

2022

Ares Strategic Mining Inc.

Management's Discussion and Analysis

For the Year Ended 30 September 2022

Stated in Canadian Dollars

DATE: 26 JANUARY 2023



ARES STRATEGIC MINING INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 year ended 30 September 2022. 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 2022, 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.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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.Geol., a Qualified Person as defined by National Instrument 43-101 ("NI 43-101").

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.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 YEAR

On 21 October 2021, Ares received approval for the listing of its common shares on the Canadian Securities Exchange (the “CSE”), under the symbol ARS at the opening of the market on 22 October 2021.

On 22 October 2021 Ares announced that it completed a Lidar Survey over its Canadian Fluorspar Project, located in Liard, Northern British Columbia. This work enabled the company to construct digital 3-D topographical representations of the entire area for the planning of future exploration programs.

On 5 Nov 2021, Ares announced that it signed a joint venture memorandum of understanding to secure a 50% interest in the Vanadium Ridge Project. The Company, together with Imbue Capital, came to terms, whereby Ares and Imbue would each own 50% of the project, and Imbue Capital would bring \$1.5 million in development funds, with the Cash component being no less than \$1Million CAD, as well as bringing the project to Ares with a permitted drilling program.

On 9 Nov 2021, Ares announced that it completed detailed geological mapping work across its permitted mining areas. Following the success of the exercise the mapping work was extended to further promising locations across the Spor Mountain.

On 22 Nov 2021, Ares announced that following detailed geological mapping work across the entire project area, claimed and additional unclaimed lands on Spor Mountain, the Company has proceeded to more than double its land holdings in the area at Spor Mountain. The Ares geological team has also successfully identified over 160 new drill targets within the new property outline which the Company plans to continue developing as the Utah operation commences.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

On 22 Nov 2021 Ares announced successfully completing its steel infrastructure purchase, and the commencement of its fabrication in anticipation for construction. The 3-storey structure allows a multi-person crew to operate the processing system and provides the supporting build, around which the plant will be constructed.

On 16 December 2021, Ares announced that it had shipped its lumps plant ahead of schedule. The plant is a large 3-storey facility, which will be the only one of its kind in North America.

On 10 January 2022, Ares announced that the Company acquired exclusive right and access to develop the Campbell-Croster project, a large, historically delineated fluorspar project in Kentucky, US.

On 13 January 2022, Ares announced that it received all deliverables from a Laser Imaging, Detection and Ranging ("LiDAR") survey flown in October 2021 over its 100% owned Liard Fluorspar Project located in British Columbia.

On 19 January 2022, Ares announced that the fabrication of its recently ordered steel has been completed and the Company has begun arranging to ship the steel to the United States, where it will be integrated with its recently shipped lumps plant at the Company's production construction project.

On 21 January 2022, the Company also updated that 2,114,873 common shares were issued pursuant to a non-brokered private placement at a price of \$0.38 per share for gross proceeds of \$803,652.

On 21 January 2022, Ares announced that it completed a generative drill target program to provide the Company with multiple exploration targets for testing in the coming years. The program is the first phase of a multi-year development plan that will run concurrently with the anticipated mining operation, and which is designed to identify the sites for its subsequent operations.

On 24 January 2022, Ares announced the Company received additional cash proceeds of \$936,650 from the exercise of 5,445,667 warrants priced at \$0.15 to exercise, and 748,750 warrants priced at \$0.16 to exercise.

On 8 February 2022, the Company announced that it granted stock options to certain directors, officers, employees, and consultants of the Company to purchase up to 6,200,000 common shares in the capital of the Company pursuant to the Company's stock option plan. All the options are exercisable for a period of five years at an exercise price of \$0.46 per share.

On 1 March 2022, Ares announced that the Lumps Plant has arrived at its industrial site in Delta.

On 31 March 2022 Ares announced that it entered into a mineral property option with USHA Resources Ltd, giving USHA the exclusive option to acquire a 100% interest in 140 mineral claims located at Jackpot Lake, Clark County, Nevada.

On 19 April 2022, Ares announced that the Company's submission to the Private Activity Bond (PAB) Program, established by Utah State to support new manufacturing enterprises, resulted in the Company being granted the maximum manufacturing bond allocation available through the program.

On 17 May 2022, Ares announced that the Company packaged and shipped all its Lumps Plant infrastructure to the United States, where it will be integrated with its recently arrived Lumps Plant at the Company's new industrial site.

On 1 June 2022, Ares announced it had completed airborne radiometric and magnetic geophysical surveys and a gravity survey over the entire Spor Mountain range near Delta, Utah.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

On 17 June 2022, Ares announced the appointment of Paul Sarjeant as its new Vice President of Exploration for both its US and Canadian exploration and mining projects.

On 27 June 2022, Ares announced it had concluded negotiations and signed a purchase agreement for a 50-acre, industrially zoned, manufacturing site, for its upcoming fluorspar processing operation. The property is located in Delta, Utah, the closest city to the Company's historic fluorspar mine and claims.

On 11 July 2022, Ares announced that plant equipment and steel had arrived at its new industrial site in Delta, Utah. The plant is a large 3-storey facility, which will be the only one of its kind in North America. The plant equipment and steel, involving 11 shipping containers, were shipped from Asia and was routed through Long Beach, California.

On 18 August 2022, Ares announced the approval of \$4,920,000 USD financing from the U.S. Department of Agriculture (USDA) under its Business and Industry Guaranteed Loan Program (B&I).

On 27 September 2022, Ares announced its intention to spin out its Liard Property and its Vanadium Property into a recently incorporated, wholly-owned subsidiary named Enyo Strategic Mining Inc.

MATERIAL CHANGES REPORTS FILED DURING THE YEAR

On 7 November 2022, Ares filed material changes stating that The Company entered into a binding letter of offer with a court-appointed monitor to acquire certain mineral resources entities pursuant to proceedings initiated by the Target Entities under the Companies' Creditors Arrangement Act (Canada). The financial terms of the CCAA Acquisition are subject to a sealing order of the court administering the CCAA Proceedings. Closing of the CCAA Acquisition was subject to certain conditions, including delivery of certain funds to the Monitor pursuant to the Binding Offer and approval of the court. The Company was late securing the necessary funding to complete the CCAA Acquisition within the deadlines set out in the Binding Offer, as extended between the parties. The Monitor has terminated the Binding Offer on November 1, 2022. The Company notes that the Monitor has alleged breaches of certain terms of the Binding Offer and put the Company on notice that it may pursue legal proceedings in respect thereof. The Company will work to redress any legal consequences. Notwithstanding the foregoing, the Monitor and the Company are in discussions to address certain key issues, with a view to reviving contractual arrangements with respect to the CCAA Acquisition.

On 2 December 2022, Ares filed material changes stating it has closed the first tranche of a non-brokered private placement offering of secured convertible debentures of the Company for aggregate proceeds of \$643,005. The principal sum of the Debentures totals \$1,169,100, and will bear interest at 12% per annum, from the date of issuance, payable semi-annually. The Debentures will mature on the date that is two years from the Closing 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 was deducted from the Principal Sum, and the gross amount received by the Company totals \$643,005 (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 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 aggregate proceeds from the sale of the Debentures are anticipated to be used to finance potential acquisitions of assets or businesses in the mineral resource sector, and for general working capital purposes.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

In connection with the Offering, and in accordance with the policies of the Canadian Securities Exchange, the Company paid a registrant a finder's fee comprised of a cash fee equal to 8% of the portion of the Credit Advanced received from subscribers introduced by the finder (\$49,042.40), and such number of non-transferable share purchase warrants which equals 8% of the number of conversion shares issuable to the holders of the Debentures, being 188,624 Finder's Warrants. Each Finder's Warrant entitles the holder thereof to purchase one common share in the capital of the Company at a price of \$0.26 per Finder's Warrant Share for a term of two (2) years from the date of issuance of the Finder's Warrants. The Debentures, Finder's Warrants, and any securities issued upon the conversion or exercise thereof, as applicable, are subject to a hold period of four months and one day from the Closing Date.

The Company is announced that, further to its annual general and special meeting of shareholders held on 23 November 2022, all resolutions were approved by the shareholders, including, among other matters: (i) the election of James Walker, Paul Sarjeant, Changxian Li, Bob Li and Raul Sanabria, as directors of the Company for the ensuing year, (ii) the approval of a new equity incentive plan for the Company, to replace its previous stock option plan, (iii) the approval of an equity incentive plan for its wholly-owned subsidiary, Enyo Strategic Mining Inc., (iv) approval of the Company's proposed statutory plan of arrangement to transfer its Liard and Vanadium Ridge properties to Enyo by way of a share capital reorganization effected through a statutory plan of arrangement, and (v) approval of the Company's proposed continuation from the Business Corporations Act (Ontario) to the Business Corporations Act (British Columbia). In connection with the Arrangement, on 1 December 2022 the Superior Court of Ontario granted a final order approving the Arrangement. Completion of the Arrangement is subject to the terms of the Arrangement Agreement dated 1 September 2022 between the Company and Enyo.

On 16 December 2022, Ares announced that it has closed the second tranche of a non-brokered private placement offering of secured convertible debentures of the Company for aggregate proceeds of \$45,980. The principal sum of the Debentures totals \$83,600, and will bear interest at 12% per annum, from the date of issuance, payable semi-annually. The Debentures will mature on the date that is two years from the Closing 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 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 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 aggregate proceeds from the sale of the Debentures are anticipated to be used to finance potential acquisitions of assets or businesses in the mineral resource sector, and for general working capital purposes. In connection with the Offering, and in accordance with the policies of the Canadian Securities Exchange ("CSE"), the Company paid a registrant a finder's fee comprised of a cash fee equal to 8% of the portion of the Credit Advanced received from subscribers introduced by the finder (\$3,678.40), and such number of non-transferable share purchase warrants which equals 8% of the number of conversion shares issuable to the holders of the Debentures, being 14,147 Finder's Warrants. Each Finder's Warrant entitles the holder thereof to purchase one common share in the capital of the Company at a price of \$0.26 per Finder's Warrant Share for a term of two (2) years from the date of issuance of the Finder's Warrants. The Debentures, Finder's Warrants, and any securities issued upon the conversion or exercise thereof, as applicable, are subject to a hold period of four months and one day from the Closing Date.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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 8,000 m 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 2022

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. Should the Company’s proposal and plan not be accepted, the Company may not be able to recoup the total deposit paid of \$1,250,000.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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.

The availability of funds pursuant to the credit facility, financing agreements, share subscription facility agreement, and lending agreement described above are all subject to various terms and conditions, including due diligence to be performed by the counter-parties, ability of the counter-parties to provide the agreed upon financing and agreement on terms of such financings.

- On 5 October 2022, the Company entered into an arrangement agreement with its wholly-owned subsidiary, Enyo, pursuant to which the Company intends to transfer all of its right, title and interest in and to its Liard property and Vanadium Ridge properties to Enyo. The Company is working with counsel to complete the steps required to close the arrangement agreement.
- Subsequent to the year-end, the Company received cash proceeds of \$40,000 upon the execution of a sale agreement, whereby the Wilcox Playa property, including its mining information and the right to receive the staking deposit was sold to a third party for a cash consideration of \$40,000 and issuance of 500,000 common shares in the capital of purchaser.
- On 25 November 2022, the Company signed a finder fee agreement in respect of the non-brokered private placement of secured convertible debentures for an amount of maximum \$1 million. The Company has agreed to pay 8% of gross proceeds raised from this issuance and also issue non-transferable share purchase



ARES STRATEGIC MINING INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

warrants equal to 8% of number of common shares issuable on conversion of the debentures. As additional consideration, the Company paid to the subscribers a financing fee equal to 45% of the principal amount. To date, the Company has issued convertible debentures for amounts totalling \$1,252,700 for aggregate proceeds of \$688,985.

RESULTS OF OPERATIONS

The comprehensive loss reported during the year ended 30 September 2022 was \$4,893,239 compared to loss of \$3,706,230 in the prior year. The main fluctuations in costs are as follows:

	Year Ended 30 September 2022	Year Ended 30 September 2021
Office and marketing fees (rounded to the nearest '000)		
	\$ 1,034,000	\$ 1,446,000
Variance	\$ (412,000)	

Those marketing services that the Company engaged during the last fiscal year ended their services and therefore, there is a decrease in the current year since there was no renewal as the Company focused on other initiatives.

	Year Ended 30 September 2022	Year Ended 30 September 2021
Professional fees (rounded to the nearest '000)		
	\$ 851,000	\$ 269,000
Variance	\$ 582,000	

The increase in professional fees mostly related to fees pertaining to the spin out of Liard and Vanadium Ridge Resource properties as well as bidding on the Target Entities.

	Year Ended 30 September 2022	Year Ended 30 September 2021
Transfer agent and filling fees (rounded to the nearest '000)		
	\$ 63,000	\$ 114,000
Variance	\$ (51,000)	

The decrease in transfer agent and filling fees relates to decreased share activities during the year in comparison to the previous fiscal.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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-22	Sep-21	Sep-20
Total Revenues	\$ -	\$ -	\$ -
Net Loss for the Year	\$ 4,963,363	\$ 3,650,182	\$ 2,226,346
Comprehensive Loss for the Year	\$ 4,839,597	\$ 3,706,230	\$ 2,215,990
Loss and Comprehensive Loss per Share (Basic and Diluted)	\$ (0.04)	\$ (0.04)	\$ (0.05)
Total Assets	\$ 16,133,890	\$ 13,406,696	\$ 5,248,500

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-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Income (loss) for the period	(2,751,787)	(431,776)	(751,474)	(1,028,326)	(1,125,720)	(2,147,558)	(568,869)	191,965
Comprehensive income (loss) for the period	(2,614,790)	(341,104)	(755,287)	(1,128,416)	(1,129,177)	(2,159,784)	(613,009)	195,740
Profit (loss) per share	(0.02)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Total assets	16,133,888	15,830,578	15,641,183	14,574,407	13,406,696	8,510,533	8,376,944	7,034,554
Working capital surplus (deficiency)	200,000	1,807,000	2,320,000	(398,000)	(1,230,000)	1,312,000	871,000	(110,000)

OUTSTANDING SHARES

As at 30 September 2022, the Company had 137,772,408 common shares issued and outstanding; the fully diluted amount of 147,735,258 includes 8,088,053 options and 1,874,797 warrants outstanding.

As at the date of this report, the Company had 137,841,013 common shares issued and outstanding; the fully diluted amount of 147,610,359 includes 7,894,549 options and 1,874,797 warrants outstanding.

FINANCIAL POSITION AND LIQUIDITY

As at 30 September 2022, the Company's financial instruments consist of cash, restricted cash, accounts 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 2022 and compares that to the fiscal 2021:



ARES STRATEGIC MINING INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2022, the Company had a working capital of \$200,000 compared to a working capital deficit of \$1,230,000 as at 30 September 2021.

Cash used in operating activities during year ended 30 September 2022 totalled \$1,812,503 (30 September 2021: \$1,866,088).

Cash used in investing activities during the year ended 30 September 2022 totalled \$3,119,010 (30 September 2021: \$2,309,752).

Cash raised in financing activities during the year ended 30 September 2022 totalled \$3,812,543 (30 September 2021: \$5,073,395).



ARES STRATEGIC MINING INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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 2020	\$ 2,486,896	\$ 432,332	\$ 312,000	\$ 1,212,782	\$ -	\$ 4	\$ 4,444,014
Geological consulting	1,482,286	38,200	7,250	-	-	-	1,527,736
Acquisition	1,432,137	7,234	-	-	-	-	1,439,371
Administration and camp	342,582	6,310	-	2,272	-	-	351,164
Drilling	165,250	-	-	-	-	-	165,250
Staking and claiming	133,838	-	8,330	111,321	-	-	253,489
Adjustments on currency translation	(79,849)	-	-	-	-	-	(79,849)
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



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 2022. 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 2022, 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.



ARES STRATEGIC MINING INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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 2022, the Company held currency totalling the following:

CURRENCY	30 September 2022	30 September 2021
Canadian (Dollars)	\$ 87,351	\$ 834,204
US (Dollars)	\$ 34,249	\$ 240,909

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 2022, the Company had a cash balance of \$44,144 to settle current liabilities of \$1,058,821 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 2022, 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 2022 and as at the date hereof.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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	2022	\$ 144,000	\$ 424,783	\$ 124,300
	2021	\$ 144,000	\$ 364,500	\$ 21,100
CFO – Management fees	2022	\$ 48,000	\$ 158,290	\$ 4,000
	2021	\$ 48,000	\$ 135,000	\$ 4,000
CFO – Professional fees	2022	\$ 63,800	\$ -	\$ 4,897
	2021	\$ 60,589	\$ -	\$ 10,519
Directors – Director fees	2022	\$ 2,250	\$ 245,464	\$ 46,002
	2021	\$ 4,250	\$ 405,000	\$ 6,038
Directors – Consulting fees	2022	\$ 45,975	\$ 353,667	\$ 20,911
	2021	\$ 89,000	\$ 337,500	\$ 12,675
Former Director – Consulting fees	2022	\$ -	\$ 251,964	\$ 4,800
	2021	\$ -	\$ -	\$ -
Total	2022	\$ 304,025	\$ 1,434,168	\$ 204,910
	2021	\$ 345,839	\$ 1,242,000	\$ 54,332

(i) For the years ended 30 September 2022 and 2021.

(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:



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

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 fluorospar 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;



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

- 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