ISM Resources Corp
Management's Discussion and Analysis of Results of Operations and Financial Condition
For the three months ended April 30, 2023
(Expressed in Canadian Dollars)
(Unaudited – Prepare 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 June 28, 2023 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended April 30, 2023 and audited consolidated financial statements for the year ended January 31, 2023, 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.

In March 2020, the COVID-19 pandemic has caused significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West, including Canada. Consequently, the Company has limited access to capital and financing which is the primary source of cash for the Company. While the Company continues to monitor the resource property portfolio and assess the impact that these events will have on its business activities, the extent of the effect of these events on the Company's future activities is uncertain.

Overview

The Company was incorporated under the Business Corporations Act (British Columbia) (the "BCBCA") on October 26, 2021. The Company's head office and principal address is located at Suite 306, 1110 Hamilton Street, Vancouver, BC, Canada, V6B 2S2.

Forward-Looking Information

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimization of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flows; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A and the Company's annual information form contain information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

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-eighth (1/8) 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-eighth (1/8) 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-eighth (1/8) of one warrant to purchase from ISM one-eighth of one ISM Share. The exercise prices of the stock options and common share purchase warrants of ISM will 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
Balance – January 31, 2022	**$ -**	**$ 146,720**	**$ 48,500**	**$ 195,220**
Acquired from Ameriwest	2,557,550	(8,843)	3,292	2,551,999
Staking	7,838	-		7,838
Consulting and professional	4,383	34,191	-	38,574
Geological & geophysical	-	13,682	-	13,682
Reports and administration	-	11,938	-	11,938
Write-off of assets	-	-	(51,792)	(51,792)
Balance – January 31, 2023	**2,569,771**	**197,688**	**-**	**2,767,459**
Reports and administration	-	4,797	-	4,797
Balance – April 30, 2023	**$ 2,569,771**	**$ 202,485**	**$ -**	**$ 2,772,256**

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.

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.

Acquisition Land Package

On May 29, 2023, the Company entered into a definitive agreement (the "Agreement") with various sellers (the "Sellers") pursuant to which, and subject to customary conditions to closing, it proposes to acquire, through its wholly-owned subsidiary, Discovery Lithium Inc., a 100% undivided legal and beneficial interest in and to each of those certain Serindac Lake Claims (comprising 1,675 mineral claims) and Vaubert Lake Claims (comprising 2,113 mineral claims) located in the under-explored Nunavik region of Northern Quebec.

In accordance with the terms and conditions of the Agreement, ISM is purchasing the above-mentioned Claims from a group of Sellers in consideration of: (i) a cash payment of $990,000 (the "Cash Consideration") to one of the Sellers; (ii) the issuance to the Sellers of an aggregate of 7,500,000 common shares of the Company (each, a 2 "Consideration Share"), at a deemed issuance price of $0.15 per Consideration Share; representing the discounted market price from the closing price of the Company's common shares on the Canadian Securities Exchange (the "CSE") today; and (iii) the granting of a 1% net smelter return royalty to one of the Sellers.

Subject to the prior approval of the CSE and including, without limitation, the potential imposition of additional escrowed terms, the Consideration Shares will be subject to a voluntary pooling arrangement whereby one-third of the Consideration Shares will be released from escrow every six months after the closing of the Acquisition (the "Closing"). In addition, at Closing the Company will pay to the Sellers 50% of the Cash Consideration with the balance being due and payable upon the earlier of six months from Closing and the completion by ISM of financings of at least $2,000,000. The Acquisition is also subject to customary closing conditions as detailed therein and which include, without limitation, the completion at closing of a concurrent financing.

In connection with and as a condition of closing of the acquisition, the Company intends to complete a concurrent non-brokered private placement of units for aggregate proceeds of not less than $1,000,000, at a price per unit to be determined by the Company in its sole and absolute discretion, from time to time, in the context of the market price of ISM prior to Closing; with such unit price to be equal to not less than the lowest discounted price of the Company's common shares allowable under the policies of the CSE at the time of placement; and with each such unit being comprised of up to one common share and one share purchase warrant of ISM, and with each warrant being exercisable for an additional common share of ISM at the market price of ISM's common shares at the time of placement and exercisable for a period of up to two years from the date of issuance in each instance.

<u>Discussion of Operations</u>

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:

	April 30, 2023	January 31, 2023	October 31, 2022	July 31, 2022	April 30, 2022	Incorporation to January 31, 2022
Revenue	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss for the period	(193,168)	(217,889)	(227,827)	(68,419)	(38,270)	(31)
Exploration and evaluation assets	2,772,256	2,767,459	3,225,476	3,184,167	3,176,081	195,220
Total assets	5,287,052	3,885,775	4,606,914	4,616,134	4,727,832	1,745,189
Loss per share	(0.01)	(0.10)	(0.02)	(0.00)	(0.01)	(0.00)

Results for the three months ended April 30, 2023

The Company had a net loss of $193,168 for the three months ended April 30, 2023 as compared to $38,270 for the three months ended April 30, 2022.

Significant expense details are as follows:

- Accounting and audit fees of $16,333 (2022 - $9,500) related to the review of quarterly interim statements during the current period.
- Consulting fees of $41,000 (2022 - $Nil) related to the advisory services for business operations during the current period.
- Depreciation of $8,096 (2022 - $Nil) due to right of use asset from the lease agreement that the Company entered in fiscal 2023.
  Filing fees of $3,102 (2022 - $165) related to the reporting requirements for private placement during the current period.
- Interest expense of $982 (2022 - $Nil) related to the lease liabilities from the lease agreement that the Company entered in fiscal 2023.
- Legal fees of $86,118 (2022 - $24,426) due to the Company's legal services rendered related to the spin-off during the current period.
- Management fees of $9,375 (2022 - $Nil) related to the fees incurred by the CEO of the Company during the current period.
- Office and administration expenses of $394 (2022 - $228) due to increased business activity during the current period.
- Shareholder information of $9,427 (2022 - $Nil) related to transfer agent and costs incurred from communication material sent to investors during the current period.
- Travel of $18,341 (2022 - $3,951) due to the expenditures incurred for business meetings 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.

On March 7, 2023, the Company completed a non-brokered private placement of 10,000,000 units at a price of $0.15 per unit for gross proceeds of $1,500,000. 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.

On March 8, 2023, the Company issued 50,000 common shares pursuant to an exercise of options at a price of $0.20 for total proceeds of $10,000, and accordingly, the Company reallocated $8,478 of reserve to share capital.

The Company had working capital of $2,351,838 as at April 30, 2023 (January 31, 2023 – $1,031,707).

As at April 30, 2023, the Company had cash and cash equivalents of $2,452,761 (January 31, 2023 - $1,070,508).

Cash flows used in operating activities was $113,950 (2022 - $23,748) as at April 30, 2023, primarily because of change in non-working during the current period.

Cash flows used in investing activities was $4,797 (2022 - $766) as at April 30, 2023, primarily because of exploration and evaluation expenditures during the current period.

Cash flows provided by financing activities was $1,501,000 (2022 – used in financing activities $327) as at April 30, 2023 was due to private placement, share issuance costs, and lease payments during the current period.

Share Capital

As at the date of this MD&A, the Company has 23,792,934 common shares outstanding.

- Options

Exercise price ($)	Number of options	Expiry Date
0.20	400,000	September 23, 2025
0.35	106,250	April 30, 2026
0.35	25,000	August 16, 2026
0.35	162,500	February 9, 2027
	693,750	

- Warrants

Exercise price ($)	Number of warrants	Expiry Date
0.35	380,652	September 23, 2024
0.40	5,275,000	September 23, 2024
0.20	10,000,000	March 7, 2025
	15,655,652	

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 April 30, 2023, the Company had the following transactions with related parties:

- $26,500 (2022 - $Nil) to an officers and directors of the Company for consulting.
- $9,375 (2022 - $Nil) to an officer of the Company for management services.
- $2,000 (2022 - $Nil) to an officer of the Company for accounting services.
- $9,473 (2022 - $Nil) in travel expenses incurred by directors of the Company.

All transactions with related parties have occurred in the normal course of operations and have been measured at the exchange amount, which is the amount agreed by the related parties.

Included in accounts payable and accrued liabilities at April 30, 2023 is $Nil (January 31, 2023 - $15,250) owing to officers of the Company for unpaid remuneration.

All amounts owing to related parties are unsecured, non-interest bearing and due on demand.

Critical Accounting Estimates and Significant Accounting Judgements

Please refer to Note 3 of the April 30, 2023 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 April 30, 2023 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 though 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.

Change in Management

On June 12, 2023, the Company appointed Jody Bellefleur as Chief Financial Officer of the Company.

On June 13, 2023, the Company appointed Mike Hodge to its Board of Directors.

On June 14, 2023, the Company announced the resignation of Glenn Collick as both the President and as a director of the Company. Concurrently, the Company appointed Michael Gheyle as the Company's new President and ongoing Chief Executive Officer.