A.I.S. RESOURCES LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of A.I.S. Resources Limited,

We have audited the accompanying financial statements of A.I.S. Resources Limited, which comprise the statements of financial position as at December 31, 2014 and December 31, 2013, the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of A.I.S. Resources Limited as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company's ability to continue as a going concern is dependent upon the continued financial support from related parties, the ability to raise equity financing to continue investment activities and upon future profitable operations or proceeds from disposition of investments. These conditions, described in Note 1 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

KPMG LLP

Chartered Accountants

April 28, 2015
Calgary, Canada

A.I.S. RESOURCES LIMITED

Statements of Financial Position

As at December 31, 2014 and December 31, 2013

Canadian dollars

	Note	December 31 2014	December 31 2013
ASSETS			
Current assets			
Cash		$ 37,645	$ 244,720
Cash equivalent deposits	3	-	190,838
Notes receivable	5	11,154	-
Prepaid expenses		14,236	-
Total current assets		63,035	435,558
Non-current assets			
Marketable securities	4	123,885	74,762
		$ 186,920	**$ 510,320**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		89,381	30,838
Due to related parties		4,425	-
Total current liabilities		93,806	30,838
SHAREHOLDERS' EQUITY			
Common shares	7	3,625,057	3,145,982
Reserves		144,697	-
Deficit		(3,676,640)	(2,666,500)
		93,114	479,482
		$ 186,920	**$ 510,320**

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

Note 9: Supplemental information with respect to cashflows

Note 13: Subsequent events

Martyn Element, Director Hubert Marleau, Director

A.I.S. RESOURCES LIMITED

Statements of Loss and Comprehensive Loss

For the year ended December 31, 2014 and 2013

Canadian dollars

	Year ended	
	December 31, 2014	**December 31, 2013**
REVENUE:		
Investment income	$ 40,621	$ 6,239
	40,621	6,239
EXPENSES:		
Consulting	189,163	-
Consulting – stock based	109,899	-
General and administrative	34,878	93
Management fees	90,000	-
Management fees – stock based	34,798	-
Professional fees	177,758	28,327
Project examination	142,389	-
Rent	42,427	-
Shareholder communication	25,061	24,535
Travel and promotion	105,872	618
Unrealized loss on marketable securities	97,874	9,860
Unrealized foreign exchange (gain) loss	641	(664)
	1,050,761	62,769
Loss and comprehensive loss for the year	$ (1,010,140)	$ (56,530)
Loss per share - $ per share		
Basic and diluted	**$ (0.18)**	**$ 0.01**
Weighted average number of shares outstanding	**5,721,284**	**4,006,763**

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

A.I.S. RESOURCES LIMITED

Statements of Changes in Equity

As at December 31, 2014

Canadian dollars

	Common shares				
	No. of shares	Share capital	Reserves	Deficit	Total
Equity December 31, 2012	4,006,763	$3,145,982	$ -	$(2,609,970)	$536,012
Loss for the year ended December 31, 2013	-	-	-	(56,530)	(56,530)
Equity December 31, 2013	4,006,763	$3,145,982	$ -	$(2,666,500)	$ 479,482
Shares issued	2,500,000	500,000	-	-	500,000
Share issue costs	-	(20,925)	-	-	(20,925)
Stock option expense	-	-	144,697	-	144,697
Loss for the year ended December 31, 2014	-	-	-	(1,010,140)	(1,010,140)
Equity December 31, 2014	6,506,763	$3,625,057	$ 144,697	$(3,676,640)	$ 93,114

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

A.I.S. RESOURCES LIMITED

Statements of Cash Flows

For the year ended December 31, 2014 and 2013

Canadian dollars

	Year ended	
	December 31, 2014	**December 31, 2013**
CASH PROVIDED BY (USED IN) OPERATIONS		
Loss for the period	$ (1,010,140)	$ (56,530)
Adjustments for items not involving cash:		
Stock based compensation	144,697	-
Accrued management fees	4,425	-
Accrued interest	(2,441)	-
Accreted interest	(803)	-
Gain on settlement of notes receivable	(36,521)	-
Unrealized loss on marketable securities	97,874	9,860
Unrealized foreign exchange loss (gain)	(641)	(664)
	(803,550)	(47,334)
Changes in non-cash working capital:		
Prepaid expenses	(14,236)	-
Accounts payable	58,543	8,694
	(759,243)	(38,640)
CASH FLOWS FROM INVESTING		
Purchase of marketable securities	(73,386)	(1,703)
Purchase of notes receivable	(45,000)	-
Effect of foreign exchange on cash and short term deposits	641	664
	(117,745)	(1,039)
CASH FLOWS FROM FINANCING		
Shares issued	479,075	-
Advances from (repayments to) related parties	-	-
	479,075	-
Net change in cash balances	**(397,913)**	**(39,679)**
Cash at beginning of year	435,558	475,237
Cash at end of year	**$ 37,645**	**$ 435,558**

Note 9: Supplemental information with respect to cashflows

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

1. General

A.I.S. Resources Limited (the "Company" or "A.I.S.") is incorporated under the laws of Bahamas Islands. The registered office of the Company is located at 308 East Bay Street, Nassau, Bahamas. The business of AIS is to hold various investments in marketable securities.

During the year ended December 31, 2014 the Company closed non-brokered private placements totaling 2,500,000 units at a price of $0.20 per unit for aggregate gross proceeds of $500,000 and began actively investigating potential investments in preparation for reactivation to the TSX exchange.

Going Concern

The 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. 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 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. At December 31, 2014, the Company had a working capital deficiency of $30,771 (2013 – working capital $404,720) and accumulated losses of $3,676,640 (2013 - $2,666,500).

2. Basis of preparation and significant accounting policies:

(a) Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized by the Board of Directors of the Company on April 28, 2015.

b) **Basis o**f measurement

The financial statements were 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.

The financial statements are presented in Canadian dollars which is the functional currency of AIS.

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

2. Basis of preparation and significant accounting policies (continued):

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Investment income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Investment income includes interest income which is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount on initial recognition.

d) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid marketable investments with an original maturity date of 90 days or less. Cash equivalents are designated at amortized cost.

e) Foreign currency translation

The financial statements are presented in Canadian dollars, which is the Company's functional currency. 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.

f) 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.

g) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Upon initial recognition, all financial instruments, including derivatives, are recognized on the statement of financial position at fair value and classified as fair value through profit or loss (FVTPL) , held-to-maturity, loans and receivables, available-for-sale or other liabilities. Subsequent measurement is based on the classification.

Transaction costs for the purchase and sale of investments are expensed and are included in "Transaction costs" in the Statement of Comprehensive Loss. Transactions costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of a financial asset or liability. The Company uses settlement-date accounting to recognize and derecognize the sale of a financial asset.

The Company has designated its financial instruments into the following categories and has applied the indicated measurement method:

2. Basis of preparation and significant accounting policies continued)::

Financial instruments	Category	Measurement method
Cash and cash equivalent deposits	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Marketable securities	FVTPL	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The Company will assess at each reporting period whether there is a financial asset, other than those classified as fair value through profit or loss that is impaired. An impairment loss or a reversal of a previous impairment loss, if any, is included in profit or loss.

The Company does not use derivative financial instruments to hedge its exposures to commodity price, foreign exchange or interest rate fluctuations.

h) 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.

2. Basis of preparation and significant accounting policies continued):

   i) Per share amounts:

   Basic earnings per share is calculated by dividing profit attributable to the common shareholders of the Company by the weighted average number of shares outstanding during the period.

   The treasury stock method is used to calculate diluted earnings per share, where applicable. The treasury stock method is used to compute the dilutive effect of stock options, warrants and similar instruments. Under this method, the exercise of stock options is assumed to have occurred at the beginning of a period and the related common shares are assumed to be issued at that time. The proceeds from exercise are assumed to have purchased common shares for cancellation at the average market value price during the period. The difference between the number of shares assumed issued and the number of shares assumed purchased are included in the denominator of the diluted earnings per share calculation.

   j) Estimates and assumptions:

   The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates 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.

   New accounting standards adopted:

   The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2014 unless otherwise stated. Adopting these standards had no impact on the financial statements.

   IAS 27 – Separate Financial Statements amendment provides clarification on investment entitles. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

   IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014.

   Future accounting changes:

   The IASB and the International Financial Reporting Interpretations Committee (IFRIC) have issued the following standards that have not been applied in preparing these financial statements as their effective date falls within annual periods beginning subsequent to the current reporting period. Adopting these standards is expected to have minimal or no impact on the consolidated financial statements.

2. Basis of preparation and significant accounting policies continued):

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

The IASB intends to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. The IASB has determined that the revised effective date for IFRS 9 will be January 1, 2018.

3. Cash equivalent deposits

The Company had cash and cash equivalent deposits of $37,645 at December 31, 2014 and $435,558 at December 31, 2013. The deposits bear interest at variable rates from 0.65% to 1.0% p.a.

4. Marketable securities:

	Number of shares	Cost	Market Value
Fair value measurement using quoted prices in an active market - Level 1			
Marketable securities consist of:			
Bengal Energy (BNG)	22,666	$ 525,838	$ 7,706
Huntington Exploration (HEI)	1,533,333	230,000	15,333
Palos Merchant Bank	2,975	35,762	15,956
Highbank Resources Ltd.	59,500	18,125	12,495
Noka Resources Inc.	25,000	10,225	2,125
Arctic Star Exploration	100,000	12,025	3,000
Immuno Vaccine Inc.	36,500	34,811	25,550
Margaret Lake Diamonds Inc.	180,000	43,200	32,400
Margaret Lake Diamonds Inc. warrants	90,000	8,511	3,469
Panorama Petroleum Inc.	90,000	19,800	5,850
			-
December 31, 2014		$ 938,297	$ 123,885

For the year ended December 31, 2014 and 2013
Canadian dollars

4. Marketable securities (continued):

	Number of shares	Cost	Market Value
Fair value measurement using quoted prices in an active market - Level 1			
Market securities consist of:			
Bengal Energy Inc.	22,666	$ 525,838	$ 13,600
Huntington Exploration Inc.	1,533,333	230,000	38,333
Palos Capital Pool Fund LP	2,975	35,762	22,829
December 31, 2013		$ 791,600	$ 74,762

Loss from disposition of marketable securities was as follows:

	Shares Disposed	Cost	Proceeds	Gain (Loss)
Immuno Vaccine Inc.	5,000	$ 4,771	$ 6,508	$ 1,737
Highbank Resources Ltd.	77,000	23,456	17,723	(5,733)
Panorama Petroleum Inc. Warrants (expired)	90,000	1,800	-	(1,800)
		30,026	24,231	(5,795)

5. Notes receivable:

During the year the Company purchased notes receivable totaling $35,000. The notes bore interest at 6% - 8% per annum. During the year ended December 31, 2014 the Company recorded interest income of $2,090 in relation to the notes. The Company received marketable securities with a fair market value of $73,611 in settlement of the Notes and accrued interest. The Company recorded investment income of $36,521 representing the gain on settlement (2013 - $nil).

	Shares	Amount
Settlement Shares Received		
Margaret Lake Diamonds Inc.	180,000.00	$ 43,200
Margaret Lake Diamonds Inc. Warrants	90,000.00	8,811
Panorama Petroleum Inc.	90,000.00	19,800
Panorama Petroleum Inc. Warrants	90,000.00	1,800
		73,611
Notes Settled		37,090
Gain on Settlement		$ 36,521

5. Notes receivable (continued):

During the year the Company purchased a convertible note receivable in the amount of $10,000. The note bears interest at 10% per annum. The fair value of the debt component of the Note was estimated at $7,478. The fair value of the convertible component of the Note of $2,522 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 1.01% and an expected volatility of 66.31%. During the year ended December 31, 2014 the Company recorded interest income of $351 and an additional $803 in accreted interest income in relation to the convertible note. (2013 - $nil).

6. Related party transactions:

For the year ended December 31, 2014 the Company recorded the following transactions with related parties:

a) $90,000 in management fees to the CEO of the Company (2013 - $nil).

b) $20,000 in consulting fees to the CEO of the Company (2013 - $nil).

c) $26,345 in accounting fees to a company controlled by the CFO of the Company (2013 - $nil).

d) The Company recorded $42,427 in rent expense to a company controlled by the CEO of the Company (2013 - $nil).

These transactions were conducted in the normal course of business on commercial terms, thus, recorded at the exchange amount established and agreed to by the related parties.

Key management compensation in the year ended December 31, 2014 and 2013 was as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
CEO for management fees	$ 90,000	$ -
CEO for consulting fees	20,000	-
CFO for accounting fees	26,345	-
Balance, end of year	$ 136,345	$ -

Amounts owing to related parties at December 31, 2014 and 2013 was as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
CEO for accrued management fees	$ 4,425	$ -
Balance, end of year	$ 4,425	$ -

7. Share capital:

(a) Authorized:

The authorized shares of the Company can be issued in any combination of common and preferred shares up to $5,000,000 with no par value.

(b) Issued:

6,506,763 common shares with a value of $3,625,057 were outstanding at December 31, 2014 4,006,763 common shares with a value of $3,145,982 were outstanding at December 31, 2013.

On April 23, 2014, the Company closed a non-brokered private placement of 2,300,000 units at a price of $0.20 per unit for aggregate gross proceeds of $460,000. Each unit is comprised of one common share and one half share purchase warrant. Each full warrant is exercisable at $0.50 for one year from date of issuance. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil.

On May 15, 2014, The Company closed an additional non-brokered private placement of 200,000 units at a price of $0.20 per unit for gross proceeds of $40,000. Each unit is comprised of one common share and one half share purchase warrant. Each full warrant is exercisable at $0.50 for one year from date of issuance. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil.

(c) Warrants:

The following warrants were outstanding:

	December 31, 2014			December 31, 2013		
Expiry Date	Number of shares	Weighted average exercise price	Weighted average life in years	Number of shares	Weighted average exercise price	Weighted average life in years
April 23, 2015	1,150,000	$0.50	0.30	-	-	-
May 15, 2015	100,000	$0.50	0.40	-	-	-
	1,250,000	-	0.30	-	-	-

Subsequent to year end 1,150,000 warrants expired unexercised.

7. Share capital (continued):

The changes in warrants were as follows:

	Year December 31, 2014			Year ended December 31, 2013		
	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	-	-	-	-	$ -	-
Granted in year	1,250,000	$0.50	0.65	-	-	-
Exercised in year	-	-	-	-	-	-
Expired in year	-	-	-	-	-	-
Balance, end of year	1,250,000	$0.50	0.65	-	$ -	-

(d) Stock options:

On April 23, 2014, the Board of Directors approved a stock option plan whereby up to 630,676 common shares may be issued.

On April 28, 2014 the Company awarded 450,000 incentive stock options exercisable at $0.28 per common share to directors, officers and consultants of the Company, expiring on April 27, 2019. The fair value of $103,636 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.67% and an expected volatility of 119%. The Options vest as to one third immediately and as to an additional one third on the first and second anniversaries of the date of grant. In the year ended December 31, 2014 the Company recognized stock based management fees of $34,798 (2013 - $nil) and stock based consulting fees of $34,798 (2013 - $nil)

On May 21, 2014 the Company awarded 200,000 incentive stock options exercisable at $0.60 per common share to a director and certain consultants of the Company, expiring on May 20, 2019. The fair value of $117,339 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.56% and an expected volatility of 119%. The Options vest as to one third immediately and as to an additional one third on the first and second anniversaries of the date of grant. In the year ended December 31, 2014 the Company recognized stock based consulting fees of $75,102 (2013 - $nil).

For the year ended December 31, 2014 and 2013
Canadian dollars

7. Share capital (continued):

The following share options were outstanding:

	December 31, 2014				December 31, 2013			
Expiry Date	Vested and exercisable	Number of shares	Weighted average exercise price	Weighted average life in years	Vested and exercisable	Number of shares	Weighted average exercise price	Weighted average life in years
April 28, 2019	150,000	450,000	$ 0.28	4.26	-	-	$ -	-
May 21, 2019	66,667	200,000	$ 0.60	4.40	-	-	-	-
	216,667	650,000	$ 0.10	4.30	-	-	$ -	-

The changes in options were as follows:

	Year months ended December 31, 2014			Year ended December 31, 2013		
	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	-	$ -	-	-	$ -	-
Granted in year	650,000	$ 0.10	5.00	-	-	-
Exercised in year	-	-	-	-	-	-
Expired in year	-	-	-	-	-	-
Balance, end of year	650,000	$ 0.10	4.40	-	$ -	-

8. Reserves:

	Year ended December 31, 2014	Year ended December 31, 2013
Balance, beginning of year	$ -	$ -
Stock-based compensation expense (Note 7)	144,697	-
Balance, end of year	$ 144,697	$ -

For the year ended December 31, 2014 and 2013
Canadian dollars

9. Supplemental information with respect to cashflows:

Marketable securities received for settlement of notes receivable	$	73,611
Notes receivable settled by receipt of marketable securities		(35,000)
Interest receivable settled by receipt of marketable securities		(2,090)
Gain on settlement of notes receivable	$	36,521
Loss on expiry of Panorama Petroleum Inc. warrants	$	1,800.00

10. Financial instruments and financial risk management:

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.

(a) Fair Value:

The fair value of marketable securities is disclosed in note 4 of the financial statements and is based on quoted market prices – Level 1.

The fair value of the debt component of the convertible note is based on Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly – Level 2

The fair value of the convertible component of the convertible note is based on Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly – Level 2

The fair value of investments in warrants is based on Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly – Level 2

The Company's financial instruments other than marketable securities as at December 31, 2014 and December 31, 2013 include cash, cash equivalent deposits, notes receivable, accounts payable and accrued liabilities. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

10. Financial instruments and financial risk management: (continued)

(b) 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 loans receivable to be low. The carrying amounts of cash, cash equivalent deposits, accounts receivable and notes 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.

(c) 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 A.I.S. holds shares, have varying degrees of liquidity and there is no assurance that the investment can be sold at the quoted market price.

(d) 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.

(e) 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.

(f) Interest Rate Risk:

The Company is not exposed to significant interest rate risk due to the short-term maturity of its cash equivalent investments.

11. 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.

12. 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 26% to the Company's loss before income taxes. The difference relates to the following items:

	December 31, 2014	December 31, 2013
Loss before income taxes	$ (1,010,140)	$ (1,138,219)
Combined statutory income tax rate	26.00%	25.00%
Expected income tax	(262,636)	(14,133)
Increase (decrease) resulting from:		
Effect of change in tax rate	(17,738)	-
Unrecognized items for tax purposes	2,971	-
Stock based compensation	37,621	-
Share issue costs incurred	(5,441)	-
Change in unrecognized deferred tax assets	245,223	14,133
Income tax provision	$ -	$ -

The change in tax rate is due to an increase of the provincial tax rate from 10% to 11%.

12. Income taxes (continued):

Unrecognized deferred tax assets:

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

	December 31, 2014	December 31, 2013
Deferred income tax assets		
Non-capital losses	$ 1,120,203	$ 337,655
Net capital losses and other	276,919	277,140
Capital assets	193,909	215,455
Investments	1,041,018	943,144
Share issue costs	16,740	-
	$ 2,648,789	$ 1,773,394

The Company has non-capital losses of $1,120,203 that expire between 2029 and 2034. The other deductible temporary differences do not expire under current tax legislation.

13. Subsequent events

Subsequent to year end the Company received share subscriptions for 1,368,509 units at $0.25 per unit totaling $342,127 as partial proceeds of the private placement announced January 7, 2015.

Subsequent to year end the Company subscribed for 766,628 shares of Buda Juice LLC a private company, at $US $0.30 per share for a cost of $287,040 in a partial fulfillment of its intention to purchase up to 1/3 of Buda Juice LLC.