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# **Argentina Lithium & Energy Corp.**

*(An Exploration Stage Company)*

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

*(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	September 30, 2020 \$	December 31, 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		22,650	10,104
Accounts receivables		1,524	1,137
Prepaid expenses		9,274	23,573
<b>Total current assets</b>		<b>33,448</b>	<b>34,814</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	3	82,326	77,799
<b>Total non-current assets</b>		<b>82,326</b>	<b>77,799</b>
<b>Total Assets</b>		<b>115,774</b>	<b>112,613</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	254,206	256,756
Interest payable	4	-	14,965
Loans payable	4	56,000	549,000
<b>Total liabilities</b>		<b>310,206</b>	<b>820,721</b>
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	5	21,729,538	21,183,677
Share subscriptions received	5	181,139	37,500
Reserves	5	6,366,824	6,366,824
Deficit		(28,471,933)	(28,296,109)
<b>Total shareholders' deficiency</b>		<b>(194,432)</b>	<b>(708,108)</b>
<b>Total Shareholders' Deficiency and Liabilities</b>		<b>115,774</b>	<b>112,613</b>

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

### COMMITMENT (Note 9)

### SUBSEQUENT EVENTS (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on November 6, 2020. 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 September 30,		Nine months ended September 30,	
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
<b>Expenses</b>					
Accounting and audit		-	-	(6,600)	1,540
Consulting fees	7	24,000	24,000	72,000	72,000
Corporate development and investor relations		4,038	8,519	8,969	31,886
Exploration	3	11,434	21,926	48,071	65,199
Legal and professional fees		10,080	3,723	20,656	14,442
Management fees	7	1,500	1,980	4,500	7,440
Office and sundry	7	3,075	4,434	16,085	17,918
Rent, parking and storage		3,755	3,754	11,264	11,046
Transfer agent and regulatory fees		10,294	7,092	29,998	22,332
Travel		-	-	-	109
<b>Loss from operating activities</b>		<b>68,176</b>	<b>75,428</b>	<b>204,943</b>	<b>243,912</b>
<b>Other (income) expenses</b>					
Foreign exchange (gain) loss		(10,680)	(15,551)	(29,487)	5,236
Interest expense	4	-	3,393	368	9,344
Interest income		-	(59)	-	(155)
<b>(Income) loss from other items</b>		<b>(10,680)</b>	<b>(12,217)</b>	<b>(29,119)</b>	<b>14,425</b>
<b>Net loss and comprehensive loss</b>		<b>57,496</b>	<b>63,211</b>	<b>175,824</b>	<b>258,337</b>
<b>Basic and diluted loss per common share</b>	6	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</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)*

	Nine months ended September 30,	
	2020	2019
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(175,824)	(195,126)
Adjustments for:		
Interest expense	368	5,951
Changes in non-cash working capital items:		
Increase in accounts receivables	(387)	(784)
Decrease in prepaid expenses	14,299	11,830
(Decrease) increase in accounts payable and accrued liabilities	(2,550)	38,148
<b>Net cash used in operating activities</b>	<b>(164,094)</b>	<b>(139,981)</b>
<b>Cash flows from investing activities</b>		
Expenditures on exploration and evaluation assets	(4,527)	-
<b>Net cash used in investing activities</b>	<b>(4,527)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Issuance of common shares and warrants for private placements	689,500	-
Loan proceeds received	56,000	154,000
Repayment of loans	(549,000)	-
Interest paid	(15,333)	-
<b>Net cash generated by financing activities</b>	<b>181,167</b>	<b>154,000</b>
<b>Net increase in cash during the period</b>	<b>12,546</b>	<b>14,019</b>
Cash at beginning of period	10,104	13,093
<b>Cash at end of period</b>	<b>22,650</b>	<b>27,112</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 Interim Statements of Changes in Shareholders' Deficiency

(Unaudited - 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, 2018</b>	18,603,168	21,183,677	2,909,924	1,241,605	2,215,295	-	(27,920,577)	(370,076)
Stock options cancelled/expired	-	-	23,772	(23,772)	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(258,337)	(258,337)
<b>Balance at September 30, 2019</b>	18,603,168	21,183,677	2,933,696	1,217,833	2,215,295	-	(28,178,914)	(628,413)
Share subscriptions received	-	-	-	-	-	37,500	-	37,500
Stock options cancelled/expired	-	-	71,318	(71,318)	-	-	-	-
Warrants and agent warrants expired	-	-	1,551,194	-	(1,551,194)	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(117,195)	(117,195)
<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
Stock options cancelled/expired	-	-	61,129	(61,129)	-	-	-	-
Warrants and agent warrants expired	-	-	664,101	-	(664,101)	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(175,824)	(175,824)
<b>Balance at September 30, 2020</b>	33,143,168	21,729,538	5,281,438	1,085,386	181,139	-	(28,471,933)	(194,432)

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 nine months ended September 30, 2020 and 2019

*(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 \$28,471,933 and shareholders’ deficiency of \$194,432 at September 30, 2020. In addition, the Company has working capital deficiency of \$276,758 at September 30, 2020 and negative cash flow from operating activities of \$164,094. 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 nine months ended September 30, 2020 and 2019

(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, 2019 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 Lito 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 nine months ended September 30, 2020 and 2019

*(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 nine months ended September 30, 2020, management has determined there were no impairment indicators present with respect to the Company's exploration and evaluation assets.

#### *Changes in Accounting Standards*

Effective in the first quarter 2019, the Company adopted IFRS 16 – *Leases*, issued in January 2016 and the related consequential amendments. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. The adoption of IFRS 16 has resulted in the recognition of right-of-use assets and lease liabilities for all operating leases where the Company is a lessee. Assets and liabilities relating to finance leases on the date of transition remain unchanged. The Company transitioned to IFRS 16 in accordance with the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in retained earnings on January 1, 2019.

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

*(An Exploration Stage Company)*

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

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

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

The adoption of IFRS 16 did not have a material impact on the Company's financial statements as the company has not entered into any agreement that meet the definition of a lease.

IFRIC 23 (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's condensed consolidated interim financial statements.

#### *New Accounting Standards and Interpretations not yet effective*

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

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 is not expected to have any impact on the Company's condensed consolidated interim financial statements.

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures (effective January 1, 2020) will 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 is not expected to have any impact on the Company's condensed consolidated interim 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 September 30, 2020 and 2019:

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### Acquisition Costs

	Argentina		
	Incahuasi	Antofalla	Total
	\$	\$	\$
Balance – December 31, 2018 and September 30, 2019	77,799	21,546	99,345
Additions			
Option payments, staking costs, land payments and acquisition costs	-	4,254	4,254
Impairment of exploration and evaluation assets	-	(25,800)	(25,800)
Balance – December 31, 2019	77,799	-	77,799
Additions			
Option payments, staking costs, land payments and acquisition costs	4,527	-	4,527
Balance – September 30, 2020	82,326	-	82,326

#### Exploration Expenditures

	Argentina			
	Antofalla	Incahuasi	Other	Total
	\$	\$	\$	\$
Cumulative exploration expenses				
December 31, 2019	108,449	2,390,020	38,278	2,536,747
Expenditures during the year:				
Office	12,347	-	-	12,347
Professional fees	21,300	-	1,972	23,272
Property maintenance payments	5,914	-	764	6,678
Statutory taxes	5,401	-	373	5,774
	44,962	-	3,109	48,071
Cumulative exploration expenses				
September 30, 2020	153,411	2,390,020	41,387	2,584,818

	Argentina			
	Antofalla	Incahuasi	Other	Total
	\$	\$	\$	\$
Cumulative exploration expenses				
December 31, 2018	26,166	2,390,020	28,431	2,444,617
Expenditures during the period:				
Office	5,198	-	-	5,198
Professional fees	38,525	-	1,455	39,979
Property maintenance payments	82	-	4,550	4,632
Salaries and contractors	5,093	-	-	5,093
Supplies and equipment	6	-	-	6
Transportation	748	-	-	748
Statutory taxes	8,513	-	1,029	9,543
	58,165	-	7,034	65,199
Cumulative exploration expenses				
September 30, 2019	84,331	2,390,020	35,465	2,509,816

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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

#### a) 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.

#### b) Antofalla Lithium Project

On March 8, 2018, the Company entered into a combination of 100% owned property applications and properties with the option to earn 100% through a combination of cash payments and work commitments at the Antofalla lithium brine project totalling 14,000 ha, located in the 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”), all of which have been granted. The Company also entered into an option agreement to earn 100% interest in three additional properties totaling over 5,300 hectares (“Optioned Properties”) situated adjacent to the Staked Properties. Subsequent to December 31, 2018, the Company delivered notice to the vendor of its intension to termination the option agreement, and impaired \$257,580 in acquisition costs for the year ended December 31, 2018.

During the year ended December 31, 2019, the Company determined that it would not be exploring the Antofalla property further based on the exploration work done to the end of the year, and impaired \$25,800 in acquisition costs.

### 4. LOANS PAYABLE

At September 30, 2020, the Company had the following loans payable.

	September 30, 2020		
	Maturity	Currency	Amount
Unsecured, non-interest bearing (1)	On demand	Canadian dollar	\$30,000
Unsecured, non-interest bearing (2)	On demand	Canadian dollar	\$26,000
			<u>\$56,000</u>

(1) \$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.

(2) \$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.

## Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. LOANS PAYABLE (continued)

At December 31, 2019, the Company had the following loans payable:

	December 31, 2019		
	Maturity	Currency	Amount
Unsecured, 12% annual interest rate (3)	On demand	Canadian dollar	\$20,000
Unsecured, non-interest bearing (4)	On demand	Canadian dollar	\$15,000
Unsecured, 12% annual interest rate (5)	On demand	Canadian dollar	\$15,000
Unsecured, non-interest bearing (6)	On demand	Canadian dollar	\$30,000
Unsecured, non-interest bearing (7)	On demand	Canadian dollar	\$31,000
Unsecured, 12% annual interest rate (8)	On demand	Canadian dollar	\$5,000
Unsecured, non-interest bearing (9)	On demand	Canadian dollar	\$37,000
Unsecured, non-interest bearing (10)	On demand	Canadian dollar	\$15,000
Unsecured, non-interest bearing (11)	On demand	Canadian dollar	\$50,000
Unsecured, non-interest bearing (12)	On demand	Canadian dollar	\$16,000
Unsecured, non-interest bearing (13)	On demand	Canadian dollar	\$50,000
Unsecured, 12% annual interest rate (14)	On demand	Canadian dollar	\$100,000
Unsecured, non-interest bearing (15)	On demand	Canadian dollar	\$165,000
			<u>\$549,000</u>

The Company repaid the principal balances of \$549,000 for the Company's loans received together with all accrued and unpaid interest totalling \$15,333 during the nine months ended September 30, 2020.

#### (3) \$20,000 Unsecured, 12% annual interest rate

On October 24, 2019, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$20,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. During the year ended December 31, 2019, the Company accrued \$447 in interest expense for this loan.

#### (4) \$15,000 Unsecured, non-arm's length & non-interest bearing

On October 1, 2019, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$15,000 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.

#### (5) \$15,000 Unsecured, 12% annual interest rate

On August 28, 2019, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$15,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. During the year ended December 31, 2019, the Company accrued \$616 in interest expense for this loan.

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Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2020 and 2019

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

### **4. LOANS PAYABLE (continued)**

*(6) \$30,000 Unsecured, non-arm's length & non-interest bearing*

On July 26, 2019, 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.

*(7) \$31,000 Unsecured, non-arm's length & non-interest bearing*

On June 27, 2019, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$31,000 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.

*(8) \$5,000 Unsecured, 12% annual interest rate*

On May 28, 2019, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is \$5,000 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 year ended December 31, 2019, the Company accrued \$357 in interest expense for this loan.

*(9) \$37,000 Unsecured, non-arm's length & non-interest bearing*

On April 30, 2019, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$37,000 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.

*(10) \$15,000 Unsecured, non-arm's length & non-interest bearing*

On April 17, 2019, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$15,000 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.

*(11) \$50,000 Unsecured, non-arm's length & non-interest bearing*

On March 13, 2019, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$50,000 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.

*(12) \$16,000 Unsecured, non-arm's length & non-interest bearing*

On January 30, 2019, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$16,000 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.

*(13) \$50,000 Unsecured, non-arm's length & non-interest bearing*

On December 20, 2018, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$50,000 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.

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### **4. LOANS PAYABLE (continued)**

*(14) \$100,000 Unsecured, 12% annual interest rate*

On November 14, 2018, 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 year ended December 31, 2019, the Company accrued \$12,000 in interest expense for this loan.

*(15) \$165,000 Unsecured, non-arm's length & non-interest bearing*

On October 2, 2018, the Company entered into a loan agreement with a non-arm's length lender. The principal amount of the loan is \$165,000 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.

### **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 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.

*Details of Issues of Common Shares in 2019*

On December 6, 2019, the Company announced a non-brokered private placement financing of up to 13,500,000 units at a price of \$0.05 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 \$0.10 per share for two years from the date of issue. As at December 31, 2019, \$37,500 (2018 - \$Nil) in share subscriptions were received for the non-brokered private placement announced on December 6, 2019, but the shares had not yet been issued.

*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.

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### 5. CAPITAL AND RESERVES (continued)

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 nine months ended September 30, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ cancelled	September 30, 2020	Options exercisable
January 26, 2023	\$2.00	1,055,000	-	-	(56,250)	998,750	998,750
		1,055,000	-	-	(56,250)	998,750	998,750
Weighted average exercise price (\$)		2.00	-	-	2.00	2.00	2.00
Weighted average contractual remaining life (years)		3.07	-	-	-	2.33	2.33

The continuity of share purchase options for the nine months ended September 30, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired	September 30, 2019	Options exercisable
January 26, 2023	\$2.00	1,142,500	-	-	(87,500)	1,055,000	1,055,000
		1,142,500	-	-	(87,500)	1,055,000	1,055,000
Weighted average exercise price (\$)		2.00	-	-	2.00	2.00	2.00
Weighted average contractual remaining life (years)		4.07	-	-	-	3.33	3.33

#### Warrants

The continuity of warrants for the nine months ended September 30, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ Cancelled	September 30, 2020
January 23, 2020	\$1.60	1,413,529	-	-	(1,413,529)	-
January 14, 2022	\$0.10	-	14,540,000	-	-	14,540,000
		1,413,529	14,540,000	-	(1,413,529)	14,540,000
Weighted average exercise price (\$)		1.60	0.10	-	-	1.60

The continuity of warrants for the nine months ended September 30, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired	September 30, 2019
October 26, 2019	\$1.20	2,279,250	-	-	-	2,279,250
December 20, 2019	\$1.60	1,866,325	-	-	-	1,866,325
January 23, 2020	\$1.60	1,413,529	-	-	-	1,413,529
		5,559,104	-	-	-	5,559,104
Weighted average exercise price (\$)		1.43	-	-	-	1.43



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### 6. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the nine months ended September 30, 2020 and 2019 were based on the following:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Loss attributable to common shareholders (\$)	57,496	63,211	175,824	258,337
Weighted average number of common shares outstanding	33,143,168	18,603,168	32,453,314	18,603,168

Diluted loss per share did not include the effect of 998,750 (2019 – 1,055,000) share purchase options and 14,540,000 (2019 – 5,559,104) 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.

<b>Transactions</b>	Nine months ended September 30,	
	2020	2019
Services rendered:	\$	\$
Grosso Group Management Ltd.		
Management fees	4,500	7,440
Office & sundry	3,845	7,430
Total for services rendered	8,345	14,870

### 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.

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

	Nine months ended September 30,	
	2020	2019
	\$	\$
<b>Transactions</b>		
Consulting, salaries and professional fees to key management or their consulting corporations:		
Darren Urquhart CFO Salaries and employee benefits	9,000	9,000
David Terry Director/Consultant Salaries and employee benefits	36,000	36,000
<b>Total for services rendered</b>	<b>45,000</b>	<b>45,000</b>

	Nine months ended September 30,	
	2020	2019
	\$	\$
<b>Transactions</b>		
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. <sup>(1)</sup>	59,731	44,712
Payable to Grosso Group Management Ltd. <sup>(2)</sup>	50,067	33,794
Payable to Oxbow International Marketing Ltd. <sup>(2)</sup>	9,742	7,133
<b>Total for amounts payable to related parties</b>	<b>119,540</b>	<b>85,639</b>

(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.

### 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 nine months ended September 30, 2020 and the year ended December 31, 2019.

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

	September 30, 2020	
	Argentina	Total
	\$	\$
Exploration and evaluation assets	82,326	82,326
	82,326	82,326

  

	December 31, 2019	
	Argentina	Total
	\$	\$
Exploration and evaluation assets	77,799	77,799
	77,799	77,799

### 9. COMMITMENT

*Management Services Agreement*

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

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### 9. COMMITMENT (continued)

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

	Nine months ended September 30,	
	2020	2019
	\$	\$
<b>Non-cash investing and financing activities:</b>		
Private placement – issuance of warrants	181,139	-
Stock options cancelled/expired	61,129	23,772
Warrants and agents' warrants expired	664,101	-

### 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 September 30, 2020, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1	Level 2	Level 3
		\$	\$	\$
	Carrying amount	Fair value		
	September 30, 2020	September 30, 2020		
<b>Recurring measurements</b>				
Financial Assets				
Cash	22,650	22,650	-	-

At December 31, 2019, the Company's financial instruments measured at fair value are as follows:

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### 11. FINANCIAL RISK MANAGEMENT (continued)

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2019	Fair value December 31, 2019		
<b>Recurring measurements</b>				
Financial Assets				
Cash	10,104	10,104	-	-

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 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:

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

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$2,200.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$1,100.

#### **(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 nine months ended September 30, 2020.

Additional information regarding capital management is disclosed in Note 1.

### **12. SUBSEQUENT EVENTS**

#### *Loans Payable*

- On November 3, 2020, the Company borrowed \$45,000 from a non-arm's length lender that bears no interest and is to be used for working capital purposes. The principal balance of the loan shall become due and payable in full on demand.