ARGENTINA LITHIUM & ENERGY CORP.
(formerly Iron South Mining Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

Introduction

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) ("Argentina Lithium" or "the Company") for the year ended December 31, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of April 20, 2017.

Company Overview

The Company was incorporated on April 11, 2000 and was transitioned under the Business Corporations Act (BC) on June 17, 2004. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The Company remained without a business asset until March 2003, when the Company negotiated a number of agreements to option and acquire interests in various mineral concessions located in Argentina. In December 2003, the Company completed its initial public offering and commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "AMS". In December 2008, the Company consolidated its outstanding common shares on a 10 for 1 basis and changed its name to Panthera Exploration Inc. (formerly Amera Resources Corporation) trading on the TSX-V under the symbol "PNX". In January 2012, the Company changed its name to Iron South Mining Corp. (formerly Panthera Exploration Inc.) trading on the TSX-V under the symbol "IS". In September 2016, the Company changed its name to Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) trading on the TSX-V under the symbol "LIT".

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral property interests are located in the Argentina. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta.

The Company's technical disclosure in this MD&A has been reviewed by David Terry Ph.D., P.Geo, Director of the Company, and is also a Qualified Person under NI 43-101.

Argentina

Arizaro Lithium Project, Salta

On October 28, 2016, the Company entered into an option agreement to acquire a 100% interest in the Arizaro lithium brine project located on the Arizaro Salar in the Province of Salta, Argentina. Under the terms of the option agreement, the Company may acquire a 100% interest in the Arizaro project by making cash payments to the vendor totaling US$6,000,000, incurring exploration expenditures totaling US$4,200,000 and issuing 2,500,000 common shares of the Company set out as follows:

Date	Option Payment US$	Number of Common Shares	Exploration Expenditure Commitments US$
November 2, 2016 (paid)	300,000	2,500,000(1)	-
May 2, 2017	500,000	-	-
November 2, 2017	850,000	-	500,000
November 2, 2018	1,000,000	-	1,200,000
November 2, 2019	1,500,000	-	2,500,000
November 2, 2020	1,850,000	-	-
	6,000,000	2,500,000	4,200,000

(1) On November 2, 2016, the Company issued 2,500,000 Common shares to the vendor in accordance with the terms of the option agreement. The common shares bear a legend for automatic timed release free trading in four installments as set out in the schedule below. These shares were held by the Company at December 31, 2016.

Date	Number of Common Shares
November 2, 2017	625,000
November 2, 2018	625,000
November 2, 2019	625,000
November 2, 20120	625,000
	2,500,000

The shares issued in the transaction were given a value of \$0.45/share equal to a 20% discount from the closing market price of \$0.56/share on November 2, 2016.

The Arizaro Lithium Brine Project consists of 20,500 hectares in the central core of the Arizaro Salar in the mining-friendly province of Salta. The salar is situated in the high plateau (Puna) region of northwestern Argentina, at an average altitude of 3600 metres above sea level. The salar covers an area of 1600 km^2 within a watershed of 6000 km^2, making it the third largest salar in the "Lithium Triangle", after Uyuni in Bolivia and Atacama in Chile.

The salar is located in a hyper-arid region, receiving on average less than 30 millimetres of rain per year, a necessary condition for the creation of evaporative brines. Drill holes of approximately 100 metres depth, related to copper exploration to the north of the project area by previous workers in the Arizaro Salar, detected interbedded evaporate and volcanic material, reflecting the volcanic activity that accompanied the evaporite sedimentation in the region. The presence of geological structures such as faults and solution channels were also detected.

The Arizaro Salar remains virtually unexplored at depth, and this will be the primary exploration target for the Company. Sampling of brines from the subsurface (approximately 2 metres depth) has returned lithium values, up to 160 mg/L, confirming the presence of lithium in the basin (*USGS, 1987. "Geology and Resources of Salars in the Central Andes*).

The Arizaro Salar is strategically located with respect to infrastructure, which includes: a railway that connects to the deep water port of Antofagasta, nearby advanced mining projects that are expected to bring significant development of access routes and power to the area, and the local availability of water to support development.

In 2016 the Company conducted reconnaissance exploration on the property, while applying for permits for access route construction and mechanical exploration.

Subsequent Events

In February 2017, the Company announced that it had secured the necessary permits and was commencing the first detailed exploration work at Arizaro. The work program includes both near-surface geochemical sampling and a Vertical Electric Sounding (VES) geophysical survey to delineate conductive zones at depth that may host lithium-bearing brines. Data from this first stage of the program will be used to define targets for a drill program that is planned for early in the second quarter of 2017.

Fierro Iron Ore Project, Rio Negro

On October 21, 2011, the Company entered into an option agreement with a private company to earn a 100% interest in the 74,796 ha Fierro iron ore project (“Fierro Project” or “Fierro”). The agreement received approval from the TSX Venture Exchange (TSX-V) on April 4, 2012. On April 4, 2013, the option agreement was amended to provide for a one year extension of the Company’s first year’s required expenditures at Fierro in consideration of the issuance of an additional 83,332 common shares of the Company. On April 4, 2014, the option agreement was further amended to accelerate the earn-in provisions such that the Company earned an immediate 100% interest in Fierro resulting in the Optionor waiving the remaining work commitments in exchange for accelerating and completing the issuance of 1,166,666 common shares.

Due to changing market conditions, the Fierro Project is no longer a focus of exploration efforts by the Company. Joint venture, partnership or sale proposals will be considered. Consequently, the Company impaired $340,492 in acquisition costs during the year ended December 31, 2016.

Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto.

	Years Ended December 31,		
	2016 $	2015 $	2014 $
Total revenue	Nil	Nil	Nil
Net loss for the year	(751,475)(1)	(39,482)	(44,907)
Loss per share – basic and diluted	(0.04)	(0.00)	(0.01)
Total assets	4,231,692(2)	348,465	345,438

(1) Increase compared to 2015 resulting primarily from an increase in exploration expense of $113,081, legal and professional fees of $148,817, and a write-off of exploration and evaluation assets of $340,492.

(2) Increase compared to 2015 resulting primarily from an increase in cash of $2,568,599 and an increase in exploration and evaluation assets of $1,185,998.

Results Of Operations – For The Year Ended December 31, 2016 Compared To The Year Ended December 31, 2015

During the year ended December 31, 2016, loss from operating activities increased by $362,045 to $398,353 compared to $36,308 in loss from operating activities for the year ended December 31, 2015. The increase in loss from operating activities is largely due to:

- An increase of $52,900 in salaries and management fees. Salaries and management fees were $52,900 for the year ended December 31, 2016 compared to $Nil for the year ended December 31, 2015. The increase is due to a one-time bonus of $27,000 paid to the Chief Financial Officer, higher increased executive compensation and management fees incurred due to increased corporate activity during the year ended December 31, 2016 compared to no similar one-time bonuses made, lower related executive compensation and no management fees incurred during the year ended December 31, 2015.

- An increase of $148,817 in legal and professional fees. Legal and professional fees were $154,940 for the year ended December 31, 2016 compared to $6,123 for year ended December 31, 2015. The increase is due to a greater amount of professional fees incurred in connection with the Company’s change in fees incurred and corporate strategy to focus on lithium projects in Argentina during the year ended December 31, 2016 compared to the year ended December 31, 2015.

- An increase of $113,081 in exploration. Exploration expense was $113,710 for the year ended December 31, 2016 compared to $629 for the year ended December 31, 2015. The increase in exploration expense is primarily due to reconnaissance exploration and property maintenance payments at the Arizaro Lithium project for the year ended December 31, 2016 compared to a significant curtailment of exploration activity during the year ended December 31, 2015.

- An increase of $45,655 in transfer agent and regulatory fees. Transfer agent and regulatory fees were $58,565 for the year ended December 31, 2016 compared to $12,910 for the year ended December 31, 2015 as a result of increased regulatory costs incurred in connection with the Company's completed non-brokered private placements during the year ended December 31, 2016 compared to less regulatory costs incurred due to reduced corporate activity during the year ended December 31, 2015.

Other items

During the year ended December 31, 2016, other expenses increased by $349,948 to $353,122 compared to $3,174 for the year ended December 31, 2015. The increase in other expenses is largely due to:

- An increase of $340,492 in write-off of exploration and evaluation assets. Write-off of exploration and evaluation assets for the year ended December 31, 2016 was $340,492 due to the Company's decision to no longer explore the Fierro property in Rio Negro, Argentina.

The net loss and comprehensive loss for the year ended December 31, 2016 was $751,475 or $0.04 per basic and diluted share compared to a net loss and comprehensive loss of $39,482 or $0.00 per basic and diluted share for the year ended December 31, 2015.

Cash Flow

Operating Activities

Cash outflow from operating activities was $312,322 for the year ended December 31, 2016 compared to $29,568 for the year ended December 31, 2015. The increase in cash outflows is primarily due to higher corporate and administrative cash costs offset by changes in non-cash working capital balances due to timing of receipt and payment of cash, as well as an increase in exploration expenditures during the year ended December 31, 2016.

Investing Activities

Cash outflow from investing activities was $408,640 for the year ended December 31, 2016 compared to $6,694 for the year ended December 31, 2015. The increase in cash outflows is primarily due to higher expenditures on exploration and evaluation assets related to the option agreement for the Arizaro Lithium Brine project in Argentina.

Financing Activities

Cash inflow from financing activities was $3,289,561 for the year ended December 31, 2016 compared to $27,000 for the year ended December 31, 2015. Proceeds from the issuance of common shares and warrants was $3,453,985 offset by share issue costs of $86,467 during year ended December 31, 2016 compared to no such financing activity during the year ended December 31, 2015. Proceeds from the issuance of loans payable were $43,000 for the year ended December 31, 2016 compared to $27,000 for year ended December 31, 2015. Repayment of loans payable, accrued interest, and arrangement fees was $136,957 for the year ended December 31, 2016 compared to $Nil in repayment of loans during the year ended December 31, 2015. Proceeds from warrant exercises were $16,000 for the year ended December 31, 2016 compared to no warrants exercised for the year ended December 31, 2015.

Results Of Operations – For The Three Months Ended December 31, 2016 Compared To The Three Months Ended December 31, 2015

During the three months ended December 31, 2016, loss from operating activities increased by $291,473 to $302,605 compared to $11,132 in loss from operating activities for the three months ended December 31, 2015. The increase in loss from operating activities is largely due to:

- An increase of $113,081 in exploration. Exploration expense was $113,710 for the three months ended December 31, 2016 compared to $629 for the three months ended December 31, 2015. The increase is exploration expense is primarily due to reconnaissance exploration and property maintenance payments on the Arizaro Lithium Brine Project for the three months ended December 31, 2016 compared to no similar costs during the three months ended December 31, 2015.

- An increase of $112,463 in legal and professional fees. Legal and professional fees were $113,452 for the three months ended December 31, 2016 compared to $989 for the three months ended December 31, 2015. The increase is due a greater amount of professional fees incurred in connection with the Company's corporate strategy to focus on lithium projects in Argentina and during the three months ended December 31, 2016 compared to the three months ended December 31, 2015.

- An increase of $37,851 in transfer agent and regulatory fees. Transfer agent and regulatory fees were $38,331 for the three months ended December 31, 2016 compared to $480 for the three months ended December 31, 2015 as a result of increased regulatory costs incurred in connection with the Company's completed non-brokered private placement during the three months ended December 31, 2016 compared to less regulatory costs incurred due to reduced corporate activity during the three months ended December 31, 2015.

- An increase of $28,817 in corporate development and investor relations. Corporate development and investor relations were $29,406 for the three months ended December 31, 2016 compared to $589 for the three months ended December 31, 2015. A greater number of investor relations activities with emphasis on the Company's Arizaro Lithium Brine Project had occurred during the three months ended December 31, 2016 compared to fewer investor relations activities due to decreased corporate activity during the three months December 31, 2015.

The net loss and comprehensive loss for the three months ended December 31, 2016 was $300,657 or $0.01 per basic and diluted share compared to a net loss and comprehensive loss of $12,380 or $0.00 per basic and diluted share for the three months ended December 31, 2015.

Balance Sheet

At December 31, 2016, the Company had total assets of $4,231,692 compared with $348,465 in total assets at December 31, 2015. This increase is primarily due to an increase in cash and mineral property interests during the year ended December 31, 2016.

Selected Quarterly Financial Information

	2016				2015			
	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(300,657)(2)	(404,149)(1)	(32,708)	(13,961)	(12,380)	(963)	(5,186)	(20,953)
Net Loss per Common Share Basic and Diluted	(0.01)	(0.02)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

(1) Variance primarily due to an increase in write-off of exploration and evaluation assets of $340,492 and an increase in legal and professional fees of $38,369.

(2) Variance primarily due to a decrease of $340,492 in write-off of exploration and evaluation assets, partially offset by an increase in exploration expenditures of $113,081, legal and professional fees of $74,303, corporate development and investor relations of $25,317, transfer agent and regulatory fees of $27,418.

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated operating deficit of $16,855,296 and shareholders' equity of $4,054,463 at December 31, 2016. In addition, the Company has working capital of $2,521,120 at December 31, 2016 and negative cash flow from operating activities of $312,322. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company's consolidated financial statements for the year ended December 31, 2016 do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to consolidated financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company's cash position at December 31, 2016 was $2,575,961, an increase of $2,568,599 from the December 31, 2015 balance of $7,362. The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any restrictions on the use of its cash resources.

Contractual Commitments

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is $14,100 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The table below represents the Company's aggregate commitment to Grosso Group over the term of the Management Services Agreement.

Management Services Agreement

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	169,200	338,400	-	-	-

Capital Stock

The Company`s authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

As at December 31, 2016, an aggregate of 50,831,525 common shares were issued and outstanding. At the date of this report, 50,979,525 common shares were issued and outstanding.

Details of Issues of Common Shares in 2016

On August 22, 2016, the Company completed a non-brokered private placement financing of 30,000,000 units at a price of $0.05 per unit for gross proceeds of $1,500,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.10 per share for one year from the date of issue, expiring on August 22, 2017. The units bear a legend for automatic timed release free trading in three installments: (1) 15% of the units four months from the issue; (2) 35% of the units six months from issue; and (3) 50% of the units ten months from the issue. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades $0.25 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finder's fees were $16,750 in cash and 322,000 non-transferable warrants exercisable into common shares at $0.10 for one year from the date of issue subject to the same legend for automatic timed release free trading and accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.54%; expected stock price volatility – 97.69%; dividend yield – 0%; and expected warrant life – 0.71 years.

On October 26, 2016, the Company completed a non-brokered private placement financing of 10,000,000 units at a price of $0.20 per unit for gross proceeds of $2,000,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.30 per share for two years from the date of issue, expiring on October 26, 2018. Finder's fees were $69,617 in cash and 348,085 non-transferable warrants exercisable into common shares at $0.30 for two years from the date of issue, expiring on October 26, 2018. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.56%; expected stock price volatility – 112.77%; dividend yield – 0%; and expected warrant life – 0.84 years. As at December 31, 2016, $46,015 in private placement proceeds remained uncollected.

During the year ended December 31, 2016, 160,000 warrants were exercised for gross proceeds of $16,000.

The following summarizes information about the stock options outstanding as at the date of this report:

Number of Shares			
Outstanding	Exercisable	Exercise Price (CAD$)	Expiry Date
100,000	100,000	$0.54	July 29, 2017
250,000	62,500	$0.20	March 9, 2020
350,000	162,500		

The Company had the following warrants outstanding as at the date of this report:

Number of Warrants Outstanding	Exercise Price (CAD$)	Expiry Date
30,014,000	$0.10	August 21, 2017
10,348,085	$0.30	October 25, 2018
40,362,085		

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Balances and Transactions

Key Management Personnel Compensation

	Year ended December 31, 2016			Year ended December 31, 2015		
Compensation	Salaries $	Other $	Total $	Salaries $	Other $	Total $
Chief Executive Officer	-	-	-	-	-	-
Chief Financial Officer	6,000	27,000	33,000	-	-	-
Total	6,000	27,000	33,000	-	-	-

Grosso Group Management Ltd.

On October 1, 2016, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000.

Transactions	Year ended December 31, 2016 $	2015 $
Services rendered:		
Grosso Group Management Ltd.		
Management fees	8,400	-
Information technology	450	-
Office & sundry	1,050	-
Total for services rendered	9,900	-

Mr. Joseph Grosso

Mr. Joseph Grosso is the controlling shareholder of Grosso Group Management Ltd. Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso.

At December 31, 2016, the Company had $Nil (December 31, 2015 - $6,370) included in accounts payable and accrued liabilities to Oxbow.

Dr. David Terry

Vinland Holdings Ltd. ("Vinland Holdings") is a private company controlled by Dr. David Terry, a director of the Company. For the year ended December 31, 2016, Vinland Holdings was paid $8,000 (December 31, 2015 - $Nil) for geological services. Amounts paid to Vinland Holdings are classified as salaries in the consolidated statements of loss and comprehensive loss.

At December 31, 2016, the Company had $4,200 (December 31, 2015 - $Nil) included in accounts payable and accrued liabilities to Vinland.

SGM SRL

SMG SRL ("SMG") is a private company controlled by Mr. Daniel Galli, a geological consultant to the Company, and Mr. Nicholas Galli, a director of the Company. For the year ended December 31, 2016, SMG was issued 2,500,000 common shares (December 31, 2015 – Nil) of the Company (see note 4a) and paid USD$300,000 (December 31, 2015 - $Nil) in accordance with the terms of the Arizaro Lithium Brine Project (see note 4a for further information). For the year ended December 31, 2016, Mr. Daniel Galli was paid $47,637 (December 31, 2015 - $Nil) for geological services. Amounts paid by Mr. Daniel Galli are classified as exploration in the consolidated statements of loss and comprehensive loss.

At December 31, 2016, the Company had $46,058 (December 31, 2015 - $Nil) included in accounts payable and accrued liabilities to Mr. Daniel Galli.

Other

At December 31, 2016, the Company had $5,580 (December 31, 2015 - $Nil) included in accounts payable and accrued liabilities to Golden Arrow Resources Corp., a company with common directors.

Loans Payable

At December 31, 2016, the Company did not have any loans payable. The Company repaid the principal balances of all of the Company's loans received together with arrangement fees and all accrued and unpaid interest totalling $136,957, during the year ended December 31, 2016.

At December 31, 2015, the Company had the following loans payable:

	December 31, 2015		
	Maturity	Currency	Amount
Unsecured, non-interest bearing	On demand	United States dollar	$12,456
Unsecured, non-interest bearing	On demand	Canadian dollar	$12,000
Unsecured, 12% annual interest rate (1)	On demand	Canadian dollar	$15,000
Unsecured, 12% annual interest rate (2)	On demand	Canadian dollar	$7,000
Unsecured, 12% annual interest rate (3)	On demand	Canadian dollar	$20,000
			$66,456

(1) $15,000 Unsecured, 12% annual interest rate & finance expense

On September 17, 2014, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $15,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $3,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

(2) $7,000 Unsecured, 12% annual interest rate & finance expense

On January 13, 2015, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $7,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $1,400. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

(3) $20,000 Unsecured, 12% annual interest rate & finance expense

On March 10, 2015, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $20,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $4,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

(4) $23,000 Unsecured, 12% annual interest rate & finance expense

On March 4, 2016, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $23,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $4,600. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

(5) $20,000 Unsecured, 12% annual interest rate & finance expense

On May 26, 2016, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $20,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $4,000. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

All loans payable were repayable in whole or in part at any time, without notice or penalty.

Subsequent to December 31, 2016

Subsequent to December 31, 2016, the following events occurred:

- The Company collected its outstanding private placement proceeds of $46,015.
- 148,000 warrants were exercised at a price of $0.10 per warrant for gross proceeds of $14,800.
- 250,000 stock options were granted with an exercise price of $0.20.

Critical Accounting Estimates and New Accounting Standards and Interpretations

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2016. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

New Accounting Standards and Interpretations

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

Amendments to IAS 7 – Statement of Cash Flows

These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017. Amendments to IAS 7 are not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014 IFRS 9, Financial Instruments ("IFRS 9") was issued. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018. IFRIC 22 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

Amendments to IFRS 2 – Share-based Payments

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018. Amendments to IFRS 2 are not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

Financial Risk Management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

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. Financial instruments that potentially subject the Company to credit risk consist of cash and accounts receivable. The Company has reduced its credit risk by depositing its cash with financial institutions that operate globally.

Overall the Company's credit risk has not changed significantly from the prior year. The Company places its cash and cash equivalents and short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and anticipates to do so again in the future.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations in cash, accounts payable and loans payable usually denominated in US Dollars. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso as of December 31, 2016 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $25,399.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $7,908.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears no interest. The fair value of cash approximates its carrying values due to the immediate or short-term maturity of this financial instrument. Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing or have prescribed interest rates.

Risk Factors and Uncertainties

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. A number of the risks and uncertainties are discussed below:

History of losses: The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2016 and 2015. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

Joint ventures and other partnerships: The Company may seek joint venture partners to provide funding for further work on any or all of its other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:

1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements, and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and
7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

Unexpected delays: The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

Potential conflicts of interest: Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they many have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest.

Competition with larger, better capitalized competitors: The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

The Company does not intend to pay dividends: The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell common shares in the secondary market.

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

Price Risk: The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly iron. The prices of this metal greatly affect the value of the Company and the potential value of its property and investments.

Financial Markets: The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Political Risk: Exploration is presently carried out in Argentina and is currently being reviewed worldwide. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

Credit Risk: Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity Risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

Interest Risk: The Company's bank accounts do not bear interest income. The fair value of cash approximates its carrying value due to the immediate or short-term maturity of this financial instrument.

Currency Risk: Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

Community Risk: The Company has negotiated with the local communities on its mineral property concessions for access to facilitate the completion of geological studies and exploration work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by such certain groups or individuals within the community.

Environmental Risk: The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2016.

Additional Information

Additional information relating to the Company, including news releases, financial statements and prior MD&A filings, is available on SEDAR at www.sedar.com.

The Company maintains a website at www.argentinalithium.com, and has not entered into any agreements with any investor relations firms.