A.I.S. RESOURCES LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(Unaudited)
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an independent auditor. These condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 and 2015 have been prepared by and are the responsibility of the Company's management. They have not been reviewed by the Company's independent auditor.

A.I.S. RESOURCES LIMITED

Statements of Financial Position

As at September 30, 2016 and December 31, 2015

(Expressed in Canadian dollars)

	Note	September 30 2016	December 31 2015
ASSETS			
Current assets			
Cash	3	$ 317,417	$ -
Notes receivable	4	17,266	14,709
Prepaid expenses		2,269	-
Total current assets		336,952	14,709
Non-current assets			
Marketable securities	5	-	794
Other investment	6	523,578	552,437
Exploration and evaluation assets	7	193,382	
		$ 1,053,912	**$ 567,940**
LIABILITIES			
Current liabilities			
Bank overdraft		-	617
Accounts payable and accrued liabilities		281,992	312,950
Due to related parties	8	44,799	32,628
Total current liabilities		326,791	346,195
SHAREHOLDERS' EQUITY			
Common shares	9	4,904,623	4,180,022
Reserves		427,498	311,812
Deficit		(4,605,000)	(4,270,089)
		727,121	221,745
		$ 1,053,912	**$ 567,940**

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

Note 10: Supplemental information with respect to cash flows

Note 15: Commitments

Note 16: Subsequent Events

Martyn Element, Director

Kiki Smith, Director

A.I.S. RESOURCES LIMITED

Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2016 and 2015

Canadian dollars

	Three months ended		Nine months ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
REVENUE:				
Other Income	$ -	$ -	$ -	$ 9,050
Investment income (loss)	693	(14,958)	2,557	(14,343)
	693	(14,958)	2,557	(5,293)
EXPENSES:				
Consulting	35,000	62,850	43,500	193,887
Consulting – stock based	32,956	7,096	42,099	41,751
General and administrative	6,645	2,869	9,570	20,644
Management fees	30,250	22,500	75,250	67,500
Management fees – stock based	88,935	2,174	91,747	12,035
Professional fees	15,470	5,601	39,103	62,092
Project examination		-		0
Rent	3,176	1,800	3,176	23,302
Transfer agent and filing costs	5,559	5,256	15,434	16,507
Travel and promotion	17,290	1,987	20,813	16,151
Unrealized loss on marketable securities	-	395	794	15,970
Unrealized foreign exchange (gain) loss	1,029	4,905	(4,018)	9,235
	236,310	117,433	337,468	479,074
Net loss for the period	(235,617)	$ (132,392)	(334,911)	$ (484,367)
Other comprehensive income (loss):				
Unrealized loss on available-for-sale securities (Note 6)		34,877		34,877
Loss and comprehensive loss for the period	(235,617)	$ (97,515)	(334,911)	$ (449,490)
Loss per share - $ per share				
Basic and diluted	**$ (0.02)**	**$ (0.01)**	**$ (0.03)**	**$ (0.06)**
Weighted average number of shares outstanding	**15,127,096**	**8,750,796**	**13,488,211**	**7,262,994**

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

A.I.S. RESOURCES LIMITED

Statements of Changes in Equity

As at September 30, 2016, (Expressed in Canadian dollars)

	Common shares								
	No. of shares	Share capital	Subscriptions	Reserve Stock Options	Reserve Expired Options	Other Comprehensive Income	Reserves Warrants	Deficit	Total
Equity December 31, 2014	**6,506,763**	**$3,625,057**	**$ -**	**$144,697**	**$ -**	**$ -**	**$ -**	**$(3,676,640)**	**$93,114**
Shares Issued	4,915,500	491,550	-	-	-	-	-	-	491,550
Share issue costs	-	(1,929)	-	-	-	-	614	-	(1,315)
Subscription funds received	-	-	123,750	-	-	-	-	-	123,750
Stock option expense	-	-	-	53,785	-	-	-	-	53,785
Loss for the period	-	-	-	-	-	34,877	-	(484,367)	(449,490)
Equity September 30, 2015	**11,422,263**	**$4,114,678**	**$ 123,750**	**$198,482**	**$ -**	**$ 34,877**	**$ -**	**$(4,161,007)**	**$311,394**
Equity December 31, 2015	**12,659,763**	**$4,180,022**	**-**	**$189,463**	**$ 19,557**	**$ 52,679**	**$50,113**	**$(4,270,089)**	**$221,745**
Shares issued for cash at $0.10	3,000,000	300,000	-	-	-	-	-	-	300,000
Shares issued for cash at $0.15	1,333,333	200,000	-	-	-	-	-	-	200,000
Shares issued for cash at $0.14 for warrant exercise	100,000	14,000	-	-	-	-	-	-	14,000
Shares issued for exploration and evaluation asset	1,400,000	140,000	-	-	-	-	-	-	140,000
Share issue costs - cash	-	(3,000)	-	-	-	-	-	-	(3,000)
Share issue costs - broker warrants	-	(10,699)	-	-	-	-	10,699	-	-
Shares issued for debt settlement at $0.15	562,000	84,300	-	-	-	-	-	-	84,300
Stock option expense	-	-	-	133,846	-	-	-	-	133,846
Stock options cancelled	-	-	-	(46,846)	46,846	-	-	-	-
Loss for the period	-	-	-	-	-	(28,859)	-	(334,911)	(363,770)
Equity September 30, 2016	**19,055,096**	**$4,904,623**	**-**	**$276,463**	**$66,403**	**$ 23,820**	**$ 60,812**	**$(4,605,000)**	**$727,121**

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

A.I.S. RESOURCES LIMITED

Statements of Cash Flows

For the three and nine months ended September 30, 2016 and 2015

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	September 30, 2016	**September 30, 2015**	**September 30, 2016**	**September 30, 2015**
CASH PROVIDED BY (USED IN) OPERATIONS				
Loss for the period	$ (235,617)	$ (132,392)	$ (334,911)	$(484,367)
Adjustments for items not involving cash:				
Stock based compensation	121,891	9,271	133,846	53,786
Accrued management fees	-	2,797	-	-
Accrued interest	(288)	(263)	(837)	(757)
Accreted interest	(405)	(415)	(1,720)	(1,720)
Loss on sale of marketable securities	-	-	794	(15,970)
Unrealized loss on marketable securities	-	(395)	-	-
Unrealized foreign exchange loss (gain)	-	(4,905)	-	(9,235)
	(114,419)	(126,302)	(202,828)	(458,263)
Changes in non-cash working capital:	--	-		-
Prepaid expenses	(2,269)	1,671	(2,269)	14,236
Accounts payable	(4,565)	51,450	14,042	172,428
	(121,253)	(73,181)	(191,055)	(271,599)
CASH FLOWS FROM INVESTING				
Sale (purchase) of marketable securities	-	52,786	-	134,950
Purchase of investment	-	-	-	(499,757)
Exploration and evaluation assets	(53,382)	-	(53,382)	-
	(53,382)	52,786	(53,382)	(364,807)
CASH FLOWS FROM FINANCING				
Bank overdraft	-	(6,399)	(617)	-
Shares issued for cash	486,500	31,484	511,000	490,234
Subscriptions received	-	-	-	123,750
Deferred financing cost paid	-	-	-	(8,906)
Advances from (repayments) related parties	(2,911)	-	51,471	(1,628)
	483,589	25,085	$ 561,854	603,450
Net change in cash balances	**308,954**	**4,691**	**317,417**	**(32,954)**
Cash at beginning of period	8,463	-	-	37,645
Cash at end of period	**$ 317,417**	**$ 4,691**	**$ 317,417**	**$ 4,691**

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 and direct investments exploration and evaluation assets.

On July 4, 2016 the Company entered into an Option Agreement to acquire a 100% interest in the Fiedmont Lithium Property near Val d'Or, Quebec, and the Lac Manitou and Lac Volant cobalt properties located north of Sept-Îles, Quebec.

On September 16, 2016 the Company entered into an Option Agreement to acquire a 100% interest in two lithium properties in Argentina.

On August 19, 2016 the Company completed a private placement of 3,000,000 units for gross proceeds of $300,000. The net proceeds of the Private Placement will be used to finance the acquisition and exploration of the Company's Fiedmont, Lac Volant and Lac Manitou properties and for general working capital purposes.

On August 17, 2016 the Company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses

On September 19, 2016 the Company completed a private placement of 1,333,333 units for gross proceeds of $200,000. The net proceeds of the Private Placement will be used for general working capital purposes.

On November 7, 2016 the Company completed a private placement of 2,000,000 units for gross proceeds of $500,000. The net proceeds of the Private Placement will be used for exploration of the Company's Argentinian properties and general working capital purposes.

During the year ended December 31, 2015 the Company closed non-brokered private placements totaling 6,153,000 units at $0.10 per unit for aggregate gross proceeds of $615,300. Each Unit was issued at a price of $0.10 and is comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.14 for a year of two years from the date of closing.

During year ended December 31, 2015 the Company subscribed for 1,330,665 shares of Buda Juice LLC a private company at $US $0.30 per share for a cost of $ 499,757 ($US 399,200).

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 September 30, 2016, the Company had working capital of $10,161 (December 31, 2015 – $331,487 deficiency) and accumulated losses of $4,605,000 (December 31, 2015 - $4,269,624).

(Expressed in Canadian dollars)

2. Basis of preparation and significant accounting policies:

(a) Statement of compliance

The condensed financial statements for the three and nine month periods ended September 30, 2016 and 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting using the accounting policies adopted by the Company in its financial statements for the year ended December 31, 2015.

The condensed financial statements should be read in conjunction with the Company's audited financial statements, for the year ended December 31, 2015 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB)

The financial statements were approved by the Board of Directors and authorized for issue on November 29, 2016.

(b) Accounting policies and standards adopted by the Company

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2015.

(c) New Accounting policies and standards adopted by the Company

i) Equipment

Equipment is carried at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a declining-balance basis to write off the cost of the assets to their residual values over their estimated useful lives, except in the year of acquisition, when half of the rate is used. The annual rate used to compute depreciation is as follows:

Computer equipment	50%
Other equipment	20%

The depreciation expense for each period is recognized in the statement of comprehensive loss except for certain items of equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of the exploration and evaluation asset.

ii) 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.

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

ii) Exploration and Evaluation Assets (continued)

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.

iii) 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 September 30, 2016, the Company does not have material decommissioning obligations.

iv) Impairment of Non-Financial Assets

The carrying amount of the Company's non-financial assets (which include equipment and 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.

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

iv) Impairment of Non-Financial Assets (continued)

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.

3. Cash deposits

The Company had cash deposits of $317,417 at September 30, 2016 and $nil at December 31, 2015.

4. Note receivable:

During the year ended December 31, 2014 the Company purchased a convertible note receivable in the amount of $10,000 maturing on August 25, 2015. 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, 2015 the note was extended until August 25, 2016 and the Company recorded interest income of $1,035 and an additional $2,520 in accreted interest income in relation to the convertible note.

During the three and nine months ended September 30, 2016 the Company recorded interest income of $288 and $837 (2015 - $247 and $494) and an additional $405 and $1,120 in accreted interest income in relation to the convertible note. (2015 - $652 and $1,304).

(Expressed in Canadian dollars)

5. Marketable securities:

The Company did not hold any marketable securities at September 30, 2016

Marketable securities as t December 31, 2015 were as follows:

	Number of shares		Cost		Market Value
Fair value measurement using quoted prices in an active market - Level 1					
Marketable securities consist of:					
Margaret Lake Diamonds Inc. warrants expiring April 22, 2016	90,000		8,511		794
December 31, 2015		$	8,511	$	794

Gain (Loss) from disposition of marketable securities was as follows:

During the three and nine months ended September 30, 2016 the Company did not realize any gains or losses from the disposition of marketable securities.

During the year ended December 31, 2015 the Company realized gains or losses from the disposition of marketable securities as follows:

Year ended December 31, 2015	Shares Disposed		Carrying Value		Proceeds		Gain (Loss)
Arctic Star Exploration	100,000	$	3,500	$	2,900	$	(600)
Bengal Energy	22,666		5,893		5,567		(326)
Chlormet Tech	100,000		7,363		5,562		(1,801)
Highbank Resources Ltd.	59,500		9,346		8,734		(1,032)
Huntington Exploration	1,533,333		15,333		9,107		(6,226)
Immuno Vaccine Inc.	36,500		25,550		24,779		(771)
Margaret Lake Diamonds Inc.	180,000		27,575		18,600		(8,375)
Noka Resources Inc.	25,000		35,762		5,538		2,288
Palos Merchant Bank	2,975		15,956		14,452		(1,414)
Panorama Petroleum Inc.	90,000		1,350		1,245		(105)
	2,149,974	$	147,628	$	96,484	$	(18,362)

6. Other Investment:

During the year ended December 31, 2015 the Company subscribed for 1,330,665 shares of Buda Juice LLC a private company at $US $0.30 per share for a cost of $ 499,757 ($US 399,200). The investment is classified as available for sale. The Company recognized an unrealized foreign exchange gain (loss) of $4,311 and $(28,859) respectively in relation to the shares in the three and nine months ended September 30, 2016 (2015 - $nil and $nil) which was recorded in other comprehensive income.

(Expressed in Canadian dollars)

7. Exploration and Evaluation assets

Exploration and evaluation assets are comprised of:

	December 31, 2016	Expenditures	September 30, 2016
Fiedmont, Lac Manitou and Lac Volant			
Acquisition	$ -	$ 190,000	$ 190,000
Deferred exploration costs	-	3,382	3,382
	-	193,382	193,382
Guayatayoc and Laguna Vilama			
Acquisition	-	-	-
Deferred exploration costs	-	-	-
	-	-	-
Total	**$ -**	**$ 193,382**	**$ 193,382**

Deferred exploration costs were as follows:

	Fiedmont, Lac Manitou and Lac Volant (a)	**Guayatayoc and Laguna Vilama** (b)	**Total**
	$	$	$
Balance, December 31, 2015	-	-	-
Exploration:			
Geology and geophysics	3,382	-	3,382
	3,382	-	3,382
Balance, September 30, 2016	**$ 3,382**	**-**	**$ 3,382**

a) *Fiedmont, Lac Manitou and Lac Volant*

On July 4, 2016 the Company entered into an Option Agreement to acquire a 100% interest in the Fiedmont Lithium Property near Val d'Or, Quebec, and the Lac Manitou and Lac Volant cobalt properties located north of Sept-Îles, Quebec.

Under the terms of the agreement, the Company has the exclusive right to acquire an undivided 100% interest in the properties, subject to a 3.0% Gross Overriding Royalty (GORR) with respect to any and all mineral and/or metal production from the properties. The Company will maintain the right to repurchase 1% of the GORR for $2.5 million per property for a period of 5 years from the date of execution of the Agreement. The Agreement includes the rights to all metals and minerals occurring on the Properties with the exception of limestone, dolomite, and building stone.

7. Exploration and Evaluation assets (continued)

a) Fiedmont, Lac Manitou and Lac Volant(continued)

In order to maintain the Option Agreement in good standing and acquire an undivided 100% interest in the property, the Company must, during the option period, complete the following:

• (a) On signing of this Agreement, pay the sum of $25,000 (the "*First Option Payment"- PAID*);

• (b) On the Exchange Approval Date, pay the sum of $25,000 (PAID) and issue 1,400,000 Shares (the "*Second Option Payment" - ISSUED*);

• (c) On the first anniversary of the Exchange Approval Date, pay the sum of $75,000 and issue 1,200,000 Shares (the "*Third Option Payment"*);

• (d) On the second anniversary of the Exchange Approval Date, pay the sum of $75,000 (the "*Fourth Option Payment"*) ;

• (e) The Company shall incur in aggregate at least $500,000 of Expenditures on the Property(s) of which $250,000 will be expended by September 30, 2017 and $250,000 by September 30, 2018.

b) Guayatayoc and Laguna Vilama

On September 16, 2016 the Company entered into an Option Agreement to acquire a 100% interest in two lithium properties in Argentina, Guayatayoc and Laguna Vilama
.
Under the terms of the agreement, AIS can acquire a 100% interest in the properties by;

1. Payment of $150,000 US for a 6 month option entitling AIS to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the projects – paid subsequent to September 30, 2016.
2. A onetime option payment of $4.5 Million US – payable at the conclusion of the 6 month option period. The properties are subject to 8.5% carried-free participation required by the provincial government and a 3% royalty to the Government.

(Expressed in Canadian dollars)

8. Related party transactions:

For the three and nine months ended September 30, 2016 the Company recorded the following transactions with related parties:

a) $15,000 and $15,000 in management fees to the CEO of the Company (2015 - $nil and $nil).

b) $15,250 and $60,250 in management fees to the former CEO of the Company (2015 - $22,500 and $45,000).

c) $nil and $nil in consulting fees to the former CEO of the Company (2015 - $nil and $9,000).

d) $13,125 and $33,600 in accounting fees to a company controlled by the CFO of the Company (2015 - $238 and $38,564).

e) The Company recorded $nil and $nil in rent expense to a company controlled by the CEO of the Company (2015 – $1.800 and $23,302).

f) On August 17, 2016 the company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses.

Key management compensation in the three and nine months ended September 30, 2016 and 2015 was as follows:

		Nine months ended September 30, 2016		Nine months ended September 30, 2015
CEO for management fees	$	15,000	$	-
Former CEO for management fees		60,250		67,500
CEO for consulting fees		-		9,000
CFO for accounting fees		33,600		38,564
Balance, end of period	$	108,850	$	115,064

Amounts owing to related parties was as follows:

		September 30, 2016		December 31, 2015
CEO for accrued management fees and advances to the Company	$	44,799	$	32,628
Balance, end of period	$	44,799	$	32,628

Included in accounts payable is $12,064 owing to a company controlled by the CFO.

9. Share capital:

(a) Authorized:

31,570,500 common shares without par value.

(b) Issued:

19,055,096 common shares with a value of $4,904,623 were outstanding at September 30, 2016 (December 31, 2015 – 12,659,763 common shares with a value of $4,180,022).

On December 15, 2015 the Company closed the final tranche of the private placement announced on January 7, 2015 and issued 1,237,500 units for gross proceeds of $123,750. Each Unit was issued at a price of $0.10 and is comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.14 for a year of two years from the date of closing. The fair value of the warrants was estimated at $50,113 using the residual method and is included in reserves.

On August 19, 2015 the Company closed the first tranche of the private placement announced on January 7, 2015 and issued 4,915,500 units for gross proceeds of $491,550. Each Unit was issued at a price of $0.10 and is comprised of one common share and one common share purchase warrant entitling the holder thereof to acquire one Common Share at a price of $0.14 for a year of two years from the date of closing. A total of $1,316 cash was paid to finders in addition to the issuance of 13,160 broker's warrants which are exercisable into common shares at 14 cents per share for a two-year period. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil. The fair value of the finders' warrants was estimated using Black-Scholes at $691.

On August 17, 2016 the company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses.

On August 17, 2016 the company issued 1,400,000 common shares for acquisition of exploration and evaluation property.

On August 19, 2016 the Company completed a private placement of 3,000,000 units for gross proceeds of $300,000. Each unit was issued at a price of $0.10 and is comprised of one common share of the Company and one half common share purchase warrant, with each whole Warrant entitling the holder thereof to acquire one common share at a price of $0.20 for a period of one year from the date of closing of the placement provided that if the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than $0.30 for a period of fifteen (15) consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) business days from the date notice is given. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil. The Company paid cash finder's fees totaling $3,000 and issued 12,500 brokers warrants. The brokers warrants have the same terms as the private placement warrants. The fair value of the brokers warrants $10,699 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.55% and an expected volatility of 148%.

(Expressed in Canadian dollars)

9. Share capital (continued):

On September 19, 2016 the Company completed a private placement of 1,333,333 units for gross proceeds of $200,000. Each unit was issued at a price of $0.15 and is comprised of one common share of the Company and one half common share purchase warrant, with each whole Warrant entitling the holder thereof to acquire one common share at a price of $0.25 for a period of one year from the date of closing of the placement provided that if the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than $0.35 for a period of fifteen (15) consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) business days from the date notice is given. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil.

Subsequent events Note 13.

(c) Warrants:

The following warrants were outstanding:

	September 30, 2016			December 31, 2015		
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
August 19, 2017	4,828,660	$0.14	.88	4,928,660	$0.14	1.63
August 19, 2017	1,512,500	.20	.88	-	-	-
September 19, 2017	666,667	.25	.97	-	-	-
December 15, 2017	1,237,500	$0.14	1.21	1,237,500	$0.14	1.96
	8,245,327	$0.16	0.94	6,166,160	$0.14	1.70

For the year ended December 31, 2015, a total of 1,250,000 warrants expired unexercised.
The changes in warrants were as follows:

	Nine months ended September 30, 2016			Year ended December 31, 2015		
	Number of Shares	Weighted average exercise price	Weighted average life in years	Number of Shares	Weighted average exercise price	Weighted average life in years
Balance, beginning of period	6,166,160	$ 0.14	1.70	1,250,000	$ 0.50	0.30
Granted in period	2,179,167	$0.22	0.91	6,166,160	0.14	1.70
Exercised in period	100,000	.14	-	-	-	-
Expired in period	-	-	-	(1,250,000)	0.50	-
Balance, end of period	8,245,327	$ 0.16	0.94	6,166,160	$ 0.14	1.70

9. Share capital (continued):

(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 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.

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 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.

On August 12, 2016 the Company granted 865,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of $0.15 and life of 5 years. The options vested immediately upon grant. The fair value of the options $100,561 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.60% and an expected volatility of 108%.

On September 26, 2016 the Company granted 162,500 stock options to a consultant of the Company. The options have an exercise price of $0.25 and life of 1 years. The options vested immediately upon grant. The fair value of the options $21,330 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.53% and an expected volatility of 143%.

During the three and nine months ended September 30, 2016 the Company recognized stock based consulting fees of $32,956 and $42,099 (2015 - $7,096 and $41,751 and stock based management fees of $88,935 and $91,747(2015 - $2,174 and $12,035)

During the year ended December 31, 2015 33,334 options exercisable at $0.60 were cancelled.

During the three months ended September 30, 2016 66,666 options exercisable at $0.60 and 50,000 options exercisable at $0.28 were cancelled.

Subsequent events Note 13.

(Expressed in Canadian dollars)

9. Share capital (continued):

The following share options were outstanding:

	September 30, 2016				December 31, 2015			
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	400,000	400,000	$ 0.28	2.58	300,000	450,000	$ 0.28	3.32
May 21, 2019	100,000	100,000	$ 0.60	2.64	111,111	166,666	$ 0.60	3.39
August 12, 2021	865,000	865,000	$ 0.15	4.87				
September 26, 2021	126,250	126,250	$ 0.25	4.99				
	1,491,250	1,491,250	$ 0.22	4.11	411,111	616,666	$ 0.37	3.34

The changes in options were as follows:

	Three and Nine months ended September 30, 2016			Year December 31, 2015		
	Number of Shares	Weighted average exercise price	Weighted average life in years	Number of Shares	Weighted average exercise price	Weighted average life in years
Balance, beginning of period	616,666	$ 0.38	3.34	650,000	$ 0.38	4.30
Granted in period	991,250	.16	4.88	-	-	-
Forfeited in period	(116,666)	-	-	(33,334)	$ 0.60	-
Balance, end of period	1,491,250	$ 0.22	4.11	616,666	$ 0.38	3.34

10. Reserves:

	Nine months ended September 30, 2016	Year ended December 31, 2015
Balance, beginning of period	$ 311,812	$ 144,697
Change in fair value of available for sale investment	(28,859)	52,679
Warrants	10,699	50,113
Stock-based compensation expense (Note 7)	133,846	64,323
Balance, end of period	$ 427,498	$ 311,812

(Expressed in Canadian dollars)

11. Supplemental information with respect to cash flows:

Cash paid for Interest	$ nil
Cash paid for income taxes	$ nil

On August 17, 2016 the company issued 562,000 common shares in satisfaction of $84,300 of indebtedness owed to two directors of the Company for unpaid fees and expenses.

On August 17, 2016 the company issued 1,400,000 common shares for acquisition of exploration and evaluation property.

12. Segmented Information:

The Company operated in the following segments at September 30, 2016:

	Investments	Exploration and Evaluation Assets	Total
Current assets	$ 17,266	$ -	$ 17,266
Non-current assets	523,578	193,382	716,960
	$ 540,844	$ 193,382	$ 734,226

13. Financial instruments and financial risk management:

(a) 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 marketable securities is disclosed in note 4 of the financial statements and is based on quoted market prices – Level 1.

13. Financial instruments and financial risk management:

(a) Fair Value (continued):

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 Other Investment, designated as available for sale, 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 September 30, 2016 and December 31, 2015 include cash, bank overdraft, note receivable, accounts payable and accrued liabilities. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

(a) 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.

13. Financial instruments and financial risk management:

(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.

14. 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.

15. Commitments

The Company entered a rental agreement for office premises of $1,943 per month ending August 31, 2017.

16. Subsequent Events

On November 7, 2016 the Company completed a private placement of 2,000,000 units for gross proceeds of $500,000. Each unit was issued at a price of $0.25 and is comprised of one common share of the Company and one half common share purchase warrant, with each whole Warrant entitling the holder thereof to acquire one common share at a price of $0.40 for a period of one year from the date of closing of the placement provided that if the closing price of the common shares of the Company on any stock exchange or quotation system on which the common shares are then listed or quoted is equal to or greater than $0.50 for a period of fifteen (15) consecutive trading days, the Company will have the right to accelerate the expiry of the warrants by giving notice to the holders of the warrants that the warrants will expire at 4:30 p.m. (Vancouver time) on a date that is not less than ten (10) business days from the date notice is given. The full amount of the proceeds was attributed to the shares, hence the value of the warrants was estimated at nil. The Company paid cash finder's fees totaling $24,480 and issued 48,960 brokers warrants.

16. Subsequent Events

The brokers warrants have the same terms as the private placement warrants. The fair value of the brokers warrants $6,841 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 0.53% and an expected volatility of 145%.

On September 7, 2016 the Company granted 400,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of $0.25 and life of 5 years. The options vested immediately upon grant. The fair value of the options $78,784 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.73% and an expected volatility of 111%.

On November 8, 2016 the Company granted 200,000 stock options to an officer of the Company. The options have an exercise price of $0.30 and life of 5 years. The options vested immediately upon grant. The fair value of the options $53,609 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 0.87% and an expected volatility of 143%.

Subsequent to September 30, 2016 241,080 warrants were exercised for cash proceeds of $33,751.