ARGENTINA LITHIUM & ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2018 and 2017

Introduction

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) ("Argentina Lithium" or "the Company") for the six months ended June 30, 2018 and 2017 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 August 27, 2018.

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 a Qualified Person under NI 43-101.

<u>Argentina</u>

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. The 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 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 (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	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 issued were all restricted from trading and will be free trading in accordance with the details in the following schedule.

Date	Number of Common Shares
December 2, 2017	625,000
November 2, 2018	625,000
November 2, 2019	625,000
November 2, 2020	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 originally included 20,500 hectares in the central core of the Arizaro Salar in the mining-friendly province of Salta. Subsequent applications resulted in a current total of 35,144 hectares of granted mineral licenses. 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 deep brines are the primary exploration target. 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.

In February 2017, the Company commenced the first detailed exploration work at Arizaro. The work program included both near-surface geochemical sampling and a Vertical Electric Sounding (VES) geophysical survey. The VES survey identified conductive and semi-conductive zones interpreted as geologic units at depth that are saturated with high-density, and potentially lithium-bearing, brines. Of particular interest are conductive zones which thicken to the north and west towards the centre of the salar where the geophysics suggests a sub-basin is located that that may host potentially lithium-bearing brines separate from shallow or at-surface brines. Based on the results of the VES survey, 3-4 initial drill holes reaching depths of up to 400 metres were planned. Maps and a detailed description of the survey results are available in the news release dated May 3, 2017, posted on the Company's website. On October 10, 2017 the Company announced that it had commenced the drill program and on November 14, 2017 the results were announced. Table 1 below contains the complete geochemical results from the three holes completed. The first two drill holes encountered lithium-bearing brines below surface in the central area of the salar with values as high as 257 mg/l lithium. A substantial brine aquifer was not reached, however the deepest hole ended in mixed sand units below 300 metres which returned modest volumes of brine grading 194 to 242 mg/L lithium. Full details of the program are available in the news release filed on SEDAR.

Table 1. Arizaro Phase 1 Drill Results

Hole	Sample	Depth (m)	Li (mg/L)	Mg (mg/L)	K (mg/L)	Density
AR_01	61288	190	239	4608	9171	1.220
	61285	238	256	4996	9838	1.222
	61282	308	242	4579	9338	1.222
	61278	326	223	4100	8538	1.220
	61274	356	194	3871	9213	1.220
	61270	368	50	366	1727	1.214
ARI-02	61267	15	181	10070	10469	1.219
	61264	76	257	15035	14653	1.226
	61260	108	43	293	1487	1.214
	61256	205	60	1508	2681	1.214
	61252	298	39	224	1382	1.214
AR_03	61291	46	36	524	1428	1.215
	61295	68	45	581	1636	1.215
	69602	57	39	545	1535	1.215
	69606	80	47	574	1716	1.215
	69609	90	47	574	1679	1.215
	69612	100	40	550	1558	1.216
	69615	110	41	553	1583	1.215
	69618	130	41	558	1584	1.215
	69621	149	42	563	1600	1.215
	69626	203	39	504	1514	1.192
	69630	224	40	519	1537	1.192
	69634	250	40	506	1504	1.193
	69638	188	39	503	1515	1.192
	69641	167	40	504	1502	1.193

The depth of drilling in the first program was limited by the drill equipment used, therefore the Company undertook a detailed geophysical survey of the Arizaro basin to delineate targets. The CSAMT survey announced on June 4th 2018, was designed to map deeper stratigraphic units, and provide additional information to interpret subsurface characteristics, including lithology, basement geology, faults, weak or weathering zones, depression zones, groundwater level, and brine bearing formations. The survey consisted of three East-West lines, each 13.5 kilometres long, plus two North-South lines of 10 and 20 kilometres each. The sounding spacing was 500 to 1000 metres. As announced on August 24, 2018, the survey provided new possible shallow brine targets but no significant deep targets were identified at depths below the 2017 drilling program. The Company is evaluating the appropriate next program for the Project.

Incahuasi Lithium Project, Catamarca

On November 6, 2017, the Company announced that it was acquiring a 100% interest in mineral rights properties covering the entire Incahuasi Salar and basin in Catamarca Province, Argentina. The Project now includes over 25,500 hectares of granted mineral rights properties. The Salar de Incahuasi is located in the northwest of Catamarca Province at approximately 3260 metres above sea level, in the southern half of the "Lithium Triangle". Access to the Incahuasi salar is by gravel road, approximately 34 kilometres southwest from the town of Antofagasta de la Sierra. The salar is approximately 17 kilometres long north to south, and 2.5 kilometres wide, and divided into a north and south section. Initial sampling of near-surface brines in 52 pits returned an average of 62 mg/L of lithium, 4661 mg/L of potassium and 9800 mg/L magnesium, with a maximum value of 409 mg/l lithium and 1.56% potassium from a sample in the central portion of the salar. VES geophysical surveying indicates the potential for lithium-rich brines starting at surface and reaching up to 200 metres depth.

On January 31, 2018 the Company announced that it had received permits necessary for drilling at Incahuasi and on March 13th announced the start of a 4-hole drill program. On August 24, 2018, the Company announced that the program was complete, with 878 metres drilled in total. Halite and deeper clastic sediments were cored in all holes, and each hole encountered lithium-bearing brines. Lithium concentrations were modest but fairly consistent, averaging 109 mg/L in all 54 samples collected and analyzed. The Company is continuing to evaluate the data obtained to date from the geophysical, surface sampling and drilling programs to enhance its understanding of the hydrogeological aspects of the Incahuasi salar in order to focus future work on identifying sub-domains with higher lithium grades.

Antofalla Lithium Project, Salta

On March 8, 2018, the Company announced the acquisition of a third lithium brine project, situated on the Salar de Antofalla in Salta province, Argentina. The Company applied for 100% interest in approximately 9,000 hectares of mining claims in the north end of the Salar de Antofalla, ("Staked Properties") some of which has been granted. Furthermore, the Company has entered into an option agreement to earn a 100% interest in three additional properties totaling over 5,300 hectares ("Optioned Properties") situated adjacent to the Staked Properties. The Optioned Properties include two granted mine concessions and a third mine application. Terms of the option include cash payments totaling US$3,500,000 over 42 months, but limited to only $500,000 in the first 18 months. The option also includes annual exploration expenditure commitments of $500,000 in year one, followed by $1.5M in year two, $2.0M in year 3 and $3.0M in year 4.

The Salar de Antofalla is approximately 150 kilometres long and 5-7 kilometres wide, and is located at 3,900 metres elevation. The salar is accessed by Provincial highway 43 and unpaved roads, with the small town of Antofalla approximately 50 kilometres to the south and the city of Salta approximately 500 kilometes away. The geological environment at the Salar de Antofalla is similar to other salars in the Puna region where lithium and potash are found. Several other companies are exploring properties on the salar, including global lithium producer Abermarle. Previous operators of the Abermarle property delineated lithium in brines, which Abermarle believes will be certified as the largest lithium resource in Argentina[1]. Reported grades from the salar include 350 mg/l lithium and 6,400mg/l potash[2].

On August 24, 2018, the Company reported that a CSAMT geophysical survey had been completed on the northern part of the property, to map deeper stratigraphic units and provide additional information on the subsurface in order to delineate drill targets.

The survey identified targets with high conductivity in the first 100 metres and moderate conductivity at deeper levels. Four drill holes are recommended by the consulting geophysicists to test for lithium-bearing brines, and the Company is planning a potential drill program for the Argentine spring season.

Fierro Iron Ore Project, Rio Negro

The Company holds a 100% interest in an iron ore project in Rio Negro Province. Argentina. The Company has previously impaired the carrying value of this project down to $ 1. This project is no longer a focus of exploration efforts by the Company.

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1 Albermarle September 12, 2016 News Release; http://investors.albemarle.com accessed 3/5/18.

2 https://roskill.com/news/lithium-albemarle-expands-argentina/ accessed 3/5/18

Results of Operations – For the six months ended June 30, 2018 compared to the six months ended June 30, 2017

During the six months ended June 30, 2018, loss from operating activities increased by $2,821,733 to $3,794,680 compared to $972,947 in loss from operating activities for the six months ended June 30, 2017. The increase in loss from operating activities is largely due to:

- An increase of $1,460,264 in exploration. Exploration expense was $1,891,159 for the six months ended June 30, 2018 compared to $430,895 for the six months ended June 30, 2017. The increase in exploration expense is primarily due to exploration programs at the Antofalla, Arizaro, and Incahuasi projects consisting of the commencement of a 4-hole drill program, project administration and applications, and office and employment related costs at both projects for the six months ended June 30, 2018 compared to no exploration program at the Incahuasi project during the six months ended June 30, 2017.

- An increase of $1,221,915 in share-based compensation. Share-based compensation was $1,241,605 for the six months ended June 30, 2018 compared to $19,690 for six months ended June 30, 2017. The increase is due to granting and vesting of 4,570,000 stock options during the six months ended June 30, 2018, compared to granting and partial vesting of 250,000 stock options during the six months ended June 30, 2017.

- An increase of $126,064 in corporate development and investor relations. Corporate development and investor relations were $414,497 for the six months ended June 30, 2018 compared to $288,433 for the six months ended June 30, 2017. The increase is due to a greater number of activities relating to promotion of the Company's projects during the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

The net loss and comprehensive loss for the six months ended June 30, 2018 was $3,790,155 or $0.12 per basic and diluted share compared to a net loss and comprehensive loss of $957,263 or $0.04 per basic and diluted share for the six months ended June 30, 2017.

Cash Flow

Operating Activities

Cash outflow from operating activities was $2,591,355 for the six months ended June 30, 2018 compared to $969,248 for the six months ended June 30, 2017. The increase in cash outflows is primarily due to higher exploration expenditures, and corporate and administrative cash costs, as well as changes in non-cash working capital balances due to timing of receipt and payment of cash during the six months ended June 30, 2018.

Investing Activities

Cash outflow from investing activities was $172,868 for the six months ended June 30, 2018 compared to $675,800 for the six months ended June 30, 2017. Expenditures on exploration and evaluation assets were $172,868 during the six months ended June 30, 2018, compared to $675,800 in expenditures on exploration and evaluation assets during the six months ended June 30, 2017.

Financing Activities

Cash inflow from financing activities was $1,773,127 for the six months ended June 30, 2018 compared to $55,300 for the six months ended June 30, 2017. Proceeds from the issuance of common shares and warrants net of share issue costs were $1,614,127 for the six months ended June 30, 2018 compared to $Nil for the six months ended June 30, 2017. Proceeds from warrant exercises were $159,000 for the six months ended June 30, 2018 compared to $55,300 for the six months ended June 30, 2017.

Results of Operations – For the three months ended June 30, 2018 compared to the three months ended June 30, 2017

During the three months ended June 30, 2018, loss from operating activities increased by $1,271,087 to $1,798,887 compared to $527,800 in loss from operating activities for the three months ended June 30, 2017. The increase in loss from operating activities is largely due to:

- An increase of $1,266,613 in exploration. Exploration expense was $1,510,847 for the three months ended June 30, 2018 compared to $244,234 for the three months ended June 30, 2017. The increase in exploration expense is primarily due to exploration programs at the Antofalla, Arizaro and Incahuasi projects consisting of the continuation of a 4-hole drill program, project administration and applications, and office and employment related costs at both projects for the three months ended June 30, 2018 compared to no exploration program at the Incahuasi project during the three months ended June 30, 2017.

- An increase of $18,500 in consulting and management fees. Consulting and management fees were $69,500 for the three months ended June 30, 2018 compared to $51,000 for the three months ended June 30, 2017. The increase is due to higher executive compensation incurred and an increase in corporate activity resulting in a greater amount charged for its usage relating to Grosso Group's cost during the three months ended June 30, 2018 compared to the three months ended June 30, 2017.

The net loss and comprehensive loss for the three months ended June 30, 2018 was $1,817,848 or $0.02 per basic and diluted share compared to a net loss and comprehensive loss of $531,180 or $0.01 per basic and diluted share for the three months ended June 30, 2017.

Statement of Financial Position

At June 30, 2018, the Company had total assets of $4,599,118 which is a decrease of $775,031 from $5,374,149 in total assets at December 31, 2017. This decrease is primarily due to a decrease in cash of $991,096, partially offset by an increase in exploration and evaluation assets of $172,868 and prepaid expenses of $45,367 during the six months ended June 30, 2018.

Selected Quarterly Financial Information

	2018		2017				2016	
	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss	(1,817,848)(1)	(1,972,307)(2)	(1,234,605)(3)	(381,509)(4)	(531,170)(5)	(426,093)(6)	(300,656)(7)	(404,150)
Loss per Common Share Basic and Diluted	(0.02)	(0.03)	0.02	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)

(1) Variance from prior quarter primarily due to a decrease in share-based compensation of $1,241,605, and corporate development and investor relations of $90,363, partially offset by an increase in exploration expenditures of $1,130,535 and foreign exchange loss of $38,120.

(2) Variance from prior quarter primarily due to an increase in share-based compensation of $1,241,605, and corporate development and investor relations of $119,413, partially offset by a decrease in exploration expenditures of $665,781.

(3) Variance from prior quarter primarily due to an increase in exploration expenditures of $872,540, corporate development and investor relations of $29,918, partially offset by an increase in foreign exchange gain of $73,784.

(4) Variance from prior quarter primarily due to a decrease in exploration expenditures of $70,681, corporate development and investor relations of $64,292, and accounting and auditing fees of $7,300.

(5) Variance from prior quarter primarily due to increase in exploration expenditures of $57,573, corporate development and investor relations of $46,349, and foreign exchange loss of $21,826, partially offset by a decrease in transfer agent and regulatory fees of $20,981.

(6) Variance from prior quarter primarily due to increase in corporate development and investor relations of $91,636, exploration expenditures of $72,951, consulting and management fees of $32,600 and share-based compensation of $13,038, partially offset by a decrease in legal and professional fees of $88,163.

(7) Variance from prior quarter primarily due to a decrease of $340,493 in impairment 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 $23,218,828 and shareholders' equity of $4,331,673 at June 30, 2018. In addition, the Company has working capital of $789,252 at June 30, 2018 and negative cash flow from operating activities of $2,591,355. The Company's working capital has decreased since June 30, 2018 and the Company is evaluating its financing alternatives. 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 condensed consolidated interim financial statements for the six months ended June 30, 2018 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 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's cash position at June 30, 2018 was $892,616, a decrease of $991,096 from the December 31, 2017 balance of $1,883,712. 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

Management Services Agreement

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	85,800	257,400	-	-	-

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 $14,300 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

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 June 30, 2018, an aggregate of 76,287,707 common shares were issued and outstanding. At the date of this report, 76,287,707 common shares were issued and outstanding.

Details of Issues of Common Shares in 2018

On January 23, 2018, the Company closed 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 21st 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 six months ended June 30, 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 closed 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 21st 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 subscriptions payable and $4,500 in warrants exercise payable was outstanding for proceeds collected, but shares not issued.
The Company had 4,570,000 options outstanding at the date of this report with exercise price of $0.50 and expiry date of January 26, 2023.

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

Number of Warrants Outstanding	Exercise Price (CAD$)	Expiry Date
9,465,085	$0.30	October 26, 2018
7,465,326	$0.40	December 20, 2019
5,654,139	$0.40	January 23, 2020
22,584,550		

<u>Off-Balance Sheet Arrangements</u>

The Company does not utilize off-balance sheet arrangements.

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.

	Six months ended June 30,	
	2018	2017
Transactions	$	$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	87,500	70,500
Office & sundry	22,950	10,200
Total for services rendered	110,450	80,700

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.

			Six months ended June 30,	
			2018	2017
Transactions			$	$
Share-based compensation			1,241,605	-
Consulting fees to key management or their consulting corporations:				
Darren Urquhart	CFO	Consulting fees	6,000	6,000
David Terry	Director/Consultant	Consulting fees	24,000	24,000
SMG SRL[(1)]		Exploration	27,925	13,890
Total for services rendered			1,299,530	43,890

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

	Six months ended June 30,	
	2018	2017
Transactions	$	$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp.[(1)]	26,483	-
Total for amounts payable to related parties	26,483	-

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

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 condensed consolidated interim statements for the six months ended June 30, 2018. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

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*

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:

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.

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 June 30, 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 $300.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $2,200.

(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 condensed consolidated interim financial statements for the six months ended June 30, 2018 and 2017. 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.

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.