



# **A.I.S. RESOURCES LIMITED**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

**(Unaudited)**

**(Expressed in Canadian dollars)**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an independent auditor. These condensed interim consolidated financial statements for the periods ended March 31, 2023 and 2022 have been prepared by and are the responsibility of the Company's management. They have not been reviewed by the Company's independent auditor.

## A.I.S. RESOURCES LIMITED

### Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

As at,

|  | <i>Note</i> | Unaudited<br>March 31,<br>2023 | Audited<br>December 31,<br>2022 |
|--|-------------|--------------------------------|---------------------------------|
|  |             | \$                             | \$                              |
| <b>ASSETS</b>                            |             |                                |                                 |
| <b>Current assets</b>                    |             |                                |                                 |
| Cash                                     |             | 37,406                         | 241,866                         |
| Accounts receivable                      | 3           | 451,793                        | 404,378                         |
| Prepaid expenses                         | 4           | 84,897                         | 75,484                          |
| Marketable securities                    | 5           | 82,045                         | 264,700                         |
| <b>Total current assets</b>              |             | 656,141                        | 986,428                         |
| <b>Non-current assets</b>                |             |                                |                                 |
| Other investment                         | 6           | 1,224,536                      | 1,225,532                       |
| Exploration and evaluation assets        | 7           | 3,511,237                      | 3,372,456                       |
|  |             | 5,391,914                      | 5,584,416                       |
| <b>LIABILITIES</b>                       |             |                                |                                 |
| <b>Current liabilities</b>               |             |                                |                                 |
| Accounts payable and accrued liabilities |             | 392,783                        | 255,286                         |
| Due to related parties                   | 8           | 621,171                        | 572,528                         |
| Promissory notes and loans payable       | 9           | 487,877                        | 457,157                         |
| <b>Total current liabilities</b>         |             | 1,501,831                      | 1,284,971                       |
| <b>SHAREHOLDERS' EQUITY</b>              |             |                                |                                 |
| Common shares                            | 10          | 19,945,595                     | 19,945,595                      |
| Reserves                                 | 11          | 4,558,520                      | 4,558,520                       |
| Other comprehensive income               |             | 724,779                        | 725,774                         |
| Deficit                                  |             | (21,338,811)                   | (20,930,444)                    |
|  |             | 3,890,083                      | 4,299,445                       |
|  |             | 5,391,914                      | 5,584,416                       |

Note 1: Nature of operations and going concern

Note 16: Contingencies and commitments

Martyn Element, Director

Kiki Smith, Director

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

**A.I.S. RESOURCES LIMITED****Condensed Interim Consolidated Statements of Loss and Comprehensive Income (Loss)**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

|   | <i>Note</i> | <b>2023</b>      | <b>2022</b>   |
|---|-------------|------------------|---------------|
|   |             | \$               | \$            |
| <b>EXPENSES:</b>                                  |             |                  |               |
| Consulting  | 8           | 11,213           | 57,486        |
| Directors' fees                                   | 8           | 6,250            | 7,500         |
| General and administrative                        |             | 77,869           | 80,329        |
| Interest and financing                            | 9           | 30,721           | 20,569        |
| Management fees                                   | 8           | 39,375           | 31,500        |
| Professional fees                                 | 8           | 58,804           | 42,247        |
| Transfer agent and filing                         |             | 12,231           | 14,257        |
| Travel and promotion                              |             | -                | 23,550        |
|   |             | (236,563)        | (277,438)     |
| <b>OTHER INCOME (EXPENSES):</b>                   |             |                  |               |
| Loss on marketable securities                     | 5           | (125,345)        | 131,657       |
| Operator income                                   |             | 68,281           | -             |
| Unrealized foreign exchange gain                  |             | (114,740)        | 177,505       |
| <b>Net loss for the period</b>                    |             | <b>(408,367)</b> | <b>31,724</b> |
| <b>OTHER COMPREHENSIVE INCOME (LOSS):</b>         |             |                  |               |
| Unrealized gain (loss) on investment              | 6           | (995)            | (16,468)      |
| <b>Comprehensive income (loss) for the period</b> |             | <b>(409,362)</b> | <b>15,256</b> |
| <b>Loss per share</b>                             |             |                  |               |
| Basic and diluted                                 |             | \$ (0.00)        | \$ (0.00)     |
| Weighted average number of shares outstanding     |             | 204,215,409      | 177,975,409   |

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

## A.I.S. RESOURCES LIMITED

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

|                                | Common shares      |                   |                     | Reserves         |                |                     | Other Comprehensive Income | Deficit             | Total            |
|--------------------------------|--------------------|-------------------|---------------------|------------------|----------------|---------------------|----------------------------|---------------------|------------------|
|                                | No. of shares      | Share capital     | Share Subscriptions | Stock Options    | Warrants       | Contributed surplus |                            |                     |                  |
|                                |                    | \$                | \$                  | \$               | \$             | \$                  | \$                         | \$                  | \$               |
| 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        |
| Share subscriptions received   | -                  | -                 | 105,000             | -                | -              | -                   | -                          | -                   | 105,000          |
| Options cancelled/expired      | -                  | -                 | -                   | (119,552)        | -              | 119,552             | -                          | -                   | -                |
| Income (loss) for the period   | -                  | -                 | -                   | -                | -              | -                   | (16,468)                   | 31,724              | 15,256           |
| <b>Balance March 31, 2022</b>  | <b>177,975,409</b> | <b>19,163,165</b> | <b>105,000</b>      | <b>2,431,853</b> | <b>709,603</b> | <b>1,255,939</b>    | <b>630,946</b>             | <b>(19,220,594)</b> | <b>5,075,912</b> |
| Balance December 31, 2022      | 204,215,409        | 19,945,595        | -                   | 1,066,648        | 830,957        | 2,660,915           | 725,774                    | (20,930,444)        | 4,299,445        |
| Income (loss) for the period   | -                  | -                 | -                   | -                | -              | -                   | (995)                      | (408,367)           | (409,362)        |
| <b>Balance, March 31, 2023</b> | <b>204,215,409</b> | <b>19,945,595</b> | <b>-</b>            | <b>1,066,648</b> | <b>830,957</b> | <b>2,660,915</b>    | <b>724,779</b>             | <b>(21,338,811)</b> | <b>3,890,083</b> |

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

**A.I.S. RESOURCES LIMITED****Condensed Interim Consolidated Statements of Cash Flows**

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

|  | <b>2023</b>   | <b>2022</b>   |
|--|---------------|---------------|
|  | \$            | \$            |
| <b>OPERATING ACTIVITIES</b>                          |               |               |
| Net loss for the period                              | (408,367)     | 31,724        |
| Adjustments for items not involving cash:            |               |               |
| Accrued interest and accretion of financing costs    | 30,720        | 20,569        |
| Realized loss (gain) on marketable securities        | 264,483       | 6,344         |
| Unrealized loss (gain) on marketable securities      | (139,138)     | (138,001)     |
| Unrealized foreign exchange loss                     | 44,786        | (12,660)      |
|  | (207,516)     | (92,024)      |
| Changes in non-cash working capital:                 |               |               |
| Accounts receivable                                  | (47,415)      | (7,216)       |
| Prepaid expenses                                     | 47,992        | 15,560        |
| Accounts payable and accrued liabilities             | (10,665)      | 81,709        |
| Related parties                                      | 48,643        | 101,717       |
|  | (168,961)     | 99,746        |
| <b>INVESTING ACTIVITIES</b>                          |               |               |
| Exploration and evaluation assets, net of recoveries | (92,808)      | (1,548,380)   |
| Exploration advance                                  | -             | 50,319        |
| Option payments received                             | -             | 1,272,000     |
| Purchase of marketable securities                    | (100)         | (11,300)      |
| Proceeds from sale of marketable securities          | 57,409        | 11,375        |
|  | (35,499)      | (276,305)     |
| <b>FINANCING ACTIVITIES</b>                          |               |               |
| Interest paid  | -             | 105,000       |
|  | -             | 105,000       |
| Net change in cash                                   | (204,460)     | (71,559)      |
| Cash at beginning of the period                      | 241,866       | 167,501       |
| <b>Cash at end of the period</b>                     | <b>37,406</b> | <b>95,942</b> |

Note 12: Supplemental information with respect to cash flows

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

# **A.I.S. RESOURCES LIMITED**

## **Notes to the Condensed Interim Consolidated Financial Statements**

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### **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”. AIS is an investment issuer with a primary focus on exploration and evaluation of mineral properties.

The head office and principal address of the Company is Suite 1120 – 789 West Pender Street, Vancouver, British Columbia, Canada V6C 1H2. The Company’s records office and registered office is located at Suite 700 - 1199 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3T5.

The condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will continue its operations and will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. At March 31, 2023, the Company had a working capital deficit of \$845,690 (December 31, 2022: \$298,543) and an accumulated deficit of \$21,338,811 (December 31, 2022: \$20,930,444). 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 its exploration activities and upon future profitable operations or proceeds from disposition of investments. Given the operating losses accumulated since inception, 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.

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

These condensed interim consolidated financial statements for the period ended March 31, 2023 have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting using the accounting policies adopted by the Company in its most recent annual financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on May 30, 2023.

#### **Basis of consolidation and presentation**

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

## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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#### 2. BASIS OF PREPARATION (continued)

##### **Basis of consolidation and presentation (continued)**

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

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

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

##### **Significant accounting judgments and estimates**

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

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

##### a) Judgements

###### *Going concern*

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

###### *Title to mineral property interests*

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

## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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#### 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 investments*

For publicly traded investments (marketable securities), the Company estimates the fair value of such investments to be the closing price on the date of the statement of financial position. For investments in private entities, the Company evaluates the financial health of, and near-term business outlook for, the investees, 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 when valuing privately-held investments.



## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

#### 3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of input tax credits and amounts due for the recoveries of exploration expenditures from properties optioned out to other entities.

#### 4. PREPAID EXPENSES

|                                      | March 31, 2023 | December 31, 2022 |
|--------------------------------------|----------------|-------------------|
|                                      | \$             | \$                |
| General operating and administrative | 84,897         | 75,484            |
|                                      | 84,897         | 75,484            |

#### 5. MARKETABLE SECURITIES

| Shares of publicly traded companies | Cost    | Fair value |
|-------------------------------------|---------|------------|
|                                     | \$      | \$         |
| December 31, 2022                   | 741,482 | 264,700    |
| March 31, 2023                      | 419,690 | 82,045     |

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

|                            | Fair value of shares of<br>publicly traded<br>companies |
|----------------------------|---|
|                            | \$  |
| Balance, December 31, 2021 | 524,545   |
| Purchases                  | 134,000   |
| Sales                      | (213,259)   |
| Realized loss              | (210,034)   |
| Unrealized gain            | 29,448  |
| Balance, December 31, 2022 | 264,700   |
| Purchases                  | 100   |
| Sales                      | (57,409)  |
| Realized gain (loss)       | (264,483)   |
| Unrealized gain (loss)     | 139,138   |
| Balance, March 31, 2023    | 82,045  |

#### 6. 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 period ended March 31, 2023, the Company recognized an unrealized loss on investment of \$996 (2022 – \$16,468), which has been recorded as other comprehensive income. The assessed fair value of the investment at March 31, 2023, is US \$904,852 (December 31, 2022 – US \$904,852).

## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets are comprised of:

|                                 | December 31,<br>2021 | Expenditures   | Impairment         | December 31,<br>2022 | Expenditures   | March 31,<br>2023 |
|---------------------------------|----------------------|----------------|--------------------|----------------------|----------------|-------------------|
|                                 | \$                   | \$             | \$                 | \$                   | \$             | \$                |
| <b>Yalgogrin (a)</b>            |                      |                |                    |                      |                |                   |
| Acquisition                     | 566,944              | -              | (566,944)          | -                    | -              | -                 |
| Deferred exploration costs      | 817,322              | 2,538          | (819,860)          | -                    | -              | -                 |
|                                 | 1,384,266            | 2,538          | (1,386,804)        | -                    | -              | -                 |
| <b>Toolleen-Fosterville (b)</b> |                      |                |                    |                      |                |                   |
| Acquisition                     | 1,070,144            | -              | -                  | 1,070,144            | -              | 1,070,144         |
| Deferred exploration costs      | 349,788              | 2,647          | -                  | 352,435              | 126            | 352,561           |
|                                 | 1,419,932            | 2,647          | -                  | 1,422,579            | 126            | 1,422,705         |
| <b>Kingston (c)</b>             |                      |                |                    |                      |                |                   |
| Acquisition                     | 915,923              | -              | -                  | 915,923              | -              | 915,923           |
| Deferred exploration costs      | 18,351               | 3,509          | -                  | 21,860               | 126            | 21,986            |
|                                 | 934,274              | 3,509          | -                  | 937,783              | 126            | 937,909           |
| <b>Bright (d)</b>               |                      |                |                    |                      |                |                   |
| Acquisition                     | -                    | 439,149        | -                  | 439,149              | -              | 439,149           |
| Deferred exploration costs      | -                    | 510,285        | -                  | 510,285              | 179,845        | 690,130           |
|                                 | -                    | 949,434        | -                  | 949,434              | 179,845        | 1,129,279         |
| <b>Candela II (e)</b>           |                      |                |                    |                      |                |                   |
| Acquisition                     | 252,510              | 1,272,000      | -                  | 1,524,510            | -              | 1,524,510         |
| Deferred exploration costs      | 944,008              | 124,924        | -                  | 1,068,932            | -              | 1,068,932         |
| Recoveries                      | (857,833)            | (1,735,609)    | -                  | (2,593,442)          | -              | (2,593,442)       |
|                                 | 338,685              | (338,685)      | -                  | -                    | -              | -                 |
| <b>Pocitos (f)</b>              |                      |                |                    |                      |                |                   |
| Acquisition                     | 159,265              | 129,455        | -                  | 288,720              | -              | 288,720           |
| Deferred exploration costs      | 3,292                | 1,769,017      | -                  | 1,772,309            | 1,218,534      | 2,990,843         |
| Recoveries                      | (159,265)            | (1,839,104)    | -                  | (1,998,369)          | (1,259,850)    | (3,258,219)       |
|                                 | 3,292                | 59,368         | -                  | 62,660               | (41,316)       | 21,344            |
| <b>Total</b>                    | <b>4,080,449</b>     | <b>678,811</b> | <b>(1,386,804)</b> | <b>3,372,456</b>     | <b>138,781</b> | <b>3,511,237</b>  |

## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

Deferred exploration costs are as follows:

|  | Yalgogrin<br>(a) | Toolleen-<br>Fosterville<br>(b) | Kingston<br>(c) | Bright<br>(d)  | Candela II<br>(e) | Pocitos<br>(f)   | Total            |
|--|------------------|---------------------------------|-----------------|----------------|-------------------|------------------|------------------|
|  | \$               | \$                              | \$              | \$             | \$                | \$               | \$               |
| <b>Year ended December 31, 2022</b>            |                  |                                 |                 |                |                   |                  |                  |
| Assay and laboratory                           | -                | 4,105                           | -               | 25,042         | 8,242             | 4,956            | 42,345           |
| Equipment                                      | -                | -                               | -               | -              | 1,661             | 302,166          | 303,827          |
| Exploration expense                            | -                | -                               | -               | -              | 653               | 1,652            | 2,305            |
| Drilling                                       | -                | -                               | -               | 190,644        | 6,919             | 934,940          | 1,132,503        |
| Geology and geophysics                         | -                | (3,128)                         | (846)           | 226,521        | 72,835            | 91,277           | 386,659          |
| License fee, permits, claim fees,<br>and taxes | 591              | -                               | 1,811           | 5,632          | 869               | 906              | 9,809            |
| Local office and administration                | 185              | (92)                            | 777             | 43,227         | 23,254            | 38,645           | 105,996          |
| Travel   | 1,762            | 1,762                           | 1,767           | 19,219         | 10,491            | 394,475          | 429,476          |
| <b>Total, deferred exploration costs</b>       | <b>2,538</b>     | <b>2,647</b>                    | <b>3,509</b>    | <b>510,285</b> | <b>124,924</b>    | <b>1,769,017</b> | <b>2,412,920</b> |
| <b>Period ended March 31, 2023</b>             |                  |                                 |                 |                |                   |                  |                  |
| Assay and laboratory                           | -                | -                               | -               | 10,474         | -                 | 3,475            | 13,949           |
| Equipment                                      | -                | -                               | -               | -              | -                 | 160,907          | 160,907          |
| Exploration expense                            | -                | -                               | -               | -              | -                 | -                | -                |
| Drilling                                       | -                | -                               | -               | 109,659        | -                 | 742,744          | 852,403          |
| Geology and geophysics                         | -                | -                               | -               | 32,276         | -                 | 42,132           | 74,408           |
| License fee, permits, claim fees,<br>and taxes | -                | -                               | -               | 3,866          | -                 | 1,893            | 5,759            |
| Local office and administration                | -                | 126                             | 126             | 18,033         | -                 | 29,768           | 48,053           |
| Travel   | -                | -                               | -               | 5,537          | -                 | 237,615          | 243,152          |
| <b>Total, deferred exploration costs</b>       | <b>-</b>         | <b>126</b>                      | <b>126</b>      | <b>179,845</b> | <b>-</b>          | <b>1,218,534</b> | <b>1,398,631</b> |

##### a) Yalgogrin

On October 7, 2020, the Company entered into an Option Agreement (the "Agreement") to acquire a 100% interest in the Yalgogrin Gold Project (the "Project" or "Property") located in West Wyalong, NSW, Australia. The Project is comprised of two exploration licenses. The Agreement replaces and supersedes the Binding Letter of Intent ("LOI") dated July 16, 2020 for acquisition of the Project. The Company paid AU\$30,000 for an exclusivity period of 90 days between the LOI and the Agreement dates. The Project is subject to 2% net smelter return royalty on the first 50,000 oz gold production.

##### *Initial Option*

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

## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

##### a) Yalgogrin (continued)

###### *Additional Option*

Under the terms of the Agreement, to acquire the remaining 40% interest, the Company committed to (i) incur exploration expenditures of AU\$750,000 within 12 months of the Agreement date; and (ii) issue within 18 months from the Agreement date common shares of the Company for AU\$600,000 at the 20-day volume-weighted average price immediately preceding the issue date. The Company decided not to exercise the additional option, consequently per the terms of the Agreement its holding in Yalgogrin reverted to a 40% interest. During the year ended December 31, 2022, the Company recorded a write-down of \$1,386,804 as management decided to abandon any further exploration of the property.

##### 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.

During the year ended December 31, 2021, the title to the underlying exploration licence was transferred to the Company following a payment of AU\$375,000 and issuance of 6,060,000 common shares and 6,060,000 share purchase warrants of the Company. 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.

##### 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.

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#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

##### d) Bright

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

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

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

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

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

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

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

During the year ended December 31, 2022, the Company issued 10 million common shares to the Vendor (Note 10) in accordance with the Agreement.

##### e) Candela II

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

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#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

##### e) Candela II (continued)

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

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

##### f) Pocitos

On June 10, 2021, the Company entered into an Option Agreement to acquire a 100% interest in five mining tenements 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 upon signing and USD \$100,000 in the year ended December 31, 2022 entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the Project. The initial option period was 18 months from the date of signing and in April 2022 it was extended to June 30, 2023 at no additional cost. The Company is currently renegotiating the Option Agreement with respect to the purchase price per hectare of the Pocitos 7 and Pocitos 9 tenements which have an area of 800 hectares and 600 hectares respectively.

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 and Pocitos 2, 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 incur expenditures of USD \$500,000 on the property within 12 months from the Option Agreement date. Upon Spey's acquisition of a 100% interest in the mining tenements, the Company will retain a 7.5% royalty on the sales revenue of lithium carbonate or other lithium compounds from the mining tenements, net of export taxes. The option period was extended to June 30, 2023 at no additional cost.

On September 1, 2022, the Company entered into an exploration and purchase option agreement with C29 Metals Limited ("C29") granting C29 the right to acquire 100% interest in the Pocitos 7 and 9 licences of the Pocitos project. Under the terms of the Option Agreement, C29 paid USD \$25,000 per licence upon signing of the agreement and will pay USD \$115,000 per licence following 30 days of the signing and USD \$75,000 per licence after the technical evaluation report is completed. C29 may acquire 100% interest in the Pocitos 7 and 9 licences as follows:

- USD \$2.38 million (1400Ha x US\$1,700 per Ha) for an 80% interest in both licences payable June 30, 2023;
- C29 has the right to buy out AIS's 20% interest at a price determined by the FOB lithium carbonate price multiplied by 2% of the indicated and measured resource and 0.5% of the inferred resource of the contained lithium carbonate equivalent ("LCE").

During the year ended December 31, 2022, the Company recorded recoveries in excess of carrying value of \$250,021 on the Pocitos Project.

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#### 7. EXPLORATION AND EVALUATION ASSETS (continued)

g) Casterton

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

#### 8. RELATED PARTY TRANSACTIONS AND BALANCES

For the three months ended March 31, 2023, the Company recorded the following transactions with related parties:

- a) \$nil in consulting fees to a company controlled by a former director and Chief Executive Officer ("CEO") of the Company (2022 - \$45,000).
- b) \$nil in project management fees to a company controlled by a director and former of the Company (2022 - \$21,352).
- c) \$39,375 in management fees to the Chairman of the Board of Directors (2022 - \$31,500).
- d) \$37,500 in professional fees to a company controlled by the Chief Financial Officer ("CFO") of the Company (2022 - \$31,500).
- e) \$6,250 in director's fees to a company controlled by a former director of the Company (2022 - \$7,500).

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

|                          | Three months ended March 31, |         |
|--------------------------|------------------------------|---------|
|                          | 2023                         | 2022    |
|                          | \$                           | \$      |
| Short-term benefits      | 83,125                       | 136,852 |
| Stock-based compensation | -                            | -       |
| Total                    | 83,125                       | 136,852 |

Amounts owing to related parties are as follows:

|   | March 31, 2023 | December 31, 2022 |
|---|----------------|-------------------|
|   | \$             | \$                |
| Chairman of the Board for management fees           | 125,484        | 101,109           |
| Former director for director's fees                 | 43,750         | 37,500            |
| Former director and CEO for consulting fees         | 264,863        | 264,863           |
| Former director and CEO for other expenses          | 3,540          | 3,593             |
| Former director and CEO for project management fees | 93,995         | 94,071            |
| CFO for professional fees                           | 89,539         | 71,392            |
|   | 621,171        | 572,528           |

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#### 8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Included in prepaid expenses are \$30,595 for expenses paid to the Chairman of the Board (December 31, 2022 - \$21,974).

Included in accounts receivable is \$2,937 due from a company associated with a former director (December 31, 2022 - \$3,476).

At March 31, 2023, promissory notes and loans payable with an aggregate principal amount of \$239,149 were payable to a director of the Company (December 31, 2022 - \$239,149). (*Note 13*)

#### 9. PROMISSORY NOTES AND LOANS PAYABLE

a) During the year ended December 31, 2020, the Company issued a promissory note in the amount of \$150,000 to a former 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 period ended March 31, 2023, the Company recorded \$2,959 (2022 - \$2,959) as interest expense and recorded accretion expense of \$nil (2021- \$657) in connection with this promissory note. The carrying value of this promissory note at March 31, 2023 is \$173,605 (December 31, 2022 - \$170,647).

b) 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, 2022, the Company entered into an amending agreement with the third party to extend the maturity of the loan by six months. In connection with the extension, the Company issued 3,333,333 bonus warrants with an exercise price of \$0.05 and term of one year. The fair value of the bonus warrants of \$31,970 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 4.44% and an expected volatility of 118.33%. During the period ended March 31, 2023, the Company recorded \$2,342 (2022- \$1,496) as interest expense and recorded accretion expense of \$7,883 (2022- \$3,923) in connection with this promissory note. The carrying value of this promissory note at March 31, 2023 is \$83,823 (December 31, 2022 - \$73,597).

c) 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%.



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#### 9. PROMISSORY NOTES AND LOANS PAYABLE (continued)

During the year ended December 31, 2022, the Company entered into an amending agreement with the third party to extend the maturity of the loan by six months. In connection with the extension, the Company issued 5,000,000 bonus warrants with an exercise price of \$0.05 and term of one year. The fair value of the bonus warrants of \$47,955 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 4.44% and an expected volatility of 118.33%. During the period ended March 31, 2023, the Company recorded \$3,514 (2022 - \$2,219) as interest expense and recorded accretion expense of \$11,825 (2022 - \$5,884) in connection with this promissory note. The carrying value of this promissory note at March 31, 2023 is \$125,734 (December 31, 2022 - \$110,396).

- d) 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, 2022, the Company repaid \$50,000 of the principal balance of the loan. During the period ended March 31, 2023, the Company recorded \$2,198 (2022 - \$3,431) as interest expense in connection with this promissory note. The carrying value of this promissory note at March 31, 2023 is \$104,715 (December 31, 2022 - \$102,517).

#### 10. SHARE CAPITAL

##### Authorized

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

##### Issued

204,215,409 common shares with a value of \$19,945,595 were outstanding at March 31, 2023 (December 31, 2022 - 204,215,409 common shares with a value of \$19,945,595).

During the year ended December 31, 2022, the Company issued the following:

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

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

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#### 10. SHARE CAPITAL (continued)

##### Warrants

The changes in warrants are as follows:

| Period ended March 31, 2023  |                    |                                 |                                | Year ended December 31, 2022 |                                 |                                |
|------------------------------|--------------------|---------------------------------|--------------------------------|------------------------------|---------------------------------|--------------------------------|
|                              | Number of warrants | Weighted average exercise price | Weighted average life in years | Number of warrants           | Weighted average exercise price | Weighted average life in years |
| Balance, beginning of period | 102,568,388        | \$ 0.10                         | 0.79                           | 101,965,055                  | \$ 0.10                         | 1.17                           |
| Issued                       | -                  | -                               | -                              | 24,573,333                   | 0.05                            | 0.86                           |
| Exercised                    | -                  | -                               | -                              | -                            | -                               | -                              |
| Expired                      | (13,405,222)       | 0.12                            | -                              | (23,970,000)                 | 0.10                            | -                              |
| Balance, end of period       | 89,163,166         | 0.10                            | 0.91                           | 102,568,388                  | 0.10                            | 0.79                           |

The following warrants are outstanding as at:

| March 31, 2023                  |                    |                                 | December 31, 2022  |                                 |
|---------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| Expiry Date                     | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
|                                 |                    | \$                              |                    | \$                              |
| January 29, 2023                | -                  | -                               | 783,000            | 0.12                            |
| February 26, 2023               | -                  | -                               | 12,622,222         | 0.12                            |
| May 9, 2024 <sup>(1)</sup>      | 16,240,000         | 0.05                            | 16,240,000         | 0.05                            |
| July 9, 2023                    | 11,071,500         | 0.12                            | 11,071,500         | 0.12                            |
| August 18, 2023 <sup>(2)</sup>  | 27,833,333         | 0.08                            | 27,833,333         | 0.08                            |
| November 12, 2023               | 8,333,333          | 0.05                            | 8,333,333          | 0.05                            |
| January 29, 2024 <sup>(3)</sup> | 15,625,000         | 0.12                            | 15,625,000         | 0.12                            |
| January 14, 2026                | 4,000,000          | 0.15                            | 4,000,000          | 0.15                            |
| June 30, 2026                   | 6,060,000          | 0.15                            | 6,060,000          | 0.15                            |
|                                 | 89,163,166         | 0.10                            | 102,568,388        | 0.10                            |

<sup>(1)</sup> expiry date extended from May 9, 2023 to May 9, 2024

<sup>(2)</sup> expiry date extended from August 18, 2022 to August 18, 2023.

<sup>(3)</sup> expiry date extended from January 29, 2023 to January 29, 2024

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#### 10. SHARE CAPITAL (continued)

##### Stock options

The changes in options are as follows:

|                              | Year ended March 31, 2023 |  |                                      | Year ended December 31, 2022 |  |                                      |
|------------------------------|---------------------------|--|--------------------------------------|------------------------------|--|--------------------------------------|
|                              | Number of<br>Shares       | Weighted<br>average<br>exercise<br>price | Weighted<br>average life<br>in years | Number of<br>Shares          | Weighted<br>average<br>exercise<br>price | Weighted<br>average life<br>in years |
| Balance, beginning of period | 14,511,667                | \$ 0.09                                  | 2.58                                 | 16,656,667                   | \$ 0.14                                  | 3.22                                 |
| Granted                      | -                         | -  | -                                    | -                            | -  | -                                    |
| Expired/cancelled            | -                         | -  | -                                    | (2,145,000)                  | 0.46                                     | -                                    |
| Balance, end of period       | 14,511,667                | 0.09                                     | 2.33                                 | 14,511,667                   | 0.09                                     | 2.58                                 |

The following options are outstanding as at:

|                        | March 31, 2023 |                                    | December 31, 2022 |                                    |
|------------------------|----------------|------------------------------------|-------------------|------------------------------------|
| Expiry Date            | Outstanding    | Weighted average<br>exercise price | Outstanding       | Weighted average<br>exercise price |
|                        |                | \$                                 |                   | \$                                 |
| August 17, 2023        | 950,000        | 0.20                               | 950,000           | 0.20                               |
| July 23, 2024          | 3,130,000      | 0.10                               | 3,130,000         | 0.10                               |
| September 23, 2024     | 500,000        | 0.12                               | 500,000           | 0.12                               |
| August 25, 2025        | 2,115,000      | 0.07                               | 2,115,000         | 0.07                               |
| October 2, 2025        | 1,150,000      | 0.075                              | 1,150,000         | 0.075                              |
| November 2, 2025       | 200,000        | 0.065                              | 200,000           | 0.065                              |
| January 7, 2026        | 2,250,000      | 0.08                               | 2,250,000         | 0.08                               |
| January 11, 2026       | 616,667        | 0.08                               | 616,667           | 0.08                               |
| July 9, 2026           | 2,500,000      | 0.08                               | 2,500,000         | 0.08                               |
| November 12, 2026      | 1,100,000      | 0.05                               | 1,100,000         | 0.05                               |
| Vested and exercisable | 14,511,667     | 0.09                               | 14,511,667        | 0.09                               |

#### 11. RESERVES

|                                    | Period ended<br>March 31, 2023 | Year ended<br>December 31, 2022 |
|------------------------------------|--------------------------------|---------------------------------|
|                                    | \$                             | \$                              |
| Balance, beginning of period       | 4,558,520                      | 4,397,395                       |
| Warrants issued (Note 10)          | -                              | 81,200                          |
| Bonus warrants issued (Note 9)     | -                              | 79,925                          |
| Stock-based compensation (Note 10) | -                              | -                               |
| Balance, end of period             | 4,558,520                      | 4,558,520                       |

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#### 12. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

|  | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
|  | \$             | \$                |
| Exploration expenditures in accounts payable | 266,509        | 54,975            |

#### 13. SEGMENTED INFORMATION

The Company operated in the following segments:

|                            | Other Investment | Exploration and<br>Evaluation Assets | Total     |
|----------------------------|------------------|--------------------------------------|-----------|
|                            | \$               | \$                                   | \$        |
| <b>Total Assets as at:</b> |                  |                                      |           |
| March 31, 2023             | 1,224,536        | 3,511,237                            | 4,735,773 |
| December 31, 2022          | 1,225,532        | 3,372,456                            | 4,597,988 |

#### 14. 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.

The fair value of the other investment is disclosed in Note 9 of the consolidated financial statements and is based on inputs not based on observable data – Level 3.

During the year ended December 31, 2022, the other investment described in Note 9 was reclassified from Level 2 to Level 3.

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#### 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

##### **Fair Value** (continued)

The Company's other investment represents its minority ownership in a private company without an active market (see Note 9). Management considered whether key fair value indicators were present by considering whether the private company had completed any recent financings with arm's length parties or whether there were any available market comparatives from which the Company could benchmark a value for its investment. As none were available, management assessed the carrying value of its investment against factors indicative of whether the most recently completed financing would not be an appropriate value, and did not identify any such factors given the performance of the private company and industry trends. As a result, management concluded that the value at which the most recently completed financing was conducted was the most appropriate, given the circumstances surrounding the investment.

Based on the carrying value of the other investment as at March 31, 2023, a 10% change in fair value would impact other comprehensive income for the period in the amount of \$122,454.

The Company's other financial instruments as at March 31, 2023 include cash, accounts receivable, marketable securities, due from related parties, accounts payable, due to related parties, and promissory notes. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

##### **Credit risk**

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

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

##### **Liquidity risk**

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

The Company maintained cash at March 31, 2023 in the amount of \$37,406 (December 31, 2022 - \$241,866), to meet short-term liabilities of \$1,501,831 (December 31, 2022 - \$1,284,971).

##### **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.

## A.I.S. RESOURCES LIMITED

### Notes to the Condensed Interim Consolidated Financial Statements

For the months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

#### 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

##### Equity price risk

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

##### Interest rate risk:

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's policy is to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value. The promissory notes and loans payable bear interest at fixed rates of 6%, 8%, and 10%.

##### 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:

|                           | March 31, 2023 | December 31, 2022 |
|---------------------------|----------------|-------------------|
|                           | \$             | \$                |
| Financial assets          |                |                   |
| Cash – USD                | 18,987         | 198,817           |
| Cash – AUD                | 13,181         | 12,493            |
| Cash – ARS                | -              | 34,251            |
| Accounts receivable – USD | 423,124        | 376,083           |
| Accounts receivable – AUD | 776            | 787               |
| Accounts receivable – ARS | 2,937          | 3,476             |
| Other investment – USD    | 1,224,536      | 1,225,532         |
|                           | 1,683,541      | 1,851,439         |
| Financial liabilities     |                |                   |
| Accounts payable – USD    | 4,737          | 8,224             |
| Accounts payable – AUD    | 59,401         | 26,722            |
| Accounts payable – ARS    | 199,325        | 121,789           |
|                           | 263,463        | 156,735           |

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 March 31, 2023, denominated in US dollars and Argentinian Pesos, would result in an increase or decrease of approximately \$142,000 to the comprehensive loss for the period ended March 31, 2023. At March 31, 2023, 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.

## **A.I.S. RESOURCES LIMITED**

### **Notes to the Condensed Interim Consolidated Financial Statements**

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#### **15. MANAGEMENT OF CAPITAL STRUCTURE**

The Company considers the amount of capital it requires in proportion to the associated risks. Generally, it is the Company's 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.

#### **16. CONTINGENCIES AND COMMITMENTS**

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company. Additionally, the Company may enter into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.