



A.I.S. RESOURCES LIMITED

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an independent auditor. These condensed interim consolidated financial statements for the periods ended September 30, 2021 and 2020 have been prepared by and are the responsibility of the Company's management. They have not been reviewed by the Company's independent auditor.

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at,

	<i>Note</i>	Unaudited September 30, 2021	Audited December 31, 2020
		\$	\$
ASSETS			
Current assets			
Cash	3	150,651	454,361
Accounts receivable	4	31,319	1,425
Prepaid expenses	5	55,929	57,072
Marketable securities	6	80,190	111,270
Total current assets		318,089	624,128
Non-current assets			
Right-of-use assets	8	-	3,960
Other investment	9	1,152,871	1,152,057
Exploration and evaluation assets	10	3,562,882	995,052
		5,033,842	2,775,197
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		112,195	343,681
Due to related parties	11	175,952	198,941
Exploration advance	10	169,940	-
Lease liabilities	12	-	8,975
Promissory notes and loans payable	13	154,964	446,251
Total current liabilities		613,051	997,848
SHAREHOLDERS' EQUITY			
Common shares	14	18,913,165	16,239,204
Reserves	15	4,301,710	3,286,219
Other comprehensive income		653,115	652,301
Deficit		(19,447,199)	(18,400,375)
		4,420,791	1,777,349
		5,033,842	2,775,197

Note 1: Nature of operations and going concern

Note 21: Subsequent events

Martyn Element, Director

Kiki Smith, Director

The accompanying notes are an integral part of these consolidated financial statements.

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
Revenue	16	-	-	-	60,390
Cost of goods sold		-	-	-	(60,390)
Gross profit		-	-	-	-
EXPENSES:					
Consulting	11	64,635	81,146	263,768	160,888
Directors' fees	11	7,500	7,500	22,500	22,500
General and administrative		75,645	33,288	159,855	100,657
Interest and financing	12 & 13	10,586	26,715	42,654	88,786
Management fees	11	31,500	23,625	94,500	70,875
Professional fees	11	50,494	39,573	143,865	114,712
Project evaluation cost		8,026	-	57,546	-
Stock based compensation	11 & 14	157,082	147,737	345,659	147,737
Transfer agent and filing		10,963	7,029	47,364	25,459
Travel and promotion		88,730	15,677	220,372	49,922
		(505,161)	(382,290)	(1,398,083)	(781,536)
OTHER INCOME (EXPENSES):					
Gain (loss) on marketable securities	6	(39,590)	-	85,318	-
Gain on settlement of debt		124,836	8,158	124,836	8,158
Recoveries in excess of carrying value	10	92,745	-	92,745	-
Unrealized foreign exchange gain (loss)		43,289	15,421	48,360	(25,835)
Net loss for the period		(283,881)	(358,711)	(1,046,824)	(799,213)
OTHER COMPREHENSIVE INCOME (LOSS):					
Unrealized (loss) gain on investment	9	31,399	(26,151)	814	31,760
Comprehensive loss for the period		(252,482)	(384,862)	(1,046,010)	(767,453)
Loss per share					
Basic and diluted		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		171,943,588	96,548,188	159,693,687	87,832,233

The accompanying notes are an integral part of these consolidated financial statements.

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

	Common shares		Reserves			Other Comprehensive Income	Deficit	Total
	No. of shares	Share capital	Stock Options	Warrants	Contributed surplus			
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019	83,426,366	13,508,386	2,127,692	395	1,020,890	675,465	(17,294,252)	38,576
Shares issued for cash	27,833,333	835,000	-	-	-	-	-	835,000
Share issuance costs	-	(5,731)	-	-	-	-	-	(5,731)
Shares issued for debt settlement	143,463	9,325	-	-	-	-	-	9,325
Options exercised	485,000	72,354	(34,354)	-	-	-	-	38,000
Options expired	-	-	(1,486)	-	1,486	-	-	-
Warrants expired	-	-	-	(395)	395	-	-	-
Stock options expense	-	-	147,737	-	-	-	-	147,737
Loss for the period	-	-	-	-	-	31,760	(799,213)	(767,453)
Balance, September 30, 2020	111,888,162	14,419,334	2,239,589	-	1,022,771	707,225	(18,093,465)	(295,454)
Balance, December 31, 2020	136,442,909	16,239,204	2,250,677	12,771	1,022,771	652,301	(18,400,375)	1,777,349
Shares issued for cash	26,172,500	2,093,800	-	-	-	-	-	2,093,800
Share issuance costs	-	(173,439)	-	56,312	-	-	-	(117,127)
Shares for property acquisition	10,060,000	723,600	-	-	-	-	-	723,600
Warrants for property acquisition	-	-	-	613,520	-	-	-	613,520
Warrants exercised	300,000	30,000	-	-	-	-	-	30,000
Options cancelled/expired	-	-	(31,694)	-	31,694	-	-	-
Stock based compensation	-	-	345,659	-	-	-	-	345,659
Loss for the period	-	-	-	-	-	814	(1,046,824)	(1,046,010)
Balance, September 30, 2021	172,975,409	18,913,165	2,564,642	682,605	1,054,465	653,115	(19,447,199)	4,420,791

The accompanying notes are an integral part of these consolidated financial statements.

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(1,046,824)	(799,213)
Adjustments for items not involving cash:		
Accrued interest and accretion of financing costs	39,445	88,786
Depreciation	3,960	23,505
Gain on settlement of debt	(124,836)	(8,158)
Stock based compensation	345,659	147,737
Recoveries in excess of carrying value	(92,745)	-
Realized gain on marketable securities	(58,210)	-
Unrealized gain on marketable securities	(27,108)	-
Unrealized foreign exchange loss	(24,046)	9,740
	(984,705)	(537,603)
Changes in non-cash working capital:		
Accounts receivable	(29,894)	2,850
Prepaid expenses	(4,775)	82,295
Inventories	-	59,069
Accounts payable and accrued liabilities	170,913	(88,979)
Related parties	(22,989)	18,676
	(871,450)	(463,692)
INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(1,897,568)	(244,275)
Exploration advance	169,940	-
Option payments received	506,370	-
Purchase of marketable securities	(288,689)	-
Proceeds from sale of marketable securities	405,087	-
	(1,104,860)	(244,275)
FINANCING ACTIVITIES		
Shares issued for cash – net of share issuance costs	1,976,673	829,269
Options exercised	-	38,000
Warrants exercised	30,000	-
Promissory notes and loans proceeds – net of repayments	(303,106)	(70,495)
Interest paid	(21,541)	(16,940)
Lease payments	(9,426)	(30,981)
	1,672,600	748,853
Net change in cash	(303,710)	40,886
Cash at beginning of the period	454,361	3,372
Cash at end of the period	150,651	44,258

Note 17: Supplemental information with respect to cash flows

The accompanying notes are an integral part of these consolidated financial statements.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

A.I.S. Resources Limited (the “Company” or “A.I.S.”) was incorporated under the laws of Bahamas Islands. On December 20, 2018, the Company continued as a British Columbia corporation and is now governed by the Business Corporations Act (British Columbia). The Company is listed on the TSX Venture Exchange and trades under the stock symbol “AIS”. The business of A.I.S. is investing in securities, commodities, and exploration and evaluation assets.

The head office and principal address of the Company is Suite 3500 – 1055 Dunsmuir Street PO Box 49114, Vancouver, British Columbia, Canada V7X 1H7. The Company’s records office and registered office is located at Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue its operations and will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. At September 30, 2021, the Company had a working capital deficit of \$294,962 and an accumulated deficit of \$19,447,199. The ability of the Company to continue as a going concern is dependent upon the continued financial support from related parties, the ability of the Company to raise equity financing to continue investment activities and upon future profitable operations or proceeds from disposition of investments. Given the operating losses accumulated in the last number of years, the Company’s ability to realize its assets and discharge its liabilities depends on continued support from its directors, the ability to raise further funds to provide working capital and ultimately on generating future profitable operations. These uncertainties cast a significant doubt on the ability of the Company to continue operations as a going concern. The condensed interim consolidated financial statements do not reflect adjustments to the carrying values of assets, liabilities or reported results should the Company be unable to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company has been minimal to date, but management continues to monitor the situation.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements for the period ended September 30, 2021 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting using the accounting policies adopted by the Company in its most recent annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on November 29, 2021.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Basis of consolidation and presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are valued at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; AIS Resources S.A., an Argentina company and AIS Resources Aust. Pty Ltd, an Australian company. All significant intercompany transactions and balances have been eliminated.

The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. When the Company ceases to control a subsidiary, assets, liabilities and non-controlling interests of the subsidiary are derecognized at their carrying amounts at the date when control is lost. Investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss.

The condensed interim consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

Significant accounting judgments and estimates

The preparation of condensed interim financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, judgements and assumptions are reviewed on a continuous basis and are based on management's historical experience, knowledge of current conditions and other factors believed to be reasonable under the circumstances. Material estimates, and assumptions are made with respect to current and deferred income taxes and the fair value and level of financial instruments.

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

a) Judgements

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

a) Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recognition of deferred income tax assets and liabilities

The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

Impairment

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

Valuation of investment

The Company evaluates the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

3. CASH

The Company had cash deposits of \$150,651 at September 30, 2021 (December 31, 2020 - \$454,361).

4. ACCOUNTS RECEIVABLE

	September 30, 2021	December 31, 2020
	\$	\$
Input tax credits	29,894	-
Other receivables	1,425	1,425
	31,319	1,425

During the year ended December 31, 2020, the Company received 3,705,733 common shares of MGX with a fair value of \$240,873 as settlement of exploration expenses receivable of \$179,950 (US\$ 134,905). As a result, the Company realized a gain on settlement of receivables of \$60,923.

5. PREPAID EXPENSES

	September 30, 2021	December 31, 2020
	\$	\$
General operating and administrative	55,929	57,072

6. MARKETABLE SECURITIES

Shares of publicly traded companies	Cost	Fair value
	\$	\$
December 31, 2020	131,181	111,270
September 30, 2021	72,993	80,190

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

6. MARKETABLE SECURITIES (continued)

The changes in marketable securities are as follows:

	Shares of publicly traded companies
	\$
Balance, December 31, 2019	-
Received as settlement of accounts receivables (<i>Note 4</i>)	240,873
Purchases	47,671
Sales	(128,580)
Realized loss	(28,783)
Unrealized loss	(19,911)
Balance, December 31, 2020	111,270
Purchases	288,689
Sales	(405,087)
Realized gain	58,210
Unrealized gain	27,108
Balance, September 30, 2021	80,190

7. INVENTORY

Total inventory is stated at the lower of cost and net realizable value and is comprised of manganese ore purchased by the Company for resale. Costs include the purchase, packaging, transportation, shipping, and testing of manganese ore.

As at September 30, 2021 and December 31, 2020, the Company does not hold any inventory.

8. RIGHT-OF-USE ASSETS

	Office lease
	\$
Balance, December 31, 2019	46,848
Depreciation	(30,504)
Modification of lease (<i>Note 12</i>)	(12,384)
Balance, December 31, 2020	3,960
Depreciation	(3,960)
Balance, September 30, 2021	-

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

9. OTHER INVESTMENT

Other investment is comprised of shares of Buda Juice LLC, a private company. The investment is measured at fair value through other comprehensive income. During the three and nine months ended September 30, 2021, the Company recognized an unrealized gain (loss) on investment of \$31,399 and \$814 (2020 – \$(26,151) and \$31,760), which has been recorded as other comprehensive income. The assessed fair value of the investment at September 30, 2021, is US \$904,852 (December 31, 2020 – US \$904,852).

10. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised of:

	December 31, 2019	Expenditure s	December 31, 2020	Expenditures	September 30, 2021
	\$	\$	\$	\$	\$
Yalgogrin (a)					
Acquisition	-	566,944	566,944	-	566,944
Deferred exploration costs	-	40,305	40,305	662,839	703,144
	-	607,249	607,249	662,839	1,270,088
Toolleen-Fosterville (b)					
Acquisition	-	201,865	201,865	868,279	1,070,144
Deferred exploration costs	-	30,969	30,969	235,264	266,233
	-	232,834	232,834	1,103,543	1,336,377
Kingston (c)					
Acquisition	-	153,442	153,442	762,481	915,923
Deferred exploration costs	-	1,527	1,527	38,967	40,494
	-	154,969	154,969	801,448	956,417
Candela II (d)					
Acquisition	-	-	-	252,510	252,510
Deferred exploration costs	-	-	-	336,441	336,441
Recoveries	-	-	-	(588,951)	(588,951)
	-	-	-	-	-
Pocitos (e)					
Acquisition	-	-	-	159,265	159,265
Deferred exploration costs	-	-	-	3,339	3,339
Recoveries	-	-	-	(162,604)	(162,604)
	-	-	-	-	-
Total	-	995,052	995,052	2,567,830	3,562,882

At September 30, 2021, the Company has received exploration advance of \$169,940 for exploration on Candela II and Pocitos properties.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

Deferred exploration costs are as follows:

	Yalgogrin (a)	Toolleen- Fosterville (b)	Kingston (c)	Candela II (d)	Pocitos (e)	Total
	\$	\$	\$	\$	\$	\$
Year ended December 31, 2020						
Assay and laboratory	231	-	-	-	-	231
Geology and geophysics	5,267	26,935	-	-	-	32,202
License fee, permits, claim fees, and taxes	12,413	-	-	-	-	12,413
Local office and administration	12,006	2,957	1,527	1,527	-	16,490
Travel	10,388	1,077	-	-	-	11,465
Total, deferred exploration costs	40,305	30,969	1,527	1,527	-	72,801
Period ended September 30, 2021						
Assay and laboratory	24,415	37,710	881	17,902	-	80,908
Equipment	618	-	-	5,022	-	5,640
Exploration expense	-	-	4,559	11,111	-	15,670
Drilling	322,666	124,091	-	142,216	-	588,973
Geology and geophysics	268,338	51,824	17,687	59,278	-	397,127
License fee, permits, claim fees, and taxes	8,668	11,173	11,528	-	607	31,976
Local office and administration	15,223	700	3,765	71,970	2,446	94,104
Travel	22,911	9,766	547	28,942	286	62,452
Total, deferred exploration costs	662,839	235,264	38,967	336,441	3,339	1,276,850

a) Yalgogrin

On October 7, 2020, the Company entered into an Option Agreement (the "Agreement") to acquire the Yalgogrin Gold Project (the "Project" or "Property") located in West Wyalong, NSW, Australia. The Project is comprised of two exploration licences. The Agreement replaces and supersedes the Binding Letter of Intent ("LOI") dated July 16, 2020 for acquisition of the Project. The Company paid AU\$30,000 for an exclusivity period of 90 days between the LOI and the Agreement dates. The Project is subject to 2% net smelter return royalty on the first 50,000 oz gold production.

Initial Option

Under the terms of the Agreement, the Company acquired 60% interest in the Project by paying the consideration consisting of (i) a cash payment of AU\$275,000 (paid) upon signing of the Agreement; and (ii) the issuance of 4,000,000 of the Company's common shares (issued).

Additional Option

Under the terms of the Agreement, to acquire the remaining 40% interest the Company will (i) incur exploration expenditures of AU\$750,000 within 12 months of the Agreement date; and (ii) issue within 18 months from the Agreement date common shares of the Company for AU\$600,000 at the 20-day volume-weighted average price immediately preceding the issue date.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

b) Toolleen-Fosterville

On November 11, 2020, the Company entered into a Sale and Purchase Agreement (the "Agreement") to acquire the Toolleen-Fosterville Gold Project (the "Project" or "Property") located 3 km from the township of Toolleen, Victoria Australia and 12 km from the Kirkland Lake Fosterville gold mine. The Project is comprised of one exploration licence. The Agreement replaces and supersedes a binding letter of intent dated August 21, 2020 for acquisition of the Project. The Project is subject to 1% net smelter return royalty on all gold production.

Under the terms of the Agreement, the Company may acquire 100% interest in the Project by paying the consideration as follows:

- A deposit payment of AU\$100,000 (paid);
- A payment of AU\$100,000 (paid) upon signing of the Agreement;
- A payment of AU\$175,000 (paid) within 7 days of the TSX Venture Exchange approval and after renewal of the underlying exploration licence;
- Issue 6,060,000 shares of the Company (issued) and 6,060,000 share purchase warrants (issued) within 7 days of the Exchange approval and after renewal of the exploration licence. Each warrant will entitle the holder to acquire one common share of the Company at a price of \$0.15 for a period of five years; and
- Incur exploration expenditures of AU\$1,000,000 within 18 months of the Agreement signing date.

c) Kingston

On November 13, 2020, the Company entered into a Sale and Purchase Agreement (the "Agreement") to acquire the Kingston Gold Project (the "Project" or "Property") located near Navarre, Victoria Australia. The Project is comprised of one exploration licence. The Agreement replaces and supersedes an option agreement dated September 17, 2020 for acquisition of the Project. The Company paid AU\$35,000 for an exclusivity period of 60 days between the option agreement and the Sale and Purchase Agreement dates. The Project is subject to 1% net smelter return royalty on the first 50,000 oz gold production after the exploration licence is converted into a mining licence.

Under the terms of the Agreement, the Company acquired 100% interest in the Project by paying the consideration consisting of (i) cash payments of AU\$125,000 (paid) upon signing of the agreement; (ii) cash payment of AU\$125,000 (paid) upon receiving the TSX Venture Exchange approval; and (iii) issue upon exchange approval 4,000,000 shares of the Company (issued) and 4,000,000 share purchase warrants (issued) exercisable at \$0.15 for five years.

d) Candella II

On March 18, 2021, the Company entered into an Option Agreement to acquire 100% interest in the Candella II Project (the "Project" or "Property") located in Incahuasi Salar in Salta province, Argentina, for a purchase price of \$1.2 million USD. The Project is comprised of a mining licence. Under the terms of the Option Agreement, the Company paid \$100,000 USD upon signing of the Option Agreement and paid \$100,000 USD in six months from the Option Agreement date for a 12-month option period entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

d) Candela II (continued)

During March 2021, the Company entered into an Option Agreement with Tech One Lithium Resources Corp. ("Tech One"), a subsidiary of Spey Resources Corp., granting Tech One the right to acquire 80% interest in the Candela II Project for a purchase price of \$1 million USD. Under the terms of the Option Agreement, Tech One paid \$100,000 USD to the Company upon signing the Option Agreement and paid \$100,000 USD in six months from the Option Agreement date for a 12-month option period. In addition, Tech One must expend \$500,000 USD on the property during the option period. Tech One has the right to acquire the remaining 20% interest in the Project for a consideration of \$6 million USD.

e) Pocitos

On June 10, 2021, the Company entered into an Option Agreement to acquire 100% interest in five mining tenements with the total area of 4,257 hectares comprising the Pocitos Project (the "Project" or "Properties") located in Salta province, Argentina. The purchase price of each tenement is \$1,000 USD per hectare. Under the terms of the Option Agreement, the Company paid \$125,000 USD for a 18-month option period entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project. (See Note 21)

On June 22, 2021, the Company entered into an Option Agreement with Spey Resources Corp. ("Spey") granting Spey the right to acquire 100% interest in two mining tenements, Pocitos 1 covering 800 hectare and Pocitos 2 covering 532 hectares, of the Pocitos Project. The purchase price of Pocitos 1 is \$1,000,000 USD and of Pocitos 2 is \$732,000 USD. Spey has the option to pay the purchase price 100% cash or 80% in cash and 20% in shares of Spey. Under the terms of the Option Agreement, Spey paid \$200,000 USD to the Company upon signing the Option Agreement and will issue 2,500,000 shares of Spey for a 18-month option period. In addition, Spey must expend \$500,000 USD on the property within 12 months from the Agreement date. Upon Spey's acquisition of a 100% interest in the mining tenements, the Company will retain a 7.5% royalty on the sales revenue of lithium carbonate or other lithium compounds from the mining tenements, net of export taxes.

f) Casterton

On January 29, 2021, the Company entered into an Option Agreement to acquire the Casterton Project located in Western Victoria, Australia. The Casterton Project is comprised of one exploration licence. Under the terms of the Option Agreement, the Company incurred project evaluation costs of AU\$50,000 for an exclusivity period of 90 days. The Company has decided not to proceed with the Option Agreement after due diligence.

11. RELATED PARTY TRANSACTIONS AND BALANCES

For the three and nine months ended September 30, 2021, the Company recorded the following transactions with related parties:

- a) \$45,000 and \$135,000 in consulting fees to a company controlled by the Chief Executive Officer ("CEO") of the Company (2020 - \$30,000 and \$90,000).
- b) \$28,695 and \$45,197 in project management fees to a company controlled by the CEO of the Company (2020 - \$nil and \$ nil).
- c) \$31,500 and \$94,500 in management fees to the Chairman of the Board of Directors (2020 - \$23,625 and \$70,875).

A.I.S. RESOURCES LIMITED

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- d) \$31,500 and \$94,500 in professional fees to a company controlled by the Chief Financial Officer (“CFO”) of the Company (2020 - \$30,042 and \$87,137).
- e) \$7,500 and \$22,500 in director’s fees to a company controlled by an independent Director of the Company (2020 - \$7,500 and \$22,500).

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Compensation awarded to key management includes the following:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Short-term benefits	144,195	91,167	391,697	270,512
Stock-based compensation	88,594	98,891	216,865	98,891
Total	232,789	190,058	608,562	369,403

Amounts owing to related parties was as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Board Chairman for management fees	62,873	33,373
Director for director’s fees	15,000	7,500
CEO for expenses	-	35,068
CEO for consulting fees	90,000	112,500
CEO for project management fees	8,079	-
CFO for professional fees	-	10,500
	175,952	198,941

Included in prepaid expenses are \$8,505 for expenses paid to the Chairman of the Board (December 31, 2020 - \$9,196).

At September 30, 2021, promissory notes and loans payable with an aggregate principal amount of \$150,000 were payable to a director of the Company (December 31, 2020 - \$160,000 and US \$56,520). (Note 13)

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12. LEASE LIABILITIES

	Office lease
	\$
Balance, December 31, 2019	57,330
Finance cost	4,436
Modification of lease	(12,384)
Payments	(40,407)
Balance, December 31, 2020	8,975
Finance cost	451
Payments	(9,426)
Balance, September 30, 2021	-

13. PROMISSORY NOTES AND LOANS PAYABLE

- a) During the year ended December 31, 2019, the Company issued a promissory note in the principal amount of USD \$390,500 to a third party. The principal comprised aggregate principal of USD \$375,000 and aggregate accrued interest of USD \$15,500 of two promissory notes issued to a third party in the year ended December 31, 2018. The note is secured against the Company's investment in Buda Juice LLC, payable one year from the date of issuance, and bears interest at a rate of 14% per annum. The Company paid a legal fee of USD \$2,500 USD and 3% loan commitment fee of USD \$11,715. During the year ended December 31, 2020, the Company repaid loan principal of USD \$215,500, paid accrued interest of USD \$60,640, and advance interest of USD \$4,648.

During the three and nine months ended September 30, 2021, the Company repaid the remaining loan principal of USD \$175,000 and recorded \$nil and \$4,862 (2020 - \$18,381 and \$56,355) as interest expense on the short-term debt and recorded accretion expense of \$nil and \$nil (2020 - \$4,738 and \$14,110) in connection with this promissory note. The carrying value of this promissory note at September 30, 2021 is \$nil (December 31, 2020 - \$222,810).

- b) During the year ended December 31, 2019, the Company issued a promissory note in the amount of USD \$20,000 to a director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 12% per annum. During the year ended December 31, 2019, the Company received further advances of USD \$30,000 under the promissory note. During the year ended December 31, 2020, the Company received further advances of USD \$6,520. During the three and nine months ended September 30, 2021, the Company recorded \$nil and \$2,384 (2020 - \$2,305 and \$6,998) as interest expense and repaid the loan in full. The carrying value of this promissory note at September 30, 2021 is \$nil (December 31, 2020 - \$82,318).
- c) During the year ended December 31, 2019, the Company issued a promissory note in the amount of \$5,000 to a director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 12% per annum. During the year ended December 31, 2019, the Company received further advances of \$5,000 under the promissory note. During the three and nine months ended September 30, 2021, the Company recorded \$nil and \$335 (2020 - \$306 and \$914) as interest expense and repaid the loan in full. The carrying value of this promissory note at September 30, 2021 is \$nil (December 31, 2020 - \$11,458).

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13. PROMISSORY NOTES AND LOANS PAYABLE (continued)

- d) During the year ended December 31, 2019, the Company received loan advances of \$79,000 from a director of the Company. The loan payable is unsecured, payable within one year, and bears interest at a rate of 12% per annum. During the year ended December 31, 2020, the Company recorded \$6,265 as interest expense on the loan and repaid the load in full. The carrying value of this loan payable at September 30, 2021 is \$nil (December 31, 2020 - \$nil).
- e) During the year ended December 31, 2020, the Company received loan advances of \$21,437 from a director of the Company. The loan payable is unsecured, payable within one year, and bears interest at a rate of 12% per annum. During the year ended December 31, 2020, the Company recorded \$400 as interest expense on the loan and repaid the loan in full. The carrying value of this loan payable at September 30, 2021 is \$nil (December 31, 2020 - \$nil).
- f) During the year ended December 31, 2020, the Company issued a promissory note in the amount of \$150,000 to a director of the Company. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 8% per annum. The Company issued 379,747 bonus shares with a fair value of \$30,000 in connection with the promissory note, which was recorded against the face value of the promissory note on the date of issuance. During the three and nine months ended September 30, 2021, the Company recorded \$3,025 and \$8,976 (2020 - \$nil and \$nil) as interest expense and recorded accretion expense of \$7,562 and \$22,438 (2020 - \$nil and \$nil) in connection with this promissory note. The carrying value of this promissory note at September 30, 2021 is \$154,964 (December 31, 2020 - \$129,665).

14. SHARE CAPITAL

Authorized

The authorized share capital of the Company is an unlimited number of shares with no par value. All issued shares, consisting only of common shares, are fully paid.

Issued

172,975,409 common shares with a value of \$18,913,165 were outstanding at September 30, 2021 (December 31, 2020 - 136,442,909 common shares with a value of \$16,239,204).

During the period ended September 30, 2021, the Company issued the following:

The Company issued 300,000 common shares upon exercise of warrants for gross proceeds of 30,000.

On July 9, 2021, the Company completed a private placement comprising of 10,547,500 units at \$0.08 per unit for gross proceeds of \$843,800. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.12 for a period of two years from the date of closing of the placement. A director of the Company participated in the private placement. The Company paid cash finder's fees totaling \$41,920 and issued 524,000 broker warrants. The fair value of the brokers warrants of \$21,308 was estimated using the Black-Scholes option-pricing model assuming an expected life of 2 years, a risk-free interest rate of 0.47% and an expected volatility of 126.90%.

On June 30, 2021, the Company issued 6,060,000 common shares with value of \$363,600 and 6,060,000 warrants for acquisition of 100% interest in the Toolleen-Fosterville Gold Project. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 for a period of five years. The fair value of warrants of \$335,226 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 year, a risk-free interest rate of 0.97% and an expected volatility of 116.21%. (Note 10b)

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14. SHARE CAPITAL (continued)

Issued (continued)

On January 29, 2021, the Company completed a private placement comprising of 15,625,000 units at \$0.08 per unit for gross proceeds of \$1,250,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.12 for a period of two years from the date of closing of the placement. The Company's directors and officers participated in the private placement. The Company paid cash finder's fees totaling \$62,640 and issued 783,000 broker warrants. The broker warrants have the same terms as the private placement warrants. The fair value of the brokers warrants of \$35,004 was estimated using the Black-Scholes option-pricing model assuming an expected life of 2 years, a risk-free interest rate of 0.14% and an expected volatility of 128.07%.

On January 14, 2021, the Company issued 4,000,000 common shares with value of \$360,000 and 4,000,000 warrants for acquisition of 100% interest in the Kingston Gold Project. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.15 for a period of five years. The fair value of warrants of \$278,294 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 year, a risk-free interest rate of 0.46% and an expected volatility of 119.98%. (Note 10c)

During the year ended December 31, 2020, the Company issued the following:

On December 1, 2020, the Company completed a private placement comprising of 18,970,000 units at \$0.07 per unit for gross proceeds of \$1,327,900. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.10 for a period of one year from the date of closing of the placement subject to certain accelerated expiration provisions. The Company's directors and officers participated in the private placement. The Company paid cash finder's fees totaling \$23,240 and issued 396,000 broker warrants. The broker warrants have the same terms as the private placement warrants. The fair value of the brokers warrants of \$12,771 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.46% and an expected volatility of 163.54%.

On October 29, 2020, the Company issued 4,000,000 common shares with value of \$280,000 for acquisition of Yalgogrin property in accordance with the terms of an option agreement. (Note 10a)

On October 9, 2020, the Company issued 379,747 bonus shares with value of \$30,000 to a director as consideration for the promissory note issued by the Company. (Note 13f)

On August 28, 2020, the Company issued 143,463 common shares in satisfaction of debt \$9,325 of indebtedness owed to a vendor.

On August 18, 2020, the Company completed a private placement comprising of 27,833,333 units at \$0.03 per unit for gross proceeds of \$835,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to acquire one common share at a price of \$0.08 for a period of one year from the date of closing of the placement subject to certain accelerated expiration provisions. The Company's directors and officers participated in the private placement.

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14. SHARE CAPITAL (continued)

Warrants

The changes in warrants are as follows:

	Period ended September 30, 2021			Year ended December 31, 2020		
	Number of warrants	Weighted average exercise price	Weighted average life in years	Number of warrants	Weighted average exercise price	Weighted average life in years
		\$			\$	
Balance, beginning of period	66,921,555	0.10	0.80	29,984,939	0.11	1.21
Issued	37,539,500	0.13	2.33	47,199,333	0.09	0.75
Exercised	(300,000)	0.10	-	-	-	-
Expired	(6,800,000)	0.10	-	(10,262,717)	0.10	-
Balance, end of period	97,361,055	0.11	1.24	66,921,555	0.10	0.80

The following warrants are outstanding as at:

	September 30, 2021			December 31, 2020		
Expiry Date	Number of warrants	Weighted average exercise price	Weighted average life in years	Number of warrants	Weighted average exercise price	Weighted average life in years
		\$			\$	
July 17, 2021 ⁽²⁾	-	-	-	7,100,000	0.10	0.54
December 1, 2022 ⁽⁴⁾	19,366,000	0.10	0.17	19,366,000	0.10	0.92
February 26, 2022 ⁽¹⁾	12,622,222	0.12	0.41	12,622,222	0.12	1.16
August 18, 2022 ⁽³⁾	27,833,333	0.08	0.88	27,833,333	0.08	0.63
January 29, 2023	16,408,000	0.12	1.33	-	-	-
July 9, 2023	11,071,500	0.12	1.77	-	-	-
January 14, 2026	4,000,000	0.15	4.29	-	-	-
June 30, 2026	6,060,000	0.15	4.75	-	-	-
	97,361,055	0.11	1.24	66,921,555	0.10	0.80

⁽¹⁾ The warrants expiry date was extended from February 26, 2020 to February 26, 2022

⁽²⁾ The warrants expiry date was extended from July 17, 2020 to July 17, 2021

⁽³⁾ The warrants expiry date was extended from August 18, 2021 to August 18, 2022

⁽⁴⁾ The warrants expiry date was extended from December 1, 2021 to December 1, 2022

Stock options

On July 9, 2021, the Company granted 2,500,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.08 and a life of 5 years. The options vested immediately upon grant. The fair value of \$157,082 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.47% and an expected volatility of 125.96%.

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14. SHARE CAPITAL (continued)

Stock options (continued)

On January 7, 2021, the Company granted 2,250,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.08 and a life of 5 years. The options vested immediately upon grant. The fair value of \$148,005 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.43% and an expected volatility of 119.98%.

On January 11, 2021, the Company granted 616,667 stock options to consultants of the Company. The options have an exercise price of \$0.08 and a life of 5 years. The options vested immediately upon grant. The fair value of \$40,571 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.46% and an expected volatility of 119.98%.

On November 2, 2020, the Company granted 200,000 stock options to a consultant of the Company. The options have an exercise price of \$0.065 and a life of 5 years. The options vested immediately upon grant. The fair value of \$11,169 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.39% and an expected volatility of 131.23%.

On October 2, 2020, the Company granted 1,550,000 stock options to directors of the Company. The options have an exercise price of \$0.075 and a life of 5 years. The options vested immediately upon grant. The fair value of \$107,400 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.35% and an expected volatility of 132.13%.

On August 25, 2020, the Company granted 2,465,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.07 and a life of 5 years. The options vested immediately upon grant. The fair value of \$147,737 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.40% and an expected volatility of 130.24%.

The changes in options are as follows:

	Period ended September 30, 2021			Year ended December 31, 2020		
	Number of Shares	Weighted average exercise price	Weighted average life in years	Number of Shares	Weighted average exercise price	Weighted average life in years
Balance, beginning of period	10,720,000	\$ 0.18	3.37	8,210,000	\$ 0.21	3.83
Granted	5,366,667	0.08	4.44	4,215,000	0.07	4.70
Exercised	-	-	-	(1,690,000)	0.09	-
Expired/cancelled	(215,000)	0.16	-	(15,000)	0.10	-
Balance, end of period	15,871,667	0.14	3.29	10,720,000	0.18	3.37

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14. SHARE CAPITAL (continued)

Stock options (continued)

The following share options are outstanding as at:

Expiry Date	September 30, 2021			December 31, 2020		
	Outstanding	Weighted average exercise price	Weighted average life in years	Outstanding	Weighted average exercise price	Weighted average life in years
		\$			\$	
August 12, 2021	-	-	-	165,000	0.15	0.61
October 7, 2021	215,000	0.25	0.02	215,000	0.25	0.77
November 8, 2021	100,000	0.30	0.11	100,000	0.30	0.85
February 14, 2022	110,000	0.20	0.38	110,000	0.20	1.12
February 14, 2022	150,000	0.68	0.38	150,000	0.68	1.12
August 25, 2022	175,000	0.20	0.90	175,000	0.20	1.65
November 24, 2022	1,040,000	0.20	1.15	1,040,000	0.20	1.90
November 24, 2022	670,000	0.91	1.15	670,000	0.91	1.90
August 17, 2023	950,000	0.20	1.88	1,000,000	0.20	2.63
July 23, 2024	3,130,000	0.10	2.81	3,130,000	0.10	3.56
September 23, 2024	500,000	0.12	2.99	500,000	0.12	3.74
August 25, 2025	2,115,000	0.07	3.90	2,115,000	0.07	4.65
October 2, 2025	1,150,000	0.075	4.01	1,150,000	0.075	4.76
November 2, 2025	200,000	0.065	4.09	200,000	0.065	4.84
January 7, 2026	2,250,000	0.08	4.27	-	-	-
January 11, 2026	616,667	0.08	4.28	-	-	-
July 9, 2026	2,500,000	0.08	4.78	-	-	-
Vested and exercisable	15,871,667	0.14	3.29	10,720,000	0.18	3.37

15. RESERVES

	Period ended September 30, 2021	Year ended December 31, 2020
	\$	\$
Balance, beginning of period	3,286,219	3,148,977
Options exercised	-	(141,835)
Warrants issued	669,832	12,771
Stock-based compensation (Note 14)	345,659	266,306
Balance, end of period	4,301,710	3,286,219

16. REVENUE

During the year ended December 31, 2020, the Company earned revenue by selling its inventory of manganese ore.

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17. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	September 30, 2021	September 30, 2020
	\$	\$
Exploration expenditures in accounts payable	79,302	424,586
Exploration expenditures in accounts receivable	-	179,950
Shares issued for property acquisition	723,600	-
Shares issued for satisfaction of indebtedness	-	9,325
Warrants issued for property acquisition	613,520	-

18. SEGMENTED INFORMATION

The Company operated in the following segments:

	Other Investment	Exploration and Evaluation Assets	Total
	\$	\$	\$
Total Assets as at:			
September 30, 2021	1,152,871	3,562,882	4,715,753
December 31, 2020	1,152,057	995,052	2,147,109

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments.

The fair value of the marketable securities is disclosed in Note 6 of the condensed interim consolidated financial statements and is based on inputs that are based on other observable data – Level 1.

The fair value of the other investment is disclosed in Note 9 of the condensed interim consolidated financial statements and is based on inputs that are based on other observable data – Level 2.

The Company's financial instruments as at September 30, 2021 and December 31, 2020 include cash, accounts receivable, marketable securities, other investment, accounts payable, due to related parties, lease liabilities and promissory notes and loans payable. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

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19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Cash and cash equivalent deposits are placed with financial institutions that have a high credit rating and the Company considers the credit risk on bank deposits to be insignificant. The Company considers the credit risk on accounts receivable to be low. The carrying amounts of cash and cash equivalents and accounts receivable represents the maximum exposure to credit risk.

The Company avoids complex investment vehicles with higher risk such as asset-backed commercial paper and derivatives contracts and acquires equity investments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The companies, in which the Company holds shares, have varying degrees of liquidity and there is no assurance that the investment can be sold at the quoted market price. Due to the current Covid-19 Pandemic, liquidity risk has been assessed as high.

The Company maintained cash at September 30, 2021 in the amount of \$150,651 (December 31, 2020 - \$454,361), to meet short-term liabilities of \$613,051 (December 31, 2020 - \$997,848).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Equity price risk

Equity price risk arises from the fluctuations in the trading price of equity securities. The Company monitors the mix of marketable securities in its investment portfolio based on market expectations. The investments are recorded at fair value which is affected by changes in the market price of the equity securities. The nature of the equity investments exposes the Company to significant equity price risks.

Interest rate risk:

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The promissory notes and loans payable bear interest at fixed rates of 8%, 12% and 14%.

Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company has financial assets and liabilities denominated in the US dollar (USD) and Argentinian Pesos (ARS). The Company does not hedge its exposure to fluctuations in foreign exchange rates.

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19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk (continued)

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in USD and ARS:

	September 30, 2021	December 31, 2020
	\$	\$
Financial assets		
Cash – USD	87,127	32,193
Cash – AUD	3,602	-
Cash – ARS	9,880	44
Accounts receivable – AUD	29,894	-
Other investment – USD	1,152,871	1,152,057
	1,283,374	1,184,294
Financial liabilities		
Accounts payable – USD	14,175	293,634
Accounts payable – AUD	40,914	-
Accounts payable – ARS	36,812	1,831
	91,901	295,465

The Company has determined that an effect of a 10% increase or decrease in the US dollar and Argentinian Pesos against the Canadian dollar on financial assets and liabilities, as at September 30, 2021, denominated in US dollars and Argentinian Pesos, would result in an increase or decrease of approximately \$119,000 to the comprehensive loss for the period ended September 30, 2021. At September 30, 2021, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

20. MANAGEMENT OF CAPITAL STRUCTURE

The Company considers the amount of capital it requires in proportion to the associated risks. Generally, it is the Company policy to operate with an under leveraged financial position but as conditions warrant, it may from time to time depart from this policy and use debt. Liquidity and cash management is the highest priority. Therefore, adjustments may be made to the capital structure in light of changes in economic conditions and the risk characteristics of the investment portfolio. The capital structure can be adjusted in a variety of ways as circumstances may change, including: purchasing shares for cancellation (Normal Course Issuer Bid); issuing new common and preferred shares; and increasing or repaying long-term debt. The Company's objectives when managing capital are the safeguarding of assets.

The Company's share capital is not subject to external restrictions.

The Company has not paid or declared any dividends since date of incorporation, nor are any contemplated in the foreseeable future.

21. SUBSEQUENT EVENTS

- On August 12, 2021, 215,000 stock options with an exercise price of \$0.25 and 100,000 with an exercise price of \$0.30 expired unexercised.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

21. SUBSEQUENT EVENTS (continued)

- b) On November 12, 2021, the Company granted 1,100,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.05 and a life of 5 years. The options vested immediately upon grant.