



A.I.S. RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(Unaudited)

(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, 2022 and 2021 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

As at September 30, 2022 and December 31, 2021

(Unaudited - Expressed in Canadian dollars)

	<i>Note</i>	Unaudited September 30, 2022	Audited December 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash	3	46,897	167,501
Accounts receivable	4	45,652	13,275
Prepaid expenses	5	253,434	61,129
Marketable securities	6	521,030	524,545
Total current assets		867,013	766,450
Non-current assets			
Advances		-	155,547
Other investment	8	1,240,281	1,147,170
Exploration and evaluation assets	9	4,908,753	4,080,449
		7,016,047	6,149,616
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		181,752	375,659
Due to related parties	10	717,644	302,349
Exploration advance	9	145,419	-
Promissory notes and loans payable	12	576,975	515,952
Total current liabilities		1,621,790	1,193,960
SHAREHOLDERS' EQUITY			
Common shares	13	19,945,595	19,163,165
Reserves	14	4,478,595	4,397,395
Other comprehensive income		740,523	647,414
Deficit		(19,770,456)	(19,252,318)
		5,394,257	4,955,656
		7,016,047	6,149,616

Note 1: Nature of operations and going concern

Note 19: Subsequent events

Martyn Element, Director

Kiki Smith, Director

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

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Loss and Comprehensive Income (Loss)

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
EXPENSES:					
Consulting	10	53,271	64,635	178,755	263,768
Directors' fees	10	7,500	7,500	22,500	22,500
General and administrative		35,823	75,645	165,920	159,855
Interest and financing	11 & 12	20,337	10,586	61,022	42,654
Management fees	10	31,500	31,500	94,500	94,500
Professional fees	10	45,982	50,494	155,065	143,865
Project evaluation cost		-	8,026	-	57,546
Stock-based compensation	10 & 13	-	157,082	-	345,659
Transfer agent and filing		15,985	10,963	46,324	47,364
Travel and promotion		1,450	88,730	26,792	220,372
		(211,848)	(505,161)	(750,878)	(1,398,083)
OTHER INCOME (EXPENSES):					
Gain (loss) on marketable securities	6	279,406	(39,590)	55,989	85,318
Gain on settlement of debt		-	124,836	-	124,836
Operator income		40,313	-	40,313	-
Recoveries in excess of carrying value		-	92,745	-	92,745
Unrealized foreign exchange gain (loss)		(44,139)	43,289	136,438	48,360
Net income (loss) for the period		63,732	(283,881)	(518,138)	(1,046,824)
OTHER COMPREHENSIVE INCOME (LOSS):					
Unrealized gain (loss) on investment	8	74,288	31,399	93,109	814
Comprehensive income (loss) for the period		138,020	(252,482)	(425,029)	(1,046,010)
Earnings (loss) per share					
Basic and diluted		\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding		199,215,409	171,943,588	188,226,545	159,693,687

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

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

	Common shares		Share subscriptions	Reserves			Other Comprehensive Income	Deficit	Total
	No. of shares	Share capital		Stock Options	Warrants	Contributed surplus			
		\$	\$	\$	\$	\$	\$	\$	
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 issued for property acquisition	10,060,000	723,600	-	-	-	-	-	-	723,600
Warrants issued for property acquisition	-	-	-	-	613,520	-	-	-	613,520
Warrants exercised	300,000	30,000	-	-	-	-	-	-	30,000
Options cancelled/expired	-	-	-	(31,694)	-	31,694	-	-	-
Stock options expense	-	-	-	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	682,603	1,054,465	653,115	(19,447,199)	4,420,791
Balance, December 31, 2021	177,975,409	19,163,165	-	2,551,405	709,603	1,136,387	647,414	(19,252,318)	4,955,656
Shares issued for cash	16,240,000	487,200	-	-	81,200	-	-	-	568,400
Share issuance costs	-	(4,770)	-	-	-	-	-	-	(4,770)
Share for property acquisition	10,000,000	300,000	-	-	-	-	-	-	300,000
Options cancelled/expired	-	-	-	(119,552)	-	119,552	-	-	-
Income for the period	-	-	-	-	-	-	93,109	(518,138)	(425,029)
Balance, September 30, 2022	204,215,409	19,945,595	-	2,431,853	790,803	1,255,939	740,523	(19,770,456)	5,394,257

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

A.I.S. RESOURCES LIMITED

Condensed Interim Consolidated Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Net income (loss) for the period	(518,138)	(1,046,824)
Adjustments for items not involving cash:		
Accrued interest and accretion of financing costs	61,023	39,445
Depreciation	-	3,960
Gain on settlement of debt	-	(124,836)
Stock-based compensation	-	345,659
Recoveries in excess of carrying value	-	(92,745)
Realized loss (gain) on marketable securities	159,909	(58,210)
Unrealized gain on marketable securities	(215,898)	(27,108)
Unrealized foreign exchange loss	(51,987)	(24,046)
	(565,091)	(984,705)
Changes in non-cash working capital:		
Accounts receivable	(32,377)	(29,894)
Prepaid expenses	(46,886)	(4,775)
Accounts payable and accrued liabilities	46,916	170,913
Related parties	285,840	(22,989)
	(311,598)	(871,450)
INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(1,704,140)	(1,897,568)
Exploration advance	-	169,940
Option payments received	1,272,000	506,370
Purchase of marketable securities	(116,300)	(288,689)
Proceeds from sale of marketable securities	175,804	405,087
	(372,636)	(1,104,860)
FINANCING ACTIVITIES		
Shares issued for cash – net of share issuance costs	563,630	1,976,673
Warrants exercised	-	30,000
Promissory notes and loan proceeds – net of repayments	-	(303,106)
Interest paid	-	(21,541)
Lease payments	-	(9,426)
	563,630	1,672,600
Net change in cash	(120,604)	(303,710)
Cash at beginning of the period	167,501	454,361
Cash at end of the period	46,897	150,651

Note 15: Supplemental information with respect to cash flows

The accompanying notes are an integral part of these condensed interim 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, 2022 and 2021

(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 1120 – 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2. 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, 2022, the Company had a working capital deficit of \$754,777 and an accumulated deficit of \$19,770,456. 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 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, 2022 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, 2021, 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, 2022.

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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Basis of consolidation and presentation (continued)

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 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 consolidated 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, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

a) Judgements (continued)

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, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

3. CASH

The Company had cash deposits of \$46,897 at September 30, 2022 (December 31, 2021 - \$167,501).

4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of input tax credits.

5. PREPAID EXPENSES

	September 30, 2022	December 31, 2021
	\$	\$
General operating and administrative	57,793	61,129
Exploration expenses	195,641	-

6. MARKETABLE SECURITIES

Shares of publicly traded companies	Cost	Fair value
	\$	\$
December 31, 2021	1,030,775	524,545
September 30, 2022	811,362	521,030

The changes in the fair value of marketable securities are as follows:

	Fair value of shares of publicly traded companies
	\$
Balance, December 31, 2020	111,270
Purchases	293,619
Sales	(436,830)
Realized gain	42,805
Received under property options agreement (<i>Note 9</i>)	1,000,000
Unrealized loss	(486,319)
Balance, December 31, 2021	524,545
Purchases	116,300
Sales	(175,804)
Realized loss	(159,909)
Unrealized gain	215,898
Balance, September 30, 2022	521,030

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

7. RIGHT-OF-USE ASSETS

	Office lease
	\$
Balance, December 31, 2020	3,960
Depreciation	(3,960)
Balance, December 31, 2021 and September 30, 2022	-

8. 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, 2022, the Company recognized an unrealized gain on investment of \$74,288 and \$93,109 (2021 – \$31,399 and \$814), which has been recorded as other comprehensive income. The assessed fair value of the investment at September 30, 2022, is US \$904,852 (December 31, 2021 – US \$904,852).

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised of:

	December 31, 2020	Expenditures	December 31, 2021	Expenditures	September 30, 2022
		\$		\$	\$
Yalgogrin (a)					
Acquisition	566,944	-	566,944	-	566,944
Deferred exploration costs	40,305	777,017	817,322	1,093	818,415
	607,249	777,017	1,384,266	1,093	1,385,359
Toolleen-Fosterville (b)					
Acquisition	201,865	868,279	1,070,144	-	1,070,144
Deferred exploration costs	30,969	318,819	349,788	2,614	352,402
	232,834	1,187,098	1,419,932	2,614	1,422,546
Kingston (c)					
Acquisition	153,442	762,481	915,923	-	915,923
Deferred exploration costs	1,527	16,824	18,351	3,467	21,816
	154,969	779,305	934,274	3,467	937,739
Bright (d)					
Acquisition	-	-	-	439,149	439,149
Deferred exploration costs	-	-	-	328,345	328,345
	-	-	-	767,494	767,494
Candela II (e)					
Acquisition	-	252,510	252,510	1,272,000	1,524,510
Deferred exploration costs	-	944,008	944,008	168,141	1,112,149
Recoveries	-	(857,833)	(857,833)	(1,532,222)	(2,390,055)
	-	338,685	338,685	(92,081)	246,604
Pocitos (f)					
Acquisition	-	159,265	159,265	129,455	288,720
Deferred exploration costs	-	3,292	3,292	100,480	103,772
Recoveries	-	(159,265)	(159,265)	(84,216)	(243,481)
	-	3,292	3,292	145,719	149,011
Total	995,052	3,085,397	4,080,449	828,304	4,908,753

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Deferred exploration costs are as follows:

	Toolleen-		Kingston (c)	Bright (d)	Candela II (e)	Pocitos (f)	Total
	Yalgogrin (a)	Fosterville (b)					
	\$	\$	\$	\$	\$	\$	\$
Year ended December 31, 2021							
Assay and laboratory	20,595	28,653	-	-	20,848	-	70,096
Equipment	-	-	-	-	9,837	-	9,837
Exploration expense	-	-	-	-	17,292	-	17,292
Drilling	426,711	124,071	-	-	462,985	-	1,013,767
Geology and geophysics	276,590	149,220	11,522	-	90,228	-	527,560
License fee, permits, claim fees, and taxes	8,476	1,945	1,994	-	-	597	13,012
Local office and administration	18,722	6,124	2,034	-	185,883	2,414	215,177
Travel	25,923	8,806	1,274	-	156,935	281	193,219
Total, deferred exploration costs	777,017	318,819	16,824	-	944,008	3,292	2,059,960
Period ended September 30, 2022							
Assay and laboratory	-	965	-	19,071	7,938	-	27,974
Equipment	-	-	-	-	1,599	-	1,599
Exploration expense	-	-	-	-	629	3,890	4,519
Drilling	-	-	-	86,840	6,663	61,009	154,512
Geology and geophysics	-	-	-	173,537	81,261	-	254,798
License fee, permits, claim fees, and taxes	584	-	1,789	2,837	837	873	6,920
Local office and administration	-	-	769	34,421	59,110	26,639	120,939
Travel	509	1,649	909	11,639	10,104	8,069	32,879
Total, deferred exploration costs	1,093	2,614	3,467	328,345	168,141	100,480	604,140

a) Yalgogrin

On October 7, 2020, the Company entered into an Option Agreement (the "Agreement") to acquire a 100% interest in the Yalgogrin Gold Project (the "Project" or "Property") located in West Wyalong, NSW, Australia. The Project is comprised of two exploration licenses. 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).

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

a) Yalgogrin (continued)

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. The Company decided not to exercise the additional option, consequently per the terms of the Agreement its holding in Yalgogrin reverted to a 40% interest. AIS is evaluating its options to JV or sell its 40% interest or acquire a 100% interest on amended terms.

b) Toolleen-Fosterville

On November 11, 2020, the Company entered into a Sale and Purchase Agreement (the "Agreement") to acquire a 100% interest in 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 a 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 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 (the "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 a 100% interest in 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 a 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 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.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

d) Bright

During January 2022 the Company entered into an agreement to acquire a 60% interest in the Bright Gold Property, exploration licence EL006194 from Clarus Resources Pty Ltd. Under the terms of the agreement the Company acquired a 60% interest by paying AUD\$150,000 and issuing 10 million shares to the vendor. The Company has an option to acquire the remaining 40% of the property on the following terms:

- i) 20% on the date on which an indicated mineral resource containing not less than 50,000 ounces of gold is identified. The payment will be comprised of 50% cash and 50% shares of the Company and will be calculated based on the gold resource estimate (troy oz of gold) multiplied by the gold price per troy oz (A) in accordance with the following schedule:

Resource Estimate	Underground Mine	Open Cut
Inferred	A x0.5% x troy oz of gold	A x0.85% x troy oz of gold
Indicated	A x1% x troy oz of gold	A x1.66% x troy oz of gold
Measured	A x2% x troy oz of gold	A x4.0% x troy oz of gold

- ii) 20% on the date on which a feasibility study is provided containing an indicated and/or measured mineral resource. The payment will be comprised of 50% cash and 50% shares of the Company and will be calculated based on the gold resource estimate (troy oz of gold) multiplied by the gold price per troy oz (A) in accordance with the following schedule:

Resource Estimate	Underground Mine	Open Cut
Indicated	A x1% x troy oz of gold	A x2.0% x troy oz of gold
Measured	A x2% x troy oz of gold	A x5.0% x troy oz of gold

Under the terms of an amending agreement the shares for shall be issued at a deemed price of \$0.06 per share. The number of shares to be issued shall not at any time exceed 9.9% of the post-issuance issued and outstanding share capital of AIS on a diluted basis.

During the year ended December 31, 2021 the Company paid an advance of \$139,149 (AUD\$150,000) towards the acquisition cost of the Bright Gold Project.

e) Candela II

On March 18, 2021, the Company entered into an Option Agreement to acquire a 100% interest in the Candela II Project (the "Project" or "Property") located in Incahuasi Salar in Salta province, Argentina, for a purchase price of USD \$1.2 million. The Project is comprised of a mining license. Under the terms of the Option Agreement, the Company paid USD \$100,000 upon signing of the Option Agreement and paid USD \$100,000 six months from the Option Agreement date. The Option Agreement is valid for a 12-month option period entitling the Company 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, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

e) 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 an 80% interest in the Project for a purchase price of USD \$1 million. Under the terms of the Option Agreement, Tech One paid USD \$100,000 to the Company upon signing the Option Agreement and paid USD \$100,000 in six months from the Option Agreement date. In addition, Tech One must expend \$500,000 USD on the property during the option period (12 months). Tech One has the right to acquire the remaining 20% interest in the Project for a consideration of USD \$6 million.

During March 2022 the Company paid US\$1,000,000 to acquire 100% interest in the Candela II project. Concurrently the Company received US\$1,000,000 from Tech One to exercise its option to acquire 80% of the Candela II project. The Company retains a 20% interest in Candela II.

f) Pocitos

On June 10, 2021, the Company entered into an Option Agreement to acquire a 100% interest in five mining tenements with a 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 USD \$1,000 per hectare. Under the terms of the Option Agreement, the Company paid USD \$125,000 for an 18-month option period entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project. The option period was extended to June 30, 2023 at no additional cost.

On June 22, 2021, the Company entered into an Option Agreement with Spey Resources Corp. ("Spey") granting Spey the right to acquire a 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 USD \$1,000,000 and of Pocitos 2 is USD \$732,000. Spey has the option to pay the purchase price 100% in cash or 80% in cash and 20% in shares of Spey. Under the terms of the Option Agreement, Spey paid USD \$200,000 to the Company upon signing the Option Agreement and issued 2,500,000 shares of Spey for a 18-month option period. In addition, Spey must expend USD \$500,000 on the property within 12 months from the Option 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. The option period was extended to June 30, 2023 at no additional cost.

During the year ended December 31, 2021, the Company recorded recoveries in excess of carrying value of \$1,092,745 on the Pocitos Project.

g) 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 license. 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.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

For the three and nine months ended September 30, 2022, the Company recorded the following transactions with related parties:

- a) \$44,363 and \$134,363 in consulting fees to a company controlled by a director and former Chief Executive Officer ("CEO") of the Company (2021 - \$45,000 and \$135,000).
- b) \$18,026 and \$52,691 in project management fees to a company controlled by a director and former of the Company (2021 - 28,695 and \$45,197).
- c) \$31,500 and \$94,500 in management fees to the Chairman of the Board of Directors (2021 - \$31,500 and \$94,500).
- d) \$31,500 and \$94,500 in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company (2021 - \$31,500 and \$94,500).
- e) \$7,500 and \$22,500 in director's fees to a company controlled by an independent Director of the Company (2021 - \$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		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Short-term benefits	132,889	144,195	398,554	391,697
Stock-based compensation	-	88,594	-	216,865
Total	132,889	232,789	398,554	608,562

Amounts owing to related parties are as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Chairman of the Board for management fees	86,734	14,373
Director for director's fees	30,000	22,500
Director and former CEO for consulting fees	269,363	135,000
Director and former CEO for advances	129,455	-
Director and former CEO for project management fees	170,592	119,976
CFO for professional fees	31,500	10,500
	717,644	302,349

Included in prepaid expenses are \$17,886 for expenses paid to the Chairman of the Board (December 31, 2021 - \$9,645).

At September 30, 2022, promissory notes and loans payable with an aggregate principal amount of \$289,149 were payable to a director of the Company (December 31, 2021 - \$289,149). (Note 12)

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

11. LEASE LIABILITIES

	Office lease
	\$
Balance, December 31, 2020	8,975
Finance cost	451
Payments	(9,426)
Balance, December 31, 2021 and September 30, 2022	-

12. 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 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 year ended December 31, 2021, the Company repaid the remaining loan principal of USD \$175,000 and recorded \$4,862 as interest expense on the short-term debt. The carrying value of this promissory note at December 31, 2021 and September 30, 2022 is \$nil.

- 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 year ended December 31, 2021, the Company recorded \$2,383 as interest expense and repaid the loan in full. The carrying value of this promissory note at December 31, 2021 and September 30, 2022 is \$nil.
- 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 year ended December 31, 2021, the Company recorded \$335 as interest expense and repaid the loan in full. The carrying value of this promissory note at December 31, 2021 and September 30, 2022 is \$nil.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

12. PROMISSORY NOTES AND LOANS PAYABLE (continued)

- d) 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, 2022, the Company recorded \$3,025 and \$8,975 (2021 - \$3,025 and \$8,976) as interest expense and recorded accretion expense of \$nil and \$657 (2021- \$7,562 and \$22,438) in connection with this promissory note. The carrying value of this promissory note at September 30, 2022 is \$167,622 (December 31, 2021 - \$157,988).
- e) During the year ended December 31, 2021, the Company issued a promissory note in the principal amount of \$100,000 to a third party. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 6% per annum payable at maturity. In connection with the promissory note, the Company issued 2,000,000 bonus warrants with an exercise price of \$0.05 and term of one year. The fair value of the bonus warrants of \$15,909 was recorded against the face value of the promissory note on the date of issuance. The fair value of the bonus warrants was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.82% and an expected volatility of 69.65%. During the three and nine months ended September 30, 2022, the Company recorded \$1,512 and \$4,504 (2021- \$nil and \$nil) as interest expense and recorded accretion expense of \$4,010 and \$11,899 (2021- \$nil and \$nil) in connection with this promissory note. The carrying value of this promissory note at September 30, 2022 is \$104,079 (December 31, 2021 - \$87,677).
- f) During the year ended December 31, 2021, the Company issued a promissory note in the principal amount of \$150,000 to a third party. The note is unsecured, payable one year from the date of issuance, and bears interest at a rate of 6% per annum payable at maturity. In connection with the promissory note, the Company issued 3,000,000 bonus warrants with an exercise price of \$0.05 and term of one year. The fair value of the bonus warrants of \$23,862 was recorded against the face value of the promissory note on the date of issuance. The fair value of the bonus warrants was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.82% and an expected volatility of 69.65%. During the three and nine months ended September 30, 2022, the Company recorded \$2,268 and \$6,732 (2021- \$nil and \$nil) as interest expense and recorded accretion expense of \$6,015 and \$17,848 (2021- \$nil and \$nil) in connection with this promissory note. The carrying value of this promissory note at September 30, 2022 is \$155,374 (December 31, 2021 - \$130,795).
- g) During the year ended December 31, 2021, the Company issued a promissory note in the principal amount of \$139,149 to a director of the Company. The note is unsecured, payable within 5 business days from demand, and bears interest at a rate of 10% per annum. During the three and nine months ended September 30, 2022, the Company recorded \$3,507 and \$10,408 (2021- \$nil and \$nil) as interest expense in connection with this promissory note. The carrying value of this promissory note at September 30, 2022 is \$149,890 (December 31, 2021 - \$139,492).

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

13. 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

204,215,409 common shares with a value of \$19,945,595 were outstanding at September 30, 2022 (December 31, 2021 - 177,975,409 common shares with a value of \$19,163,165).

During the period ended September 30, 2022, the Company issued the following:

On August 15, 2022, the Company issued 10 million shares with a value of \$300,000 pursuant to the Bright Gold Property option agreement (Note 9d).

On May 9, 2022, the Company completed a private placement comprising 16,240,000 units at \$0.035 per unit for gross proceeds of \$568,400. 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 \$0.05 for a period of one year from the date of closing of the placement. The directors of the Company participated in the private placement. Gross proceeds from this private placement of \$487,200 were allocated to share capital and \$81,200 to warrants based on residual method. The Company paid cash finder's fees totaling \$766.

During the year ended December 31, 2021, the Company issued the following:

300,000 common shares upon exercise of warrants for gross proceeds of \$30,000.

On December 23, 2021, the Company completed a private placement comprising 5,000,000 shares at \$0.05 per share for gross proceeds of \$250,000. A director of the Company participated in the private placement.

On July 9, 2021, the Company completed a private placement comprising 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 broker 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 a value of \$363,600 and 6,060,000 warrants for acquisition of a 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 9b)

On January 29, 2021, the Company completed a private placement comprising 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 broker 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%.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Issued (continued)

On January 14, 2021, the Company issued 4,000,000 common shares with a value of \$360,000 and 4,000,000 warrants for acquisition of a 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 9c)

Warrants

The changes in warrants are as follows:

	Period ended September 30, 2022			Year ended December 31, 2021		
	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	101,965,055	0.10	1.17	66,921,555	0.10	0.80
Issued	16,240,000	0.05	0.86	42,539,500	0.12	1.95
Exercised	-	-	-	(300,000)	0.10	-
Expired	-	-	-	(7,196,000)	0.10	-
Balance, end of period	118,205,055	0.10	0.79	101,965,055	0.10	1.17

The following warrants are outstanding as at:

Expiry Date	September 30, 2022		December 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
December 1, 2022	18,970,000	0.10	18,970,000	0.10
December 23, 2022	5,000,000	0.05	5,000,000	0.05
January 29, 2023	16,408,000	0.12	16,408,000	0.12
February 26, 2023 ⁽¹⁾	12,622,222	0.12	12,622,222	0.12
May 9, 2023	16,240,000	0.05	-	-
July 9, 2023	11,071,500	0.12	11,071,500	0.12
August 18, 2023 ⁽²⁾	27,833,333	0.08	27,833,333	0.08
January 14, 2026	4,000,000	0.15	4,000,000	0.15
June 30, 2026	6,060,000	0.15	6,060,000	0.15
	118,205,055	0.10	101,965,055	0.10

⁽¹⁾ expiry date extended from February 26, 2022 to February 26, 2023.

⁽²⁾ expiry date extended from August 18, 2022 to August 18, 2023.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Stock options

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. The fair value of \$55,914 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.44% and an expected volatility of 121.56%.

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%.

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%.

The changes in options are as follows:

	Period ended September 30, 2022			Year ended December 31, 2021		
	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	16,656,667	\$ 0.14	3.22	10,720,000	\$ 0.18	3.37
Granted	-	-	-	6,466,667	0.07	4.36
Expired/cancelled	(435,000)	0.37	-	(530,000)	0.22	-
Balance, end of period	16,221,667	0.13	2.55	16,656,667	0.14	3.22

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Stock options (continued)

The following options are outstanding as at:

Expiry Date	September 30, 2022		December 31, 2021	
	Outstanding	Weighted average exercise price	Outstanding	Weighted average exercise price
		\$		\$
February 14, 2022	-	-	110,000	0.20
February 14, 2022	-	-	150,000	0.68
August 25, 2022	-	-	175,000	0.20
November 24, 2022	1,040,000	0.20	1,040,000	0.20
November 24, 2022	670,000	0.91	670,000	0.91
August 17, 2023	950,000	0.20	950,000	0.20
July 23, 2024	3,130,000	0.10	3,130,000	0.10
September 23, 2024	500,000	0.12	500,000	0.12
August 25, 2025	2,115,000	0.07	2,115,000	0.07
October 2, 2025	1,150,000	0.075	1,150,000	0.075
November 2, 2025	200,000	0.065	200,000	0.065
January 7, 2026	2,250,000	0.08	2,250,000	0.08
January 11, 2026	616,667	0.08	616,667	0.08
July 9, 2026	2,500,000	0.08	2,500,000	0.08
November 12, 2026	1,100,000	0.05	1,100,000	0.05
Vested and exercisable	16,221,667	0.13	16,656,667	0.14

14. RESERVES

	Period ended September 30, 2022	Year ended December 31, 2021
	\$	\$
Balance, beginning of period	4,397,395	3,286,219
Warrants issued (Note 13)	81,200	709,603
Stock-based compensation (Note 13)	-	401,573
Balance, end of period	4,478,595	4,397,395

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

15. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	September 30, 2022	September 30, 2021
	\$	\$
Exploration expenditures in accounts payable	113,872	495,849
Shares issued for property acquisition	300,000	723,600
Warrants issued for property acquisition	-	613,520
Option payments made directly by related party advances	129,455	-
Exploration advances paid directly to vendors	145,419	-

16. SEGMENTED INFORMATION

The Company operated in the following segments:

	Other Investment	Exploration and Evaluation Assets	Total
	\$	\$	\$
Total Assets as at:			
September 30, 2022	1,240,281	4,908,753	6,149,034
December 31, 2021	1,147,170	4,080,449	5,227,619

17. 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 consolidated financial statements and is based on inputs that are based on other observable data – Level 1.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The fair value of the other investment is disclosed in Note 8 of the 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, 2022 and December 31, 2021 include cash, accounts receivable, marketable securities, other investment, accounts payable, due to related parties, and promissory notes. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

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, 2022 in the amount of \$46,897 (December 31, 2021 - \$167,501), to meet short-term liabilities of \$1,621,790 (December 31, 2021 - \$1,193,960).

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 6%, 8%, and 10%.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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.

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

	September 30, 2022	December 31, 2021
	\$	\$
Financial assets		
Cash – USD	18,813	50,143
Cash – AUD	1,690	5,111
Cash – ARS	4,591	4,214
Accounts receivable – USD	1,848	-
Accounts receivable – AUD	15,195	13,275
Other investment – USD	1,240,281	1,147,170
	1,282,418	1,219,913
Financial liabilities		
Accounts payable – USD	187,835	133,922
Accounts payable – AUD	99,844	42,881
Accounts payable – ARS	1,011	258,562
	288,690	435,365

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, 2022, denominated in US dollars and Argentinian Pesos, would result in an increase or decrease of approximately \$99,000 to the comprehensive loss for the period ended September 30, 2022. At September 30, 2022, 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.

18. 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.

A.I.S. RESOURCES LIMITED

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

19. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2022, the following events occurred:

- a) On September 1, 2022, the Company entered into an exploration and purchase option agreement with C29 Metals Limited ("C29") granting C29 the right to acquire 100% interest in the Pocitos 7 and 9 licences of the Pocitos project. Under the terms of the Option Agreement, C29 paid USD \$25,000 per licence upon signing of the agreement and will pay USD \$115,000 per licence following 30 days of the signing and USD \$75,000 per licence after the technical evaluation report is completed. C29 may acquire 100% interest in the Pocitos 7 and 9 licences as follows:
 - USD \$2.38 million (1400Has x US\$1,700 per Ha) for an 80% interest in both licences payable June 30, 2023;
 - C29 has the right to buy out AIS's 20% interest at a price determined by the FOB lithium carbonate price multiplied by 2% of the indicated and measured resource and 0.5% of the inferred resource of the contained lithium carbonate equivalent ("LCE").
- b) On November 12, 2022, the Company extended by 5 months the term of promissory notes in the aggregate amount of \$250,000. The promissory notes were issued to third parties in November 2021 for a term of one year. In consideration of the loan extensions, the Company granted an aggregate of 8,333,333 Bonus Warrants to the lenders. Each Bonus Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.03 per share for one year. The Bonus Warrants and underlying common shares will be subject to a trading hold period expiring four months from the date of issue, under applicable securities law. The loan extension and warrant issuance are subject to TSXV acceptance.