients covering multiple aspects of being a public company. The services may include building financial networks, building business networks, shared costs with other public companies, building a social media presence, conference opportunities, media outlets and guidance, and special group pricing provided by Zimtu's network of public company professionals. Under the terms of the agreement, Zimtu shall receive $8,333 per month, payable in advance, for a period of twelve months.

On 17 June 2020, Ares announced that following its metallurgical work, the Company successfully upgraded its naturally occurring fluorspar ore to the highest grade required by industry.

On 12 June 2020, Ares announced that following the completion of its Phase 1 drill program on the Lost Sheep mine, the Company has located additional fluorspar mineralization within its permitted areas.

On 9 June 2020, Ares announced the appointment of a new Director – Bob Li who is a world expert in fluorspar mining and production. Mr. Li is the Managing Director of the Mujim Group, one of Asia largest fluorspar producers. Mr. Li operates several fluorspar mines in Thailand and Laos, as well as fluorspar trading companies in India, China, and the UAE. Mr. Li brings to Ares many years of operational experience in the fluorspar industry.

On 2 June 2020, Ares announced the completion of its phase 1 drill program consisting of a delineation drill program at the Lost Sheep Mine. The Company has successfully mapped the location, size and orientation of one of the fluorspar pipes located on the property.

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

On 29 May 2020, the Board approved the employment of Market IQ Inc., and Axe Communications Inc. to assist with marketing, advertising, distribution of news – particularly within the United States, article writing, and market analytics.

On 27 May 2020, Ares announced a non-brokered private placement offering of up to 10,000,000 Units at a price of $0.08 per Unit for gross proceeds of approximately $800,000. Each Unit shall consist of one common share and one-half of one common share purchase warrant exercisable at $0.15 for a period of 24 months.

On 16 April 2020, Ares commenced delineation drilling on its Lost Sheep mine, for the purposes of facilitating adit and mine design, and to inform the Company's intended mine plan and mine expansion plans. More Core Diamond Drilling Services Ltd, based in Stewart, BC, were contracted to complete the drilling, with work expected to be completed before the end of May 2020.

In April 2020, 1,802,230 shares were issued for settlement of debt. Out of the common shares issued, 150,000 common shares were issued for settlement of financing fees related to an unsecured, non-interest-bearing loan of $400,000 from the former Director of the Company and 1,384,730 common shares were issued to the former CEO of ASM and former Director of the Company.

On 13 April 2020, the Company entered into Mineral Property Acquisition Agreement to acquire 100% interest in of 14 claims in the Liard Fluorspar Property located in British Columbia from private owners of the property. The consideration is as follows:

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
13 April 2020	-	$ -	$ 31,000
30 April 2020	5,000,000	500,000	-
Total	5,000,000	$ 500,000	$ 31,000

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

In April 2020, 353,550 shares were issued as work fee payment stated in the service agreement signed on 3 April 2020.

On 10 April 2020, 10,000 options expired unexercised.

On 9 March 2020, the board of directors approved the granting of 2,800,000 incentive stock options to its chief executive officer at an exercise price of $0.10 per common share for a period of 24 months from the date of issuance.

On 28 February 2020, the Company announced that trading of the Company's shares was scheduled to recommence on 3 March 2020.

On 18 February 2020, the Company completed the acquisition of 100% of the Lost Sheep Fluorspar Mine from American Strategic Metals Inc. ("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. 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 on 20 February 2020, each Unit consisting of one common share of Ares and one half of one warrant at an exercise price of $0.15.

On 14 February 2020, the Company closed of its $1.8 million 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.

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.

On 10 February 2020, the Company received conditional approval from the TSXV for the proposed transaction with ASM, a private British Columbia company, to acquire 100% of the Lost Sheep Fluorspar Mine.

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 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.

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 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 a non-binding 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 were 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").

During the six months ended 31 March 2020, all 1,500,000 outstanding warrants of the Company expired unexercised.

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 Copmany 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 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 30 SEPTEMBER 2020

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

On 11 January 2011, the Company has commenced preliminary planning for its second proposed mine site on its consolidated Spor Mountain fluorspar claims area. The Company has identified the historic Bell Hill mine area as the most suitable site for an advanced mining operation, which is anticipated to operate concurrently with the Lost Sheep mine.

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.

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.

RESULTS OF OPERATIONS

The comprehensive loss reported during the for the year ended 30 September 2020 was $2,215,990 compared to $636,521 in the prior year. The main fluctuations in costs are as follows:

Office and marketing fees (rounded to the nearest '000)	**12 months** **2020**	12 months 2019
	$ 424,000	$ 16,000
Variance	**$ 408,000**	

Increased office and marketing fees is due to additional marketing and media needs post the amalgamation transaction. The Company has entered into media service contracts during the period and hired a media manager starting February 2020.

Stock-based compensation (rounded to the nearest '000)	**12 months** **2020**	12 months 2019
	$ 524,000	$ -
Variance	**$ 524,000**	

The increase in stock-based compensation relates to 6,100,000 incentive stock options to its directors, officers, and consultants at an average exercise price of $0.14 per common share for a period of 24 months from the date of issuance.

Management fees (rounded to the nearest '000)	**12 months** **2020**	12 months 2019
	$ 270,000	$ 147,000
Variance	**$ 123,000**	

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

Professional fees (rounded to the nearest '000)	**12 months** **2020**	12 months 2019
	$ 193,000	$ 261,000
Variance	**$ (68,000)**	

The decrease in professional fees relates to professional fees incurred in the prior period in order to prepare the Company for the amalgamation.

Transfer agent and filling fees (rounded to the nearest '000)	**3 months** **2020**	3 months 2019
	$ 80,000	$ 25,000
Variance	**$ 55,000**	

The increase in transfer agent and filling fees relates to increased share activities during the year ended 30 September 2020 and OTC listing.

SUMMARY OF ANNUAL RESULTS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards and Canadian generally accepted accounting principles as applicable.

Fiscal Year Ended	**Sep-20**	Sep-19	Sep-18
Total Revenues	**$ -**	$ -	$ -
Loss for the Year	**$ 2,226,346**	$ 636,558	$ 1,013,482
Comprehensive Loss for the Year	**$ 2,215,990**	$ 636,521	$ 1,013,482
Loss and Comprehensive Loss per Share (Basic and Diluted)	**$ (0.05)**	$ (0.05)	$ (0.10)
Total Assets	**$ 5,248,500**	$ 2,290,631	$ 2,237,901

OUTSTANDING SHARES

As at 30 September 2020, the Company had 78,217,901 common shares issued and outstanding; the fully diluted amount of 116,802,566 includes 6,850,000 options and 31,734,665 warrants outstanding.

As at the date of this report, the Company had 87,228,221 common shares issued and outstanding; the fully diluted amount of 115,460,558 includes 5,150,000 options and 23,082,337 warrants outstanding.

FINANCIAL POSITION AND LIQUIDITY

As at 30 September 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 30 September 2020 and compares that to the fiscal 2019:

As at 30 September 2020, the Company had a working capital deficit of $139,000 compared to a working capital deficit of $767,000 as at 30 September 2019.

Cash used in operating activities during the year ended 30 September 2020 totalled $1,350,655 (30 September 2019: $243,353). This is consistent with management expectations.

Cash used in investing activities during the for the year ended 30 September 2020 totalled $1,248,614 (30 September 2019: cash provided by investing activity - $105,717).

Cash raised in financing activities during the year ended 30 September 2020 totalled $2,845,334 (30 September 2019: $136,027).

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 2018	$	-	$	-	$	312,000	$	954,958	$	643,892	$	4	$	1,910,854
Additions		-		-		-		257,824		4,000		-		261,824
Balance as at 30 September 2019	$	-	$	-	$	312,000	$	1,212,782	$	647,892	$	4	$	2,172,678
Acquisition		**1,459,064**		**431,000**		**-**		**-**		**-**		**-**		**1,890,064**
Drilling		**696,806**		**-**		**-**		**-**		**-**		**-**		**696,806**
Geological consulting		**260,452**		**-**		**-**		**-**		**-**		**-**		**260,452**
Other		**32,876**		**1,332**		**-**		**-**		**2,008**		**-**		**36,216**
Adjustments on currency translation		**37,698**		**-**		**-**		**-**		**-**		**-**		**37,698**
		-		**-**		**-**		**-**		**(649,900)**				**(649,900)**
Balance as at 30 September 2020	**$**	**2,486,896**	**$**	**432,332**	**$**	**312,000**	**$**	**1,212,782**	**$**		**$**	**4**	**$**	**4,444,014**

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 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, accounts payable and short-term loans. As at 31 March 2020, the carrying value of cash is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 September 2020, the Company held currency totalling the following:

CURRENCY		**30 September 2020**		30 September 2019
Canadian (Dollars)	**$**	**218,114**	$	758
US (Dollars)	**$**	**1,242**	$	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 30 September 2020, the Company had a cash balance of $219,770 to settle current liabilities of $681,053 that are due within one year; accordingly, the Company is not exposed to significant liquidity risk.

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 30 September 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

Name and Principal Position	Year(i)	Remuneration or fees(ii)	Share-based payments	Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2020**	**$ 124,828**	**$ 183,000**	**$ 113,078**
	2019	$ 96,000	$ -	$ 122,000
CFO – Management fees	**2020**	**$ 48,000**	**$ 24,000**	**$ 770**
	2019	$ 33,419	$ -	$ -
CFO – Professional fees	**2020**	**$ 21,495**	**$ -**	**$ -**
	2019	$ 6,750	$ -	$ -
Directors – Director fees	**2020**	**$ 12,000**	**$ 78,000**	**$ 11,325**
	2019	$ 3,200	$ -	$ -
Directors – Consulting fees	**2020**	**$ 100,500**	**$ 102,000**	**$ 45,000**
	2019	$ -	$ -	$ -
Former Director – Consulting fees	**2020**	**$ 40,000**	**$ -**	**$ 15,750**
	2019	$ -	$ -	$ -
Former Directors – Director fees	**2020**	**$ -**	**$ -**	**$ -**
	2019	$ 1,250	$ -	$ 3,750
Total	**2020**	**$ 346,823**	**$ 387,000**	**$ 185,923**
	2019	$ 153,869	$ -	$ 236,261

(i) For the year ended 30 September 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.

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

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

2021

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Condensed Interim Consolidated Financial Statements

For the Three Months Ended 31 December 2020

Stated in Canadian Dollars

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

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

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

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

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

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

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2020	As at 30 September 2020
ASSETS			
Current Assets			
Cash		**$ 448,020**	$ 219,770
Amounts receivable	(7)	**59,843**	12,831
Prepaid amounts and other assets		**725,757**	309,585
		1,233,620	542,186
Non-current Assets			
Deposits	(8)	**69,029**	72,181
Property and equipment	(9)	**183,782**	190,119
Exploration and evaluation assets	(10)	**5,548,123**	4,444,014
		5,800,934	4,706,314
		$ 7,034,554	$ 5,248,500
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	**$ 461,808**	$ 617,699
Short-term loans	(11)	**661,483**	63,355
		1,123,291	681,054
EQUITY			
Equity Attributable to Shareholders			
Share capital	(12)	**23,377,135**	22,467,660
Options - Contributed surplus	(12)	**1,259,500**	1,152,500
Warrants - Contributed surplus	(12)	**2,401,186**	2,269,584
Accumulated other comprehensive income (“OCI”)		**14,168**	10,393
Deficit		**(19,918,011)**	(20,108,460)
		7,133,978	5,791,677
Non-controlling interests	(12)	**(1,222,715)**	(1,224,231)
Total Equity		**5,911,263**	4,567,446
		$ 7,034,554	$ 5,248,500

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

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 1 March 2021 and were signed on its behalf by:

“Paul Sarjeant”
Paul Sarjeant, Director

“Karl Marek”
Karl Marek, Director

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to shareholders									
	Shares	**Share capital**	**Shares to be issued**	**Options**	**Warrants**	**Accumulated OCI**	**Deficit**	**Total Shareholders Equity**	**Equity attributable to NCI**	**Total**
	#	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
BALANCE AS AT 1 OCTOBER 2019	13,563,375	18,461,617	53,000	628,500	1,446,671	37	(17,885,181)	2,704,644	(1,221,164)	1,483,480
Units issued for private placement	39,978,712	2,667,959	(13,000)	-	530,338	-	-	3,185,297	-	3,185,297
Units issued on Amalgamation (Note 5)	14,184,560	995,306	-	-	139,459	-	-	1,134,765	-	1,134,765
Shares issued for property (Note 10)b)	5,000,000	400,000	-	-	-	-	-	400,000	-	400,000
Units issued for debt settlement	3,825,384	323,122	(40,000)	-	21,773	-	-	304,895	-	304,895
Units issued for promissory note	1,312,320	85,643	-	-	19,343	-	-	104,986	-	104,986
Share issuance cost	353,550	(465,987)	-	-	112,000	-	-	(353,987)	-	(353,987)
Stock-based compensation	-	-	-	524,000	-	-	-	524,000	-	524,000
Other comprehensive income	-	-	-	-	-	10,356	-	10,356	-	10,356
Net loss for the year	-	-	-	-	-	-	(2,223,279)	(2,223,279)	(3,067)	(2,226,346)
BALANCE AS AT 30 SEPTEMBER 2020	78,217,901	22,467,660	-	1,152,500	2,269,584	10,393	(20,108,460)	5,791,677	(1,224,231)	4,567,446
Shares issued for debt	**480,369**	**113,323**	**-**	**-**	**-**	**-**	**-**	**113,323**	**-**	**113,323**
Shares issued to ASM management	**600,000**	**60,000**	**-**	**-**	**-**	**-**	**-**	**60,000**	**-**	**60,000**
Shares issued upon exercises of warrants	**5,519,512**	**722,652**	**-**	**-**	**131,602**	**-**	**-**	**854,254**	**-**	**854,254**
Shares issued upon exercises of options	**950,000**	**13,500**	**-**	**107,000**	**-**	**-**	**-**	**120,500**	**-**	**120,500**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**3,775**	**-**	**3,775**	**-**	**3,755**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**190,449**	**190,449**	**1,516**	**191,965**
BALANCE AS AT 31 DECEMBER 2020	**85,767,782**	**23,377,135**	**-**	**1,259,500**	**2,401,186**	**14,168**	**(19,918,011)**	**7,133,978**	**(1,222,715)**	**5,911,263**

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

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

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Ares Strategic Mining Inc. ("Ares" or the "Company"), formerly Lithium Energy Products Inc., was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. The Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020. The TSX Venture Exchange has approved the change of name to "Ares Strategic Mining Inc." and the concurrent change of the Company's stock symbol to "ARS". The Company is classified as a Junior Natural Resource Mining Company.

The Company was in the business of acquiring and exploring lithium properties in Nevada and Arizona. On 18 February 2020, the Company completed a three-cornered amalgamation transaction (the "Amalgamation") with American Strategic Minerals Inc. ("ASM") (Note 5). As a result, Ares is focusing on progressing its fluorspar projects towards exploitation, production, and supplying metspar and acidspar to the markets.

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

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

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

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumptions were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

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

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

2) Basis of preparation – Statement of Compliance

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

Since the Financial Statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 30 September 2020.

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

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

3) Summary of significant accounting policies

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

4) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

Going concern evaluation

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

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

Business combinations

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

Exploration evaluation assets

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

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

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

Covid-19

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

5) Acquisition transaction ("Amalgamation")

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

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

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

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

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

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

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

6) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 December 2020. There have been no changes in levels during the period.

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

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

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

b) Fair values of financial assets and liabilities

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

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

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

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

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 31 December 2020, the Company had a cash balance of $448,020 to settle current liabilities of $1,123,324 that are due within one year.

7) Amounts receivable

Amounts receivable consists of:

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

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

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

8) Deposits

Deposits consist of:

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

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

9) Property and equipment

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

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

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

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

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

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

10) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

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

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

a) Lost Sheep

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

The Company acquired 100% interest in U.S. federal mining claims in Juab County, Utah, comprising approximately 1,447 acres, known as the Lost Sheep Property. The Lost Sheep property consists of several mineral claim blocks including the Lost Sheep Fluoride Mine, and other unpatented claims. The Lost Sheep Property is located at the north-east end of the Spor Mountain Mining District, in section 21, T.12S. 12W, and T.13S. 12W, SLBM of Juab County, western Utah, USA.

The sellers retained an outstanding royalty payment in the amount of US$1,000,000 once the property is in production.

b) Liard Fluorspar

On 13 April 2020, the Company entered into an agreement to acquire 100% interest in 14 claims in the Liard Fluorspar property, located in British Columbia, from private owners of the property. The consideration is as follows:

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

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

c) Vanadium Ridge

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in the Vanadium Ridge property. The Vanadium Ridge property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a 20% interest in the Vanadium Ridge property.

d) Jackpot Lake property

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

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

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

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
26 July 2016	-	$ -	$ 70,000
12 August 2016	1,100,000	330,000	-
22 January 2017	-	-	50,000
26 July 2017	100,000	5,500	-
22 January 2018	100,000	5,500	-
26 July 2018	304,878	48,476	-
22 January 2019	759,259	102,500	-
11 July 2019(i)	1,312,320	104,986	-
Total	3,676,457	$ 596,962	$ 120,000

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

The seller shall retain a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

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

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

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

e) Willcox Playa property

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

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

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

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

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

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

f) Ontario properties

The Company holds a 100% interest in five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constituted an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the Ontario properties, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

11) Short-term loans

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

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

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

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

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

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

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

12) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the three months ended 31 December 2020:

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

During the three months ended 31 December 2020:

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

During the year ended 30 September 2020:

Shares issued for private placement:

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

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

- On 18 February 2020, the Company issued 500,000 units pursuant to a non-brokered private placement at a price of $0.08 per unit for gross proceeds of $40,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

- On 14 February 2020, the Company issued 22,175,987 units at a price of $0.08 per unit for gross proceeds of $1,774,079. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

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

Shares issued for debt:

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

Share issuance costs:

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

c) Summary of stock option activity

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

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

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

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

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

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

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

<u>During the three months ended 31 December 2020:</u>

950,000 stock options were exercised during the period.

Not included in the above-noted stock options are the compensation options resulting from a private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance (12 October 2021). Each warrant can be exercised into one common share of the Company at a price of $2.00 per share before the expiry.

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

d) Warrants

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

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

During the three months ended 31 December 2020:

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

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

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

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

e) Share-based payments

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

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

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

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

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

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

f) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 30 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

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

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

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

13) Related party transactions and obligations

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

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

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

(i) For the three months ended December 31 2020 and 2019.
(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

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

14) Segmented disclosure

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

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

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

15) Capital management

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

16) Commitment

The Company entered into an agreement to extend the lease of the premises for an extension of 12 months commencing 1 July 2020 and expiring 30 June 2021. The Company's remaining annual minimum lease payments as at 31 December 2020 are shown below:

Fiscal 2021	9,556
Total	**$ 9,556**

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

17) Subsequent events

Subsequent to the three months ended 31 December 2020:

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

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

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

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

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

2021

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Condensed Interim Consolidated Financial Statements

For the Six Months Ended 31 March 2021

Stated in Canadian Dollars

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

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

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

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

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

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

"James Walker"

James Walker, CEO

"Viktoriya Griffin"

Viktoriya Griffin, CFO

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**As at 31 March 2021**	As at 30 September 2020
ASSETS			
Current Assets			
Cash		**$ 1,151,565**	$ 219,770
Amounts receivable	(7)	**89,812**	12,831
Prepaid amounts and other assets		**851,933**	309,585
		2,093,310	542,186
Non-current Assets			
Deposits	(8)	**78,706**	72,181
Property and equipment	(9)	**177,445**	190,119
Exploration and evaluation assets	(10)	**6,027,483**	4,444,014
		6,283,634	4,706,314
		$ 8,376,944	$ 5,248,500
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	(13)	**$ 541,481**	$ 617,699
Short-term loans	(11)	**681,239**	63,355
		1,222,720	681,054
EQUITY			
Equity Attributable to Shareholders			
Share capital	(12)	**26,348,241**	22,467,660
Subscriptions receivable		**(1,000,000)**	-
Options - Contributed surplus	(12)	**1,006,500**	1,152,500
Warrants - Contributed surplus	(12)	**2,539,051**	2,269,584
Accumulated other comprehensive income ("OCI")		**(29,972)**	10,393
Deficit		**(20,487,325)**	(20,108,460)
		8,376,494	5,791,677
Non-controlling interests	(12)	**(1,222,270)**	(1,224,231)
Total Equity		**7,154,224**	4,567,446
		$ 8,376,944	$ 5,248,500

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

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 1 March 2021 and were signed on its behalf by:

"Paul Sarjeant"
Paul Sarjeant, Director

"Karl Marek"
Karl Marek, Director

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	**6 Months Ended 31 March 2021**	6 Months Ended 31 March 2020	**3 Months Ended 31 March 2021**	3 Months Ended 31 March 2020
General and Administrative					
Office and marketing		**657,378**	53,178	**393,938**	48,584
Management fees	(13)	**101,000**	88,498	**48,000**	50,498
Professional fees		**93,442**	132,356	**59,039**	109,018
Transfer agent and filing fees		**80,920**	26,066	**59,611**	17,882
Depreciation		**12,674**	-	**6,337**	-
Insurance		**7,325**	5,292	**4,296**	2,512
Bank charges and interest expense		**2,162**	6,503	**1,169**	1,310
Shareholder relations		**250**	1,987	**250**	500
Travel		**244**	5,374	**244**	3,492
Resource property (recoveries) expenses		**(9,094)**	16,241	**1,013**	16,257
Stock-based compensation		**-**	271,000	**-**	271,000
		(946,301)	(606,495)	**(573,897)**	(521,053)
Other Expenses					
Foreign exchange (loss) gain		**(31,191)**	(9,623)	**5,028**	(9,717)
Recovery of mineral properties	(10)	**600,588**	-	**-**	-
Net Loss for the period		**(376,904)**	(616,118)	**(568,869)**	$ (530,770)
Other Comprehensive (Loss) Income					
Foreign operations – foreign exchange		**(40,365)**	131,999	**(44,140)**	131,999
Comprehensive Loss for the period		**$ (417,269)**	$ (484,119)	**$ (613,009)**	$ (398,771)
Net Loss Attributed to:					
Shareholders		**(378,865)**	(615,379)	**(569,313)**	(530,718)
Non-controlling interest		**1,961**	(739)	**444**	(52)
		$ (376,904)	$ (616,118)	**$ (568,869)**	$ (530,770)
Comprehensive Loss Attributed to:					
Shareholders		**(419,230)**	(483,380)	**(613,453)**	(398,719)
Non-controlling interest		**1,961**	(739)	**444**	(52)
		$ (417,269)	$ (484,119)	**$ (613,009)**	$ (398,771)
Basic and Diluted Loss per Share		**$ 0.00**	$ (0.02)	**$ (0.01)**	$ (0.01)
Weighted Average Shares Outstanding		**85,801,956**	24,662,628	**90,685,627**	35,883,850

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to shareholders

	Shares	Share capital	Subscriptions	Options	Warrants	Accumulated OCI	Deficit	Total Shareholders Equity	Equity attributable to NCI	Total
	#	$	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2019	13,563,375	18,461,617	53,000	628,500	1,446,671	37	(17,885,181)	2,704,644	(1,221,164)	1,483,480
Units issued for private placement	39,978,712	2,667,959	(13,000)	-	530,338	-	-	3,185,297	-	3,185,297
Units issued on Amalgamation (Note 5)	14,184,560	995,306	-	-	139,459	-	-	1,134,765	-	1,134,765
Shares issued for property (Note 10)b)	5,000,000	400,000	-	-	-	-	-	400,000	-	400,000
Units issued for debt settlement	3,825,384	323,122	(40,000)	-	21,773	-	-	304,895	-	304,895
Units issued for promissory note	1,312,320	85,643	-	-	19,343	-	-	104,986	-	104,986
Share issuance cost	353,550	(465,987)	-	-	112,000	-	-	(353,987)	-	(353,987)
Stock-based compensation	-	-	-	524,000	-	-	-	524,000	-	524,000
Other comprehensive income	-	-	-	-	-	10,356	-	10,356	-	10,356
Net loss for the year	-	-	-	-	-	-	(2,223,279)	(2,223,279)	(3,067)	(2,226,346)
BALANCE AS AT 30 SEPTEMBER 2020	78,217,901	22,467,660	-	1,152,500	2,269,584	10,393	(20,108,460)	5,791,677	(1,224,231)	4,567,446
Shares issued for private placement	**3,645,000**	**1,797,000**	**(1,000,000)**	**-**	**-**	**-**	**-**	**797,000**	**-**	**797,000**
Shares issued for debt	**586,264**	**171,013**		**-**	**-**	**-**	**-**	**171,013**	**-**	**171,013**
Shares issued to ASM management	**600,000**	**60,000**		**-**	**-**	**-**	**-**	**60,000**	**-**	**60,000**
Shares issued upon exercises of warrants	**11,371,788**	**1,473,018**		**-**	**269,467**	**-**	**-**	**1,742,484**	**-**	**1,742,484**
Shares issued upon exercises of options	**2,050,500**	**379,550**		**(146,000)**	**-**	**-**	**-**	**233,550**	**-**	**233,550**
Other comprehensive income	**-**	**-**		**-**	**-**	**(40,365)**	**-**	**(40,365)**	**-**	**(40,365)**
Net loss for the period	**-**	**-**		**-**	**-**	**-**	**(378,865)**	**(378,865)**	**1,961**	**(376,904)**
BALANCE AS AT 31 MARCH 2021	**96,471,453**	**26,348,241**	**(1,000,000)**	**1,006,500**	**2,539,051**	**(29,972)**	**(20,487,325)**	**8,376,494**	**(1,222,270)**	**7,154,224**

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	**6 Month Ended 31 March 2021**	6 Month Ended 31 March 2020	**3 Month Ended 31 March 2021**	3 Month Ended 31 March 2020
OPERATING ACTIVITIES					
Loss for the period		**$ (376,904)**	$ (616,118)	**$ (568,869)**	$ (528,770)
Items not Affecting Cash					
Depreciation	(9)	**12,674**	-	**6,337**	-
Shares issued for Amalgamation		**60,000**	-	**-**	-
Recovery of mineral properties	(10)	**(600,588)**	-	**-**	-
Stock-based compensation		**-**	271,000	**-**	271,000
Interest on short-term loan		**-**	5,057	**-**	797
Interest on promissory note		**-**	262	**-**	(506)
		(904,818)	(339,799)	**(562,532)**	(257,479)
Net Change in Non-cash Working Capital					
Accounts payable and accrued liabilities		**(76,219)**	(56,594)	**(33,651)**	(105,086)
Amounts receivable		**(76,981)**	50,701	**(29,969)**	43,444
Prepaid amounts and other assets		**(542,348)**	(252,604)	**(126,176)**	(250,806)
		(695,548)	(258,497)	**(189,796)**	(312,448)
		(1,600,366)	(598,296)	**(752,328)**	(569,927)
INVESTING ACTIVITIES					
Equipment purchase		**-**	(126,736)	**-**	(126,736)
Amalgamation transaction costs		**-**	(98,159)	**-**	(98,159)
Cash acquired upon amalgamation		**-**	756	**-**	756
Resource property - expenditures		**(811,867)**	(23,720)	**(308,346)**	(23,720)
		(811,867)	(247,859)	**(308,346)**	(247,859)
FINANCING ACTIVITIES					
Proceeds from warrants exercised		**1,742,484**	-	**888,230**	-
Proceeds from shares issued, net		**797,000**	1,746,922	**797,000**	1,505,739
Short-term loans received (paid)	(11)	**617,884**	(143,750)	**19,756**	(133,750)
Proceeds from options exercised		**233,550**	-	**113,050**	-
		3,390,918	1,603,172	**1,818,036**	1,371,989
Net effect of foreign currency translation		**(46,890)**	(5,645)	**(53,817)**	(5,812)
Net Increase in Cash		**931,795**	751,372	**703,545**	548,391
Cash position – beginning of period		**219,770**	784	**448,020**	203,765
Cash Position – end of period		**$ 1,151,565**	$ 752,156	**$ 1,151,565**	$ 752,156

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Ares Strategic Mining Inc. ("Ares" or the "Company"), formerly Lithium Energy Products Inc., was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. The Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020. The TSX Venture Exchange has approved the change of name to "Ares Strategic Mining Inc." and the concurrent change of the Company's stock symbol to "ARS". The Company is classified as a Junior Natural Resource Mining Company.

The Company was in the business of acquiring and exploring lithium properties in Nevada and Arizona. On 18 February 2020, the Company completed a three-cornered amalgamation transaction (the "Amalgamation") with American Strategic Minerals Inc. ("ASM") (Note 5). As a result, Ares is focusing on progressing its fluorspar projects towards exploitation, production, and supplying metspar and acidspar to the markets.

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

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

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

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumptions were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

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

(Rounded 000's)		**31 March 2021**		30 September 2020
Working capital (deficit)	**$**	**871,000**	$	(139,000)
Accumulated deficit attributed to shareholders	**$**	**20,487,000**	$	20,108,000

2) Basis of preparation – Statement of Compliance

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

Since the Financial Statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 30 September 2020.

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

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

3) Summary of significant accounting policies

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

4) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 31 March 2021.

Business combinations

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

Exploration evaluation assets

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

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

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

Covid-19

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

5) Acquisition transaction ("Amalgamation")

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

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

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

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

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

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

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

6) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 31 March 2021. There have been no changes in levels during the period.

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

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

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

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts payable and short-term loans. As at 31 March 2021, the carrying value of cash is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 31 March 2021, the Company held currency totalling the following:

CURRENCY		**31 March 2021**		30 September 2020
Canadian (Dollars)	**$**	**1,140,823**	$	218,114
US (Dollars)	**$**	**8,435**	$	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 March 2021, the Company had a cash balance of $1,151,565 to settle current liabilities of $1,222,719 that are due within one year.

7) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE		**31 March 2021**		30 September 2020
Goods and services tax receivable	**$**	**89,812**	$	12,831
	$	**89,812**	$	12,831

As at 31 March 2021, amounts receivable consists only of goods and services tax receivable of $89,812 and is not subject to significant collection risk.

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

8) Deposits

Deposits consist of:

DEPOSITS		31 March 2021		30 September 2020
Office lease	**$**	**2,912**	$	2,912
Surety deposits		**75,794**		69,269
	$	**78,706**	$	72,181

As at 31 March 2021, the balance in deposits of $2,912 (2020 - $2,912) represents a deposit for office lease and reclamation surety and bond in the amount of $75,794 (2020 - $69,269) paid to the State of Utah for a five-year escalation at Lost Sheep and Bell Hill.

9) Property and equipment

PROPERTY AND EQUIPMENT		Field Equipment		Land		Total
COST						
Balance as at 1 October 2019	$	-	$	75,000	$	75,000
Addition		126,736		-		126,736
Balance as at 30 September 2020		126,736		75,000		201,736
Addition		**-**		**-**		**-**
Balance as at 31 March 2021	**$**	**126,736**	**$**	**75,000**	**$**	**201,736**
DEPRECIATION						
Balance as at 1 October 2019	$	-		-	$	-
Depreciation for the period		11,617		-		11,617
Balance as at 30 September 2020		11,617		-		11,617
Depreciation for the period		**12,674**		**-**		**12,674**
Balance as at 31 March 2021	**$**	**24,291**	**$**	**-**	**$**	**24,291**
CARRYING AMOUNTS						
Balance as at 1 October 2019	$	-	$	75,000	$	75,000
Balance as at 30 September 2020	**$**	**115,119**	**$**	**75,000**	**$**	**190,119**
Balance as at 31 March 2021	**$**	**102,445**	**$**	**75,000**	**$**	**177,445**

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

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

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

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

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

10) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS		Lost Sheep		Liard Fluorspar		Vanadium Ridge		Jackpot Lake		Wilcox Playa		Ontario Properties		Total
Balance as at 1 October 2019	$	-	$	-	$	312,000	$	1,212,782	$	647,892	$	4	$	2,172,678
Acquisition		-		431,000		-		-		-		-		431,000
Acquired upon Amalgamation		1,459,064		-		-		-		-		-		1,459,064
Drilling		696,806		-		-		-		-		-		696,806
Geological consulting		260,452		-		-		-		-		-		260,452
Other		32,876		1,332		-		-		2,008		-		36,216
Impairment		-		-		-		-		(649,900)		-		(649,900)
Adjustments on currency translation		37,698		-		-		-		-		-		37,698
Balance as at 30 September 2020	$	2,486,896	$	432,332	$	312,000	$	1,212,782	$	-	$	4	$	4,444,014
Acquisition		**5,308**		**-**		**-**		**-**		**-**		**-**		**5,308**
Drilling		**188,503**		**-**		**-**		**-**		**-**		**-**		**188,503**
Geological consulting		**680,656**		**-**		**-**		**-**		**-**		**-**		**680,656**
Skating and claiming		**81,703**		**-**		**-**		**2,272**		**-**		**-**		**83,975**
Other		**76,032**		**-**		**-**		**-**		**-**		**-**		**76,032**
Recovery		**-**		**-**		**-**		**-**		**600,588**		**-**		**600,588**
Adjustments on currency translation		**(56,901)**		**-**		**-**		**-**		**-**		**-**		**(56,901)**
Balance as at 31 March 2021	**$**	**3,467,505**		**432,332**		**312,000**		**1,215,054**		**600,588**		**4**		**6,027,483**

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

a) Lost Sheep

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

The Company acquired 100% interest in U.S. federal mining claims in Juab County, Utah, comprising approximately 1,447 acres, known as the Lost Sheep Property. The Lost Sheep property consists of several mineral claim blocks including the Lost Sheep Fluoride Mine, and other unpatented claims. The Lost Sheep Property is located at the north-east end of the Spor Mountain Mining District, in section 21, T.12S. 12W, and T.13S. 12W, SLBM of Juab County, western Utah, USA.

The sellers retained an outstanding royalty payment in the amount of US$1,000,000 once the property is in production.

b) Liard Fluorspar

On 13 April 2020, the Company entered into an agreement to acquire 100% interest in 14 claims in the Liard Fluorspar property, located in British Columbia, from private owners of the property. The consideration is as follows:

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

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

c) Vanadium Ridge

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in the Vanadium Ridge property. The Vanadium Ridge property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a 20% interest in the Vanadium Ridge property.

d) Jackpot Lake property

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

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

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

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
26 July 2016	-	$ -	$ 70,000
12 August 2016	1,100,000	330,000	-
22 January 2017	-	-	50,000
26 July 2017	100,000	5,500	-
22 January 2018	100,000	5,500	-
26 July 2018	304,878	48,476	-
22 January 2019	759,259	102,500	-
11 July 2019(i)	1,312,320	104,986	-
Total	3,676,457	$ 596,962	$ 120,000

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

The seller shall retain a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

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

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

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

e) Willcox Playa property

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

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

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

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

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

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

f) Ontario properties

The Company holds a 100% interest in five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constituted an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the Ontario properties, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

11) Short-term loans

The following is a summary of the Company's short-term loans as at 31 March 2021 and 30 September 2020:

SHORT-TERM LOANS	Year	Outstanding Principal	Interest and Financing Fees	Total
$11,000 loan from the former CEO of ASM, director	**2021**	**$ -**	**$ -**	**$ -**
	2020	-	848	848
Operational loans from related parties	**2021**	**600,000**	**-**	**600,000**
	2020	-	-	-
Loan from Clearwater	**2021**	**21,239**	**-**	**21,239**
	2020	22,507	-	22,507
Canada Emergency Business Account loan	**2021**	**60,000**	**-**	**40,000**
	2020	40,000	-	40,000
Total as at 31 March 2021	**2021**	**$ 681,239**	**$ -**	**$ 681,239**
Total as at 30 September 2020	2020	$ 62,507	$ 848	$ 63,335

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

During the six month period ended 31 March 2021, the Company had received $600,000 from unrelated parties. This loan was settled by the Company's related parties who had transferred their common shares in settlement.

Ares assumed a revolving loan payable of $21,483 (US$16,873) from ASM on 18 February 2020 through the Amalgamation (Note 5). Clearwater provided the Company with a revolving credit facility of up to a maximum of US$50,000. The revolving credit facility is unsecured and non-interest bearing. In return for this credit facility, Ares is to pay to Clearwater a financing charge of 20%, net of royalties, of all sales from the ore production of the Lost Sheep project as long as the credit facility is being used. As at 31 March 2021, the revolving loan in the amount of $21,239 (US$16,873) (2020 – US$16,873) owing to Clearwater remained unpaid.

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

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

12) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the six months ended 31 March 2021:

	Number of Shares	Amount
Balance as at 1 October 2020	78,217,901	22,467,660
Shares issued for private placement	**3,645,000**	**1,797,000**
Subscriptions receivable	**-**	**(1,000,000)**
Shares issued for debt settlement	**586,264**	**171,013**
Shares issued as part of Amalgamation	**600,000**	**60,000**
Shares issued upon exercise of warrants	**11,371,788**	**1,473,018**
Shares issued upon exercise of options	**2,050,500**	**379,550**
Balance as 31 March 2021	**96,471,453**	**26,348,241**

During the six months ended 31 March 2021:

- The Company issued 3,645,000 common shares at a price of $0.50 per common share for expected gross proceeds of $1,822,500 out of which, $1,000,000 was outstanding as at 31 March 2021. Share issuance costs paid were in the amount of $25,500 as finder's fees. In addition, the Company issued 51,000 finder's warrants. Each finder's warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.50 for a period of 24 months

- The Company settled debt of $171,013 through the issuance of 586,264 common shares to certain creditors.

- The Company issued 600,000 common shares as part of the Amalgamation agreement (Note 5).

- The Company issued 11,371,788 common shares upon the exercise of warrants ranging in price from $0.15 to $0.16 per common share for gross proceeds of $1,473,018.

- The Company issued 2,050,500 common shares upon the exercise of stock options at a price of $0.10 - $0.13 per common share for gross proceeds of $379,550.

During the year ended 30 September 2020:

Shares issued for private placement:

- On 15 July 2020, the Company issued 625,000 units pursuant to a non-brokered private placement at a price of $0.08 per unit for gross proceeds of $50,000. Each unit consists of one common share and one-half of one

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

common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

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

- On 18 February 2020, the Company issued 500,000 units pursuant to a non-brokered private placement at a price of $0.08 per unit for gross proceeds of $40,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

- On 14 February 2020, the Company issued 22,175,987 units at a price of $0.08 per unit for gross proceeds of $1,774,079. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.15 for a period of 24 months.

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

Shares issued for debt:

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

Share issuance costs:

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

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

c) Summary of stock option activity

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

Stock option activity during the six months ended 31 March 2021 and 30 September 2020 is as follows:

STOCK OPTION ACTIVITY	31 March 2021	Weighted Average Exercise Price	30 September 2020	Weighted Average Exercise Price
Balance – Beginning of Period	**6,850,000**	**$ 0.14**	160,000	$ 1.28
Issued	-	-	6,100,000	0.12
Issued upon Amalgamation	-	-	600,000	0.10
Exercised	**2,050,500**	**0.12**	-	-
Expired	-	-	(10,000)	-
Balance – End of Period	**4,799,500**	**$ 0.15**	6,850,000	$ 0.14

Details of stock options outstanding as at 31 March 2021 and 30 September 2020 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 March 2021	30 September 2020
25 January 2017	24 January 2022	$ 1.30	**150,000**	150,000
18 February 2020	01 September 2022	$ 0.10	-	300,000
18 February 2020	01 November 2022	$ 0.10	**200,000**	300,000
9 March 2020	8 March 2022	$ 0.10	**2,099,500**	2,800,000
30 August 2020	30 August 2022	$ 0.13	**2,350,000**	3,300,000
			4,799,500	6,850,000

As at 31 March 2021, the outstanding options have a weighted average remaining life of 1.19 years (2020 – 1.71 years) and a weighted average exercise price of $0.15 (2020 - $0.14). All of the outstanding options have vested and are exercisable.

<u>During the six months ended 31 March 2021:</u>

2,050,500 stock options were exercised during the period.

Not included in the above-noted stock options are the compensation options resulting from a private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance (12 October 2021). Each warrant can be exercised into one common share of the Company at a price of $2.00 per share before the expiry.

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

d) Warrants

Warrant activity during the six months ended 31 March 2021 and 30 September 2020 are as follows:

WARRANT ACTIVITY	31 March 2021	Weighted Average Exercise Price	30 September 2020	Weighted Average Exercise Price
Balance – Beginning of Period	**31,734,665**	**$ 0.15**	1,500,000	$ 2.00
Issued	**51,000**	**0.50**	31,734,665	0.15
Exercised	**(11,371,788)**	**0.16**	-	-
Expired	**-**	**-**	(1,500,000)	2.00
Balance – End of Period	**20,413,877**	**$ 0.15**	31,734,665	$ 0.15

<u>During the six months ended 31 March 2021:</u>

Details of warrants outstanding as at 31 March 2021 and 30 September 2020 are as follows:

Issuance Date	Expiry Date	Exercise Price	31 March 2021	30 September 2020
3 January 2020	3 January 2022	$ 0.15	**31,250**	1,250,000
13 February 2020	13 February 2022	$ 0.15	**10,766,764**	13,352,072
14 February 2020	14 February 2022	$ 0.15	**1,021,729**	1,394,737
18 February 2020	18 February 2022	$ 0.16	**3,420,653**	7,092,277
15 June 2020	15 June 2022	$ 0.15	**5,122,482**	8,645,579
17 March 2021	17 March 2023	$ 0.15	**51,000**	-
			20,413,877	31,734,665

As at 31 March 2021, the outstanding warrants have a weighted average remaining life of 0.88 years and a weighted average exercise price of $0.15 (2020 - $0.15).

The fair value of the warrants recognized in the accounts has been estimated using the Black-Scholes Model assuming no expected dividends, volatility of 77%, expected life of 2 years, and a risk-free rate of 0.31%. Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

e) Share-based payments

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

	31 March 2021	30 September 2020
Total Options Granted	**-**	6,100,000
Average exercise price	**$ -**	$ 0.14
Estimated fair value of compensation	**$ -**	$ 524,000
Estimated fair value per option	**$ -**	$ 0.09

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

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

	31 March 2021	30 September 2020
Risk free interest rate	-	0.26-0.66%
Expected stock price volatility	-	86%-93%
Expected option life in years	-	1.44-1.92

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

f) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 30 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 31 March 2021, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

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

The value attributed to the non-controlling interest in the Company as at 31 March 2021 is an accumulated deficit of $1,222,715 (2020 - $1,224,231). For the six months ended 31 March 2021, net loss and comprehensive loss of $1,516 (2020 - $nil) has been attributed to the non-controlling interest in these Financial Statements.

13) Related party transactions and obligations

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

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

RELATED PARTY DISCLOSURE

Name and Principal Position	Period[i]	Remuneration or fees[ii]	Share-based payments	Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2021**	**$ 72,000**	**$ -**	**$ 68,978**
	2020	$ 52,830	$ 127,000	$ 137,278
CFO – Management fees	**2021**	**$ 24,000**	**$ -**	**$ 4,515**
	2020	$ 24,000	$ -	$ -
CFO – Professional fees	**2021**	**$ 26,520**	**$ -**	**$ 6,994**
	2020	$ -	$ -	$ -
Directors – Director fees	**2021**	**$ -**	**$ -**	**$ 6,038**
	2020	$ -	$ -	$ -
Directors – Consulting fees	**2021**	**$ 50,000**	**$ -**	**$ 3,050**
	2020	$ 10,500	$ -	$ 10,500
Total	**2021**	**$ 172,520**	**$ -**	**$ 89,575**
	2020	$ 87,330	$ -	$ 147,778

(i) For the six months ended March 31 2021 and 2020.
(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

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

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

14) Segmented disclosure

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

(Rounded to 000's)	Canada	US	Total
31 March 2021			
Current Assets	**$ 2,093,310**	**$ -**	**$ 2,093,310**
Non-Current Assets			
Other non-current assets	**256,151**	**-**	**256,151**
Resource properties	**3,776,162**	**2,251,321**	**6,02,483**
Liabilities			
Current Liabilities	**1,222,719**	**-**	**1,122,719**
30 September 2020			
Current Assets	$ 542,000	$ -	$ 542,000
Non-Current Assets			
Other non-current assets	262,000	-	262,000
Resource properties	2,327,000	2,117,000	4,444,000
Liabilities			
Current Liabilities	462,000	219,000	681,000

15) Capital management

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

16) Commitment

The Company entered into an agreement to extend the lease of the premises for an extension of 12 months commencing 1 July 2020 and expiring 30 June 2021. The Company's remaining annual minimum lease payments as at 31 March 2021 are shown below:

Fiscal 2021	4,778
Total	**$ 4,778**

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

17) Subsequent events

Subsequent to the six months ended 31 March 2021:

The Company settled an aggregate of $45,675 of debt through the issuance of an aggregate of 73,580 common shares to certain creditors.

The Company issued 3,383,800 common shares upon the exercise of warrants ranging in price from $0.15 to $0.16 per common share for gross proceeds of $523,505.

The Company issued 1,100,000 common shares upon the exercise of stock options at a price of $0.10 - $0.13 per common share for gross proceeds of $116,000.

On 20 May 2021, the Company announced that the BOD have approved the granting of 5,450,000 options at a price of $0.62 per share exercisable for a period of up to two years. This is pending TSXV approval.

2021

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended 30 June 2021

Stated in Canadian Dollars

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Ares Strategic Mining Inc.:

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

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

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

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

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

"James Walker"	*"Viktoriya Griffin"*
James Walker, CEO	Viktoriya Griffin, CFO

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note		**As at 30 June 2021**		As at 30 September 2020
ASSETS					
Current Assets					
Cash		**$**	**1,716,693**	$	219,770
Restricted cash			**90,000**		-
Amounts receivable	(7)		**59,598**		12,831
Prepaid amounts and other assets			**378,387**		309,585
			2,244,678		542,186
Non-current Assets					
Deposits	(8)		**77,561**		72,181
Property and equipment	(9)		**246,015**		190,119
Exploration and evaluation assets	(10)		**5,942,279**		4,444,014
			6,265,855		4,706,314
		$	**8,510,533**	$	5,248,500
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	(13)	**$**	**251,662**	$	617,699
Short-term loans	(11)		**680,923**		63,355
			932,585		681,054
EQUITY					
Equity Attributable to Shareholders					
Share capital	(12)		**27,713,462**		22,467,660
Shares to be issued (Subscriptions receivable)			**800**		-
Options - Contributed surplus	(12)		**2,417,500**		1,152,500
Warrants - Contributed surplus	(12)		**1,946,125**		2,269,584
Accumulated other comprehensive income ("OCI")			**(42,198)**		10,393
Deficit			**(23,235,382)**		(20,108,460)
			8,800,307		5,791,677
Non-controlling interests	(12)		**(1,222,359)**		(1,224,231)
Total Equity			**7,577,948**		4,567,446
		$	**8,510,533**	$	5,248,500

Nature of operations and going concern	(1)	Capital management	(15)
Basis of preparation – Statement of Compliance	(2)	Commitment	(16)
Related party transactions and obligations	(13)	Subsequent events	(0

The Condensed Interim Consolidated Financial Statements were approved by the Board of Directors on 27 August 2021 and were signed on its behalf by:

"Paul Sarjeant" — Paul Sarjeant, Director

"Karl Marek" — Karl Marek, Director

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Note	**9 Months Ended 30 June 2021**	9 Months Ended 30 June 2020	**3 Months Ended 30 June 2021**	3 Months Ended 30 June 2020
General and Administrative					
Stock-based compensation		**$ 1,468,000**	$ 271,000	**$ 1,468,000**	$ -
Office and marketing		**1,111,406**	381,819	**454,028**	322,221
Professional fees		**158,846**	158,209	**65,404**	25,853
Management fees	(13)	**152,250**	195,828	**51,250**	113,750
Transfer agent and filing fees		**95,427**	64,270	**14,507**	38,204
Shareholder relations		**27,048**	9,846	**26,798**	7,859
Depreciation	(9)	**19,438**	5,281	**6,764**	5,281
Insurance		**17,784**	13,044	**10,459**	7,752
Bank charges and interest expense		**4,067**	9,105	**1,905**	2,602
Travel		**975**	15,435	**731**	10,061
Resource property (recoveries) expenses		**(3,401)**	2,057	**5,693**	(14,184)
		3,051,840	1,125,894	**2,105,539**	519,399
Other Expenses					
Foreign exchange loss		**73,210**	11,245	**42,019**	1,622
Net Loss for the period		**(3,125,050)**	(1,137,139)	**(2,147,558)**	(521,021)
Other Comprehensive (Loss) Income					
Foreign operations – foreign exchange		(52,591)	47,897	**(12,226)**	(84,102)
Comprehensive Loss for the period		**$ (3,177,641)**	$ (1,089,242)	**$ (2,159,784)**	$ (605,123)
Net Loss Attributed to:					
Shareholders		**(3,126,922)**	(1,133,965)	**(2,147,469)**	(521,452)
Non-controlling interest		**1,872**	(3,174)	**(89)**	431
		$ (3,125,050)	$ (1,137,139)	**$ (2,147,558)**	$ (521,021)
Comprehensive Loss Attributed to:					
Shareholders		**(3,179,513)**	(1,086,068)	**(2,159,695)**	(605,554)
Non-controlling interest		**1,872**	(3,174)	**(89)**	431
		$ (3,177,641)	$ (1,089,242)	**$ (2,159,784)**	$ (605,123)
Basic and Diluted Loss per Share		**$ (0.01)**	$ (0.03)	**$ (0.01)**	$ (0.01)
Weighted Average Shares Outstanding		**90,364,014**	37,668,521	**99,488,125**	63,823,229

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Equity attributable to shareholders

	Shares	Share capital	Subscriptions	Options	Warrants	Accumulated OCI	Deficit	Total Shareholders Equity	Equity attributable to NCI	Total
	#	$	$	$	$	$	$	$	$	$
BALANCE AS AT 1 OCTOBER 2019	13,563,375	18,461,617	53,000	628,500	1,446,671	37	(17,885,181)	2,704,644	(1,221,164)	1,483,480
Units issued for private placement	39,978,712	2,667,959	(13,000)	-	530,338	-	-	3,185,297	-	3,185,297
Units issued on Amalgamation (Note 5)	14,184,560	995,306	-	-	139,459	-	-	1,134,765	-	1,134,765
Shares issued for property (Note 10)b)	5,000,000	400,000	-	-	-	-	-	400,000	-	400,000
Units issued for debt settlement	3,825,384	323,122	(40,000)	-	21,773	-	-	304,895	-	304,895
Units issued for promissory note	1,312,320	85,643	-	-	19,343	-	-	104,986	-	104,986
Share issuance cost	353,550	(465,987)	-	-	112,000	-	-	(353,987)	-	(353,987)
Stock-based compensation	-	-	-	524,000	-	-	-	524,000	-	524,000
Other comprehensive income	-	-	-	-	-	10,356	-	10,356	-	10,356
Net loss for the year	-	-	-	-	-	-	(2,223,279)	(2,223,279)	(3,067)	(2,226,346)
BALANCE AS AT 30 SEPTEMBER 2020	78,217,901	22,467,660	-	1,152,500	2,269,584	10,393	(20,108,460)	5,791,677	(1,224,231)	4,567,446
Shares issued for private placement	**3,645,000**	**1,784,000**	**-**	**-**	**13,000**	**-**	**-**	**1,797,000**	**-**	**1,797,000**
Stock-based compensation	**-**	**-**	**-**	**1,468,000**	**-**	**-**	**-**	**1,468,000**	**-**	**1,468,000**
Shares issued for debt settlement	**697,469**	**239,263**	**-**	**-**	**-**	**-**	**-**	**239,263**	**-**	**239,000**
Shares issued to ASM management	**600,000**	**60,000**	**-**	**-**	**-**	**-**	**-**	**60,000**	**-**	**60,000**
Shares issued upon exercises of warrants	**14,810,838**	**2,609,989**	**800**	**-**	**(336,459)**	**-**	**-**	**2,274,330**	**-**	**2,274,330**
Shares issued upon exercises of options	**3,150,500**	**552,550**	**-**	**(203,000)**	**-**	**-**	**-**	**349,550**	**-**	**349,550**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(52,591)**	**-**	**(52,591)**	**-**	**(52,591)**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(3,126,922)**	**(3,126,922)**	**1,872**	**(3,125,050)**
BALANCE AS AT 30 JUNE 2021	**101,121,708**	**27,713,462**	**800**	**2,417,500**	**1,946,125**	**(42,198)**	**(23,235,382)**	**8,800,307**	**(1,222,359)**	**7,577,948**

-- The accompanying notes form an integral part of the condensed interim consolidated financial statements --

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	**9 Month Ended 30 June 2021**	9 Month Ended 30 June 2020	**3 Month Ended 30 June 2021**	3 Month Ended 30 June 2020
OPERATING ACTIVITIES					
Loss for the period		**$ (3,125,050)**	$ (1,137,139)	**$ (2,147,558)**	$ (521,021)
Items not Affecting Cash					
Depreciation	(9)	**19,438**	5,281	**6,764**	5,281
Shares issued for Amalgamation		**60,000**	-	**-**	-
Stock-based compensation		**1,468,000**	271,000	**1,468,000**	-
Interest on short-term loan		**-**	4,471	**-**	(586)
Interest on promissory note		**-**	262	**-**	-
		(1,577,612)	(856,125)	**(672,794)**	(516,326)
Net Change in Non-cash Working Capital					
Accounts payable and accrued liabilities		**(366,037)**	(116,398)	**(289,818)**	(59,803)
Amounts receivable		**(46,767)**	50,861	**30,214**	160
Prepaid amounts and other assets		**(68,802)**	(350,294)	**473,546**	(97,690)
Long-term deposits		**(5,380)**		**(5,380)**	
		(486,986)	(415,831)	**208,562**	(157,333)
		(2,064,598)	(1,271,956)	**(464,232)**	(673,659)
INVESTING ACTIVITIES					
Equipment purchase		**(75,334)**	(126,736)	**(75,334)**	-
Amalgamation transaction costs		**-**	(98,159)	**-**	-
Cash acquired upon amalgamation		**-**	756	**-**	-
Resource property – acquisition		**-**	(31,000)	**-**	(31,000)
Resource property - expenditures		**(1,325,113)**	(633,989)	**(513246)**	(610,269)
		(1,400,447)	(889,128)	**(588,580)**	(641,269)
FINANCING ACTIVITIES					
Proceeds from shares issued, net		**1,797,800**	-	**1,000,800**	-
Proceeds from warrants exercised		**2,273,530**	2,741,310	**531,046**	994,388
Short-term loans received (paid)	(11)	**620,000**	(154,750)	**-**	(11,000)
Proceeds from options exercised		**349,550**	-	**116,000**	-
		5,040,880	2,586,560	**1,647,845**	983,388
Net effect of foreign currency translation		**11,088**	71,610	**60,095**	77,254
Net Increase in Cash		**1,586,923**	497,086	**655,128**	(254,286)
Cash position – beginning of period		**219,770**	784	**1,151,565**	752,156
Cash Position – end of period		**$ 1,806,693**	$ 497,870	**$ 1,806,693**	$ 497,870

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT.)

	9 Month Ended 30 June 2021	9 Month Ended 30 June 2020	**3 Month Ended 30 June 2021**	3 Month Ended 30 June 2020
Supplementary Disclosure of Cash Flow Info:				
Units issued for Amalgamation (Note 5)	**-**	1,134,765	**-**	-
Shares issued for property acquisition (Note 10b)	**-**	400,000	**-**	400,000
Warrants issued to agents	**13,000**	147,611	**13,000**	16,611
Shares issued for promissory note	**-**	104,986	**-**	-
Cash Position comprised of:				
Restricted cash	**90,000**	-	**90,000**	-
Cash	**1,716,693**	-	**1,716,693**	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Ares Strategic Mining Inc. ("Ares" or the "Company"), formerly Lithium Energy Products Inc., was incorporated pursuant to the Company Act (Ontario) by registration of its Memorandum and Articles on 20 November 2009. On 9 July 2010, the Company registered in British Columbia for extra provincial registration as the Company's administrative office is located at 1001-409 Granville Street, Vancouver BC, V6C 1T2. The Company changed its name to Ares Strategic Mining Inc. with the Ontario Registry effective 13 February 2020. The TSX Venture Exchange has approved the change of name to "Ares Strategic Mining Inc." and the concurrent change of the Company's stock symbol to "ARS". The Company is classified as a Junior Natural Resource Mining Company.

The Company was in the business of acquiring and exploring lithium properties in Nevada and Arizona. On 18 February 2020, the Company completed a three-cornered amalgamation transaction (the "Amalgamation") with American Strategic Minerals Inc. ("ASM") (Note 5). As a result, Ares is focusing on progressing its fluorspar projects towards exploitation, production, and supplying metspar and acidspar to the markets.

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

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

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

For the Company to continue to operate as a going concern, it must continue to obtain additional financing to maintain operations. Although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. If the going concern assumptions were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used, and such adjustments could be material.

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

(Rounded 000's)	30 June 2021	30 September 2020
Working capital (deficit)	**$ 1,312,000**	$ (139,000)
Accumulated deficit attributed to shareholders	**$ 23,235,000**	$ 20,108,000

2) Basis of preparation – Statement of Compliance

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

Since the Financial Statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 30 September 2020.

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

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

3) Summary of significant accounting policies

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

4) Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

Going concern evaluation

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

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at 30 June 2021.

Business combinations

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

Exploration evaluation assets

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

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

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery.

Covid-19

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

5) Acquisition transaction ("Amalgamation")

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

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

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

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

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

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

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

6) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 June 2021. There have been no changes in levels during the period.

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

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

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

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, restricted cash, accounts payable and short-term loans. As at 30 June 2021, the carrying value of cash is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 June 2021, the Company held currency totalling the following:

CURRENCY		**30 June 2021**		30 September 2020
Canadian (Dollars)	**$**	**805,640**	$	218,114
US (Dollars)	**$**	**735,073**	$	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 30 June 2021, the Company had a cash balance of $1,716,693 to settle current liabilities of $932,585 that are due within one year.

7) Amounts receivable

Amounts receivable consists of:

AMOUNTS RECEIVABLE		**30 June 2021**		30 September 2020
Goods and services tax receivable	**$**	**59,598**	$	12,831
	$	**59,598**	$	12,831

As at 30 June 2021, amounts receivable consists only of goods and services tax receivable of $59,598 and is not subject to significant collection risk.

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

8) Deposits

Deposits consist of:

DEPOSITS		30 June 2021		30 September 2020
Office lease	**$**	**2,912**	$	2,912
Surety deposits		**74,649**		69,269
	$	**77,561**	$	72,181

As at 30 June 2021, the balance in deposits of $2,912 (2020 - $2,912) represents a deposit for office lease and reclamation surety and bond in the amount of $74,649 (2020 - $69,269) paid to the State of Utah for a five-year escalation at Lost Sheep and Bell Hill.

9) Property and equipment

PROPERTY AND EQUIPMENT		Equipment		Auto		Land		Total
COST								
Balance as at 1 October 2019	$	-	$	-	$	75,000	$	75,000
Addition		126,736		-		-		126,736
Balance as at 30 September 2020		126,736		-		75,000		201,736
Addition		**-**		**63,717**		**-**		**63,717**
Balance as at 30 June 2021	**$**	**126,736**	**$**	**63,717**	**$**	**75,000**	**$**	**265,453**
DEPRECIATION								
Balance as at 1 October 2019	$	-	$	-		-	$	-
Depreciation for the period		11,617		-		-		11,617
Balance as at 30 September 2020		11,617		-		-		11,617
Depreciation for the period		**7,821**		**-**		**-**		**7,821**
Balance as at 30 June 2021	**$**	**19,438**	**$**	**-**	**$**	**-**	**$**	**19,438**
CARRYING AMOUNTS								
Balance as at 1 October 2019	$	-	$	-	$	75,000	$	75,000
Balance as at 30 September 2020	**$**	**115,119**	**$**	**-**	**$**	**75,000**	**$**	**190,119**
Balance as at 30 June 2021	**$**	**96,108**	**$**	**63,717**	**$**	75,000	$	**246,015**

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

Depreciation is charged to recognize the cost of the asset on the condensed interim consolidated statements of comprehensive loss using the straight-line method over the estimated useful life of the asset.
During the year ended 30 September 2020, the Company acquired and modified field equipment; depreciation commenced upon the use of this equipment.

During the period ended 30 June 2021, the Company purchased a new truck, which was financed through the loan in the amount of $60,000, and collateral in the form of non-redeemable investment in the amount of $90,000 in restricted cash.

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

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

10) Exploration and evaluation assets

The following table summarizes exploration and evaluation assets:

EXPLORATION AND EVALUATION ASSETS	Lost Sheep	Liard Fluorspar	Vanadium Ridge	Jackpot Lake	Wilcox Playa	Ontario Properties	Total
Balance as at 1 October 2019	$ -	$ -	$ 312,000	$ 1,212,782	$ 647,892	$ 4	$ 2,172,678
Acquisition	-	431,000	-	-	-	-	431,000
Acquired upon Amalgamation	1,459,064	-	-	-	-	-	1,459,064
Drilling	696,806	-	-	-	-	-	696,806
Geological consulting	260,452	-	-	-	-	-	260,452
Other	32,876	1,332	-	-	2,008	-	36,216
Impairment	-	-	-	-	(649,900)	-	(649,900)
Adjustments on currency translation	37,698	-	-	-	-	-	37,698
Balance as at 30 September 2020	$ 2,486,896	$ 432,332	$ 312,000	$ 1,212,782	$ -	$ 4	$ 4,444,014
Acquisition	**30,883**	**2,272**	**-**	**-**	**-**	**-**	**33,155**
Drilling	**167,269**	**-**	**-**	**-**	**-**	**-**	**167,269**
Geological consulting	**1,080,112**	**-**	**-**	**-**	**-**	**-**	**1,080,112**
Skating and claiming	**103,353**	**-**	**-**	**54,987**	**-**	**-**	**158,340**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Administration and camp	**125,500**	**-**	**-**	**-**	**-**	**-**	**125,500**
Adjustments on currency translation	**(66,111)**	**-**	**-**	**-**	**-**	**-**	**(66,111)**
Balance as at 30 June 2021	**$ 3,927,902**	**434,604**	**312,000**	**1,267,769**	**-**	**4**	**5,942,279**

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

a) Lost Sheep

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

The Company acquired 100% interest in U.S. federal mining claims in Juab County, Utah, comprising approximately 1,447 acres, known as the Lost Sheep Property. The Lost Sheep property consists of several mineral claim blocks including the Lost Sheep Fluoride Mine, and other unpatented claims. The Lost Sheep Property is located at the north-east end of the Spor Mountain Mining District, in section 21, T.12S. 12W, and T.13S. 12W, SLBM of Juab County, western Utah, USA.

The sellers retained an outstanding royalty payment in the amount of US$1,000,000 once the property is in production.

b) Liard Fluorspar

On 13 April 2020, the Company entered into an agreement to acquire 100% interest in 14 claims in the Liard Fluorspar property, located in British Columbia, from private owners of the property. The consideration is as follows:

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

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

c) Vanadium Ridge

During the year ended 30 September 2018, the Company entered into an agreement to acquire 100% interest in the Vanadium Ridge property. The Vanadium Ridge property consists of 20 mining claims, covering over 5,200 acres, situated in close proximity to Kamloops, British Columbia. As consideration, the Company issued 2,500,000 common shares of the Company and paid $135,000 in cash. The vendor retains a 1% Net Smelter Returns Royalty.

On 2 July 2018, the Company signed an agreement with Argentum to sell 80% interest in the Vanadium Ridge property to Argentum. In exchange, Argentum paid the Company $150,000 cash and issued 1,250,000 Argentum common shares, which were subsequently sold. As a result, the Company retains a 20% interest in the Vanadium Ridge property.

d) Jackpot Lake property

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

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

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

	Number of Shares	Fair Value of Shares	Cash
Payment Due Date			
26 July 2016	-	$ -	$ 70,000
12 August 2016	1,100,000	330,000	-
22 January 2017	-	-	50,000
26 July 2017	100,000	5,500	-
22 January 2018	100,000	5,500	-
26 July 2018	304,878	48,476	-
22 January 2019	759,259	102,500	-
11 July 2019[(i)]	1,312,320	104,986	-
Total	3,676,457	$ 596,962	$ 120,000

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

The seller shall retain a 1% GOR, subject to a buyback provision whereby the Company may acquire, at any time, one-half of the GOR (0.5%) for $1,000,000.

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

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

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

e) Willcox Playa property

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

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

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

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

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

f) Ontario properties

The Company holds a 100% interest in five properties located in Ontario, Canada. During the year ended 30 September 2016, management determined that the strategic shift towards lithium properties constituted an impairment indicator for the Ontario properties. This resulted in an impairment of the acquisition and exploration expenditures related to the Ontario properties, reducing the value to a nominal value to reflect the rights to the mineral claims associated with the properties.

11) Short-term loans

The following is a summary of the Company's short-term loans as at 30 June 2021 and 30 September 2020:

SHORT-TERM LOANS	Year	Outstanding Principal	Interest and Financing Fees	Total
$11,000 loan from the former CEO of ASM, director	**2021**	**$ -**	**$ -**	**$ -**
	2020	-	848	848
Operational loans from related parties	**2021**	**600,000**	**-**	**600,000**
	2020	-	-	-
Loan from Clearwater	**2021**	**20,923**	**-**	**20,923**
	2020	22,507	-	22,507
Canada Emergency Business Account loan	**2021**	**60,000**	**-**	**40,000**
	2020	40,000	-	40,000
Total as at 30 June 2021	**2021**	**$ 681,239**	**$ -**	**$ 681,239**
Total as at 30 September 2020	2020	$ 62,507	$ 848	$ 63,335

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

During the nine month period ended 30 June 2021, the Company had received $600,000 from unrelated parties. This loan was settled by the Company's related parties who had transferred their common shares in settlement.

Ares assumed a revolving loan payable of $20,923 (US$16,873) from ASM on 18 February 2020 through the Amalgamation (Note 5). Clearwater provided the Company with a revolving credit facility of up to a maximum of US$50,000. The revolving credit facility is unsecured and non-interest bearing. In return for this credit facility, Ares is to pay to Clearwater a financing charge of 20%, net of royalties, of all sales from the ore production of the Lost Sheep project as long as the credit facility is being used. As at 30 June 2021, the revolving loan in the amount of $20,923 (US$16,873) (2020 – US$16,873) owing to Clearwater remained unpaid.

During the nine month period ended 30 June 2021, the Company received a Canada Emergency Business Account loan of $20,000 (30 September 2020 - $40,000) from the Government of Canada. The amount is non-interest bearing and the Company will receive a $20,000 loan forgiveness upon repayment, provided it is repaid in full on or before December 31, 2022.

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

12) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

During the nine months ended 30 June 2021:

	Number of Shares	Amount
Balance as at 1 October 2020	78,217,901	22,467,660
Shares issued for private placement	**3,645,000**	1,784,000
Shares issued for debt settlement	**697,469**	**239,264**
Shares issued as part of Amalgamation	**600,000**	**60,000**
Shares issued upon exercise of warrants	**14,810,838**	**2,609,989**
Shares issued upon exercise of options	**3,150,500**	**552,550**
Balance as 30 June 2021	**101,121,708**	**27,713,462**

During the nine months ended 30 June 2021:

- The Company issued 3,645,000 common shares at a price of $0.50 per common share for gross proceeds of $1,822,500. Share issuance costs paid were in the amount of $25,500 as finder's fees. In addition, the Company issued 51,000 finder's warrants. Each finder's warrant is exercisable by the holder thereof into one common share of the Company at a price of $0.50 for a period of 24 months.
- The Company settled debt of $239,263 through the issuance of 697,469 common shares to certain creditors.
- The Company issued 600,000 common shares as part of the Amalgamation agreement (Note 5).
- The Company issued 14,810,838 common shares upon the exercise of warrants ranging in price from $0.15 to $0.16 per common share for gross proceeds of $2,275,130.
- The Company issued 3,150,500 common shares upon the exercise of stock options at a price of $0.10 - $0.13 per common share for gross proceeds of $349,550.

During the year ended 30 September 2020:

Shares issued for private placement:

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

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

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

Shares issued for debt:

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

Share issuance costs:

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

c) Summary of stock option activity

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

Stock option activity during the nine months ended 30 June 2021 and 30 September 2020 is as follows:

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

STOCK OPTION ACTIVITY	30 June 2021	Weighted Average Exercise Price	30 September 2020	Weighted Average Exercise Price
Balance – Beginning of Period	**6,850,000**	**$ 0.14**	160,000	$ 1.28
Issued	**5,450,000**	**0.62**	6,100,000	0.12
Issued upon Amalgamation	**-**	**-**	600,000	0.10
Exercised	**(3,150,500)**	**0.46**	-	-
Expired	**-**	**-**	(10,000)	-
Balance – End of Period	**9,149,500**	**$ 0.44**	6,850,000	$ 0.14

Details of stock options outstanding as at 30 June 2021 and 30 September 2020 are as follows:

Issuance Date	Expiry Date	Exercise Price	30 June 2021	30 September 2020
25 January 2017	24 January 2022	$ 1.30	**150,000**	150,000
18 February 2020	01 September 2022	$ 0.10	**-**	300,000
18 February 2020	01 November 2022	$ 0.10	**-**	300,000
9 March 2020	8 March 2022	$ 0.10	**1,399,500**	2,800,000
30 August 2020	30 August 2022	$ 0.13	**2,150,000**	3,300,000
19 May 2021	19 May 2023	$ 0.62	**5,450,000**	-
			9,149,500	6,850,000

As at 30 June 2021, the outstanding options have a weighted average remaining life of 1.51 years (2020 – 1.71 years) and a weighted average exercise price of $0.44 (2020 - $0.14). All of the outstanding options have vested and are exercisable.

<u>During the nine months ended 30 June 2021:</u>

3,150,500 stock options were exercised during the period.

Not included in the above-noted stock options are the compensation options resulting from a private placement tranche that closed on 12 October 2016. Each compensation option is exercisable into one unit, which consists of one common share and one common share purchase warrant for a period of five years from the date of issuance (12 October 2021). Each warrant can be exercised into one common share of the Company at a price of $2.00 per share before the expiry.

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

d) Warrants

Warrant activity during the nine months ended 30 June 2021 and 30 September 2020 are as follows:

WARRANT ACTIVITY	30 June 2021		Weighted Average Exercise Price	30 September 2020		Weighted Average Exercise Price
Balance – Beginning of Period	**31,734,665**	$	**0.15**	1,500,000	$	2.00
Issued	**51,000**		**0.15**	31,734,665		0.15
Exercised	**(14,805,838)**		**0.16**	-		-
Expired	-		-	(1,500,000)		2.00
Balance – End of Period	**16,979,827**	$	**0.15**	31,734,665	$	0.15

<u>During the nine months ended 30 June 2021:</u>

Details of warrants outstanding as at 30 June 2021 and 30 September 2020 are as follows:

Issuance Date	Expiry Date		Exercise Price	30 June 2021	30 September 2020
3 January 2020	3 January 2022	$	0.15	**31,250**	1,250,000
13 February 2020	13 February 2022	$	0.15	**9,712,851**	13,352,072
14 February 2020	14 February 2022	$	0.15	**1,021,729**	1,394,737
18 February 2020	18 February 2022	$	0.16	**1,826,873**	7,092,277
15 June 2020	15 June 2022	$	0.15	**4,336,125**	8,645,579
17 March 2021	17 March 2023	$	0.50	**51,000**	-
				16,979,827	31,734,665

As at 30 June 2021, the outstanding warrants have a weighted average remaining life of 0.63 years and a weighted average exercise price of $0.15 (2020 - $0.15).

The fair value of the warrants recognized in the accounts has been estimated using the Black-Scholes Model assuming no expected dividends, volatility of 77%, expected life of 2 years, and a risk-free rate of 0.31%. Warrant pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

e) Share-based payments

During the nine months ended 30 June 2021, the Company granted 5,450,000 (30 September 2020 - 6,100,000) incentive stock options to its directors, officer, and consultants and recognized share-based payments as follows:

		30 June 2021		30 September 2020
Total Options Granted		**5,450,000**		6,100,000
Average exercise price	**$**	**0.44**	$	0.14
Estimated fair value of compensation	**$**	**1,468,000**	$	524,000
Estimated fair value per option	**$**	**1.51**	$	0.09

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

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

	30 June 2021	30 September 2020
Risk free interest rate	**0.33%**	0.26-0.66%
Expected stock price volatility	**114%**	86%-93%
Expected option life in years	**1.88**	1.44-1.92

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

f) Non-controlling interest

On 16 October 2014, the Company entered into an investment agreement with OMC Investments Limited ("OMC"), of Hong Kong. The transaction closed on 28 November 2014, and the Company issued 19,048,000 units of the Company by way of private placement at a price of $0.05 per unit, for aggregate proceeds of $952,400. After the 20-for-1 share consolidation during the year ended 30 September 2018, OMC owns 952,400 units. Each Unit consisted of one common share and one common share purchase warrant. Each Warrant is exercisable for a period of three years from the date of closing of the private placement at an exercise price of $0.05. These warrants expired on 30 September 30 2018. OMC now holds approximately 5.93% of the issued and outstanding shares of the Company. The Company also issued 15 common shares of its subsidiary Canadian Iron to OMC, reducing its ownership share from 100% to 85%. Canadian Iron holds a 100% interest in Karas Iron and Griffith Iron. The Company's interests in the Karas and Griffith properties are held in Karas Iron and Griffith Iron, respectively.

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

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

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

In connection with this transaction, the Company has also agreed to enter into an option agreement with OMC on its other mineral properties. As of 30 June 2021, OMC has not entered into any option agreements related to the Company's other mineral properties. Should OMC fund the full $8.2 million Resource Definition Funding, it has the right to acquire an 80% interest in either the El Sol, Whitemud and Papagonga properties. This may be increased to 90%, if within a five-year period after earning 80%, OMC funds an additional $1.5 million in expenditures on the property chosen.

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

The value attributed to the non-controlling interest in the Company as at 30 June 2021 is an accumulated deficit of $1,222,359 (2020 - $1,224,231). For the nine months ended 30 June 2021, net loss and comprehensive loss of $1,872 (2020 - $(3,067) has been attributed to the non-controlling interest in these Financial Statements.

13) Related party transactions and obligations

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

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

RELATED PARTY DISCLOSURE Name and Principal Position	Period[(i)]		Remuneration or fees[(ii)]		Share-based payments		Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2021**	**$**	**108,000**	**$**	**364,500**	**$**	**8,500**
	2020	$	88,828	$	127,000	$	75,278
CFO – Management fees	**2021**	**$**	**36,000**	**$**	**135,000**	**$**	**4,100**
	2020	$	36,000	$	-	$	2,834
CFO – Professional fees	**2021**	**$**	**39,060**	**$**	**-**	**$**	**-**
	2020	$	17,174	$	-	$	-
Directors – Director fees	**2021**	**$**	**3,250**	**$**	**405,000**	**$**	**6,038**
	2020	$	11,500	$	-	$	12,038
Directors – Consulting fees	**2021**	**$**	**70,500**	**$**	**337,500**	**$**	**3,050**
	2020	$	30,000	$	-	$	10,500
Total	**2021**	**$**	**256,810**	**$**	**1,242,000**	**$**	**21,688**
	2020	$	183,502	$	127,000	$	100,650

(i) For the nine months ended 30 June 2021 and 2020.
(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

Short-term loans with related parties are described in Note (11) and debt settlement with related parties is described in Note (0.

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

14) Segmented disclosure

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

(Rounded to 000's)	Canada	US	Total
30 June 2021			
Current Assets	**$ 2,222,626**	**$ 22,052**	**$ 2,244,678**
Non-Current Assets			
Other non-current assets	**256,795**	**66,781**	**323,576**
Resource properties	**3,702,362**	**2,239,917**	**5,942,279**
Liabilities			
Current Liabilities	**893,857**	**38,728**	**932,585**
30 September 2020			
Current Assets	$ 542,000	$ -	$ 542,000
Non-Current Assets			
Other non-current assets	262,000	-	262,000
Resource properties	2,327,000	2,117,000	4,444,000
Liabilities			
Current Liabilities	462,000	219,000	681,000

15) Capital management

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

16) Commitment

The Company entered into an agreement to extend the lease of the premises for another extension of 12 months commencing 1 July 2021 and expiring 30 June 2022. The Company's remaining annual minimum lease payments as at 30 June 2021 are shown below:

Fiscal 2021	4,778
Fiscal 2022	14,334
Total	**$ 19,112**

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

17) Subsequent events

Subsequent to the nine months ended 30 June 2021:

The Company settled an aggregate of $8,925 of debt through the issuance of an aggregate of 12,396 common shares to certain creditors.

The Company issued 275,000 common shares upon the exercise of warrants at $0.15 per common share for gross proceeds of $41,250.

The Company has closed its acquisition of a fluorspar lump manufacturing facility (the “Facility”) pursuant to the terms and conditions of a Profit Sharing Agreement dated February 9, 2021, as amended (the “Profit Sharing Agreement”) between the Company and The Mujim Group, a non-arm’s length private Shanghai company (“Mujim”). Pursuant to the terms of the Profit-Sharing Agreement, the Company agreed to acquire the Facility for an aggregate purchase price of US$2,000,000 (the “Purchase Price”). The Purchase Price is payable by the Company in cash or, alternatively and at a premium, by issuing an aggregate of 5,300,000 common shares in the capital of the Company (each, a “Share”) at a deemed price of US$0.45 (approximately CAD$0.56).

2021

Ares Strategic Mining Inc.

(formerly Lithium Energy Products Inc.)

Management's Discussion and Analysis

For the Nine Months Ended 30 June 2021

Stated in Canadian Dollars

DATE: 30 AUGUST 2021

ARES STRATEGIC MINING INC.

FOR THE NINE MONTHS ENDED 30 JUNE 2021

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 nine months ended 30 June 2021. 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 nine months ended 30 June 2021, 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.

Report to Shareholders and Management Discussion and Analysis

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.

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.
Ares intends to acquire a second industrial site with rail access, for the purposes of constructing a second processing facility.	The necessary utility upgrades and infrastructure can be supplied to site to make it sufficient for operations.	City site objections to operations.
Ares intends to move from the TSXV to the CSE for reduced Exchange costs and expedited operations.	The Company assumes it can meet the CSE requirements of entry and obtain permission from the TSXV.	Reporting and disclosure requirements requiring time to assemble and acquire approval.
Ares intends to examine the possibility of creating spin-off companies for its non-fluorspar projects.	The increase of value to the investor from the creation of any new company, or from the share position in another company.	Regulator and Exchange approval.

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.

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 1 June 2021, the Company announced that its common shares (including those traded on the OTCQX) are now eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States.

On 23 May 23 2021, the Company announced the commencement of construction work at the Company's Industrial Site in Delta, Utah.

On 20 May 2021, the Company announced that its board of directors had approved the granting, under its Share Option Plan, of incentive stock options to certain directors, officers and consultants of the Company.

On 17 May 2021, the Company issued a clarifying news release that it had decided to proceed to production without first establishing Mineral Resources or Reserves, and that economic assessments would not involve resources and reserves.

On 10 May 2021, the Company announced 8,000m of geophysical IP surveys were conducted on the Bell Hill historic mine area, correlating geophysical anomalies with both known fluorspar mineralization, and identifying new anomalies with similar geophysical signatures to known existing fluorspar pipes.

On 12 April 2021, the Company announced that geophysical IP surveys identified new anomalies with similar geophysical signatures as known existing fluorspar pipes.

On March 17, 2021, the Company announced, it has contracted KLM Geoscience's geophysics team to conduct fluorspar pipe resistivity/chargeability geophysics program on potentially fluorspar rich areas.

On 8 March 2021, the Company completed its conceptual mine and operating plan.

On 2 March 2021, the Company announced it had engaged Market IQ ("MIQ"), Axe Communications ("Axe"), and VSA Capital ("VSA") for investor relations services to the Company, and the Company has determined not to proceed with its private placement financing to raise gross proceeds of $600,000.

On 2 March 2021, the Company announced its common shares are now trading on the OTCQX Best Market under the ticker symbol of ARSMF.

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.

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.

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.

Bell Hill

The Company completed over 8,000m of geophysical IP surveys on the Bell Hill historic mine area, at the Spor Mountain in Utah, correlating geophysical anomalies with both known fluorspar mineralization, and identifying new anomalies with similar geophysical signatures to known existing fluorspar pipes.

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 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 30 JUNE 2021

On 30 July 2021, the Company delisted from the TSX Venture Exchange at the close of market hours on the 29th July, and completed its submission of all required documentation to list on the Canadian Securities Exchange (the “CSE”), with the intention of commencing trading on the 30th July, 2021. The Company instructed the TSXV to delist in error, as it is necessary for the Company to complete an updated NI 43- 101 report on its Utah Fluorspar project, to meet the British Columbia Securities Commission (BCSC) disclosure requirements, before being able to complete its CSE application. After being informed of these requirements, the Company commenced this work and currently ceased trading pending acceptance of the new NI 43-101 report.

On 15 July 2021, the Company announced that further to its news releases dated 26 February 2021, the Company has closed its acquisition of a fluorspar lump manufacturing facility (the "Facility") pursuant to the terms and conditions of a Profit Sharing Agreement dated February 9, 2021, as amended (the "Profit Sharing Agreement") between the Company and The Mujim Group, a non-arm's length private Shanghai company ("Mujim"). Pursuant to the terms of the Profit-Sharing Agreement, the Company agreed to acquire the Facility for an aggregate purchase price of US$2,000,000 (the "Purchase Price"). The Purchase Price is payable by the Company in cash or, alternatively and at a premium, by issuing an aggregate of 5,300,000 common shares in the capital of the Company (each, a "Share") at a deemed price of US$0.45 (approximately CAD$0.56), in accordance with the following schedule:
(i) US$1,500,000 worth of Shares following execution of the Profit-Sharing Agreement, of which $1,000,000 is due prior to the Facility being shipped to the Company,
(ii) US$200,000 worth of Shares prior to Facility installation, and
(iii) US$300,000 worth of Shares following the installation and commissioning is completed and optimized to meet production requirements.

On 12 July 2021, the Company announced the results of it's AGM.

On 5 July 2021, the Company announced that it has received conditional approval to list its voting shares on the Canadian Securities Exchange (the "CSE") under the trading symbol "ARS". Final approval of the listing is subject to the Company meeting certain customary conditions of the CSE.

RESULTS OF OPERATIONS

The comprehensive income reported during the six months ended 31 March 2021 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)	**9 months** **2021**	9 months 2020	**3 months** **2021**	3 months 2020
	$ 1,111,000	$ 382,000	**$ 454,000**	$ 322,000
Variance	**$ 729,000**		**$ 132,000**	

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.

Pursuant to agreements dated June 1, 2020 and October 18, 2020, the Company retained AXE for services including general business consulting, corporate communications, business introductions etc. The Company paid $50,000 for a two month term under the June 1, 2020 contract and $200,000 for a six month term under the Oct 18, 2020 contract.

Pursuant to agreements dated June 11, 2020 and Oct 18, 2020, the Company retained MIQ for services including digital media campaigns for branding, media consulting, multimedia services. The Company paid $150,000 for a two month term under the June 1, 2020 contract and $400,000 for a six month term under the Oct 18, 2020 contract.

Pursuant to an amended and restated agreement dated February 17, 2021, the Company retained VSA Capital for services including provision for a research analyst to prepare a research initiation note for Ares, periodic update notes. The Company agreed to pay GBP 35,000 for 12 months term.

Management fees (rounded to the nearest '000)	**9 months** **2021**	9 months 2020	**3 months** **2021**	3 months 2020
	$ 152,00	$ 196,000	**$ 51,000**	$ 114,000
Variance	**$ (44,000)**		**$ (63,000)**	70,000

The decrease in management fees mostly relates to a termination terms of management consulting contracts that were taken over as part of the Amalgamation transaction.

Transfer agent and filling fees (rounded to the nearest '000)	**9 months** **2021**	9 months 2020	**3 months** **2021**	3 months 2020
	$ 95,000	$ 64,000	**$ 15,000**	$ 38,000
Variance	**$ 31,000**		**$ (23,000)**	

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

SUMMARY OF QUARTERLY RESULTS

Three months ended	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
	$	$	$	$	$	$	$	$
Total revenue	-	-	-	-	-	-	-	-
Income (loss) for the period	**(2,147,558)**	**(568,859)**	191,962	(427,494)	(521,021)	(530,770)	(87,442)	(421,129)
Comprehensive income (loss) for the period	**(2,159,784)**	**(613,009)**	195,740	(532,752)	(605,123)	(398,771)	(87,348)	(421,129)
Profit (loss) per share	**(0.01)**	**(0.01)**	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)
Total assets	**8,510,533**	**8,376,944**	7,034,554	5,248,500	5,801,165	5,083,289	2,488,153	2,290,631
Working capital surplus (deficiency)	**1,312,000**	**871,000**	110,000	(139,000)	504,709	(413,000)	(635,000)	(767,110)

OUTSTANDING SHARES

As at 30 June 2021, the Company had 101,121,708 common shares issued and outstanding; the fully diluted amount of 127,251,035 includes 9,149,500 options and 16,979,827 warrants outstanding.

As at the date of this report, the Company had 106,787,229 common shares issued and outstanding; the fully diluted amount of 132,558,431 includes 9,149,500 options and 16,621,702 warrants outstanding.

FINANCIAL POSITION AND LIQUIDITY

As at 30 June 2021, the Company's financial instruments consist of cash, restricted 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 period ended 30 June 2021 and compares that to the fiscal 2020:

As at 30 June 2021, the Company had a working capital of $1,312,000 compared to a working capital deficit of $139,000 as at 30 September 2020.

Cash used in operating activities during the nine months ended 30 June 2021 totalled $2,064,598 (30 June 2020: $1,271,956). This is consistent with management expectations.

Cash used in investing activities during the nine months ended 30 June 2021 totalled $1,400,447 (30 June 2020: $889,128).

Cash raised in financing activities during the nine months ended 30 June 2021 totalled $5,040,880 (30 June 2020: $2,586,560).

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	**30,883**	**2,272**	**-**	**-**	**-**	**-**	**33,155**
Drilling	**167,269**	**-**	**-**	**-**	**-**	**-**	**167,269**
Geological consulting	**1,080,112**	**-**	**-**	**-**	**-**	**-**	**1,080,112**
Skating and claiming	**103,353**	**-**	**-**	**54,987**	**-**	**-**	**158,340**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Administration and camp	**125,500**	**-**	**-**	**-**	**-**	**-**	**125,500**
Adjustments on currency translation	**(66,111)**	**-**	**-**	**-**	**-**	**-**	**(66,111)**
Balance as at 30 June 2021	**$ 3,927,902**	**434,604**	**312,000**	**1,267,769**	**-**	**4**	**5,942,279**

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 June 2021. 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 30 June 2021, the carrying value of cash is at fair value. Accounts payable and short-term loans approximate their fair value due to their short-term nature.

c) Market risk

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

d) Credit risk

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

e) Interest rate risk

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

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 June 2021, the Company held currency totalling the following:

CURRENCY		30 June 2021		30 September 2020
Canadian (Dollars)	**$**	**805,640**	$	218,114
US (Dollars)	**$**	**735,073**	$	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 30 June 2021, the Company had a cash balance of $1,716,693 to settle current liabilities of $932,585 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 30 June 2021 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)		Share-based payments		Amounts Payable and Accrued Liabilities
CEO and Director – Management fees	**2021**	**$**	**108,000**	**$**	**364,500**	**$**	**8,500**
	2020	$	88,828	$	127,000	$	75,278
CFO – Management fees	**2021**	**$**	**36,000**	**$**	**135,000**	**$**	**4,100**
	2020	$	36,000	$	-	$	2,834
CFO – Professional fees	**2021**	**$**	**39,060**	**$**	**-**	**$**	**-**
	2020	$	17,174	$	-	$	-
Directors – Director fees	**2021**	**$**	**3,250**	**$**	**405,000**	**$**	**6,038**
	2020	$	11,500	$	-	$	12,038
Directors – Consulting fees	**2021**	**$**	**70,500**	**$**	**337,500**	**$**	**3,050**
	2020	$	30,000	$	-	$	10,500
Total	**2021**	**$**	**256,810**	**$**	**1,242,000**	**$**	**21,688**
	2020	$	**183,502**	$	**127,000**	$	100,650

(i) For the nine months ended 30 June 2021 and 2020.
(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:

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

ARES STRATEGIC MINING INC.

FOR THE NINE MONTHS ENDED 30 JUNE 2021

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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