2023

Ares Strategic Mining Inc.

Management's Discussion and Analysis

For the Year Ended 30 September 2023

Stated in Canadian Dollars

DATE: 3 JANUARY 2024

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 year ended 30 September 2023. 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 2023, 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.
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 examine the possibility of creating spin-off companies for its non-core 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.
Ares intends to install existing and new equipment at its Utah industrial site	The Company has the expertise and resources to install the necessary infrastructure.	Labor shortages, cost overruns.

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

Ares will install the existing, and designed equipment, at its Delta industrial site, to progress the company and operation towards revenue and profitability.

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.

SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

On 11 October 2022, Ares announced that it has entered into an arrangement agreement with its wholly owned subsidiary, Enyo Strategic Mining Inc. ("Enyo"), pursuant to which the Company intends to transfer all its rights, title and interest in and to its Liard property and Vanadium Ridge Property located in British Columbia, Canada.

On 7 Nov 2022, Ares announced that it entered into a binding letter of offer (the "Binding Offer") with a court-appointed monitor (the "Monitor") to acquire (the "CCAA Acquisition") certain mineral resources entities (the "Target Entities") pursuant to proceedings initiated by the Target Entities under the Companies' Creditors Arrangement Act (Canada) (the "CCAA Proceedings").

On 22 November 2022, Ares announced that it intended to undertake an offering (the "Offering") of secured convertible debentures in the aggregate principal amount of $1,000,000 (the "Debentures"), for the purposes of a potential mine acquisition. The Company intends to use the proceeds of the Debentures to finance potential acquisitions of assets or businesses in the mineral resource sector. The Debentures will mature on the date that is two (2) years from the date of issuance (the "Maturity Date") and bear interest at a rate of 12% per annum, payable semi-annually. The holders shall have the right to convert the principal sum of the Debentures and any unpaid interest into common shares of the Company (each, a "Conversion Share") at a price of $0.26 per Conversion Share at any time and from time to time until the Maturity Date, or such other conversion price that is acceptable to the

Canadian Securities Exchange (the "CSE"). As security for the repayment of the principal sum and interest under the Debentures, the Company intends to grant to the holder of the Debentures a security interest in certain of the Company's present and after-acquired personal property.

On 8 December 2022, Ares announced that it has closed the first tranche of a non-brokered private placement offering (the "Offering") of secured convertible debentures (each, a "Debenture") of the Company for aggregate proceeds of $643,005 (the "Credit Advanced"). The principal sum of the Debentures totals $1,169,100 (the "Principal Sum"), and will bear interest at 12% per annum, from the date of issuance (the "Closing Date"), payable semi-annually. The Debentures will mature on the date that is two years from the Closing Date (the "Maturity Date").

On 16 December 2022, Ares announced that, further to its news release dated November 22, 2022, it has closed the second tranche of a non-brokered private placement offering (the "Offering") of secured convertible debentures (each, a "Debenture") of the Company for aggregate proceeds of $45,980.00 (the "Credit Advanced"). The proceeds will be used by the Company to advance its expansion plans and develop its projects. The principal sum of the Debentures totals $83,600 (the "Principal Sum"), and will bear interest at 12% per annum, from the date of issuance (the "Closing Date"), payable semi-annually. The Debentures will mature on the date that is two years from the Closing Date (the "Maturity Date"). As additional consideration, the Company agreed to pay the subscribers a financing fee in an amount equal to 45% of the Principal Sum (the "Financing Fee"). The Financing Fee was deducted from the Principal Sum, and the gross amount received by the Company totals $45,980 (being 55% of the Principal Sum). The holders shall have the right to convert all or any portion of the Credit Advanced, and any accrued but unpaid interest thereon, into common shares of the Company (each, a "Conversion Share") at a price of $0.26 per Conversion Share at any time and from time to time until the Maturity Date. As security for the repayment of the Principal Sum and interest under the Debentures, the Company granted to the holders of the Debentures a security interest in certain of the Company's present and after-acquired personal property.

The Company entered into a series of agreements, including the Asset Purchase Agreement, Binding Offer and Subscription Agreement to acquire certain mineral resource entities as at 30 September 2022 and had advanced a deposit of $750,000 in connection with the same. On 1 November 2022 the court-appointed monitor terminated the Binding Offer citing breach of certain terms of the Binding Offer and Subscription Agreement as the Company had failed to make the required advances subsequent to year-end. The court-appointed monitor had threatened to pursue legal proceedings to recoup losses incurred as a result of the Company's failure to meet the terms of the Binding Offer and Subscription Agreement. Upon negotiations and following the payment of an additional deposit of $500,000, the Company was provided with an extension to 16 January 2023 to submit a proposal and plan for the review of the court-appointed monitor and debtors of the mineral resource entities. The Company submitted a revised proposal and plan for the acquisition on 16 January 2023. As at the date of this report, the Company has not closed on sufficient financing and therefore, the Company's proposal and plan has not yet materialized and therefore, the deposit paid of $1,250,000 was written off.

In connection with this transaction, the Company has:

- Signed a term sheet for a secured credit facility in the amount of $2 million on 6 October 2022 for down payment, repayable on 31 October 2023, bearing interest at a rate of 12%, calculated daily, compounded monthly. In connection with this term sheet, the Company has agreed to pay a commitment fee of $200,000 to the lender. To date, the Company has not received any funds from this credit facility.

- Engaged a consulting firm to structure and deliver funds required for the transaction, in exchange for which, the Company shall pay a fee of $30,000.
- Signed a financial advisory agreement on 26 October 2022, whereby the advisor will assist in matters associated with arranging financing for the transaction. A commitment fee of $25,000 was paid upon execution of this agreement and the Company has agreed to pay a financing fee of 20% for financing raised. To date, the Company has not received any financing from this advisor.
- Signed a bridge financing agreement on 1 November 2022 for an amount of $3.6 million. A work fee of $50,000, 8% transaction fee and common shares of the Company valued at $400,000 are payable and issuable upon closing of the financing.
- Signed a share subscription facility agreement on 1 December 2022 with a Bahamas based company to raise up to $35 million. The Company will pay a commitment fee equal to 2% of the proceeds raised payable in cash or equity, and will also be responsible for all legal fees and expenses not to exceed $35,000. To date, the Company is yet to receive from this facility agreement.
- Signed a lending agreement on 15 January 2023 with a UK based broker whereby the latter has agreed to issue to the Company, USD $50 million in financial instruments guaranteed by HSBC banking services and which has agreed to fund an initial USD $10 million to the Company. To date, the Company is yet to receive from this facility agreement.

On 11 April 2023, the Company closed a loan of $4,420,000 USD ($6,000,000 CAD) from the U.S. Department of Agriculture (USDA) under its Business and Industry Guaranteed Loan Program (B&I). The B&I program is deployed by the Federal Government to promote rural development and higher paying wages. The Company arranged this non-dilutive financing to exclusively develop the Company's manufacturing operation at its processing site in Delta, Utah. The manufacturing operation will be the first of its kind in the country and will be looking to bring back an entire industry to the United States. Fluorspar is used in the manufacture of steel, aluminum, hydrofluoric acid, lithium-ion batteries, electronics, cement, and glass industries. Currently 100% of all the U.S' fluorspar is imported, and the Company will be looking to become the only domestic producer.

On 18 April 2023, the Company announced that it has fully completed the purchase, and received title, of a 48-acre, industrially zoned manufacturing site for its upcoming fluorspar processing operation (the "Property"). The Property is located in Delta, Utah, the closest city to the Company's Spor Mountain fluorspar project ("Spor Mountain").

On 25 April 2023, the Company announced that it has completed development and construction work on its Millard County rail spur, opening up the United States and North America for delivery of the Company's future industrial products.

On 22 June 2023, the Economic Development Corporation of Utah (EDCUtah) and the Utah Governor's Office of Economic Opportunity (GOEO) announced that Ares Strategic Mining is bringing a new mining facility and up to 40 jobs to Millard County.

On 11 July 2023, the Company announced that it has completed the tailings storage facility (TSF) design work for its upcoming manufacturing and processing fluorspar operation in Delta, Utah, United States.

On 26 July 2023, the Company announced that it has completed its fabrication of its new conveyor belt system for its plant and planned fluorspar manufacturing operation. The belts form part of the mechanisms connecting the various processing stages of the metallurgical lumps plant, a system dedicated to producing specific high quality metspar grade products, in industry preferred form.

On 3 August 2023, the Company announced that it has detected germanium and gallium in its fluorspar, following assaying conducted by SGS. Both minerals play a crucial role in developing and sustaining the tech industry. China was the principal source of the United States' germanium and gallium, but both minerals have now been restricted from export. Ares located germanium and gallium in its fluorspar located at the Spor Mountain at its Utah fluorspar project. The company announced that it is concentrating its efforts currently on building processing facilities to achieve production at its operation but plans to further explore the Rare Earth discovery when it conducts further drilling.

On 5 September 2023, the announced that it is proceeding to complete its previously announced plan of arrangement (the "Arrangement") to be effected under section 182 of the Business Corporations Act (Ontario) (the "OBCA") with its wholly-owned subsidiary, Enyo Strategic Mining Inc. ("Enyo").

On 26 September 2023, the Company announced that it has completed its spinout, Enyo Strategic Mining Inc., for which all Ares Strategic Mining Inc. shareholders will receive dividend Enyo shares.

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

To date, 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 30 SEPTEMBER 2023

On 10 October 2023, the Company announced that it has completed the planning permission approval process, authorizing the company to fully construct and commission its lumps manufacturing plant at its Delta City, Utah, industrial site. It has now cleared the permissions process to enable the company to complete the foundations, steel erection, and the installation of the assembled plant. All components are already delivered, and the team is already assembled to complete construction of the only plant of its kind in the United States.

On 3 November 2023, the Company announced that it has updated its corporate media as part of its wider online marketing strategy. The Company's marketing strategy aims to provide (1) content-rich updates to existing shareholders, and (2) further insight into the ARES opportunity to potential investors.

On 7 December 2023, the Company announced that it has continued from the laws of the province of British Columbia pursuant to the Business Corporations Act (British Columbia) as of 6 December 2023. The continuance was approved by a special resolution of shareholders at the Company's Annual General & Special Meeting held on 23 November 2022. No action will be required by existing shareholders with respect to the continuance.

On 15 December 2023, the Company's subsidiary, Ares Utah, entered into the loan agreement with Millard County, Utah ("Millard County") pursuant to a US$10,000,000 tax-exempt Manufacturing Facility Revenue Bond (the "Series 2023A Bond"), a US$500,000 taxable Manufacturing Facility Revenue Bond (the "Series 2023B Bond", and together with the Series 2023A Bond, the "Bonds")) created and issued by Millard County. The principal sum of the Bonds to be repaid by Ares Utah is US$10,500,000, which obligations have been evidenced by promissory notes issued by Ares Utah (the "Notes"). The rights and interests of Millard County in and to certain agreements, including a Loan Agreement dated December 1, 2023 between Ares Utah and Millard County with respect to a loan of the Bond Proceeds, were transferred and assigned, pursuant to an Indenture of Trust dated 1 December 2023 (the "Indenture"), to Zions Bancorporation N.A. ("Trustee"), on behalf of the investors in the Bonds. In addition, the Company has entered into a Guaranty Agreement and Guaranty of Completion agreement with the Trustee, pursuant to which the Company agreed to guaranty certain obligations of Ares Utah, including the repayment of the principal, interest and other amounts owed under the Bonds. The Bonds have been delivered to the Trustee on 15 December 2023.

On 15 December, 2023, the Company completed a non-brokered private placement offering of 6,780,500 common shares (the "offering") at a price of $0.20 per share for gross proceeds of $1,356,100 subject to all required regulatory approvals.

RESULTS OF OPERATIONS

The comprehensive loss reported during the year ended 30 September 2023 was $4,376,838 compared to loss of $4,839,597 in the prior comparative period. The main fluctuations in costs are as follows:

Stock based compensation (rounded to the nearest '000)		**Year ended 30 September 2023**		Year ended 30 September 2022
	$	**1,301,000**	$	1,970,000
Variance	**$**	**(669,000)**		-

The decrease in stock-based compensation is due to lower fair value attributable to 22,238,053 options issued during the year ended 30 September 2023 (2022- 8,441,636). In addition, $113,000 was recorded as part of the option modification value post Enyo spin out.

Professional fees (rounded to the nearest '000)		**Year ended 30 September 2023**		Year ended 30 September 2022
	$	**738,000**	$	851,000
Variance	**$**	**(113,000)**		-

During the prior year ended 30 September 2022, the Company had initiated the Spin out transaction of Enyo Strategic Mining Inc. and was considering other financing arrangements. In the current year ended, transaction costs attributable to the spin out were recognized in the Statement of Changes in Equity and thus lower impact on the expenses.

Office and marketing fees (rounded to the nearest '000)		**Year ended 30 September 2023**		Year ended 30 September 2022
	$	**381,000**	$	1,034,000
Variance	**$**	**(653,000)**		-

Office and marketing fees are expensed based on the duration of the agreement related to marketing and media needs when the Company has entered into contracts and continued to utilize the service. In 2022, the Company finished up two large marketing contracts for services including general business consulting, corporate communications, business introductions and digital media campaigns for branding, media consulting, multimedia services. The Company paid $250,000 and $600,000 respectively.

No additional contracts were signed during the period ended 30 September 2023.

SUMMARY OF QUARTERLY 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.

Three months ended	**Sep-23**	**Jun-23**	**Mar-23**	**Dec-22**	**Sep-22**	**Jun-22**	**Mar-22**	**Dec-21**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total revenue	**-**	-	-	-	-	-	-	-
Income (loss) for the period	**(418,143)**	(601,592)	(1,484,259)	(1,933,920)	(2,751,787)	(431,776)	(751,474)	(1,028,326)
Comprehensive income (loss) for the period	**(366,664)**	(601,667)	(1,482,554)	(1,925,953)	(2,614,790)	(341,104)	(755,287)	(1,129,087)
Profit (loss) per share	**(0.00)**	(0.01)	(0.02)	(0.00)	(0.02)	(0.01)	(0.01)	(0.00)
Total assets	**17,475,452**	19,887,887	21,041,353	15,261,493	16,133,890	15,830,578	15,641,183	14,304,369
Working capital surplus (deficiency)	**(432,000)**	438,000	4,864,000	(608,000)	200,000	1,807,000	2,320,000	(398,000)

OUTSTANDING SHARES

As at 30 September 2023 and as at the date of this report, the Company had 139,000,722 common shares issued and outstanding; the fully diluted amount includes 22,238,053 options and 2,026,568 warrants outstanding.

FINANCIAL POSITION AND LIQUIDITY

As at 30 September 2023, the Company's financial instruments consist of cash and cash equivalents, restricted cash, trust account, and marketable securities, accounts payable and accrued liabilities, USDA loan payable 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 2023 and compares that to the year ended 30 September 2022:

As at 30 September 2023, the Company had a working capital deficit of $432,000 compared to a working capital of surplus of $200,000 as at 30 September 2022.

Cash used from operating activities during year ended 30 September 2023 totalled $1,731,106 (30 September 2022: ($1,812,503)).

Cash used in investing activities during the year ended 30 September 2023 totalled $3,549,242 (30 September 2022: $(3,119,010)).

Cash raised in financing activities during the year ended 30 September 2023 totalled $6,760,042 (30 September 2022: $3,812,543).

Exploration and evaluation assets

EXPLORATION AND EVALUATION ASSETS	Spor Mountain	Liard Fluorspar	Vanadium Ridge	Jackpot Lake	Wilcox Playa	Ontario Properties	Total
Balance as at 30 September 2021	$ 5,963,140	$ 484,076	$ 327,580	$ 1,326,375	$ -	$ 4	$ 8,101,175
Geological consulting	1,023,323	33,150	-	-	-	-	1,056,473
Acquisition	132,067	-	1,065,000	-	17,321	-	1,214,388
Administration and camp	174,104	29	252	-	-	-	174,385
Drilling	15,183	-	-	-	-	-	15,183
Staking and claiming	239,316	8,330	17,950	-	-	-	265,596
Disposition	-	-	-	(1,326,375)	-	-	(1,326,375)
Adjustments on currency translation	(15,879)	-	-	-	-	-	(15,879)
Balance as at 30 September 2022	$ 7,531,254	$ 525,585	$ 1,410,782	$ -	$ 17,321	$ 4	$ 9,484,946
Geological consulting	**220,820**	**-**	**-**	**-**	**-**	**-**	**220,820**
Administration and camp	**73,584**	**4,500**	**139**	**-**	**-**	**-**	**78,223**
Staking and claiming	**75,408**	**-**	**-**	**-**	**-**	**-**	**75,393**
Transfer of assets to Enyo	**-**	**(530,085)**	**(1,410,921)**	**-**	**-**	**-**	**(1,941,006)**
Disposition	**-**	**-**	**-**	**-**	**(17,321)**	**-**	**(17,321)**
Adjustments on currency translation	**59,704**	**-**	**-**	**-**	**-**	**-**	**59,704**
Balance as at 30 September 2023	**$ 7,960,140**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 4**	**$ 7,960,144**

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 2023. 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 September 2023, 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 2023, the Company held currency totalling the following:

CURRENCY		30 September 2023		30 September 2022
Canadian (Dollars)	$	240,000	$	87,351
US (Dollars)	$	231,000	$	34,249

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 2023, the Company had a cash balance of $467,086 to settle current liabilities of $2,578,133 that are due within one year. The Company's outstanding liabilities, their current values and the principal amounts along with the due dates are as stated in the table below:

		Carrying value		Principal amount		Less than 1 year		1 – 5 years		5+ years
Accounts payable and accrued liabilities	$	656,618	$	656,618	$	656,618	$	-	$	-
Short-term loans		385,690		385,690		385,690		-		-
Convertible debentures		713,865		1,378,805		126,105		1,252,700		-
USDA loan		5,501,049		5,975,840		87,317		923,865		4,964,658
Total	**$**	**7,257,222**	**$**	**8,396,953**	**$**	**1,255,730**	**$**	**2,176,565**	**$**	**4,964,658**

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 2021, 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 2023 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	**2023**	**$**	**144,000**	**$**	**559,163**	**$**	**176,798**
	2022	$	144,000	$	424,783	$	124,300
CFO – Management fees	**2023**	**$**	**48,000**	**$**	**56,095**	**$**	**4,000**
	2022	$	48,000	$	158,290	$	4,000
CFO – Professional fees	**2023**	**$**	**66,680**	**$**	**-**	**$**	**3,436**
	2022	$	63,800	$	-	$	4,897
Directors – Director fees	**2023**	**$**	**1,250**	**$**	**107,002**	**$**	**4,500**
	2022	$	2,250	$	245,464	$	46,002
Directors – Consulting fees	**2023**	**$**	**42,000**	**$**	**130,610**	**$**	**60,027**
	2022	$	45,975	$	353,667	$	20,911
Former Director – Consulting fees	**2023**	**$**	**-**	**$**	**-**	**$**	**-**
	2022	$	-	$	**251,964**	$	4,800
Total	**2023**	**$**	**300,082**	**$**	**853,319**	**$**	**248,762**
	2022	$	304,025	$	1,434,168	$	204,910

(i) For the year ended 30 September 2023 and 2022.

(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;

- The estimated discount rate used to determine the liability component of convertible debentures presented on the consolidated statement of financial position.

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