

2025

Ares Strategic Mining Inc.

Management's Discussion and Analysis

For the Six Month Period Ended 31 March 2025

Stated in Canadian Dollars

DATE: 30 MAY 2025



ARES STRATEGIC MINING INC.

FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2025

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 Condensed Interim Consolidated Financial Statements for the for the period ended 31 March 2025. Consequently, the following discussion and analysis of the financial condition and results of operations for Ares Strategic Mining Inc. (“Ares” or the “Company”), formerly Lithium Energy Products Inc., should be read in conjunction with the Condensed Interim Consolidated Financial Statements for the year ended 30 September 2024, 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.

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Ares intends to investigate and determine the most suitable technology and mining practices for its projects.	The Company has the expertise and connections to reasonably inform their decision-making processes.	Being unable to locate the most suitable technology and practises and running a sub-optimal operation.
Ares intends to use several exploration methods to gain better insight into its deposits for the purposes of mine design and exploitation optimisation.	The Company can source the best personnel to undertake the work necessary to obtain the detailed geological and geophysical information required.	Defining improper requirements for the contracted personnel.
Ares intends to purchase equipment tailored to the geology and composition of its material.	Bench testing and metallurgy return results able to provide the Company with information upon which the plant design and setup can be determined.	Lab work could be undertaken which provides results that provide insufficient information to reliably determine the best equipment.
Ares intends to complete mine installation works at its Utah project.	The resources within the company are sufficient to complete the required work, or the Company will be able to acquire these funds.	A poor market combined with overspend would cause funding shortfalls.
Ares intends to complete the construction of its lumps plant and later its flotation plant at its Utah site and start production.	The resources within the company are sufficient to complete the required work, or the Company will be able to acquire these funds.	A poor market combined with overspend would cause funding shortfalls.

QUALIFIED PERSON

The technical and scientific information in this document has been reviewed and approved by Paul Sarjeant, 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 close funding to complete the construction of the plants and proceed with mining that meets MSHA compliance for the removal of ore at the Lost Sheep mine site.

Ares intends to expand the mineworks which allow the Company to exploit the fluorspar resources identified through exploration.

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



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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.

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") approved the change of name to "Ares Strategic Mining Inc." and the concurrent change of the Company's stock symbol to "ARS". The Company transitioned to the Canadian Securities Exchange and began trading at the opening of the market on the 22 October 2021.

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.



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SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

On 7 October 2024, the Company closed the second tranche of its previously announced offering of units by issuing 765,170 Units at a price of \$0.18 per Unit, for aggregate gross proceeds of \$137,731. Each Unit consists of one common share in the capital of the Company (each, a "Common Share") and one nontransferable Common Share purchase warrant (each, a "Warrant"). Each Warrant is exercisable into one Common Share (each, a "Warrant Share") at a price of \$0.26 per Warrant Share for a period of two years following the closing date of the Amended LIFE Offering.

On 4 November 2024, Ares announced that the Company had shipped its new flotation plant.

On 12 December 2024, Ares announced the arrival of its state-of-the-art flotation plant at the Company's industrial site in Delta, Utah.

On 15 December 2024, 202,771 warrants expired unexercised.

December 16, 2024 – Ares announced its inclusion as a key subcontractor in one of six winning bids awarded by the U.S. Department of Energy (DOE).

On 16 December 2024, Ares announced its inclusion as a key subcontractor in one of six winning bids awarded by the U.S. Department of Energy (DOE). The \$3.4 billion initiative is part of a national strategy to significantly expand the production capacity of Low Enriched Uranium (LEU).

On 19 December 2024, Ares announced the acquisition of the heavy mining equipment critical to the advancement of its flagship fluorspar project.

On 19 December 2024, the Company entered into agreements to settle \$126,184 in equipment purchase costs through the issuance of up to 664,125 common shares (the "Settlement"). The Company also entered into agreement agreements to settle \$86,085 in professional lobbying service fees through the issuance of up to 452,937 common shares (the "Service Settlement"). Additionally, the Company has agreed to settle \$8,900 in management service fees through the issuance of up to 46,842 common shares (the "Management Settlement"). Furthermore, a convertible debenture holder requested the conversion of their \$192,721 investment to 741,234 common shares of the Company (the "Investment Settlement"). All common shares issued in connection with the Settlement will be subject to a four-month hold period in accordance with applicable securities laws.

988,500 options were exercised for gross proceeds of \$128,505.

2,012,000 options were exercised for gross proceeds of \$261,560.

19 December 2024 – Ares announced the acquisition of the heavy mining equipment critical to the advancement of its flagship fluorspar project.

On 27 January 2025, the Company settled the consulting fee with MIB & S Partners and Roy El Durr by issuing 70,737 common shares. Additionally, the Company issued 554,942 common shares to settle US\$60,000 (\$86,016 CAD) for lobbying services provided by MIB & S Partners and Roy El Durr. These shares are subject to a statutory hold period of four months and one day from the date of issuance.

5,903,631 options were exercised for \$767,472 in proceeds and remaining 15,000,922 options were expired unexercised.

405,950 shares were issued as a result of \$83,600 convertible debt settlement and associated \$14,378 in interest settlement.



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EXPLORATION

Spor Mountain

1. Lost Sheep

The Company holds a 100% interest in and rights to certain U.S. federal mining claims 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 "Spor Mountain"). The Spor Mountain property consists of several mineral claim blocks including the Lost Sheep Fluoride Mine, and other unpatented claims. The Company acquired its initial interest through the Amalgamation (Note 6) on 18 February 2020. During the year ended 30 September 2021, the Company acquired additional claims in the region through staking.

As part of the Amalgamation, the Company assumed an underlying property purchase agreement (the "Purchase Agreement") for certain unpatented claims comprising the Spor Mountain property, pursuant to which the Company would be required to make a payment of US\$1,000,000 within 18 months from the commencement of production. During the year ended 30 September 2021, the amount of USD \$1,000,000 was transferred to the underlying vendor, pursuant to which, the Company is deemed to have fulfilled its obligations under the Purchase Agreement, and the title to the unpatented claims are in the process of being transferred to the Company.

2. 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 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 2021 completing large scale drilling and engineering programs to design the mining and processing operation, which will produce fluorspar ready for US industry in the future. 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 31 MARCH 2025

On 2 April 2025, the Company entered into another Subscription Agreement with Sorbie whereby Sorbie agreed to purchase 7,229,730 Units for gross proceeds of \$1,000,0000 over 24 months. Sorbie and the Company entered into an equity swap agreement ("Sharing Agreement") at C\$0.1998 (the "Benchmark Price"). The Sharing Agreement shall provide the Company's economic interest will be realized in 24 monthly settlement tranches as measured against the Benchmark Price. If, at the time of settlement, the Settlement Price (determined monthly based on a volume weighted average price for 20 trading days prior to settlement date) ("Settlement Price") exceeds the Benchmark Price, the Company shall receive more than 100% of the monthly settlement due, on a pro rata basis. There is no upper limit placed on the additional proceeds receivable by the Company as part of the monthly



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settlements. If, at the time of settlement, the Settlement Price is below the Benchmark Price, the Company will receive less than the 100% of the monthly settlement due, on a pro rata basis.

On 17 April 2025, Ares announced that the Company plans to issue \$961,882.50 shares to settle \$961,882 in outstanding debt.

RESULTS OF OPERATIONS

The comprehensive loss reported during the period ended 31 March 2025 was \$1,752,105 compared to loss of \$1,081,624 in the prior comparative period. The main fluctuations in costs are as follows:

Accretion and interest (rounded to the nearest '000)	6 months ended 31 March 2025	6 months ended 31 March 2024
	\$ 1,297,000	\$ 772,000
Variance	\$ 525,000	-

During the period ended 31 March 2025, the Company recorded accretion and interest on the PAB loan payable, USDA loan payable and convertible debentures. The PAB loan was closed during the end of 2024 only and thus contributing to the increase in Fiscal 2025.

Professional fees (rounded to the nearest '000)	6 months ended 31 March 2025	6 months ended 31 March 2024
	\$ 409,000	\$ 275,000
Variance	\$ 134,000	-

The increase is due to further professional and consulting services obtained during the period in further developments of the Company's financing options.

SUMMARY OF QUARTERLY RESULTS

Three months ended	Mar-25	Dec-24	Sep-24	June-24	Mar-24	Dec-23	Sep-23	Jun-23
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Income (loss) for the period	(802,644)	(678,315)	(616,062)	(1,226,083)	(782,377)	(300,825)	(418,143)	(601,592)
Comprehensive income (loss) for the period	(911,407)	(849,215)	(579,746)	(1,244,753)	(782,653)	(298,971)	(366,664)	(601,667)
Profit (loss) per share	(0.00)	(0.00)	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	43,808,586	38,874,212	36,455,378	34,062,492	31,323,267	30,075,959	17,475,452	19,887,887
Working capital surplus (deficiency)	(12,047,321)	(12,053,000)	(9,448,000)	5,313,000	421,000	11,169,000	(432,000)	438,000

OUTSTANDING SHARES

As at 31 March 2025, the Company had 186,159,829 common shares issued and outstanding; the fully diluted amount includes 27,115,284 warrants outstanding. As at the date of this report, Nil options and 27,115,284 warrants outstanding.



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FINANCIAL POSITION AND LIQUIDITY

As at 31 March 2025, the Company's financial instruments consist of cash, restricted cash, financial assets, accounts payable and short-term loans. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

The following discussion relates to the period ended 31 March 2025 and compares that to the year ended 30 September 2024:

As at 31 March 2025, the Company had a working capital deficit of \$(12,047,000) compared to a working capital deficit of \$(9,448,000) as at 30 September 2024.

Cash received/(used) in operating activities during period ended 31 March 2025 totalled \$1,330,261 (30 September 2024: \$1,731,106).

Cash used in investing activities during the period ended 31 March 2025 totalled \$3,221,685 (30 September 2024: \$3,549,242).

Cash raised in financing activities during the period ended 31 March 2025 totalled \$3,011,763 (30 September 2024: \$6,760,042).



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Exploration and evaluation assets

EXPLORATION AND EVALUATION ASSETS	Spor Mountain	Liard Fluorspar	Vanadium Ridge	Jackpot Lake	Wilcox Playa	Ontario Properties	Total
Balance as at 1 October 2023	\$ 7,960,140	-	-	-	-	4	7,960,144
Geological consulting	267,486	-	-	-	-	-	267,486
Staking and claiming	85,942	-	-	-	-	-	85,942
Adjustments on currency translation	48,579	-	-	-	-	-	48,579
Balance as at 30 September 2024	\$ 8,362,147	-	-	-	-	4	8,362,151
Geological consulting	40,487	-	-	-	-	-	40,487
Acquisition	83,357	-	-	-	-	-	83,357
Administration and camp	18,644	-	-	-	-	-	18,644
Staking and claiming	6,309	-	-	-	-	-	6,309
Adjustments on currency translation	30,096	-	-	-	-	-	30,096
Balance as at 31 March 2025	\$ 8,541,040	-	-	-	-	4	8,541,044

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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 31 March 2025. There have been no changes in levels during the period.

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

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

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, accounts payable and short-term loans. As at 31 March 2025, 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 exposed to foreign currency risk on its restricted cash and USDA and PAB loans payable balances that are denominated in other than the functional currencies. As at 31 March 2025, the Company held currency totalling the following:



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	31 March 2025	30 September 2024
CURRENCY (Rounded)		
Canadian (Dollars)	\$ 235,000	180,000
US (Dollars)	\$ 1,004,000	1,509,000

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 2025, the Company had a cash balance of \$3,447,013 to settle current liabilities of \$19,347,680 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 2024, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

The Company's capital consists of cash and shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at 31 March 2025 and as at the date hereof.



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RELATED PARTY TRANSACTIONS

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

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

RELATED PARTY DISCLOSURE						Amounts Payable and Accrued Liabilities
Name and Principal Position	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based payments			
CEO and Director – Management fees	2025	\$ 72,000	\$ -	\$		719,595
	2024	\$ 72,000	\$ -	\$		74,300
CFO – Management fees	2025	\$ 24,000	\$ -	\$		32,162
	2024	\$ 24,000	\$ -	\$		23,495
CFO – Professional fees	2025	\$ 73,220	\$ -	\$		22,514
	2024	\$ 52,193	\$ -	\$		-
Directors – Director fees	2025	\$ 750	\$ -	\$		123,214
	2024	\$ 1,000	\$ -	\$		5,000
Directors – Consulting fees	2025	\$ 21,000	\$ -	\$		126,177
	2024	\$ 21,000	\$ -	\$		71,052
Former Director – Consulting fees	2025	\$ -	\$ -	\$		-
	2024	\$ -	\$ -	\$		4,800
Total	2025	\$ 191,270	\$ -	\$		1,023,708
	2024	\$ 170,193	\$ -	\$		190,172

(i) For the six months period ended 31 March 2025 and 2024.

(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.



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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:



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- 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.

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