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**Argentina Lithium & Energy Corp.**

*(An Exploration Stage Company)*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

*(Unaudited - Expressed in Canadian Dollars)*

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed consolidated interim financial statements.

# Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

## Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2018 \$	December 31, 2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		2,677,136	1,883,712
Accounts receivables		19,275	12,918
Prepaid expenses		218,908	106,178
<b>Total current assets</b>		<b>2,915,319</b>	<b>2,002,808</b>
<b>Non-current assets</b>			
Equipment	3	2,383	3,277
Exploration and evaluation assets	4	3,380,922	3,368,064
<b>Total non-current assets</b>		<b>3,383,305</b>	<b>3,371,341</b>
<b>Total Assets</b>		<b>6,298,624</b>	<b>5,374,149</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	149,103	267,053
<b>Total liabilities</b>		<b>149,103</b>	<b>267,053</b>
<b>EQUITY</b>			
Share capital	5	21,183,677	19,928,411
Share subscriptions and warrant exercises received	5	-	103,500
Reserves	5	6,366,824	4,503,858
Deficit		(21,400,980)	(19,428,673)
<b>Total equity</b>		<b>6,149,521</b>	<b>5,107,096</b>
<b>Total Equity and Liabilities</b>		<b>6,298,624</b>	<b>5,374,149</b>

### NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

### COMMITMENT (Note 9)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 29, 2018. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

### Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

		Three months ended March 31,	
		2018	2017
	Note	\$	\$
<b>Expenses</b>			
Corporate development and investor relations		252,430	121,042
Depreciation	3	894	894
Exploration	4	380,312	186,661
Legal and professional fees		5,093	25,289
Management fees	7	42,000	37,500
Office and sundry	7	24,584	14,981
Rent, parking and storage		3,176	3,075
Salaries and employee benefits	7	24,000	18,000
Stock-based compensation		1,241,605	13,038
Transfer agent and regulatory fees		18,967	24,677
Travel		2,732	-
<b>Loss from operating activities</b>		<b>1,995,793</b>	<b>445,157</b>
<b>Other income</b>			
Foreign exchange gain		(13,830)	(14,485)
Interest income		(9,656)	(4,579)
<b>Total loss and comprehensive loss</b>		<b>1,972,307</b>	<b>426,093</b>
<b>Basic and diluted loss per common share</b>	6	0.03	0.02

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

**Argentina Lithium & Energy Corp.**  
*(An Exploration Stage Company)*  
**Consolidated Interim Statements of Cash Flows**  
*(Unaudited - Expressed in Canadian Dollars)*

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(1,972,307)	(426,093)
Adjustments for:		
Depreciation	894	894
Stock-based compensation	1,241,605	13,038
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivables	(6,357)	39,173
(Increase) in prepaid expenses	(112,730)	(7,375)
(Decrease) in accounts payable and accrued liabilities	(117,950)	(52,497)
<b>Net cash used in operating activities</b>	<b>(966,845)</b>	<b>(432,860)</b>
<b>Cash flows from investing activities</b>		
Expenditures on exploration and evaluation assets	(12,858)	-
<b>Net cash used in investing activities</b>	<b>(12,858)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Issuance of common shares and warrants for private placements	1,690,497	-
Warrants exercised	159,000	14,800
Share issue costs	(76,370)	-
<b>Net cash generated by financing activities</b>	<b>1,773,127</b>	<b>14,800</b>
<b>Net increase (decrease) increase in cash during the period</b>	<b>793,424</b>	<b>(418,060)</b>
Cash at beginning of period	1,883,712	2,575,961
<b>Cash at end of period</b>	<b>2,677,136</b>	<b>2,157,901</b>

**SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)**

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

**Argentina Lithium & Energy Corp.**  
*(An Exploration Stage Company)*  
**Consolidated Statements of Changes in Equity**  
*(Expressed in Canadian Dollars)*

	Share capital		Reserves			Share subscriptions and warrant exercises received	Deficit	Total
	Number of shares	Amount \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$			
<b>Balance at December 31, 2016</b>	50,831,525	16,996,990	2,296,883	30,207	1,585,679	-	(16,855,296)	4,054,463
Warrants exercised	148,000	17,720	-	-	(2,920)	-	-	14,800
Share-based compensation	-	-	-	13,038	-	-	-	13,038
Comprehensive loss for the period	-	-	-	-	-	-	(426,093)	(426,093)
<b>Balance at March 31, 2017</b>	50,979,525	17,014,710	2,296,883	43,245	1,582,759	-	(17,281,389)	3,656,208
Private placement	7,049,557	1,557,824	-	-	768,531	-	-	2,326,355
Share issue costs	-	(204,892)	-	-	-	-	-	(204,892)
Agent warrants granted	-	-	-	-	67,688	-	-	67,688
Stock options cancelled/expired	-	-	52,075	(52,075)	-	-	-	-
Share subscriptions and warrant exercises received	-	-	-	-	-	103,500	-	103,500
Warrants exercised	12,290,907	1,560,769	-	-	(264,078)	-	-	1,296,691
Warrants and agent warrants expired	-	-	403,796	-	(403,796)	-	-	-
Share-based compensation	-	-	-	8,830	-	-	-	8,830
Total comprehensive loss for the period	-	-	-	-	-	-	(2,147,284)	(2,147,284)
<b>Balance at December 31, 2017</b>	70,319,989	19,928,411	2,752,754	-	1,751,104	103,500	(19,428,673)	5,107,096
Private placement	5,422,718	1,171,757	-	-	617,740	(99,000)	-	1,690,497
Share issue costs	-	(122,732)	-	-	-	-	-	(122,732)
Agent warrants granted	-	-	-	-	46,362	-	-	46,362
Warrants exercised	545,000	206,241	-	-	(42,741)	(4,500)	-	159,000
Stock-based compensation	-	-	-	1,241,605	-	-	-	1,241,605
Total comprehensive loss for the period	-	-	-	-	-	-	(1,972,307)	(1,972,307)
<b>Balance at March 31, 2018</b>	76,287,707	21,183,677	2,752,754	1,241,605	2,372,465	-	(21,400,980)	6,149,521

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

# **Argentina Lithium & Energy Corp.**

*(An Exploration Stage Company)*

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Argentina Lithium & Energy Corp. (the “Company”) was incorporated on April 11, 2000 in the Province of British Columbia and was transitioned under the Business Corporations Act (BC) on June 17, 2004. 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 address of the Company’s registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the Americas and Argentina. The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as exploration and evaluation assets represent costs incurred to date, less option payment proceeds and amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to condensed consolidated interim 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 has experienced recurring operating losses and has an accumulated operating deficit of \$21,400,980 and shareholders’ equity of \$6,149,521 at March 31, 2018. In addition, the Company has working capital of \$2,766,216 at March 31, 2018 and negative cash flow from operating activities of \$966,845. 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.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standards 34 ‘Interim Financial Reporting’.

These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent annual consolidated financial statements, except for IFRS 9 Financial Instruments ("IFRS 9). All other accounting policies were consistently applied to all the periods presented unless otherwise noted.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	Amortized cost	Amortized cost
Amounts receivable	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor the opening balance of accumulated comprehensive income on January 1, 2018.

#### *Basis of preparation*

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss or available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

	Place of Incorporation	Principal Activity
Amera-Chile Sociedad Contractual Minera	Chile	Holding company
Amera Resources (BVI) Inc.	British Virgin Islands	Holding company
Amera Resources (US) Inc.	United States of America	Exploration company
Argentina Litio Y Energia S.A.	Argentina	Exploration company
Hierros Del Sur S.A.C.	Peru	Holding company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.



## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Cash is classified as fair value through profit or loss.

#### *Changes in Accounting Standards*

The Company has adopted these accounting standards effective January 1, 2018. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 9 – *Financial Instruments*

IFRS 15 – *Revenue from Contracts with Customers*

IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*

Amendments to IFRS 2 – *Share-based Payments*

### 3. EQUIPMENT

	Computer Equipment \$	Total \$
<b>Cost</b>		
Balance at December 31, 2016	7,150	7,150
Additions	-	-
Balance at December 31, 2017 and March 31, 2018	7,150	7,150
<b>Accumulated Depreciation</b>		
Balance at December 31, 2016	298	298
Depreciation	3,575	3,575
Balance at December 31, 2017	3,873	3,873
Depreciation	894	894
Balance at March 31, 2018	4,767	4,767
<b>Carrying Amount</b>		
At December 31, 2017	3,277	3,277
At March 31, 2018	2,383	2,383

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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### 4. EXPLORATION AND EVALUATION ASSETS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each exploration and evaluation asset that the Company holds title to as at March 31, 2018 and 2017:

#### Acquisition Costs

	Argentina				Total \$
	Arizaro \$	Incahuasi \$	Antofalla \$	Fierro \$	
Balance – December 31, 2016 and March 31, 2017	1,526,490	-	-	1	1,526,491
Additions					
Option payments, staking costs, land payments and acquisition costs	1,763,775	77,799	-	-	1,841,574
Impairment of exploration and evaluation assets	-	-	-	(1)	(1)
Balance – December 31, 2017	3,290,265	77,799	-	-	3,368,064
Additions					
Option payments, staking costs, land payments and acquisition costs	-	-	12,858	-	12,858
Balance – March 31, 2018	3,290,265	77,799	12,858	-	3,380,922

#### Exploration Expenditures

	Argentina			Total \$
	Arizaro \$	Incahuasi \$		
Cumulative exploration expenses December 31, 2017		1,607,044	157,207	1,764,251
Expenditures during the period:				
Office		6,713	6,878	13,591
Professional fees		4,245	6,718	10,963
Property maintenance payments		2,249	4,962	7,211
Salaries and contractors		80,244	34,166	114,410
Social and community		8,091	366	8,457
Supplies and equipment		4,122	107,131	111,253
Transportation		32,537	23,952	56,489
Statutory taxes		24,838	33,100	57,938
		163,039	217,273	380,312
Cumulative exploration expenses March 31, 2018		1,770,083	374,480	2,144,563

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. EXPLORATION AND EVALUATION ASSETS (continued)

	Argentina	
	Arizaro	Total
	\$	\$
Cumulative exploration expenses		
December 31, 2016	-	-
Expenditures during the period:		
Assays	4,544	4,544
Geophysics	28,338	28,338
Office	23,664	23,664
Property maintenance payments	29,729	29,729
Salaries and contractors	56,723	56,723
Supplies and equipment	296	296
Professional fees	15,792	15,792
Social and community	6,792	6,792
Transportation	7,092	7,092
Statutory taxes	13,691	13,691
	186,661	186,661
Cumulative exploration expenses		
March 31, 2017	300,371	300,371

#### a) Arizaro Lithium Brine Project

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. This agreement was amended on October 26, 2017. 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. On November 2, 2016, the Company issued the 2,500,000 common shares, which were restricted from trading and become free trading in four installments of 625,000 shares on December 2, 2017, and November 2, 2018, 2019, and 2020.

Date	Option Payment	Exploration Expenditure
	US\$	Commitments US\$
November 2, 2016 (paid)	300,000	-
May 2, 2017 (paid)	500,000	-
November 2, 2017 (paid)	200,000	500,000
December 2, 2017 (paid)	650,000	-
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	4,200,000

#### b) Incahuasi Lithium Project

The Company owns a 100% interest in the Incahuasi lithium brine project totalling 23,700 ha, located in the Catamarca Province, Argentina.

## **Argentina Lithium & Energy Corp.**

*(An Exploration Stage Company)*

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)*

### **5. CAPITAL AND RESERVES**

#### *Authorized Share Capital*

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.

#### *Details of Issues of Common Shares in 2018*

On January 23, 2018, the Company completed the second tranche of a non-brokered private placement financing of 5,422,718 units at a price of \$0.33 per unit for gross proceeds of \$1,789,497. 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 \$0.40 per share for two years from the date of issue, expiring on January 23, 2020. The Company is entitled to accelerate the expiry date of the warrants if the 5-day volume weighted average stock price of the Company trades \$0.60 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 21<sup>st</sup> day after the date of delivery of the notice. Finders' fees were \$76,370 in cash and 231,421 non-transferable warrants exercisable into common shares at \$0.40 for two years from the date of issue subject to 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 – 1.75%; expected stock price volatility – 134.81%; dividend yield – 0%; and expected warrant life – 1.1 years.

During the three months ended March 31, 2018, 545,000 warrants were exercised for gross proceeds of \$159,000. The Company issued 15,000 common shares in connection with 15,000 warrants with an exercise price of \$0.30 per warrant that were exercised for gross proceeds of \$4,500 received prior to December 31, 2017.

#### *Details of Issues of Common Shares in 2017*

On December 20, 2017, the Company completed the first tranche of a non-brokered private placement financing of 7,049,557 units at a price of \$0.33 per unit for gross proceeds of \$2,326,355. 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 \$0.40 per share for two years from the date of issue, expiring on December 20, 2019. The Company is entitled to accelerate the expiry date of the warrants if the 5-day volume weighted average stock price of the Company trades \$0.60 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 21<sup>st</sup> day after the date of delivery of the notice. Finders' fees were \$137,204 in cash and 415,769 non-transferable warrants exercisable into common shares at \$0.40 for two years from the date of issue subject to 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 – 1.61%; expected stock price volatility – 138.52%; dividend yield – 0%; and expected warrant life – 1.1 years.

During the year ended December 31, 2017, 12,438,907 warrants were exercised for gross proceeds of \$1,311,491.

As at December 31, 2017, \$99,000 in share subscriptions and \$4,500 in warrant exercises were received, but the shares had not yet been issued.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 5. CAPITAL AND RESERVES (continued)

#### Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the “Plan”) approved by the Company’s shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of 10% of the Company’s outstanding common shares, calculated from time to time. If outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the Plan increase proportionately.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX-V. Share purchase options granted generally vest immediately, and are subject to a four-month hold period and are generally exercisable for a period of up to five years.

The continuity of share purchase options for the three months ended March 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Granted	Expired/ Exercised	cancelled	March 31, 2018	Options exercisable
January 26, 2023	\$0.50	-	4,570,000	-	-	4,570,000	4,570,000
		-	4,570,000	-	-	4,570,000	4,570,000
Weighted average exercise price (\$)		-	0.50	-	-	0.50	0.50
Weighted average contractual remaining life (years)		-	4.8	-	-	4.8	4.8

The continuity of share purchase options for the three months ended March 31, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Expired/ Exercised	cancelled	March 31, 2017	Options exercisable
July 29, 2017	\$0.54	100,000	-	-	-	100,000	100,000
March 9, 2020	\$0.20	-	250,000	-	-	250,000	62,500
		100,000	250,000	-	-	350,000	162,500
Weighted average exercise price (\$)		0.54	0.20	-	-	0.30	0.41
Weighted average contractual remaining life (years)		0.6	2.9	-	-	2.2	0.6

The weighted average fair value of share purchase options granted during the three months ended March 31, 2018 is \$0.27 (2017 - \$0.15).

## Argentina Lithium & Energy Corp.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 5. CAPITAL AND RESERVES (continued)

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Three months ended March 31,	
	2018	2017
Risk-free interest rate	1.77%	0.84%
Expected option life in years	2.5	2.6
Expected share price volatility	118%	140%
Grant date share price	\$0.43	\$0.20
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

#### Warrants

The continuity of warrants for the three months March 31, 2018 is as follows:

Expiry date	Exercise Price	December 31, 2017	Granted	Exercised	Expired/ Forfeited	March 31, 2018
October 26, 2018	\$0.30	10,010,085	-	(545,000)	-	9,465,085
December 20, 2019	\$0.40	7,465,326	-	-	-	7,465,326
January 23, 2020	\$0.40	-	5,654,139	-	-	5,654,139
		17,475,411	5,654,139	(545,000)	-	22,584,550
Weighted average exercise price (\$)		0.34	0.40	0.30	-	0.36

The continuity of warrants for the three months ended March 31, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Exercised	Expired/ Forfeited	March 31, 2017
August 21, 2017	\$0.10	30,162,000	-	(148,000)	-	30,014,000
October 26, 2018	\$0.30	10,348,085	-	-	-	10,348,085
		40,510,085	-	(148,000)	-	40,510,085
Weighted average exercise price (\$)		0.15	-	0.10	-	0.15

### 6. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the three months ended March 31, 2018 and 2017 were based on the following:

	Three months ended March 31,	
	2018	2017
Loss attributable to common shareholders (\$)	1,972,307	426,093
Weighted average number of common shares outstanding	70,921,469	21,219,067

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

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For the three months ended March 31, 2018 and 2017

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### 6. BASIC AND DILUTED LOSS PER SHARE (continued)

Diluted loss per share did not include the effect of 4,570,000 (2017 – 350,000) share purchase options and 22,584,550 (2017 – 40,510,085) warrants as they are anti-dilutive.

### 7. RELATED PARTY BALANCES AND TRANSACTIONS

*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.

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Transactions</b>		
Services rendered:		
Grosso Group Management Ltd.		
Management fees	42,000	8,400
Information technology	-	450
Office & sundry	15,600	1,050
Total for services rendered	57,600	9,900

### Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Corporate Secretary and Vice President of Corporate Development.

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Transactions</b>		
Share-based compensation	1,241,605	-
Consulting, salaries and professional fees to key management or their consulting corporations:		
Darren Urquhart CFO Salaries and employee benefits	3,000	3,000
David Terry Director/Consultant Salaries and employee benefits	12,000	12,000
SMG SRL <sup>(1)</sup> Exploration	1,733	-
Total for services rendered	1,258,338	15,000

(1) SMG SRL (“SMG”) is a private company controlled by Mr. Nicholas Galli, a director of the Company.

## Argentina Lithium & Energy Corp.

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### 7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

<b>Transactions</b>	Three months ended March 31,	
	2018	2017
	\$	\$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. <sup>(1)</sup>	18,073	21,679
Payable to David Terry, Director/Consultant	-	4,200
<b>Total for amounts payable to related parties</b>	<b>18,073</b>	<b>25,879</b>

(1) A company related through common directors that receives reimbursement for shared office costs and overhead.

### 8. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in the Americas and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the three months ended March 31, 2018 and 2017.

The Company's total non-current assets are segmented geographically as follows:

	March 31, 2018		
	Canada	Argentina	Total
	\$	\$	\$
Mineral property interests	-	3,380,922	3,380,922
Equipment	2,383	-	2,383
	2,383	3,380,922	3,383,305

  

	December 31, 2017		
	Canada	Argentina	Total
	\$	\$	\$
Mineral property interests	-	3,368,064	3,368,064
Equipment	3,277	-	3,277
	3,277	3,368,064	3,371,341

### 9. COMMITMENT

*Management Services Agreement*

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	148,050	345,450	-	-	-

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 \$16,450 per month. This fee is reviewed and adjusted quarterly based on the level of services required.



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### 10. SUPPLEMENTARY CASH FLOW

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Non-cash investing and financing activities:</b>		
Share issue cost – issuance of warrants to agents	46,362	-
Warrants exercised	42,741	2,920

### 11. 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.

#### (a) Fair Values

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, interest payable and loans payable. The fair value of cash, receivables, and accounts payable and accrued liabilities approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

At March 31, 2018, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1	Level 2	Level 3
		\$	\$	\$
	Carrying amount	Fair value		
	March 31, 2018	March 31, 2018		
<b>Recurring measurements</b>				
Financial Assets				
Cash	2,677,136	2,677,136	-	-

At December 31, 2017, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1	Level 2	Level 3
		\$	\$	\$
	Carrying amount	Fair value		
	December 31, 2017	December 31, 2017		
<b>Recurring measurements</b>				
Financial Assets				
Cash	1,883,712	1,883,712	-	-

## **Argentina Lithium & Energy Corp.**

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For the three months ended March 31, 2018 and 2017

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### **11. FINANCIAL RISK MANAGEMENT (continued)**

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

#### **(b) Financial Instrument Risk Exposure**

##### ***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.

As the majority of the Company's receivables are with the government of Canada in the form of sales tax, the credit risk is minimal. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

##### ***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 doing so again in the future. See Note 1 for further information.

##### ***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 March 31, 2018 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 approximately \$1,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$25,000.

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### **11. FINANCIAL RISK MANAGEMENT (continued)**

#### **(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 value 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.

#### **(c) Capital Management**

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the exploration of evaluation and exploration assets and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the Company's capital requirements, management 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 to develop the project and anticipates doing so again in the future.

The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

The Company is not subject to any external covenants. There were no changes in the Company's approach to capital management during the three months ended March 31, 2018.

Additional information regarding capital management is disclosed in Note 1.