



A.I.S. RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of
A.I.S. Resources Limited

Opinion

We have audited the consolidated financial statements of A.I.S. Resources Limited and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
April 29, 2022

A.I.S. RESOURCES LIMITED

Consolidated Statements of Financial Position

As at, December 31, 2021 and 2020

(Expressed in Canadian dollars)

	<i>Note</i>	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash	4	167,501	454,361
Accounts receivable	5	13,275	1,425
Prepaid expenses	6	61,129	57,072
Marketable securities	7	524,545	111,270
Total current assets		766,450	624,128
Non-current assets			
Right-of-use assets	9	-	3,960
Advances		155,547	-
Other investment	9	1,147,170	1,152,057
Exploration and evaluation assets	10	4,080,449	995,052
		6,149,616	2,775,197
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		375,659	343,681
Due to related parties	11	302,349	198,941
Lease liabilities	12	-	8,975
Promissory notes and loans payable	13	515,952	446,251
Total current liabilities		1,193,960	997,848
SHAREHOLDERS' EQUITY			
Common shares	14	19,163,165	16,239,204
Reserves	15	4,397,395	3,286,219
Other comprehensive income		647,414	652,301
Deficit		(19,252,318)	(18,400,375)
		4,955,656	1,777,349
		6,149,616	2,775,197

Note 1: Nature of operations and going concern

Note 22: 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

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

	<i>Note</i>	2021	2020
		\$	\$
Revenue	17	-	60,390
Cost of goods sold		-	(60,390)
Gross profit		-	-
EXPENSES:			
Consulting	11	336,576	238,784
Directors' fees	11	30,000	30,000
General and administrative		248,183	157,516
Interest and financing	12 & 13	54,264	130,304
Management fees	11	126,000	94,500
Professional fees	11	231,572	161,123
Project evaluation cost		50,792	-
Stock-based compensation	11 & 14	401,573	266,306
Transfer agent and filing		61,614	52,737
Travel and promotion		237,299	73,109
		(1,777,873)	(1,204,379)
OTHER INCOME (EXPENSES):			
Loss on marketable securities	7	(443,514)	(48,694)
Gain on settlement of debt		127,691	70,981
Gain (loss) on settlement of receivables		(1,425)	60,923
Recoveries in excess of carrying value	10	1,092,745	-
Unrealized foreign exchange gain (loss)		150,433	15,046
Net loss for the year		(851,943)	(1,106,123)
OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized loss on investment	9	(4,887)	(23,164)
Comprehensive loss for the year		(856,830)	(1,129,287)
Loss per share			
Basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		163,150,998	96,501,672

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

A.I.S. RESOURCES LIMITED

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2021 and 2020

(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	46,803,333	2,162,900	-	-	-	-	-	2,162,900
Share issuance costs	-	(41,742)	-	12,771	-	-	-	(28,971)
Shares issued for property acquisition	4,000,000	280,000	-	-	-	-	-	280,000
Shares issued for debt settlement	143,463	9,325	-	-	-	-	-	9,325
Options exercised	1,690,000	290,335	(141,835)	-	-	-	-	148,500
Options expired	-	-	(1,486)	-	1,486	-	-	-
Warrants expired	-	-	-	(395)	395	-	-	-
Bonus shares for loan	379,747	30,000	-	-	-	-	-	30,000
Stock options expense	-	-	266,306	-	-	-	-	266,306
Loss for the year	-	-	-	-	-	(23,164)	(1,106,123)	(1,129,287)
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	31,172,500	2,343,800	-	-	-	-	-	2,343,800
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
Warrants expired	-	-	-	(12,771)	12,771	-	-	-
Options cancelled/expired	-	-	(100,845)	-	100,845	-	-	-
Bonus warrants issued	-	-	-	39,771	-	-	-	39,771
Stock options expense	-	-	401,573	-	-	-	-	401,573
Loss for the year	-	-	-	-	-	(4,887)	(851,943)	(856,830)
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

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

A.I.S. RESOURCES LIMITED

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(851,943)	(1,106,123)
Adjustments for items not involving cash:		
Accrued interest and accretion of financing costs	51,055	130,304
Depreciation	3,960	30,504
Gain on settlement of debt	(127,691)	(70,981)
Gain on settlement of receivables	1,425	(60,923)
Stock-based compensation	401,573	266,306
Recoveries in excess of carrying value	(1,092,745)	-
Realized loss on marketable securities	(42,805)	28,783
Unrealized loss on marketable securities	486,319	19,911
Unrealized foreign exchange loss	55,069	96,392
	(1,115,783)	(665,827)
Changes in non-cash working capital:		
Accounts receivable	(13,275)	2,850
Prepaid expenses	(9,975)	38,510
Inventories	-	59,069
Accounts payable and accrued liabilities	134,709	(196,455)
Related parties	103,408	75,247
	(900,916)	(686,606)
INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(2,208,125)	(882,676)
Option payments received	506,370	-
Purchase of marketable securities	(293,619)	(47,671)
Proceeds from sale of marketable securities	436,830	128,580
	(1,558,544)	(801,767)
FINANCING ACTIVITIES		
Shares issued for cash – net of share issuance costs	2,226,673	2,133,929
Options exercised	-	148,500
Warrants exercised	30,000	-
Promissory notes and loan proceeds – net of repayments	(53,106)	(196,593)
Finance costs	-	(14,457)
Interest paid	(21,541)	(91,610)
Lease payments	(9,426)	(40,407)
	2,172,600	1,939,362
Net change in cash	(286,860)	450,989
Cash at beginning of the year	454,361	3,372
Cash at end of the year	167,501	454,361

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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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 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 December 31, 2021, the Company had a working capital deficit of \$427,510 and an accumulated deficit of \$19,252,318. 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 consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements were approved by the Board of Directors and authorized for issue on April 29, 2022.

Basis of consolidation and presentation

The 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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Basis of consolidation and presentation (continued)

These 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 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 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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements for all periods presented.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, AIS Resources S.A. and AIS Resources Aust. Pty Ltd. Monetary statements of financial position amounts denominated other than in Canadian dollars are translated using exchange rates at the reporting period dates. Gains and losses arising from this translation are included in profit and loss.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Financial instruments

The Company classifies its financial assets into one of the following categories as follows:

Financial assets

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, the classification will depend on the business model in which the investment is held and contractual terms of the cash flows.

Amortized cost

The Company classifies its financial assets at amortized cost only if both of the following conditions are met:

- the financial asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at fair value plus directly attributable transaction costs at initial recognition and are subsequently measured at amortized costs using effective interest method less any provisions for impairment.

Fair value through other comprehensive income ("FVOCI")

The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to retained earnings/deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value through profit or loss ("FVPL")

The Company classifies the following financial assets at FVPL:

- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income;
- debt investments that do not qualify for measurement at either amortized cost or at FVOCI; and
- derivative financial instruments.

The Company has classified its cash, advances and marketable securities as fair value through profit or loss, accounts receivable as amortized cost, and equity investments as fair value through other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities as amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payables. The FVPL option can be elected for financial liabilities if:

- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued. Financial liabilities measured at FVPL will recognize changes in fair value attributable to the Company's own credit risk in other comprehensive income instead of profit or loss, unless this would create an accounting mismatch. The Company has classified its accounts payable, due to related parties, lease liabilities and promissory notes at amortized cost.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

The criteria used to determine risk of default and to estimate expected credit losses include:

- delinquencies in payments;
- significant financial difficulty of the debtor;
- it becomes probable that the debtor will enter bankruptcy; or
- significant changes in macroeconomic factors that indicate future defaults will vary and measurable changes in estimated future cash flows will result, provided that such information is observable and available without undue cost or effort.

Income taxes

Income tax expense represents the sum of the tax currently payable or deferred.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable income for the year. Taxable income differs from income as reported in the statement of comprehensive income due to items of income and expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been substantively enacted by the end of the reporting year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits are available against which those temporary differences can be utilized.

The carrying amount of deferred tax assets are reviewed at the end of each reporting year and reduced to the extent that it is improbable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting year.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16, Leases, include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

Per share amounts

Basic earnings (loss) per share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period after giving effect to potentially dilutive financial instruments.

Exploration and evaluation assets

These assets relate to mineral rights acquired and exploration and evaluation expenditures capitalized in respect of projects that are in the exploration or pre-development stage.

Exploration and evaluation activity begins when the Company obtains legal rights to explore a specific area and involves the search for mineral reserves, the determination of technical feasibility and the assessment of commercial viability of an identified mineral resource. Expenditures incurred in the exploration and evaluation phase include the cost of acquiring interests in mineral rights, licenses and properties, and the costs of the Company's exploration activities, such as researching and analyzing existing exploration data, gathering data through geological studies, exploratory drilling, trenching, sampling, and certain feasibility studies.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning obligations

A liability for a decommissioning obligation, such as site reclamation costs, is recorded when a legal or constructive obligation exists and is recognized in the period in which it is incurred. The Company records the estimated present value of future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized decommissioning costs will be amortized to expense over the life of the related assets using the units-of-production method. The liability is accreted to reflect the passage of time and adjusted to reflect changes in the timing and amount of estimated future cash flows.

As at December 31, 2021, the Company does not have material decommissioning obligations.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include exploration and evaluation assets) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the period.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. Consideration received for the exercise of options or warrants is recorded in share capital and the related residual value is transferred to share capital.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Comprehensive income (loss)

Comprehensive income (loss) includes all changes in equity of the Company, except those resulting from investments by owners and distributions to owners. Comprehensive income (loss) is the total of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) comprises revenues, expenses, gains and losses that, in accordance with IFRS, require recognition, but are excluded from net income (loss).

Accounting standards issued but not yet effective

There are no accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's consolidated financial statements.

4. CASH

The Company had cash deposits of \$167,501 at December 31, 2021 (2020 - \$454,361).

5. ACCOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
	\$	\$
Input tax credits	13,275	-
Other receivables	-	1,425
	13,275	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.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

6. PREPAID EXPENSES

	December 31, 2021	December 31, 2020
	\$	\$
General operating and administrative	61,129	57,072

7. MARKETABLE SECURITIES

Shares of publicly traded companies	Cost	Fair value
	\$	\$
December 31, 2020	131,181	111,270
December 31, 2021	1,030,775	524,545

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

	Fair value of shares of publicly traded companies
	\$
Balance, December 31, 2019	-
Received as settlement of accounts receivables (<i>Note 5</i>)	240,873
Purchases	47,671
Sales	(128,580)
Realized loss	(28,783)
Unrealized loss	(19,911)
Balance, December 31, 2020	111,270
Purchases	293,619
Sales	(436,830)
Realized gain	42,805
Received under property options agreement (<i>Note 10</i>)	1,000,000
Unrealized loss	(486,319)
Balance, December 31, 2021	524,545

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

8. RIGHT-OF-USE ASSETS

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

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 year ended December 31, 2021, the Company recognized an unrealized loss on investment of \$4,887 (2020 – \$23,164), which has been recorded as other comprehensive income. The assessed fair value of the investment at December 31, 2021, is US \$904,852 (2020 – US \$904,852).

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised of:

	December 31, 2019	Expenditures	December 31, 2020	Expenditures	December 31, 2021
		\$	\$	\$	\$
Yalgogrin (a)					
Acquisition	-	566,944	566,944	-	566,944
Deferred exploration costs	-	40,305	40,305	777,017	817,322
	-	607,249	607,249	777,017	1,384,266
Toolleen-Fosterville (b)					
Acquisition	-	201,865	201,865	868,279	1,070,144
Deferred exploration costs	-	30,969	30,969	318,819	349,788
	-	232,834	232,834	1,187,098	1,419,932
Kingston (c)					
Acquisition	-	153,442	153,442	762,481	915,923
Deferred exploration costs	-	1,527	1,527	16,824	18,351
	-	154,969	154,969	779,305	934,274
Candela II (d)					
Acquisition	-	-	-	252,510	252,510
Deferred exploration costs	-	-	-	944,008	944,008
Recoveries	-	-	-	(857,833)	(857,833)
	-	-	-	338,685	338,685
Pocitos (e)					
Acquisition	-	-	-	159,265	159,265
Deferred exploration costs	-	-	-	3,292	3,292
Recoveries	-	-	-	(159,265)	(159,265)
	-	-	-	3,292	3,292
Total	-	995,052	995,052	3,085,397	4,080,449

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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	-	-	16,490
Travel	10,388	1,077	-	-	-	11,465
Total, deferred exploration costs	40,305	30,969	1,527	-	-	72,801
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

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).

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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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 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.

d) 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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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 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

See Note 22.

e) 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. (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 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.

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

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 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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

For the year ended December 31, 2021, the Company recorded the following transactions with related parties:

- a) \$180,000 in consulting fees to a company controlled by the Chief Executive Officer (“CEO”) of the Company (2020 - \$120,000).
- b) \$157,724 in project management fees to a company controlled by the CEO of the Company (2020 - \$nil).
- c) \$126,000 in management fees to the Chairman of the Board of Directors (2020 - \$94,000).
- d) \$126,000 in professional fees to a company controlled by the Chief Financial Officer (“CFO”) of the Company (2020 - \$118,637).
- e) \$30,000 in director’s fees to a company controlled by an independent Director of the Company (2020 - \$30,000).

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:

	Year ended December 31,	
	2021	2020
	\$	\$
Short-term benefits	619,724	363,137
Stock-based compensation	234,656	206,291
Total	854,380	569,428

Amounts owing to related parties are as follows:

	December 31, 2021	December 31, 2020
	\$	\$
Chairman of the Board for management fees	14,373	33,373
Director for director’s fees	22,500	7,500
CEO for expenses	-	35,068
CEO for consulting fees	135,000	112,500
CEO for project management fees	119,976	-
CFO for professional fees	10,500	10,500
	302,349	198,941

Included in prepaid expenses are \$9,645 for expenses paid to the Chairman of the Board (2020 - \$3,901).

At December 31, 2021, promissory notes and loans payable with an aggregate principal amount of \$289,149 were payable to a director of the Company (2020 - \$160,000 and US \$56,520). (Note 13)

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

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, December 31, 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 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 (2020 - \$71,858) as interest expense on the short-term debt and recorded accretion expense of \$nil (2020 - \$16,119) in connection with this promissory note. The carrying value of this promissory note at December 31, 2021 is \$nil (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 year ended December 31, 2021, the Company recorded \$2,383 (2020 - \$9,068) as interest expense and repaid the loan in full. The carrying value of this promissory note at December 31, 2021 is \$nil (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 year ended December 31, 2021, the Company recorded \$335 (2020 - \$1,198) as interest expense and repaid the loan in full. The carrying value of this promissory note at December 31, 2021 is \$nil (2020 - \$11,458).

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

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 December 31, 2021 is \$nil (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 December 31, 2021 is \$nil (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 year ended December 31, 2021, the Company recorded \$12,000 (2020 - \$2,761) as interest expense and recorded accretion expense of \$22,438 (2020 - \$6,904) in connection with this promissory note. The carrying value of this promissory note at December 31, 2021 is \$157,988 (2020 - \$129,665).
- g) 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 year ended December 31, 2021, the Company recorded \$970 (2020 - \$nil) as interest expense and recorded accretion expense of \$2,615 (2020 - \$nil) in connection with this promissory note. The carrying value of this promissory note at December 31, 2021 is \$87,677 (2020 - \$nil).
- h) 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 year ended December 31, 2021, the Company recorded \$1,258 (2020 - \$nil) as interest expense and recorded accretion expense of \$3,400 (2020 - \$nil) in connection with this promissory note. The carrying value of this promissory note at December 31, 2021 is \$130,795 (2020 - \$nil).
- i) 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 year ended December 31, 2021, the Company recorded \$343 (2020 - \$nil) as interest expense in connection with this promissory note. The carrying value of this promissory note at December 31, 2021 is \$139,492 (2020 - \$nil).

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

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

177,975,409 common shares with a value of \$19,163,165 were outstanding at December 31, 2021 (2020 - 136,442,909 common shares with a value of \$16,239,204).

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 10b)

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%.

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 10c)

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Issued (continued)

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

On December 1, 2020, the Company completed a private placement comprising 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 broker 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 \$9,325 of indebtedness owed to a vendor.

On August 18, 2020, the Company completed a private placement comprising 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.

Warrants

The changes in warrants are as follows:

	Year ended December 31, 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 year	66,921,555	\$ 0.10	0.80	29,984,939	\$ 0.11	1.21
Issued	42,539,500	0.12	1.95	47,199,333	0.09	0.75
Exercised	(300,000)	0.10	-	-	-	-
Expired	(7,196,000)	0.10	-	(10,262,717)	0.10	-
Balance, end of year	101,965,055	0.10	1.17	66,921,555	0.10	0.80

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Warrants (continued)

The following warrants are outstanding as at:

Expiry Date	December 31, 2021			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
		\$			\$	
July 17, 2021 ⁽²⁾	-	-	-	7,100,000	0.10	0.54
February 26, 2022 ⁽¹⁾	12,622,222	0.12	0.16	12,622,222	0.12	1.16
August 18, 2022 ⁽³⁾	27,833,333	0.08	0.63	27,833,333	0.08	0.63
December 1, 2022 ⁽⁴⁾	18,970,000	0.10	0.92	19,366,000	0.10	0.92
December 23, 2022	5,000,000	0.05	0.98	-	-	-
January 29, 2023	16,408,000	0.12	1.08	-	-	-
July 9, 2023	11,071,500	0.12	1.52	-	-	-
January 14, 2026	4,000,000	0.15	4.04	-	-	-
June 30, 2026	6,060,000	0.15	4.50	-	-	-
	101,965,055	0.10	1.17	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 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%.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Stock options (continued)

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:

	Year ended December 31, 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 year	10,720,000	\$ 0.18	3.37	8,210,000	\$ 0.21	3.83
Granted	6,466,667	0.07	4.36	4,215,000	0.07	4.70
Exercised	-	-	-	(1,690,000)	0.09	-
Expired/cancelled	(530,000)	0.22	-	(15,000)	0.10	-
Balance, end of year	16,656,667	0.14	3.22	10,720,000	0.18	3.37

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Stock options (continued)

The following options are outstanding as at:

Expiry Date	December 31, 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	0.77
November 8, 2021	-	-	-	100,000	0.30	0.85
February 14, 2022	110,000	0.20	0.12	110,000	0.20	1.12
February 14, 2022	150,000	0.68	0.12	150,000	0.68	1.12
August 25, 2022	175,000	0.20	0.65	175,000	0.20	1.65
November 24, 2022	1,040,000	0.20	0.9	1,040,000	0.20	1.90
November 24, 2022	670,000	0.91	0.9	670,000	0.91	1.90
August 17, 2023	950,000	0.20	1.63	1,000,000	0.20	2.63
July 23, 2024	3,130,000	0.10	2.56	3,130,000	0.10	3.56
September 23, 2024	500,000	0.12	2.74	500,000	0.12	3.74
August 25, 2025	2,115,000	0.07	3.65	2,115,000	0.07	4.65
October 2, 2025	1,150,000	0.075	3.76	1,150,000	0.075	4.76
November 2, 2025	200,000	0.065	3.84	200,000	0.065	4.84
January 7, 2026	2,250,000	0.08	4.02	-	-	-
January 11, 2026	616,667	0.08	4.03	-	-	-
July 9, 2026	2,500,000	0.08	4.52	-	-	-
November 12, 2026	1,100,000	0.05	4.87	-	-	-
Vested and exercisable	16,656,667	0.14	3.22	10,720,000	0.18	3.37

15. RESERVES

	Year ended December 31, 2021	Year ended December 31, 2020
	\$	\$
Balance, beginning of year	3,286,219	3,148,977
Options exercised	-	(141,835)
Warrants issued	709,603	12,771
Stock-based compensation (Note 14)	401,573	266,306
Balance, end of year	4,397,395	3,286,219

16. REVENUE

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

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

17. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

	December 31, 2021	December 31, 2020
	\$	\$
Exploration expenditures in accounts payable	302,710	332,535
Marketable securities received for settlement of receivables	-	240,873
Marketable securities received for property option payments	1,000,000	-
Shares issued for property acquisition	723,600	280,000
Shares issued for satisfaction of indebtedness	-	9,325
Interest payments in prepaid expenses	-	5,918
Promissory notes proceeds paid to vendors for advance property option payment	139,149	-
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:			
December 31, 2021	1,147,170	4,080,449	5,227,619
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 7 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 Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

The fair value of the other investment is disclosed in Note 9 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 December 31, 2021 and 2020 include cash, accounts receivable, marketable securities, other investment, accounts payable, due to related parties, lease liabilities 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 December 31, 2021 in the amount of \$167,501 (2020 - \$454,361), to meet short-term liabilities of \$1,193,960 (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 6%, 8%, 10%, 12% and 14%.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

19. 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:

	December 31, 2021	December 31, 2020
	\$	\$
Financial assets		
Cash – USD	50,143	32,193
Cash – AUD	5,111	-
Cash – ARS	4,214	44
Accounts receivable – AUD	13,275	-
Other investment – USD	1,147,170	1,152,057
	1,219,913	1,184,294
Financial liabilities		
Accounts payable – USD	133,922	293,634
Accounts payable – AUD	42,881	-
Accounts payable – ARS	258,562	1,831
	435,365	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 December 31, 2021, denominated in US dollars and Argentinian Pesos, would result in an increase or decrease of approximately \$78,000 to the comprehensive loss for the year ended December 31, 2021. At December 31, 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.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

21. INCOME TAXES

The provision for income taxes differs from the result which would have been obtained by applying the combined federal and provincial income tax rate of 27% to the Company's loss before income taxes. The difference relates to the following items:

	December 31, 2021	December 31, 2020
	\$	\$
Loss before income taxes	(851,943)	(1,106,123)
Combined statutory income tax rate	27.00%	27.00%
Expected income tax	230,000	298,700
Increase (Decrease) resulting from:		
Difference in tax rates	100	5,400
Difference in tax provision for the prior year	-	-
Permanent differences and other	227,500	27,900
Change in unrecognized deferred tax assets	(457,600)	(332,000)
Income tax provision	-	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences.

	December 31, 2021	December 31, 2020
	\$	\$
Deferred income tax assets		
Non-capital losses	2,239,300	2,292,100
Exploration and evaluation assets	1,845,700	1,385,400
Capital losses	66,300	66,500
Share issue costs	31,600	34,400
Other	62,000	8,900
Total	4,244,900	3,787,300
Unrecognized deferred tax asset	(4,244,900)	(3,787,300)
	-	-

The Company has income tax loss carry-forwards of approximately \$8,180,800 (2020 - \$8,229,000) available to reduce future Canadian taxable income which expire between 2029 and 2041.

22. SUBSEQUENT EVENTS

- 150,000 stock options with an exercise price of \$0.68 and 110,000 stock options with an exercise price of \$0.12 expired unexercised.
- 12,622,222 warrants with an exercise price of \$0.12 expired unexercised.

A.I.S. RESOURCES LIMITED

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

22. SUBSEQUENT EVENTS (continued)

c) 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 will issue 10 million shares to the vendor subject to TSXV approval. 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% in cash and 50% shares of the Company and 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% in cash and 50% shares of the Company and 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

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

- d) 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.