

ISM Resources Corp

Management's Discussion and Analysis of Results of Operations and Financial Condition

For the nine months ended October 31, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Introduction

This Management Discussion and Analysis (this “MD&A”) of ISM Resources Corp (the “Company” or “ISM”) has been prepared by management as of December 29, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended October 31, 2022, and the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

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 events and conditions create a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

Overview

The Company was incorporated under the Business Corporations Act (British Columbia) (the “BCBCA”) on October 26, 2021. It was a wholly-owned subsidiary of Ameriwest Lithium Inc. (“Ameriwest” or the “Parent”). The Company's head office and principal address is located at Suite 306, 1110 Hamilton Street, Vancouver, BC, Canada, V6B 2S2.

Significant Events

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.

Spin-out of Gold Properties

On September 23, 2022, Ameriwest completed the Arrangement Agreement with its 100% owned subsidiary, ISM, whereby Ameriwest spun-off its existing non-lithium assets, being the Koster Dam, ESN, and Quet and Fire gold prospects into ISM.

As a result of the Arrangement, among other things, shareholders of Ameriwest (the “Shareholders”) received one new Ameriwest common share (a “New Ameriwest Share”) and one-fourth (1/4) of one common share of ISM (a “ISM Share”) for each common share of Ameriwest held by such Shareholder immediately before the completion of the Arrangement. Also in connection with the Arrangement, (a) for each stock option of Ameriwest held, each option will receive one option to purchase from Ameriwest one New Ameriwest Share (a “New Ameriwest Option”) and one-fourth (1/4) of one option to purchase from ISM one ISM Share, and (b) for each common share purchase warrant of Ameriwest held, each warrant holder will receive one warrant to purchase from Ameriwest one New Ameriwest Share (a “New Ameriwest Warrant”) and one-fourth (1/4) of one warrant to purchase from ISM one-fourth of one ISM Share. The exercise prices of the stock options and common share purchase warrants of ISM will

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be determined by the trading prices of ISM for the five trading days following completion of the Arrangement (as more particularly described in the Circular (defined below)).

The New Ameriwest Options will be issued pursuant to the Ameriwest stock option plan which was approved by Shareholders at an annual and special meeting of Shareholders held on July 5, 2022.

Exploration and Evaluation Assets

	ESN, USA	Koster Dam, Canada	Quet & Fire, Canada	Total
Acquisition Costs				
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	(8,843)	3,292	2,974,545
Staking	7,838	-	-	7,838
Consulting and professional	-	34,191	-	34,191
Geological & geophysical	-	13,682	-	13,682
Balance – October 31, 2022	\$ 2,987,934	\$ 185,750	\$ 51,792	\$ 3,225,476

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.

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.

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Selected Financial Information

The following table sets forth selected financial information with respect to ISM, which information has been derived from and should be read in conjunction with the financial statements of ISM for the period ending October 31, 2022.

Income Statement Data	Nine Months ended October 31, 2022	October 26, 2021 to October 31, 2022
Total expenses	(\$334,516)	-
Net loss and comprehensive loss for the period	(\$334,516)	-
Loss per share	(\$0.06)	-

Income Statement Data	Three Months ended October 31, 2022	October 26, 2021 to October 31, 2022
Total expenses	(\$227,827)	-
Net loss and comprehensive loss for the period	(\$227,827)	-
Loss per share	(\$0.02)	-

Financial Position	October 31, 2022	January 31, 2022
Total assets	\$4,606,914	\$1,745,189
Total liabilities	\$145,723	\$195,220
Shareholders' equity	\$4,461,191	\$1,549,969
Number of common shares outstanding	27,485,864	2,001,000

Discussion of Operations

ISM has had limited operations, has had no revenues, negligible expenses and has made no significant acquisitions or dispositions since incorporation.

Quarterly Results

The Company was incorporated on October 26, 2021 and, for that reason, only the quarters below have been presented in the table as follows:

	October 31, 2022	July 31, 2022	April 30, 2022	Incorporation to January 31, 2022
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss and comprehensive loss for the period	(227,827)	(68,419)	(38,270)	(31)
Exploration and evaluation assets	3,225,476	3,184,167	3,176,081	195,220
Total assets	4,606,914	4,616,134	4,727,832	1,745,189
Loss per share	(0.02)	(0.00)	(0.01)	(0.00)

Results for the nine months ended October 31, 2022

The Company had a net loss of \$334,516 for the nine months ended October 31, 2022. No expense was incurred during the period ended from October 26, 2021 to October 31, 2021.

Significant expense details are as follows:

- Accounting and audit fees of \$25,446 related to the review of quarterly interim statements during the current period.
- Consulting fees of \$20,534 related to the advisory services for business operations during the current period.
- Filing fees of \$21,204 related to the reporting requirements for private placement and spin-off transaction during the current period.
- Legal fees of \$176,801 due to the Company's legal services rendered related to the spin-off during the current period.
- Meals and entertainment of \$10,325 due to the expenditures incurred for business meetings during the current period.
- Share-based compensation of \$76,300 related to options granted to directors and officers during the current period.

Results for the three months ended October 31, 2022

The Company had a net loss of \$227,827 for the three months ended October 31, 2022. No expense was incurred during the period ended from October 26, 2021 to October 31, 2021.

Significant expense details are as follows:

- Accounting and audit fees of \$15,000 related to the review of quarterly interim statements during the current period.
- Consulting fees of \$20,534 related to the advisory services for business operations during the current period.
- Filing fees of \$16,039 related to the reporting requirements for private placement and spin-off transaction during the current period.
- Legal fees of \$89,970 due to the Company's legal services rendered related to the spin-off during the current period.
- Meals and entertainment of \$6,374 due to the expenditures incurred for business meetings during the current period.
- Share-based compensation of \$76,300 related to options granted to directors and officers during the current period.

Liquidity and Capital Resources

Since incorporation, the Company's operations have been funded by Ameriwest, its sole shareholder. Upon completion of the arrangement agreement between Ameriwest and ISM, the Company's operations 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.

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On September 23, 2022, the Company issued 14,934,864 common shares valued at \$3,068,765 to the shareholders of Ameriwest pursuant to the arrangement in relation to the acquisition of various gold assets (Notes 1 and 5).

On September 23, 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.

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

The Company had working capital of \$1,206,028 as at October 31, 2022.

As at October 31, 2022, the Company had cash and cash equivalents of \$1,331,760 (January 31, 2022 - \$1,549,969). The change is primarily due to exploration activities at mineral properties.

Cash flows used in operating activities was \$159,171 as at October 31, 2022, primarily because of change in non-working during the current period.

Cash flows used in investing activities was \$58,711 as at October 31, 2022, primarily because of increase in exploration and evaluation assets during the current period.

Cash flows used in financing activities was \$327 as at October 31, 2022 due to share issuance costs related to the prior year private placement.

Share Capital

As at the date of this MD&A, the Company has 27,485,864 common shares outstanding.

- Options

Exercise price (\$)	Number of options	Expiry Date
0.175	50,000	June 21, 2023
0.10	900,000	September 23, 2024
0.175	212,500	April 30, 2026
0.175	50,000	August 16, 2026
0.175	325,000	February 9, 2027
1,537,500		

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- Warrants

Exercise price (\$)	Number of warrants	Expiry Date
0.175	763,303	September 23, 2024
0.20	10,550,000	September 23, 2024
	11,313,303	

Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

Transactions with Related Parties

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 October 31, 2022, the Company had the following transactions with related parties:

- \$2,388 (2021 - \$Nil) to James Gheyle for consulting.
- \$4,412 (2021 - \$Nil) in meal and entertainment to an officer of the Company.
- \$76,300 (2021 - \$Nil) in share-based compensation to officers and directors of the Company.

Critical Accounting Estimates and Significant Accounting Judgements

Please refer to Note 3 of the October 31, 2022 unaudited condensed interim consolidated financial statements.

Adoption of new and amended accounting standards

There are no new, amended or proposed accounting standards that the Company's anticipates will have a material impact on the financial statements.

Financial Instruments

Please refer to Note 10 of the October 31, 2022 unaudited condensed interim consolidated financial statements.

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Contingencies

There are no contingent liabilities.

Risks and Uncertainties

Early stage – Need for additional funds

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including undercapitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Economic Conditions

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Conflicts of interest

The Company's directors and officers may serve as directors and officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA in dealing with conflicts of interest. These provisions state that where a director/officer has such a conflict, the director must arrange a meeting of the board to disclose his interest and must refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.