

---

# **Argentina Lithium & Energy Corp.**

*(An Exploration Stage Company)*

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

*(Unaudited - Expressed in Canadian Dollars)*

---

**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, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		262,236	19,020
Accounts receivables		2,681	1,731
Prepaid expenses		31,540	24,552
<b>Total current assets</b>		<u>296,457</u>	<u>45,303</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	3	<u>45,815</u>	<u>42,696</u>
<b>Total non-current assets</b>		<u>45,815</u>	<u>42,696</u>
<b>Total Assets</b>		<u>342,272</u>	<u>87,999</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	179,400	205,678
Loans payable	4	201,000	101,000
Interest payable	4	<u>2,071</u>	<u>-</u>
<b>Total liabilities</b>		<u>382,471</u>	<u>306,678</u>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	5	21,970,198	21,729,538
Share subscriptions received	5	20,000	-
Reserves	5	6,521,303	6,547,963
Deficit		<u>(28,551,700)</u>	<u>(28,496,180)</u>
<b>Total shareholders' deficiency</b>		<u>(40,199)</u>	<u>(218,679)</u>
<b>Total Shareholders' Deficiency and Liabilities</b>		<u>342,272</u>	<u>87,999</u>

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

**COMMITMENT (Note 9)**

**SUBSEQUENT EVENTS (Note 12)**

These consolidated interim financial statements are authorized for issue by the Board of Directors on May 13, 2021. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

### Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Three months ended March 31,	
		2021	2020
		\$	\$
<b>Expenses</b>			
Accounting and audit		(1,269)	(6,600)
Consulting fees	7	24,000	24,000
Corporate development and investor relations		2,665	2,845
Exploration	3	10,474	23,166
Legal and professional fees		7,144	8,383
Management fees	7	1,500	1,500
Office and sundry	7	2,278	11,466
Rent, parking and storage		4,310	3,754
Transfer agent and regulatory fees		7,822	12,390
<b>Loss from operating activities</b>		<b>58,924</b>	<b>80,904</b>
<b>Other (income) expenses</b>			
Foreign exchange gain		(5,475)	(14,607)
Interest expense	4	2,071	368
<b>Income from other items</b>		<b>(3,404)</b>	<b>(14,239)</b>
<b>Total loss and comprehensive loss</b>		<b>55,520</b>	<b>66,665</b>
<b>Basic and diluted loss per common share</b>	6	<b>0.00</b>	<b>0.00</b>

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,	
	2021	2020
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(55,520)	(66,665)
Adjustments for:		
Interest expense	2,071	368
Changes in non-cash working capital items:		
Increase in accounts receivables	(950)	(1,316)
(Increase) decrease in prepaid expenses	(6,988)	922
Decrease in accounts payable and accrued liabilities	(26,278)	(3,105)
<b>Net cash used in operating activities</b>	<b>(87,665)</b>	<b>(69,796)</b>
<b>Cash flows from investing activities</b>		
Expenditures on exploration and evaluation assets	(3,119)	-
<b>Net cash used in investing activities</b>	<b>(3,119)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Issuance of common shares and warrants for private placements	-	689,500
Warrants exercised	214,000	-
Share subscriptions received	20,000	-
Loan proceeds received	100,000	-
Repayment of loans	-	(549,000)
Interest paid	-	(15,333)
<b>Net cash generated by financing activities</b>	<b>334,000</b>	<b>125,167</b>
<b>Net increase in cash during the period</b>	<b>243,216</b>	<b>55,371</b>
Cash at beginning of period	19,020	10,104
<b>Cash at end of period</b>	<b>262,236</b>	<b>65,475</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 (Deficiency)

(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, 2019</b>	18,603,168	21,183,677	4,556,208	1,146,515	664,101	37,500	(28,296,109)	(708,108)	
Private placement	14,540,000	545,861	-	-	181,139	(37,500)	-	689,500	
Warrants and agent warrants expired	-	-	664,101	-	(664,101)	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	-	(63,581)	(66,665)	
<b>Balance at March 31, 2020</b>	33,143,168	21,729,538	5,220,309	1,146,515	181,139	-	(28,359,690)	(85,273)	
Stock options cancelled/expired	-	-	61,129	(61,129)	-	-	-	-	
Total comprehensive loss for the period	-	-	-	-	-	-	(136,490)	(136,490)	
<b>Balance at December 31, 2020</b>	33,143,168	21,729,538	5,281,438	1,085,386	181,139	-	(28,496,180)	(218,679)	
Warrants exercised	2,140,000	240,660	-	-	(26,660)	-	-	214,000	
Share subscriptions received	-	-	-	-	-	20,000	-	20,000	
Total comprehensive loss for the period	-	-	-	-	-	-	(55,520)	(55,520)	
<b>Balance at March 31, 2021</b>	35,283,168	21,970,198	5,281,438	1,085,386	154,479	20,000	(28,551,700)	(40,199)	

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, 2021 and 2020

*(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 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 has experienced recurring operating losses and has an accumulated operating deficit of \$28,551,700 and shareholders’ deficiency of \$40,199 at March 31, 2021. In addition, the Company has working capital deficiency of \$86,014 at March 31, 2021 and negative cash flow from operating activities of \$87,665. 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.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as “COVID-19” as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim 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.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”), and its interpretations, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and accordingly, certain information and note disclosure included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company’s December 31, 2020 audited annual consolidated financial statements.

#### *Basis of preparation*

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### *Basis of consolidation*

These condensed consolidated interim 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
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.

#### *Significant Accounting Estimates and Judgments*

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



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

*(An Exploration Stage Company)*

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

#### *Critical accounting judgments*

- i. Presentation of the condensed consolidated interim financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- ii. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- iii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- iv. Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

During the three months ended March 31, 2021, management has determined there were no impairment indicators present with respect to the Company's exploration and evaluation assets.

#### *Changes in Accounting Standards*

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. This amendment did not have any impact on the Company's consolidated 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, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures (effective January 1, 2020) affect entities that apply the hedge accounting requirements to hedging relationships directly affected by the interest rate benchmark reform. The amendments modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. If a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amended Standards, then discontinuation of hedge accounting is still required. This amendment did not have any impact on the Company's consolidated financial statements.

*New Accounting Standards and Interpretations not yet effective*

The following new standards, amendments and interpretations have been issued but are not effective for the three months ended March 31, 2021 and accordingly, have not been applied in preparing these consolidated interim financial statements.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets (effective January 1, 2022) specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). This amendment is not expected to have any impact on the Company's consolidated financial statements.

Amendments to IAS 1, Presentation of financial statements (effective January 1, 2023) provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. This amendment is not expected to have any impact on the Company's consolidated financial statements.

### 3. 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, 2021 and 2020:

#### Acquisition Costs

	Argentina	
	Incahuasi	Total
	\$	\$
Balance – December 31, 2019 and March 31, 2020	77,799	77,799
Additions		
Option payments, staking costs, land payments and acquisition costs	4,308	4,308
Impairment of exploration and evaluation assets	(39,411)	(39,411)
Balance – December 31, 2020	42,696	42,696
Additions		
Option payments, staking costs, land payments and acquisition costs	3,119	3,119
Balance – March 31, 2021	45,815	45,815

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### Exploration Expenditures

	Argentina		
	Incahuasi \$	Other \$	Total \$
Cumulative exploration expenses December 31, 2020	2,439,252	161,094	2,600,346
Expenditures during the period:			
Office	1,649	-	1,649
Professional fees	4,923	433	5,356
Property maintenance payments	-	2,003	2,003
Statutory taxes	1,070	396	1,466
	7,642	2,832	10,474
Cumulative exploration expenses March 31, 2021	2,446,894	163,926	2,610,820

	Argentina			
	Incahuasi \$	Antofalla \$	Other \$	Total \$
Cumulative exploration expenses December 31, 2019	2,390,020	108,449	38,278	2,536,747
Expenditures during the year:				
Office	9,637	-	-	9,637
Professional fees	6,962	-	835	7,797
Property maintenance payments	-	3,214	-	3,214
Statutory taxes	2,024	392	102	2,518
	18,623	3,606	937	23,166
Cumulative exploration expenses March 31, 2020	2,408,643	112,055	39,215	2,559,913

#### a) Incahuasi Lithium Project

The Company owns a 100% interest in the Incahuasi lithium brine project totalling 13,372 ha, located in the Catamarca Province, Argentina. During the year ended December 31, 2020, the Company determined that it would not be exploring a portion of its mineral rights properties, and impaired \$39,411 in acquisition costs.

### 4. LOANS PAYABLE

At March 31, 2021, the Company had the following loans payable:

	March 31, 2021		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate (1)	On demand	Canadian dollar	\$100,000
Unsecured, non-interest bearing (2)	On demand	Canadian dollar	\$45,000
Unsecured, non-interest bearing (3)	On demand	Canadian dollar	\$30,000
Unsecured, non-interest bearing (4)	On demand	Canadian dollar	\$26,000
			\$201,000

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. LOANS PAYABLE (continued)

(1) \$100,000 Unsecured, 12% annual interest rate

On January 27, 2021, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$100,000 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. During the three months ended March 31, 2021, the Company accrued \$2,071 in interest expense for this loan.

(2) \$45,000 Unsecured, non-arm's length & non-interest bearing

On November 3, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$45,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(3) \$30,000 Unsecured, non-arm's length & non-interest bearing

On September 14, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$30,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

(4) \$26,000 Unsecured, non-arm's length & non-interest bearing

On July 31, 2020, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$26,000 and is to be used for working capital purposes and is non-interest bearing. The principal balance of the loan shall become due and payable in full on demand.

At December 31, 2020, the Company had the following loans payable:

	December 31, 2020		
	Maturity	Currency	Amount
Unsecured, non-interest bearing (2)	On demand	Canadian dollar	\$45,000
Unsecured, non-interest bearing (3)	On demand	Canadian dollar	\$30,000
Unsecured, non-interest bearing (4)	On demand	Canadian dollar	\$26,000
			<u>\$101,000</u>

See Note 12 for further information.

### 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.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 5. CAPITAL AND RESERVES (continued)

#### *Details of Issues of Common Shares in 2021*

On March 29, 2021, the Company announced a non-brokered private placement financing of up to 5,600,000 units at a price of \$0.09 per unit. 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 \$0.15 per share for three years from the date of issue. As at March 31, 2021, \$20,000 in share subscriptions were received for the non-brokered private placement announced on March 29, 2021, but the shares had not yet been issued. See Note 12 for further information.

During the three months ended March 31, 2021, 2,140,000 warrants were exercised for gross proceeds of \$214,000.

#### *Details of Issues of Common Shares in 2020*

On January 14, 2020, the Company completed the non-brokered private placement financing of 14,540,000 units at a price of \$0.05 per unit for gross proceeds of \$727,000. 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 two years from the date of issue, expiring on January 14, 2022. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.69%; expected stock price volatility – 133.08%; dividend yield – 0%; and expected warrant life – 1.295 years.

#### *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 for a maximum term of ten years. 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, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Expired/ Exercised	March 31, 2021	Options exercisable
January 26, 2023	\$2.00	998,750	-	-	998,750	998,750
		998,750	-	-	998,750	998,750
Weighted average exercise price (\$)		2.00	-	-	2.00	2.00
Weighted average contractual remaining life (years)		2.07	-	-	1.83	1.83

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 5. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Expired/ Exercised	March 31, 2020	Options cancelled	exercisable
January 26, 2023	\$2.00	1,055,000	-	-	-	1,055,000	1,055,000
		1,055,000	-	-	-	1,055,000	1,055,000
Weighted average exercise price (\$)		2.00	-	-	-	2.00	2.00
Weighted average contractual remaining life (years)		3.07	-	-	-	2.83	2.83

#### Warrants

The continuity of warrants for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Expired/ Exercised	March 31, 2021
January 14, 2020	\$0.10	14,540,000	-	(2,140,000)	-
		14,540,000	-	(2,140,000)	-
Weighted average exercise price (\$)		0.10	-	0.10	-

The continuity of warrants for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Expired/ Exercised	March 31, 2020
January 23, 2020	\$1.60	1,413,529	-	-	(1,413,529)
January 14, 2020	\$0.10	-	14,540,000	-	-
		1,413,529	14,540,000	-	(1,413,529)
Weighted average exercise price (\$)		1.60	0.10	-	1.60

### 6. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the three months ended March 31, 2021 and 2020 were based on the following:

	Three months ended March 31,	
	2021	2020
Loss attributable to common shareholders (\$)	55,520	66,665
Weighted average number of common shares outstanding	34,181,612	31,066,025

Diluted loss per share did not include the effect of 998,750 (2020 – 998,750) share purchase options and 14,540,000 (2020 – 14,540,000) warrants as they are anti-dilutive.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 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,	
	2021	2020
	\$	\$
<b>Transactions</b>		
Services rendered:		
Grosso Group Management Ltd.		
Management fees	1,500	1,500
Office & sundry	1,230	1,385
Total for services rendered	2,730	2,885

#### **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 Vice President of Corporate Development.

	Three months ended March 31,	
	2021	2020
	\$	\$
<b>Transactions</b>		
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
Total for services rendered	15,000	15,000

	Three months ended March 31,	
	2021	2020
	\$	\$
<b>Transactions</b>		
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. <sup>(1)</sup>	67,795	52,221
Payable to Grosso Group Management Ltd. <sup>(2)</sup>	55,800	41,988
Payable to Oxbow International Marketing Ltd. <sup>(2)</sup>	1,197	10,618
Total for amounts payable to related parties	124,792	104,827

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

(2) A company owned by Joseph Grosso of Argentina Lithium & Energy Corporation.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 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, 2021 and the year ended December 31, 2020.

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

	March 31, 2021	
	Argentina \$	Total \$
Exploration and evaluation assets	45,815	45,815
	45,815	45,815

  

	December 31, 2020	
	Argentina \$	Total \$
Exploration and evaluation assets	42,696	42,696
	42,696	42,696

### 9. COMMITMENT

*Management Services Agreement*

	1 Year \$	2 Years \$	3 Years \$	4-5 Years \$	More than 5 Years \$
Management Services Agreement	4,500	6,000	-	-	-

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 \$500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

### 10. SUPPLEMENTARY CASH FLOW

	Three months ended March 31,	
	2021 \$	2020 \$
<b>Non-cash investing and financing activities:</b>		
Private placement – issuance of warrants	-	181,139
Warrants exercised	26,660	-
Stock options cancelled/expired	-	61,129

### 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.



## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 11. FINANCIAL RISK MANAGEMENT (continued)

#### (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, 2021, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount March 31, 2021	Fair value March 31, 2021		
<b>Recurring measurements</b>				
Financial Assets				
Cash	262,236	262,236	-	-

At December 31, 2020, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2020	Fair value December 31, 2020		
<b>Recurring measurements</b>				
Financial Assets				
Cash	19,020	19,020	-	-

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.

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

*(An Exploration Stage Company)*

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

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

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 and Argentinean pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have insignificant impact on the Company's net and comprehensive loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$2,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$1,000.

##### ***(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.

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

*(An Exploration Stage Company)*

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

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

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

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, 2021.

Additional information regarding capital management is disclosed in Note 1.

### **12. SUBSEQUENT EVENTS**

#### *Loan Payable*

- The Company repaid the principal balances of \$201,000 for all the Company's loans received together with all accrued and unpaid interest totalling \$2,334. See also Note 4.

#### *Private Placement*

- On April 14, 2021, the Company completed a non-brokered private placement announced on March 29, 2021 consisting of 8,484,500 units at a subscription price of \$0.09 per unit for gross proceeds of \$763,605. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.15 per share for two years from the date of issue.