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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

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 nine months ended September 30, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of November 25, 2016.

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 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The Company remained without a business asset until March 2003, when the Company negotiated a number of agreements to option and acquire interests in various mineral concessions located in Argentina. In December 2003, the Company completed its initial public offering and commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "AMS". In December 2008, the Company consolidated its outstanding common shares on a 10 for 1 basis and changed its name to Panthera Exploration Inc. (formerly Amera Resources Corporation) trading on the TSX-V under the symbol "PNX". In January 2012, the Company changed its name to Iron South Mining Corp. (formerly Panthera Exploration Inc.) trading on the TSX-V under the symbol "IS". In September 2016, the Company changed its name to Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) trading on the TSX-V under the symbol "LIT".

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

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

<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. 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	-	-
May 2, 2017	500,000	-	-
November 2, 2017	850,000	625,000	500,000
November 2, 2018	1,000,000	625,000	1,200,000
November 2, 2019	1,500,000	625,000	2,500,000
November 2, 2020	1,850,000	625,000	-
	6,000,000	2,500,000	4,200,000

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

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

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

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

Argentina Lithium plans to initiate an aggressive exploration program. on the property in the coming months. In addition, a strategy is currently underway to further expand the property holdings on the Arizaro Salar, and acquire additional high-potential lithium brine projects in Argentina.

Fierro Iron Ore Project, Rio Negro

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

On the commencement of commercial production, the Fierro Project will be subject to a 2% Net Smelter Royalty ("NSR") of which 1% can be purchased for $2,000,000 at any time.

The Fierro Project is immediately adjacent to the Minera Sierra Grande iron mine, owned by Metallurgical Corporation of China Ltd. The project is road accessible year round, in an area of flat topography at an elevation of approximately 300 m and within 30 km of a deep sea port.

At the Minera Sierra Grande mine, the iron ore consists of oolitic magnetite and hematite iron formation that occurs within the Silurian Sierra Grande Formation. The deposit is defined within a strike length of 3.2 km, with widths ranging from 5 to 15 m and depth up to 1,100 m. It has a historical non NI 43-101 compliant mineral resource of 199 Mt (million tonnes) at 57.5% iron oxide[1] at the South Deposit and was projected to produce over 1 Mt of 68%+ Fe magnetite concentrate in 2012.

The Company believes there is potential for the discovery of an economic iron deposit within the Fierro Project. The Property covers the mapped extensions of the Minera Sierra Grande mine horizon, including an estimated 60 km strike extent of the Sierra Grande Formation to the north and east of the mine. The prospective horizon is largely covered by modern sediments within the Property. Earlier exploration by the property vendor has included 725 line km of ground magnetic surveys, prospecting, preliminary geological mapping and rock sampling.

[1]Metallurgical Corporation of China Ltd. Global Offering Prospectus, September 11, 2009.

Results are available for 41 rock grab samples. Fifteen of these samples collected from the iron formation exposures on the Fierro Project assayed from 40% to 72% Fe2O3. Additional results are pending. Five zones of outcropping iron mineralization and 32 high-priority magnetic targets have been identified by the property vendor within the current Fierro claim group including:

300 Zone: This is the most advanced showing identified to date. Iron formation with an estimated width of 6 to 10 m outcrops discontinuously along 300 m before disappearing below younger cover sediments to the south and younger volcanics to the north. Magnetic data suggests the iron formation may have a total strike extent of up to 2 km. High grade saw channel sampling of outcropping iron bands on this target have assayed 79.2% Fe_2O_3 over 7 m and 80.1% Fe_2O_3 over 5 m from two separate samples 150 m apart as shown in the table below:

Sample*	Length m	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	CaO %	MgO %	K_2O %	MnO %	TiO_2 %	P_2O_5 %	Cr_2O_3 %	As %	Ba %	S %
Cut 1	7.0	5.91	4.53	79.2	3.01	0.34	0.16	0.07	0.12	2.54	0.01	0.004	0.05	0.027
Cut 2	5.0	6.32	4.70	80.1	2.79	0.45	0.16	0.09	0.11	2.42	0.02	0.001	0.06	0.016

* Each sample is averaged from 1.0 m continuous saw-cut channel samples.

Gonzales Zone: This zone contains sub-cropping iron formation that is partially exposed over 400 m with possible strike extent of 1.5 km as indicated by ground magnetic data.

Results: The Company has completed a program of detailed ground magnetometer surveying covering approximately 6,423 ha on priority target areas. The program confirmed the magnetic response of known exposures of oolitic iron formation at 300 Zone and Gonzales Target and indicated the possible presence of covered extensions which would significantly increase the size of these zones. Furthermore, the survey outlined six new magnetically anomalous areas that are believed to represent covered extensions of the iron formations.

Due to changing market conditions, the Fierro Project is no longer a focus of exploration efforts by the Company. Joint venture, partnership or sale proposals will be considered. Consequently, the Company impaired $340,492 in acquisition costs during the nine months ended September 30, 2016.

<u>Results Of Operations – For The Nine months ended September 30, 2016 Compared To The Nine months ended September 30, 2015</u>

During the nine months ended September 30, 2016, loss from operating activities increased by $70,572 to $95,748 compared to $25,176 in loss from operating activities for the nine months ended September 30, 2015. The increase in loss from operating activities is largely due to:

- An increase of $30,000 in salaries. Salaries were $30,000 for the nine months ended September 30, 2016 compared to $Nil for the nine months ended September 30, 2015. The increase is due to a one-time bonus of $27,000 paid to the Chief Financial Officer and higher increased executive compensation during the nine months ended September 30, 2016 compared to no similar one-time bonuses made and lower related executive compensation during the nine months ended September 30, 2015.

- An increase of $36,354 in legal and professional fees. Legal and professional fees were $41,448 for the nine months ended September 30, 2016 compared to $5,134 for the nine months ended September 30, 2015. The increase is due to a greater amount of professional fees incurred in connection with the Company's corporate strategy to focus on lithium projects in Argentina and more legal representation fees incurred for the Company's Peruvian subsidiary during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

- An increase of $7,804 in transfer agent and regulatory fees. Transfer agent and regulatory fees were $20,234 for the nine months ended September 30, 2016 compared to $12,430 for the nine months ended September 30, 2015 as a result of increased regulatory costs incurred in connection with the Company's completed non-brokered private placement during the nine months ended September 30, 2016 compared to less regulatory costs incurred due to reduced corporate activity during the nine months ended September 30, 2016.

Other items

During the nine months ended September 30, 2016, other expenses increased by $353,144 to $355,070 compared to $1,926 for the nine months ended September 30, 2015. The increase in other expenses is largely due to:

- An increase of $340,492 in write-off of exploration and evaluation assets. Write-off of exploration and evaluation assets for the nine months ended September 30, 2016 was $340,492 due to the Company's decision to no longer explore the Fierro property in Rio Negro, Argentina.

- An increase of $2,791 in interest expense. Interest expense was $6,077 for the nine months ended September 30, 2016 compared to $3,286 for the nine months ended September 30, 2015 due to accrued interest on outstanding working capital loans received by the Company.

- An increase of $3,200 in finance expense. Finance expense was $8,600 for the nine months ended September 30, 2016 compared to $5,400 for the nine months ended September 30, 2015. The increase is due to higher arrangement fees payable as consideration for more working capital loans received by the Company during the nine months ended September 30, 2016.

- A decrease of $6,694 in mineral claim refund. Mineral claim refund was $Nil for the nine months ended September 30, 2016 compared to $6,694 for the nine months ended September 30, 2015. The Company did not receive a mineral claim refund during the nine months ended September 30, 2016 compared to a refund of a reclamation bond that was paid in fiscal 2010 during the nine months ended September 30, 2015.

The net loss and comprehensive loss for the nine months ended September 30, 2016 was $450,818 or $0.04 per basic and diluted share compared to a net loss and comprehensive loss of $27,102 or $0.00 per basic and diluted share for the nine months ended September 30, 2015.

Cash Flow

Operating Activities

Cash outflow from operating activities was $85,586 for the nine months ended September 30, 2016 compared to $21,500 for the nine months ended September 30, 2015. The increase in cash outflows is primarily due to higher corporate and administrative cash costs offset by changes in non-cash working capital balances due to timing of receipt and payment of cash during the nine months ended September 30, 2016.

Financing Activities

Cash inflow from financing activities was $1,291,250 for the nine months ended September 30, 2016 compared to $27,000 for the nine months ended September 30, 2015. Proceeds from the issuance of common shares and warrants was $1,300,000 offset by share issue costs of $16,750 during the nine months ended September 30, 2016 compared to no such financing activity during the nine months ended September 30, 2015. Proceeds from the issuance of loans payable were $43,000 for the nine months ended September 30, 2016 compared to $27,000 for the nine months ended September 30, 2015. Repayment of loans payable was $35,000 for the nine months ended September 30, 2016 compared to $Nil in repayment of loans during the nine months ended September 30, 2015.

Results Of Operations – For The Three months ended September 30, 2016 Compared To The Three months ended September 30, 2015

During the three months ended September 30, 2016, loss from operating activities increased by $50,610 to $57,022 compared to $6,412 in loss from operating activities for the three months ended September 30, 2015. The increase in loss from operating activities is largely due to:

- An increase of $35,028 in legal and professional fees. Legal and professional fees were $39,149 for the three months ended September 30, 2016 compared to $4,121 for the three months ended September 30, 2015. The increase is due a greater amount of professional fees incurred in connection with the Company's corporate strategy to focus on lithium projects in Argentina and during the three months ended September 30, 2016 compared to the three months ended September 30, 2015.

- An increase of $10,266 in transfer agent and regulatory fees. Transfer agent and regulatory fees were $10,913 for the three months ended September 30, 2016 compared to $647 for the three months ended September 30, 2015 as a result of increased regulatory costs incurred in connection with the Company's completed non-brokered private placement during the three months ended September 30, 2016 compared to less regulatory costs incurred due to reduced corporate activity during the three months ended September 30, 2016.

- An increase of $3,540 in corporate development and investor relations. Corporate development and investor relations were $4,089 for the three months ended September 30, 2016 compared to $549 for the three months ended September 30, 2015. A greater number of investor relations activities due to increased corporate activity had occurred during the three months ended September 30, 2016 compared to fewer investor relations activities due to decreased corporate activity during the three months ended September 30, 2015.

Other items

During the three months ended September 30, 2016, other expenses increased by $352,576 to $347,127 compared to other income of $5,449 for the three months ended September 30, 2015. The increase in other expenses is largely due to:

- An increase of $340,492 in write-off of exploration and evaluation assets. Write-off of exploration and evaluation assets for the three months ended September 30, 2016 was $340,492 due to the Company's decision to no longer explore the Fierro property in Rio Negro, Argentina.

- An increase of $4,000 in finance expense. Finance expense was $4,000 for the three months ended September 30, 2016 compared to $Nil for the three months ended September 30, 2015. The increase is due to higher arrangement fees payable as consideration for more working capital loans received by the Company during the three months ended September 30, 2016.

- A decrease of $6,694 in mineral claim refund. Mineral claim refund was $Nil for the three months ended September 30, 2016 compared to $6,694 for the three months ended September 30, 2015. The Company did not receive a mineral claim refund during the three months ended September 30, 2016 compared to a refund of a reclamation bond that was paid in fiscal 2010 during the three months ended September 30, 2015.

The net loss and comprehensive loss for the three months ended September 30, 2016 was $404,149 or $0.02 per basic and diluted share compared to a net loss and comprehensive loss of $963 or $0.00 per basic and diluted share for the three months ended September 30, 2015.

Balance Sheet

At September 30, 2016, the Company had total assets of $1,469,790 compared with $348,465 in total assets at December 31, 2015. This increase is primarily due to an increase in cash and accounts receivable and prepaid expenses during the nine month ended September 30, 2016.

Selected Quarterly Financial Information

	2016			2015				2014
	Sept. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sept. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(404,149)(2)	(32,708)	(13,961)	(12,380)	(963)	(5,186)	(20,953)	(21,847)
Net Loss per Common Share Basic and Diluted	(0.02)(1)	(0.00)(1)	(0.00)(1)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

(1) Due to rounding, quarterly net loss per common share does not add to total annual net loss per common share of 0.01 for the nine months ended September 30, 2016
(2) Variance due to an increase in legal and professional fees of $38,369 and write-off of exploration and evaluation assets of $340,492.

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated operating deficit of $16,554,639 and shareholders' equity of $1,283,837 at September 30, 2016. In addition, the Company has a working capital of $1,283,836 at September 30, 2016 and negative cash flow from operating activities of $285,586. 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 recurring losses and negative cash flow from operating activities create material uncertainties that may cast significant 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 commitments (as disclosed in Note 1 of the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2016) 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.

The Company's condensed consolidated interim financial statements for the nine months ended September 30, 2016 do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

The condensed consolidated interim financial statements for the nine months ended September 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable 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 September 30, 2016 was $1,213,026, an increase of $1,205,664 from the December 31, 2015 balance of $7,362. The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any restrictions on the use of its cash resources.

Loans Payable

At September 30, 2016, the Company had the following loans payable:

	September 30, 2016		
	Maturity	Currency	Amount
Unsecured, non-interest bearing	On demand	United States dollar	$11,805
Unsecured, non-interest bearing	On demand	Canadian dollar	$12,000
Unsecured, 12% annual interest rate (1)	On demand	Canadian dollar	$7,000
Unsecured, 12% annual interest rate (2)	On demand	Canadian dollar	$20,000
Unsecured, 12% annual interest rate (3)	On demand	Canadian dollar	$23,000
			$73,805

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

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

(1) $7,000 Unsecured, 12% annual interest rate & finance expense

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

(2) $20,000 Unsecured, 12% annual interest rate & finance expense

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

See subsequent events for further information.

(3) $23,000 Unsecured, 12% annual interest rate & finance expense

On March 7, 2016, the Company entered into a loan agreement with an arm's length lender. The principal amount of the loan is $23,000 and is to be used for working capital purposes and bears interest at the rate of 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. As additional consideration for providing the loan, the Company will pay to the lender an arrangement fee in an amount equal to 20% of the principal amount of the loan totalling $4,600. Such amount is payable at the election of the lender in cash or common shares, or a combination of both. Payment of all or any part of the arrangement fee in common shares is subject to TSX Venture Exchange approval.

See subsequent events for further information.

All loans payable may be repaid in whole or in part at any time, without notice or penalty.

Contractual Commitments

As of September 30, 2016, the Company had no contractual commitments.

See subsequent events for further information.

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 September 30, 2016, an aggregate of 38,171,525 common shares were issued and outstanding. At the date of this report, 50,771,525 common shares were issued and outstanding.

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

Number of Shares			
Outstanding	Exercisable	Exercise Price (CAD$)	Expiry Date
100,000	100,000	$0.54	July 29, 2017
100,000	100,000		

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

Number of Warrants Outstanding	Exercise Price (CAD$)	Expiry Date
30,222,000	$0.10	August 21, 2017
10,348,085	$0.30	October 25, 2018
40,570,085		

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Balances and Transactions

Key Management Personnel Compensation

	Three months ended September 30, 2016			Three months ended September 30, 2015		
Compensation	Salaries $	Share-based benefits $	Total $	Salaries $	Share-based benefits $	Total $
Chief Executive Officer	-	-	-	-	-	-
Chief Financial Officer	3,000	-	3,000	-	-	-
Total	3,000	-	3,000	-	-	-

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
Compensation	Salaries $	Share-based benefits $	Total $	Salaries $	Share-based benefits $	Total $
Chief Executive Officer	-	-	-	-	-	-
Chief Financial Officer	30,000	-	30,000	-	-	-
Total	30,000	-	30,000	-	-	-

Subsequent Events

Warrants Exercised

Subsequent to September 30, 2016, 100,000 warrants were exercised at a price of $0.10 per unit.

Repayment of Loans Payable

Subsequent to September 30, 2016, the Company repaid the principal balances of all of the Company's loans received together with the arrangement fees and all accrued and unpaid interest totaling $91,205.

Private Placement

On October 22, 2016, the Company completed a non-brokered private placement financing of up 10,000,000 units at a price of $0.20 per unit for gross proceeds of $2,000,000. Each unit consists of one common share and one transferrable common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at $0.30 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades $0.75 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. All units issued are subject to a four month hold period from the date of issue.

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 financial statements for the nine months ended September 30, 2016. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

New Accounting Standards and Interpretations

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

IFRS 9 – Financial Instruments

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

IFRS 15 – Revenue from Contracts with Customers

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

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 and comprehensive loss due to changes in the exchange rate between the Canadian dollar and the US dollar is not material for the nine months ended September 30, 2016.

(ii) Interest rate risk

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

Risk Factors and Uncertainties

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

History of losses: The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2015 and 2014. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at September 30, 2016.

Additional Information

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

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