



A.I.S. RESOURCES LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(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 financial statements for the three months ended March 31, 2018 and 2017 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 March 31, 2018

(Expressed in Canadian dollars)

		March 31, 2018	December 31, 2017
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	2,341,853	1,959,040
Prepaid expenses	5	230,586	186,531
Total current assets		2,572,439	2,145,571
Non-current assets			
Equipment	6	2,550	2,975
Other investment	7	514,757	500,746
Exploration and evaluation assets	8	2,491,379	2,349,338
		5,581,125	4,998,630
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		203,284	294,279
Due to related parties	9	43,478	14,331
Total current liabilities		246,762	308,610
SHAREHOLDERS' EQUITY			
Common shares	11	11,564,135	10,420,411
Reserves	12	2,652,105	2,642,958
Deficit		(8,881,877)	(8,373,349)
		5,334,363	4,690,020
		5,581,125	4,998,630

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

Note 13: Supplemental information with respect to cash flows

Note 17: Commitments

Note 18: Subsequent events

Martyn Element, Director

Kiki Smith, Director

A.I.S. RESOURCES LIMITED

Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

		Three months ended March 31,	
	Note	2018	2017
REVENUE:			
Investment income	4	\$ -	\$ 247
		-	247
EXPENSES:			
Consulting		23,573	4,088
Consulting – stock based	11	-	115,881
General and administrative		27,883	28,645
Management fees		63,000	40,474
Management fees – stock based	11	-	66,855
Professional fees		41,434	28,979
Transfer agent and filing		20,320	18,120
Travel and promotion		330,547	42,690
Unrealized foreign exchange loss (gain)		1,771	1,681
		508,528	347,413
Net loss for the period		(508,528)	(347,166)
Other comprehensive loss:			
Unrealized loss (gain) on available-for-sale securities	7	14,011	(4,191)
Loss and comprehensive loss for the period		(494,517)	(351,357)
Loss per share			
Basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		49,313,066	23,292,163

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

A.I.S. RESOURCES LIMITED

Statements of Changes in Equity

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

	Common shares		Obligation to issue shares	Reserves					Deficit	Total
	No. of shares	Share capital		Stock Options	Expired Options	Other Comprehensive Income	Warrants	Warrants Expired		
Equity December 31, 2016	22,728,676	\$ 5,660,031	\$ 35,000	\$ 411,575	\$ 66,402	\$ 36,194	\$ 58,030	\$ -	\$(5,027,307)	\$ 1,239,925
Warrants exercised	637,080	95,431	(35,000)	-	-	-	-	-	-	60,431
Stock options exercised	100,000	26,626	-	(11,626)	-	-	-	-	-	15,000
Stock option expense	-	-	-	182,736	-	-	-	-	-	182,736
Loss for the period	-	-	-	-	-	(4,191)	-	-	(347,166)	(351,357)
Equity March 31, 2017	23,465,756	\$ 5,782,088	\$ -	\$ 582,685	\$ 66,402	\$ 32,003	\$ 58,030	\$ -	\$(5,374,473)	\$ 1,146,735
Equity December 31, 2017	48,254,899	\$10,420,411	\$ -	\$2,196,218	\$ 78,351	\$ 988	\$ 366,882	\$ 519	\$(8,373,349)	\$ 4,690,020
Warrant exercised	3,796,200	1,143,724	-	-	-	-	(4,864)	-	-	1,138,860
Loss for the period	-	-	-	-	-	14,011	-	-	(508,528)	(494,517)
Equity March 31, 2018	52,051,099	\$11,564,135	\$ -	\$2,196,218	\$ 78,351	\$ 14,999	\$ 362,018	\$ 519	\$(8,881,877)	\$ 5,334,363

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

A.I.S. RESOURCES LIMITED

Statements of Cash Flows

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

	Three months ended March 31,	
	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN) OPERATIONS		
Loss for the period	(508,528)	(347,166)
Adjustments for items not involving cash:		
Stock based compensation	-	182,736
Depreciation expense	425	531
Accrued interest income	-	(247)
Unrealized foreign exchange loss (gain)	1,771	1,681
	(506,332)	(162,465)
Changes in non-cash working capital:		
Prepaid expenses	(44,055)	23,923
Accounts payable	(1,449)	(10,196)
	(551,836)	(148,738)
CASH FLOWS FROM INVESTING		
Purchase of equipment	-	(1,702)
Exploration and evaluation assets	(203,358)	(28,915)
	(203,358)	(30,617)
CASH FLOWS FROM FINANCING		
Shares issued	1,138,860	75,431
Advances from related parties	(853)	(1,284)
	1,138,007	74,147
Effect of foreign exchange on cash	-	(18)
Net change in cash balances	382,813	(105,226)
Cash and cash equivalents at beginning of period	1,959,040	360,039
Cash and cash equivalents at end of period	2,341,853	254,813

Note 13: Supplemental information with respect to cash flows

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

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

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 A.I.S. is to hold various investments in marketable securities and direct investments in exploration and evaluation assets.

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 March 31, 2018, the Company had working capital of \$2,325,677 (December 31, 2017 - \$1,836,961) and accumulated losses of \$8,881,877 (December 31, 2017 - \$8,373,349).

2. Basis of preparation and significant accounting policies:

a) Statement of compliance

The condensed interim financial statements for the three months ended March 31, 2018 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.

The condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017, 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 May 16, 2018.

b) Basis of measurement

The financial statements were prepared on a historical cost basis except for certain financial instruments which are valued at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

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

c) Future accounting changes

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

IFRS 16 – Leases

IFRS 16 was issued on January 13, 2016 and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The Company is currently evaluating the impact the final standard is expected to have on its financial instruments.

3. Cash and cash equivalents:

Cash and cash equivalents are composed of:

	March 31, 2018	December 31, 2017
	\$	\$
Cash deposits	1,041,853	1,959,040
Short term GICs	1,300,000	-
Total	2,341,853	1,959,040

4. Notes 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. During the year ended December 31, 2016 the note was extended until August 25, 2017.

During the year ended December 31, 2017, the Company assessed the recoverability of the note receivable and recorded a provision for doubtful debt amounting to \$14,875.

5. Prepaid expenses:

Prepaid expenses include:

	March 31, 2018	December 31, 2017
	\$	\$
For exploration and evaluation	-	-
Other	230,586	186,531
Total	230,586	26,863

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

6. Equipment:

	Computer hardware	Total
	\$	\$
Costs:		
Balance, December 31, 2016	6,796	6,796
Additions	1,702	1,702
Balance, December 31, 2017	8,498	8,498
Additions	-	-
Balance, March 31, 2018	8,498	8,498
Accumulated depreciation:		
Balance, December 31, 2016	3,398	3,398
Depreciation	2,125	2,125
Balance, December 31, 2017	5,523	5,523
Depreciation	425	425
Balance, March 31, 2018	5,948	5,948
Net Book Value:		
December 31, 2017	2,975	2,975
March 31, 2018	2,550	2,550

7. 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 \$0.30 USD per share for a cost of \$499,757 (\$399,200 USD). The investment is classified as available for sale. The Company recognized an unrealized foreign exchange gain of \$14,011 in relation to the investment in the three months ended March 31, 2018 (2017 -loss \$4,191), recorded in the other comprehensive loss.

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

8. Exploration and evaluation assets:

Exploration and evaluation assets are comprised of:

	December 31, 2017	Expenditures	Impairment	March 31, 2018
	\$	\$	\$	\$
Guayatayoc and Laguna Vilama				
Acquisition	1,303,030	-	-	1,303,030
Deferred exploration costs	790,848	18,130	-	808,978
	2,093,878	18,130	-	2,112,008
Chiron, Pocitos				
Acquisition	255,460	-	-	255,460
Deferred exploration costs	-	123,911	-	123,911
	255,460	123,911	-	379,371
Total	2,349,338	142,041	-	2,491,379

	December 31, 2016	Expenditures	Impairment	December 31, 2017
	\$	\$	\$	\$
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	200,835	1,102,195	-	1,303,030
Deferred exploration costs	83,517	707,331	-	790,848
	284,352	1,809,526	-	2,093,878
Chiron, Pocitos				
Acquisition	-	255,460	-	255,460
	-	255,460	-	255,460
Total	477,734	2,064,986	(193,382)	2,349,338

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

8. Exploration and Evaluation assets (continued):

Deferred exploration costs were as follows:

	Fiedmont, Lac Manitou and Lac Volant (a)	Guayatayoc and Laguna Vilama (b)	Chiron, Pocitos (c)	Total
	\$	\$	\$	\$
Balance, December 31, 2016	3,382	83,517	-	86,899
Exploration:				
Geology and geophysics	-	437,347	-	437,347
ECPM charges	-	47,024	-	47,024
Exploration	-	1,687	-	1,687
Pilot plant conditioning	-	121,172	-	121,172
Travel	-	8,730	-	8,730
Administrative	-	5,249	-	5,249
Legal fees	-	4,576	-	4,576
License fee, permits, and claim fees	-	74,452	-	74,452
Assay & laboratory	-	7,094	-	7,094
	-	707,331	-	707,331
	(3,382)	-	-	(3,382)
Balance, December 31, 2017	-	790,848	-	790,848
Exploration:				
Geology and geophysics	-	12,490	122,770	135,260
Travel	-	126	923	1,049
License fee, permits, and claim fees	-	2,511	-	2,511
Miscellaneous	-	3,003	218	3,221
	-	18,130	123,911	142,041
Balance, March 31, 2018	-	808,978	123,911	932,889

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.

On October 26, 2017, the Company terminated the option agreement and recorded a loss on disposal of exploration and evaluation property in the amount of \$193,382 for the year ended December 31, 2017.

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

8. Exploration and Evaluation assets (continued):

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, for a onetime option payment of \$4.5 million USD. The Company paid \$150,000 USD for a 6-month option entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the projects.

On April 12, 2017, the Company entered into an agreement to extend the option period for an additional 3 months by paying \$50,000 USD per month commencing May 04, 2017. Subsequently, the Company paid \$150,000 USD for the extension in the option period until the expiry of option agreement on August 04, 2017.

On October 11, 2017, the Company entered into an Option Agreement to acquire 100% interest in the two lithium properties and paid \$720,000 USD for a 6-month option period. The agreement allows for further extension of 6-months by paying \$280,000 USD (Paid subsequent to March 31, 2018.). At any time during the option period, the Company can acquire the properties by a payment of \$4.5 million USD.

The properties are subject to 4.5% royalty on revenue from the sale of lithium carbonate, payable to the provincial and federal governments, and 8.5% carried free participation required by the provincial government.

c) *Chiron, Pocitos*

On November 10, 2017, the Company entered into an option agreement to acquire 100% interest in four properties located in the Quinos Salar in Salta Province, Argentina for \$1.4 million USD. The Company has paid \$200,000 USD as part of the purchase price, entitling it to conduct exploration, sampling, chemistry and drilling to determine the commercial viability of the projects. The option to purchase can be exercised by May 25, 2018 by paying the remaining portion of the purchase price.

9. Related party transactions:

For the three months ended March 31, 2018, the Company recorded the following transactions with related parties:

- a) \$39,375 in management fees to a company controlled by the CEO of the Company (2017 - \$23,625).
- b) \$23,625 in management fees to the Chairman of Board of Directors (2017 - \$15,750).
- c) \$27,425 in accounting fees to a company controlled by the CFO of the Company (2017 - \$27,381).
- d) \$7,500 in director's fee to a company controlled by an independent Director of the Company (2017 -\$nil) included in consulting expenses.
- e) \$90,000 in consulting fees to a company controlled by the COO of the Company (2017 - \$90,000) included in exploration expenditures.
- f) The Company granted nil stock options to the COO of the Company (2017: 150,000). The Company recorded stock-based compensation of \$nil (2017: \$66,855). (Note 11)

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

9. Related party transactions (continued):

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

	Three months ended March 31,	
	2018	2017
	\$	\$
Short-term benefits	187,925	156,756
Stock-based compensation	-	66,855
Total	187,925	223,611

Amounts owing to related parties was as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Board Chairman for expenses	2,058	2,430
Director for expenses	-	4,806
Director for director's fee	7,500	5,000
COO for consulting fees	30,000	-
CFO for accounting fees	3,920	2,095
Balance, end of period	43,487	14,331

10. Promissory notes:

During the year ended December 31, 2017, the Company issued promissory notes totaling \$125,000 to third parties. As consideration for the note, the Company issued bonus shares equivalent to 20% of the aggregate sum of the loan. The note was unsecured, payable on demand, and bore interest at a rate of 8% per annum. During the year ended December 31, 2017, the Company recorded \$29,531 as interest expense on the short-term debt and issued 63,291 bonus shares. The promissory notes were repaid during November 2017.

11. Share capital:

(a) Authorized

The authorized shares of the Company can be issued in any combination of common and preferred shares up to \$15,000,000 USD with no par value.

(b) Issued

52,051,099 common shares with a value of \$11,564,135 were outstanding at March 31, 2018 (December 31, 2017 - 48,254,899 common shares with a value of \$10,420,411).

On July 19, 2017, the Company issued 63,291 bonus shares with value of \$25,000 to third parties as consideration for promissory notes issued by the Company (Note 10).

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

11. Share capital (continued):

(b) Issued (continued)

On October 5, 2017, the Company completed the first tranche of a private placement comprising of 5,830,000 units for gross proceeds of \$1,166,000. Each unit was issued at a price of \$0.20 and 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 \$0.30 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 \$0.45 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 \$28,770 and issued 143,850 broker warrants. The broker warrants have the same terms as the private placement warrants. The fair value of the brokers warrants \$15,145 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 1.43% and an expected volatility of 113.18%.

On November 1, 2017, the Company completed the second tranche of a private placement comprising of 14,170,000 units for gross proceeds of \$2,834,000. Each unit was issued at a price of \$0.20 and 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 \$0.30 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 \$0.45 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 finder's fees totaling \$46,650 in cash and 415,975 shares and issued 646,975 broker warrants. The broker warrants have the same terms as the private placement warrants. The fair value of the brokers warrants \$304,237 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1 year, a risk-free interest rate of 1.30% and an expected volatility of 118.17%.

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

11. Share capital (continued):

(c) Warrants

The following warrants were outstanding as at:

March 31, 2018				December 31, 2017		
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
October 5, 2018	4,602,650	\$ 0.30	0.52	5,973,850	\$ 0.30	0.76
November 1, 2018	12,320,308	\$ 0.30	0.59	14,745,308	\$ 0.30	0.84
	16,922,958	\$ 0.30	0.57	20,719,158	\$ 0.30	0.81

The changes in warrants were as follows:

Three months ended March 31, 2018				Year ended December 31, 2017		
	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	20,719,158	\$ 0.30	0.81	7,720,707	\$ 0.20	0.72
Granted in period	-	-	-	20,790,825	\$ 0.30	0.81
Exercised in period	(3,796,200)	\$ 0.30	-	(4,646,957)	\$ 0.20	-
Expired in period	-	-	-	(3,145,417)	\$ 0.19	-
Balance, end of period	16,922,958	\$ 0.30	0.57	20,719,158	\$ 0.30	0.81

(d) Stock options

On February 14, 2017, the Company granted 410,000 stock options to the COO and consultants of the Company. The options have an exercise price of \$0.68 and life of 5 years. The options vested immediately upon grant. The fair value of the options \$182,736 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.15% and an expected volatility of 87%.

On August 25, 2017, the Company granted 175,000 stock options to the COO of the Company. The options have an exercise price of \$0.20 and life of 5 years. The options vested immediately upon grant. The fair value of the options \$27,797 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.55% and an expected volatility of 111%.

On August 25, 2017, the Company repriced 260,000 options issued to consultants on February 14, 2017 from \$0.68 to \$0.20. The fair value of the options \$8,675 was estimated using the Black-Scholes option-pricing model assuming an expected life of 4.48 years, a risk-free interest rate of 1.55% and an expected volatility of 111%.

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

(Expressed in Canadian dollars)

11. Share capital (continued):

(d) Stock options (continued)

On August 25, 2017, the Company repriced 100,000 options issued to a consultant on May 20, 2014 from \$0.60 to \$0.20. The fair value attributable to the change in price \$5,021 was estimated using the Black-Scholes option-pricing model assuming an expected life of 1.74 years, a risk-free interest rate of 1.25% and an expected volatility of 111%.

On November 24, 2017, the Company granted 2,200,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.91 and a life of 5 years. The Options vested immediately upon grant. The fair value of the options \$1,681,744 was estimated using the Black-Scholes option-pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.61% and an expected volatility of 126.86%.

During the three months ended March 31, 2018, the Company recognized stock-based consulting fees of \$nil (2017 - \$115,881) and stock-based management fees of \$nil (2017 - \$66,855).

The following share options were outstanding as at:

Expiry Date	March 31, 2018				December 31, 2017			
	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	1.07	400,000	400,000	\$ 0.28	1.32
May 20, 2019	100,000	100,000	\$ 0.20	1.14	100,000	100,000	\$ 0.20	1.38
August 12, 2021	765,000	665,000	\$ 0.15	3.37	665,000	665,000	\$ 0.15	3.62
October 7, 2021	400,000	350,000	\$ 0.25	3.52	350,000	350,000	\$ 0.25	3.77
November 8, 2021	100,000	100,000	\$ 0.30	3.61	100,000	100,000	\$ 0.30	3.86
February 14, 2022	260,000	110,000	\$ 0.20	3.88	110,000	110,000	\$ 0.20	4.13
February 14, 2022	150,000	150,000	\$ 0.68	3.88	150,000	150,000	\$ 0.68	4.13
August 25, 2022	175,000	175,000	\$ 0.20	4.41	175,000	175,000	\$ 0.20	4.65
November 24, 2022	2,200,000	2,200,000	\$ 0.91	4.65	2,200,000	2,200,000	\$ 0.91	4.90
	4,250,000	4,250,000	\$ 0.59	3.86	4,250,000	4,250,000	\$ 0.59	4.11

The changes in options were as follows:

	Three months ended March 31, 2018			Year ended December 31, 2017		
	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	4,250,000	\$ 0.59	4.11	2,027,250	\$ 0.23	3.79
Granted in period	-	-	-	2,785,000	\$ 0.79	4.77
Exercised during the period	-	-	-	(400,000)	\$ 0.18	-
Expired during the period	-	-	-	(162,250)	\$ 0.25	-
Balance, end of period	4,250,000	\$ 0.59	3.86	4,250,000	\$ 0.59	4.11

A.I.S. RESOURCES LIMITED

Notes to Annual Audited Financial Statements

For the three months ended March 31, 2018

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12. Reserves:

	Three months ended March 31, 2018	Year ended December 31, 2017
Balance, beginning of period	\$ 2,642,958	\$ 572,201
Change in fair value of available for sale investment	14,011	(35,206)
Warrants	(4,864)	309,371
Stock-based compensation expense (Note 11)	-	1,906,048
Options exercised	-	(109,456)
Balance, end of period	\$ 2,652,105	\$ 2,642,958

13. Supplemental information with respect to cash flows:

Cash paid for Interest \$nil

Cash paid for income taxes \$nil

14. Segmented information:

The Company operated in the following segments:

	Investments	Exploration and Evaluation Assets	Total
Total Assets as at:			
March 31, 2018	\$ 514,757	\$ 2,491,379	\$ 3,006,136
December 31, 2017	\$ 500,746	\$ 2,349,338	\$ 2,850,084

The exploration and evaluation assets of the Company were based in Argentina as at March 31, 2018.

15. 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 the other investment is disclosed in note 7 of the financial statements and is based on inputs that are not based on observable market data – Level 3.

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

(a) Fair Value (continued):

The Company's financial instruments other than marketable securities as at March 31, 2018 and December 31, 2017 include cash, short term GIC, note receivable, accounts payable and accrued liabilities and due to related party. The fair value of these financial instruments, approximate their carrying amounts due to their short terms to maturity.

(b) Credit risk:

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

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

(c) Liquidity risk:

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

The Company maintained cash and cash equivalents at March 31, 2018 in the amount of \$2,341,853 (December 31, 2017 - \$1,959,040), to meet short-term business requirements of \$246,762 (December 31, 2017 - \$308,610). All payables are current.

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

(e) Equity price risk:

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

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

(f) Interest rate risk:

The Company is not exposed to significant interest rate risk.

(g) 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 American dollar (USD), British Pounds (GBP) and Swedish krone (SEK). 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, GBP and SEK:

	March 31, 2018		December 31, 2017	
Financial assets				
Cash – USD	\$	4,919	\$	11,042
		4,919		11,042
Financial liabilities				
Accounts payable – USD		4,514		93,250
Accounts payable – BSD		22,635		22,019
Accounts payable – GBP		1,807		-
Accounts payable – SEK		771		765
	\$	29,727	\$	116,034

16. 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.

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17. Commitments:

The Company is committed to rental payments for office premises of \$3,272 per month.

18. Subsequent events:

Subsequent to the three months period ended March 31, 2018, 365,000 warrants were exercised for cash proceeds of \$109,500.

On April 17, 2018, the Company paid \$280,000 USD for 6 months extension in the Option Agreement on Guayatayoc and Laguna Vilama properties, Argentina. See note 8(b).