

ISM RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2022
UNAUDITED – PREPARED BY MANAGEMENT
(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 financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ISM RESOURCES CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

As at

	July 31, 2022	January 31, 2022
ASSETS		
Current		
Cash	\$ 1,410,154	\$ 1,549,969
Receivables	5,681	-
Prepays	16,132	-
	<u>1,431,967</u>	<u>1,549,969</u>
Non-current		
Exploration and evaluation assets (Note 4)	<u>3,184,167</u>	<u>195,220</u>
TOTAL ASSETS	\$ 4,616,134	\$ 1,745,189
LIABILITIES & SHAREHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,416	\$ -
Non-current liability		
Due to Ameriwest Lithium Inc. (Note 4)	<u>3,169,765</u>	<u>195,220</u>
	<u>3,169,765</u>	<u>195,220</u>
Shareholder's equity		
Share capital (Note 5)	494,673	500,000
Share subscriptions (Note 5)	1,055,000	1,050,000
Deficit	(106,720)	(31)
	<u>1,442,953</u>	<u>1,549,969</u>
TOTAL LIABILITIES & SHAREHOLDER'S EQUITY	\$ 4,616,134	\$ 1,745,189

Nature and continuance of operations (Note 1)

Subsequent events (Note 11)

Authorized and approved by the Board of Directors on September 29, 2022.

"Glenn Collick"

Director

"Graeme Wright"

Director

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

ISM RESOURCES CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

	Three months ended July 31, 2022	Six months ended July 31, 2022
EXPENSES		
Audit fees	\$ 946	\$ 10,446
Office and administration	68	296
Legal fees	62,405	86,831
Meals and entertainment	-	3,951
Filing fees	5,000	5,165
Net loss and comprehensive loss for the period	\$ (68,419)	\$ (106,689)
Weighted-average number of shares outstanding	16,935,864	16,935,864
Weighted-average loss per share – basic & diluted	\$ (0.00)	\$ (0.01)

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

ISM RESOURCES CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

	Six months ended July 31, 2022
Cash provided by (used in):	
OPERATING ACTIVITIES	
Net loss for the period	\$ (106,689)
Changes in non-cash working capital items:	
Receivables	(5,681)
Prepays	(16,132)
Accounts payable and accrued liabilities	(10,986)
Cash flows used in operating activities	<u>(139,488)</u>
FINANCING ACTIVITIES	
Proceeds from share subscriptions	5,000
Share issuance costs	(5,327)
Cash flows used in financing activities	<u>(327)</u>
Decrease in cash	(139,815)
Cash, beginning	<u>1,549,969</u>
Cash, end	\$ 1,410,154

Supplemental cash flow information (Note 8)

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

ISM RESOURCES CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

	Note	Number of Shares	Share Capital	Share Subscriptions	Deficit	Shareholder's Equity
Balance, October 26, 2021		-	\$ -	\$ -	\$ -	\$ -
Common shares issued	5	16,935,864	500,000	-	-	500,000
Common shares subscribed	5	-	-	1,050,000	-	1,050,000
Net loss for the period		-	-	-	(31)	(31)
Balance, January 31, 2022		16,935,864	500,000	1,050,000	(31)	1,549,969
Share issue costs	5	-	(5,327)	-	-	(5,327)
Common shares subscribed	5	-	-	5,000	-	5,000
Net loss for the period		-	-	-	(106,689)	(106,689)
Balance, July 31, 2022		16,935,864	\$ 494,673	\$ 1,055,000	\$ (106,720)	\$ 1,442,953

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

ISM RESOURCES CORP.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

1. NATURE AND CONTINUANCE OF OPERATIONS

ISM Resources Corp. (the “Company” or “ISM”) was incorporated under the Business Corporations Act (British Columbia) on October 26, 2021. It is a wholly-owned subsidiary of Ameriwest Lithium Inc. (“Ameriwest” or the “Parent”)

The Company’s corporate office and principal address is located at Suite 306, 1110 Hamilton Street, Vancouver, BC, Canada, V6B 2S2.

On March 31, 2022, Ameriwest and ISM entered into an Arrangement Agreement pursuant to which it is proposed that ISM, through a series of transactions, acquire all of Ameriwest’s gold assets on a tax deferred basis and would itself be acquired by Ameriwest’s shareholders. At the conclusion of the transactions set out in the Arrangement Agreement, each Ameriwest shareholder would hold the same number of Ameriwest shares as he, she or it held at the start of the transactions, and approximately one quarter of that number of ISM shares. Ameriwest shareholders will thereafter directly own the shares of ISM in the same proportion, relative to each other, that they own their shares of Ameriwest.

As such, ISM will obtain assets and a distribution of shareholders sufficient to obtain the intended subsequent listing of its common shares for trading on the TSX Venture Exchange.

On September 23, 2022, the Company split its issued and outstanding share capital on the basis of 8.4637 new common shares for each one outstanding common share. All share and per common share amounts in these financial statements have been retroactively restated to reflect the stock split.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statement of financial position.

2. BASIS OF PREPARATION**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the period ended January 31, 2022. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s January 31, 2022 annual financial statements.

ISM RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

2. BASIS OF PREPARATION (continued)**Financial statement presentation**

These condensed interim consolidated financial statements include the accounts of the Company and its 100% owned US subsidiary, ISM Resources Nevada Corp., which was incorporated on February 15, 2022. All significant inter-company transactions and balances have been eliminated on consolidation.

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian Dollars, which is also the Company's functional currency.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the July 31, 2022 reporting period. The Company has reviewed these new and revised standards, amendments and interpretations that have been issued but are not yet effective and does not believe that they will have a material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Judgements and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following is a critical judgment that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for a minimum of 12 months from the statement of financial position date.

4. EXPLORATION AND EVALUATION ASSETS

	ESN, USA	Koster Dam, Canada	Quet & Fire, Canada	Total
Balance – October 26, 2021	\$ -	\$ -	\$ -	\$ -
Acquired from Ameriwest	-	146,720	48,500	195,220
Balance – January 31, 2022	-	146,720	48,500	195,220
Acquired from Ameriwest	2,980,096	-	-	2,980,096
Staking	-	-	3,292	3,292
Consulting and professional	-	720	-	720
Geological & geophysical	-	13,682	-	13,682
Cost recoveries	-	(8,843)	-	(8,843)
Balance – July 31, 2022	\$ 2,980,096	\$ 152,279	\$ 51,792	\$ 3,184,167

ISM RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

4. EXPLORATION AND EVALUATION ASSETS (continued)

The exploration and evaluation assets acquired from Ameriwest were measured at fair value, with the amount due to Ameriwest expected to be converted to equity upon completion of the Arrangement Agreement. As the fair value of the Company's equity ultimately issued in connection with the Arrangement Agreement was not readily determinable, and given that there had been no substantive change in the ownership of the assets on their acquisition, fair value was based on their current carrying amounts in the accounts of Ameriwest.

Koster Dam Property, Canada

On June 30, 2017, and later amended on October 26, 2018 and June 29, 2020, Ameriwest entered into an option and joint venture agreement, later replaced by an amended and restated option and joint venture agreement (the "Amended Agreement"), whereby Ameriwest was granted the option to acquire up to a 50% interest in 10 mineral claims in the Clinton Mining Division of British Columbia (the "Property"). Pursuant to the Amended Agreement, Ameriwest was granted the sole and exclusive right and option (the "Initial Option") to acquire a 45% right, title and interest in the Property by incurring a total of \$110,495 of expenditures on the Property by October 1, 2020 and the sole and exclusive right and option (the "Second Option") to acquire an additional 5% right, title and interest in the Property by paying \$50,000 in cash within 30 days of exercising the Initial Option.

If, during the term of the Amended Agreement and so long as the joint venture agreement is still in force, either party or any of its affiliates stakes any interest in mineral claims or any other form of mineral tenure (the "AOI Tenure") within two kilometers around the perimeter boundaries of the Property or any part thereof (the Area of Interest or "AOI") located wholly or partly within the AOI, the acquiring party must give notice to the other party of such staking. If staking occurs prior to the formation of the joint venture, the non-acquiring party may elect to require that such AOI Tenure be included in and thereafter form part of the Property. If a non-acquiring party so elects and if the AOI Tenure was staked by Ameriwest or any of its affiliates, the staking or acquisition costs shall constitute expenditures. If a non-acquiring party so elects and if the AOI Tenure was staked by the third party or any of its affiliates, Ameriwest shall reimburse the third party for the staking or acquisition costs and these costs will also constitute expenditures. If such staking occurs after formation of the joint venture, the non-acquiring party may elect to require that such AOI Tenure be included in and thereafter form part of the Property provided that it then holds a participating interest, excluding any interest in any royalty, in the Property. If the AOI Tenure becomes part of the Property, the acquiring party shall be reimbursed its staking costs in proportion to its participating interest and such reimbursement shall be deemed a cost of the joint venture.

On September 30, 2020, Ameriwest notified the third party that it had completed the minimum expenditure required to exercise the Initial Option and thereby acquired a 45% interest in the Koster Dam property.

On December 28, 2021, ISM, as transferee, entered into an Assignment and Novation Agreement (the "Koster Dam ANA") with Ameriwest, the transferor, and the third party, the Obligee. Pursuant to the Koster Dam ANA, Ameriwest assigned, transferred, set over and conveyed all of its right, title, estate and interest in and to the Amended Agreement and all rights, benefits, privileges and advantages of Ameriwest to be derived therefrom, to have and to hold the same unto ISM for its sole use and benefit in the same manner and to the same extent as if ISM had been originally named as a party thereto instead of Ameriwest.

On December 29, 2021, the third party and ISM (the "Participants") entered into a Joint Venture Agreement (the "JV Agreement"). Pursuant to the terms of the JV Agreement, each of the Participants will be liable for their share of costs associated with the exploration, development or operation of the property, with each Participant's share of costs being equal to their interest in the property. At inception of the JV Agreement, ISM has a 45% interest in the joint venture.

Each Participant's respective interest will not change so long as each Participant contributes its respective share of costs. At any time after a Participant has elected not to contribute its share of costs, or loses its right to contribute its share of costs, then that Participant's interest will be reduced in accordance with the terms of the JV Agreement. If the interest of one of the Participants is reduced to 10% or less, their remaining interest will be transferred to the other Participant, and the diluted Participant's interest will be converted to a royalty interest, being 3.0% of net profits.

ISM RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

4. EXPLORATION AND EVALUATION ASSETS (continued)

Per the terms of the JV Agreement, the Participants will establish a Management Committee consisting of two members, and two alternate members, representing each Participant. One member of the two members appointed by each Participant will be appointed as a voting member, with their number of votes being equal to the interest held by that Participant.

Pursuant to the JV Agreement, the third party will act as the initial managing operator of the joint venture.

Quet & Fire Property, Canada

On December 2, 2021, Ameriwest and ISM entered into an Asset Transfer Agreement whereby ISM purchased from Ameriwest a 100% interest in the 8 claims comprising the Quet & Fire Property for a nominal amount.

On April 2, 2022, 6 of the claims comprising this property were consolidated into 3 claims. As a result, the property is comprised of a total of 5 claims.

ESN Property, USA

On February 18, 2022, Ameriwest and ISM entered into an Asset Transfer Agreement whereby ISM purchased from Ameriwest a 100% interest in the 33 claims comprising the ESN Property for a nominal amount.

The 33 claims making up the ESN Property are subject to an underlying production royalty based on the Net Smelter Returns (“NSR”) from the production or sale of minerals from the property, at the rate of 2% of the NSR, with the Company having the right to repurchase each 1% of the royalty at the rate of US\$1 million for each 1% within five years after the date of the acquisition of the property.

5. SHARE CAPITAL

The Company has authorized an unlimited number of common shares without par value.

Fiscal 2023

The Company did not issue any common shares during the six month period ended July 31, 2022.

The Company incurred \$5,327 of share issue costs during the six month period ended July 31, 2022. These costs related to the share issuance completed on November 29, 2021.

Fiscal 2022

On October 26, 2021, the Company issued 8,464 common shares for nominal consideration.

On November 29, 2021, the Company issued 16,927,400 common shares at a price of \$0.0295379 per share for gross proceeds of \$500,000.

Share subscriptions

During the periods ended January 31, 2022 and July 31, 2022, the Company received \$1,055,000 related to a private placement to be completed subsequent to period-end. This amount is recorded as Share subscriptions on the statement of financial position at July 31, 2022.

ISM RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

6. RELATED PARTY TRANSACTION

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the period ended July 31, 2022, there were no related party transactions with key management personnel.

7. CAPITAL MANAGEMENT

The Company defines its capital as all components of shareholder's equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern.

In order to maintain its capital structure, the Company is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances.

8. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. There can be no assurance of continued access to significant equity funding. As at July 31, 2022, the Company had cash of \$1,410,154.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company considers this risk to be minimal.

ISM RESOURCES CORP.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended July 31, 2022

(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

8. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions.

(e) Commodity Price Risk

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company is directly related to the market price of the primary minerals identified in its mineral properties. Mineral prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in the prices of the primary minerals or in the share prices of junior mineral exploration companies in general, could have a negative impact on the Company's ability to raise additional capital. Sensitivity to commodity price risk is remote since the Company has not established any reserves or production.

9. SUPPLEMENTAL CASH FLOW INFORMATION

The condensed consolidated interim statement of cash flows excludes the following items that do not require the use of cash:

- Exploration and evaluation assets included in accounts payable and accrued liabilities - \$967.

10. COMPARATIVE FINANCIAL STATEMENTS

As the Company was incorporated on October 26, 2021, there are no comparative amounts reported in the condensed consolidated interim statements of comprehensive loss and cash flows.

11. SUBSEQUENT EVENT

Subsequent to July 31, 2022, the Company completed a non-brokered private placement of 10,550,000 units at a price of \$0.10 per unit for gross proceeds of \$1,055,000. Each unit consists of one share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.20 for a period of 24 months from the date of issuance.