Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Argentina Lithium & Energy Corp.

Opinion

We have audited the consolidated financial statements of Argentina Lithium & Energy Corp. ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pejman Mahlooji.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada Canada
March 18, 2021

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash		19,020	10,104
Accounts receivables		1,731	1,137
Prepaid expenses		24,552	23,573
Total current assets		45,303	34,814
Non-current assets			
Exploration and evaluation assets	3	42,696	77,799
Total non-current assets		42,696	77,799
Total Assets		87,999	112,613
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	205,678	256,756
Loans payable	4	101,000	549,000
Interest payable	4	-	14,965
Total liabilities		306,678	820,721
SHAREHOLDERS' DEFICIENCY			
Share capital	5	21,729,538	21,183,677
Share subscriptions received	5	-	37,500
Reserves	5	6,547,963	6,366,824
Deficit		(28,496,180)	(28,296,109)
Total shareholders' deficiency		(218,679)	(708,108)
Total Shareholders' Deficiency and Liabilities		87,999	112,613

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Note 10)

SUBSEQUENT EVENTS (Note 13)

These consolidated financial statements are authorized for issue by the Board of Directors on March 18, 2021. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2020 $	2019 $
Expenses			
Accounting and audit		13,400	28,540
Consulting fees	7	96,000	95,650
Corporate development and investor relations		16,388	27,822
Exploration	3	63,599	92,130
Legal and professional fees		26,020	16,506
Management fees	7	6,000	9,420
Office and sundry	7	18,025	23,667
Rent, parking and storage		15,018	14,801
Transfer agent and regulatory fees		35,172	29,846
Travel		-	109
Loss from operating activities		289,622	338,491
Other (income) expenses			
Foreign exchange gain		(36,493)	(2,017)
Interest expense	4	368	13,420
Interest income		-	(162)
Impairment of exploration and evaluation assets	3	39,411	25,800
Gain on extinguishment of debt		(92,837)	-
(Income) loss from other items		(89,551)	37,041
Total loss and comprehensive loss		200,071	375,532
Basic and diluted loss per common share	6	0.01	0.02

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

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

	Year ended December 31,	
	2020	2019
	$	$
Cash flows from operating activities		
Loss for the year	(200,071)	(375,532)
Adjustments for:		
Interest expense	368	13,420
Impairment of exploration and evaluation assets	39,411	25,800
Gain on extinguishment of debt	(92,837)	-
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivables	(594)	1,072
(Increase) decrease in prepaid expenses	(979)	10,055
Increase in accounts payable and accrued liabilities	41,759	54,950
Net cash used in operating activities	(212,943)	(270,235)
Cash flows from investing activities		
Expenditures on exploration and evaluation assets	(4,308)	(4,254)
Net cash used in investing activities	(4,308)	(4,254)
Cash flows from financing activities		
Issuance of common shares and warrants for private placements	689,500	-
Loan proceeds received	101,000	234,000
Repayment of loans	(549,000)	-
Interest paid	(15,333)	-
Share subscriptions received	-	37,500
Net cash generated by financing activities	226,167	271,500
Net increase (decrease) in cash during the year	8,916	(2,989)
Cash at beginning of year	10,104	13,093
Cash at end of year	19,020	10,104

SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity (Deficiency)

(Expressed in Canadian Dollars)

	Share capital		Reserves					
	Number of shares	Amount $	Contributed surplus $	Equity settled share-based payments $	Warrants $	Share subscriptions and warrant exercises received $	Deficit $	Total $
Balance at December 31, 2018	18,603,168	21,183,677	2,909,924	1,241,605	2,215,295	-	(27,920,577)	(370,076)
Share subscriptions received	-	-	-	-	-	37,500	-	37,500
Stock options cancelled/expired	-	-	95,090	(95,090)	-	-	-	-
Warrants and agent warrants expired	-	-	1,551,194	-	(1,551,194)	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(375,532)	(375,532)
Balance at December 31, 2019	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 year	-	-	-	-	-	-	(200,071)	(200,071)
Balance at December 31, 2020	33,143,168	21,729,538	5,281,438	1,085,386	181,139	-	(28,496,180)	(218,679)

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

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 audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to consolidated financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has experienced recurring operating losses and has an accumulated operating deficit of $28,496,180 and shareholders' deficiency of $218,679 at December 31, 2020. In addition, the Company has working capital deficiency of $261,375 at December 31, 2020 and negative cash flow from operating activities of $212,943. 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 audited consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Company's audited consolidated financial statement, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee, effective for the Company's reporting for the year ended December 31, 2020.

Basis of preparation

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

Basis of consolidation

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

	Place of Incorporation	Principal Activity
Amera-Chile Sociedad Contractual Minera	Chile	Holding company
Argentina Litio Y Energia S.A.	Argentina	Exploration company
Hierros Del Sur S.A.C.	Peru	Holding company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Financial instruments

i. Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table summarizes the classification and measurement of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification and Measurement
Cash and cash equivalents	FVTPL
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

ii. Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of operations and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive income (loss) in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iii. Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income (loss).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The presentation and functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Equipment

Equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over its estimated useful life of 2 years for computer equipment. Depreciation of an asset begins once it is available for use.

Exploration, Evaluation and Development Expenditure

Exploration and evaluation expenditures are expensed as incurred, until the property reaches development stage. The development stage begins once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, which increase or extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs include cash costs and the fair market value of common shares, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

Exploration and evaluation assets are classified as intangible assets.

Cash and Cash Equivalents

Cash and cash equivalents are classified as FVTPL and include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company places its deposits with financial institutions with high credit ratings.

Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Valuation of Equity Units Issued in Private Placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing bid price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black-Scholes pricing model.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Fair value is determined at the issue date using the Black-Scholes pricing model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve. Charged stock options and warrants that have expired are transferred to contributed surplus.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the legal or contractual obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as of December 31, 2020 and 2019.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year-end applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Significant Accounting Estimates and Judgments

The preparation of these 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 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.

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 consolidated 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 year ended December 31, 2020, management has determined there were impairment indicators present with respect to the Company's exploration and evaluation assets. See Note 3 for further information.

Changes in Accounting Standards

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

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

New Accounting Standards and Interpretations not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2020 and accordingly, have not been applied in preparing these consolidated financial statements.

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

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

3. EXPLORATION AND EVALUATION ASSETS

The schedules below summarize the acquisition costs and all exploration expenditures incurred to date for each exploration and evaluation asset that the Company holds title to as at December 31, 2020 and 2019:

Acquisition Costs

	Argentina		
	Incahuasi $	**Antofalla** $	**Total** $
Balance – December 31, 2018	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	4,308	-	4,308
Impairment of exploration and evaluation assets	(39,411)	-	(39,411)
Balance – December 31, 2020	42,696	-	42,696

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration Expenditures

	Argentina			
	Incahuasi $	Antofalla $	Other $	Total $
Cumulative exploration expenses December 31, 2019	2,390,020	108,449	38,278	2,536,747
Expenditures during the year:				
Office	14,396	481	-	14,877
Professional fees	29,409	-	2,615	32,024
Property maintenance payments	-	5,656	4,031	9,687
Statutory taxes	5,427	760	824	7,011
	49,232	6,897	7,470	63,599
Cumulative exploration expenses December 31, 2020	2,439,252	115,346	45,748	2,600,346

	Argentina			
	Incahuasi $	Antofalla $	Other $	Total $
Cumulative exploration expenses December 31, 2018	2,390,020	26,166	28,431	2,444,617
Expenditures during the year:				
Office	-	6,692	-	6,692
Professional fees	-	58,738	1,873	60,611
Property maintenance payments	-	199	6,634	6,833
Salaries and contractors	-	4,749	-	4,749
Supplies and equipment	-	6	-	6
Transportation	-	698	-	698
Statutory taxes	-	11,201	1,340	12,541
	-	82,283	9,847	92,130
Cumulative exploration expenses December 31, 2019	2,390,020	108,449	38,278	2,536,747

a) Incahuasi Lithium Project

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

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

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 terminate 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

The Company repaid the principal balances of $549,000 of the Company's loans together with all accrued and unpaid interest totalling $15,333 during the year ended December 31, 2020. At December 31, 2020, the Company had the following loans payable:

	December 31, 2020		
	Maturity	Currency	Amount
Unsecured, non-interest bearing (1)	On demand	Canadian dollar	$45,000
Unsecured, non-interest bearing (2)	On demand	Canadian dollar	$30,000
Unsecured, non-interest bearing (3)	On demand	Canadian dollar	$26,000
			$101,000

(1) $45,000 Unsecured, non-arm's length & non-interest bearing

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

(2) $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.

(3) $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.

(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 (4)	On demand	Canadian dollar	$20,000
Unsecured, non-interest bearing (5)	On demand	Canadian dollar	$15,000
Unsecured, 12% annual interest rate (6)	On demand	Canadian dollar	$15,000
Unsecured, non-interest bearing (7)	On demand	Canadian dollar	$30,000
Unsecured, non-interest bearing (8)	On demand	Canadian dollar	$31,000
Unsecured, 12% annual interest rate (9)	On demand	Canadian dollar	$5,000
Unsecured, non-interest bearing (10)	On demand	Canadian dollar	$37,000
Unsecured, non-interest bearing (11)	On demand	Canadian dollar	$15,000
Unsecured, non-interest bearing (12)	On demand	Canadian dollar	$50,000
Unsecured, non-interest bearing (13)	On demand	Canadian dollar	$16,000
Unsecured, non-interest bearing (14)	On demand	Canadian dollar	$50,000
Unsecured, 12% annual interest rate (15)	On demand	Canadian dollar	$100,000
Unsecured, non-interest bearing (16)	On demand	Canadian dollar	$165,000
			$549,000

(4) $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.

(5) $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.

(6) $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.

(7) $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.

4. LOANS PAYABLE (continued)

(8) $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.

(9) $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.

(10) $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.

(11) $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.

(12) $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.

(13) $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.

(14) $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.

4. LOANS PAYABLE (continued)

(15) $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.

(16) $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.

Refer to Note 13 for further information.

5. CAPITAL AND RESERVES

Authorized Share Capital

The Company's authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

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. Refer to Note 13 for further information.

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 in share subscriptions were received for the non-brokered private placement announced on December 6, 2019, and the shares for this subscription were issued during the year ended December 31, 2020.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. CAPITAL AND RESERVES (continued)

Share Purchase Option Compensation Plan

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

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

The continuity of share purchase options for the year ended December 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ cancelled	December 31, 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	-	-	-	2.07	2.07

The continuity of share purchase options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ cancelled	December 31, 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
Weighted average contractual remaining life (years)		4.07	-	-	-	3.07	3.07

Warrants

The continuity of warrants for the year ended December 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Expired/ Cancelled	December 31, 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	0.10

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. CAPITAL AND RESERVES (continued)

The continuity of warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Expired/ Forfeited	December 31, 2019(1)
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	$1.60	1,413,529	-	-	-	1,413,529
		5,559,104	-	-	(4,145,575)	1,413,529
Weighted average exercise price ($)		1.43	-	-	-	1.60

Refer to Note 13 for further information.

6. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the year ended December 31, 2020 and 2019 were based on the following:

	Year ended December 31, 2020	2019
Loss attributable to common shareholders ($)	200,071	375,532
Weighted average number of common shares outstanding	32,626,720	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 – 1,413,529) 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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions	Year ended December 31, 2020 $	2019 $
Services rendered:		
Grosso Group Management Ltd.		
Management fees	6,000	9,420
Office & sundry	5,075	8,675
Total for services rendered	11,075	18,095

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.

Transactions		Year	Year ended December 31, 2020 $	2019 $
Consulting, salaries and professional fees to key management or their consulting corporations:				
Darren Urquhart	CFO	Salaries and employee benefits	12,000	12,000
David Terry	Director/Consultant	Salaries and employee benefits	48,000	48,000
Total for services rendered			60,000	60,000

Transactions	Year ended December 31, 2020 $	2019 $
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp.(1)	63,485	48,467
Payable to Grosso Group Management Ltd.(2)	74,962	37,180
Payable to Oxbow International Marketing Ltd.(2)	10,234	8,834
Total for amounts payable to related parties	148,681	94,481

(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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2020	**2019**
Canadian statutory income tax rate	27.00%	27.00%
	$	**$**
Loss for the year	(200,071)	(375,532)
Income tax recovery at statutory rate	(54,020)	(101,393)
Effect on income taxes of:		
Non-deductible differences	(25,062)	101
Rate differential and other	(2,009)	(2,849)
Effect of tax rate change	3,180	4,606
Foreign exchange movement	98,621	207,910
Unrecognized deferred tax assets	(20,710)	(108,375)
Income tax recovery	-	-

The significant components of the Company's deferred tax assets are as follows:

	2020	**2019**
	$	$
Deferred income tax assets		
Resource deductions	1,080,000	1,185,000
Capital tax loss carry forward and investments	1,101,000	1,101,000
Non-capital tax loss carry forward	2,529,000	2,429,000
Share issue costs and others	18,000	34,000
	4,728,000	4,749,000
Unrecognized deferred tax assets	(4,728,000)	(4,749,000)
Deferred income tax asset	-	-

The realization of income tax benefits related to these potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred income tax assets have been recognized for accounting purposes.

The Company has Canadian non-capital tax loss carry forwards of approximately $9,257,000 that may be available for tax purposes. The losses expire as follows:

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. INCOME TAXES (continued)

Expiry	$
2026	1,081,000
2027	1,486,000
2028	1,536,000
2029	376,000
2030	607,000
2031	216,000
2032	330,000
2033	107,000
2034	41,000
2035	32,000
2036	312,000
2037	1,309,000
2038	923,000
2039	534,000
2040	367,000
	9,257,000

At December 31, 2020, the Company had net operating loss carry forward for Chile income tax purposes of $76,000 (2019 – $76,000) that may be carried forward for five years and may only be applied to offset future taxable income from the Company's current Chile subsidiary. The Company also has approximately $1,185,000 (2019 – $1,611,000) resource pool, which may reduce income tax in Argentina in future years.

The Company also has available mineral resources expenses that are related to the Company’s exploration activities in Argentina and the United States of $2,922,000 which may be deductible for Canadian tax purposes. These available tax losses may only be applied to offset future income taxable income from the Company’s current Argentinean subsidiary.

9. 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 years ended December 31, 2020 and 2019.

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

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

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

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. COMMITMENT

Management Services Agreement

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

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is $500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

11. SUPPLEMENTARY CASH FLOW

	Years ended December 31,	
	2020 $	2019 $
Non-cash investing and financing activities:		
Private placement – issuance of warrants	181,139	-
Stock options cancelled/expired	61,129	95,090
Warrants and agents' warrants expired	664,101	1,551,194

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

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

12. FINANCIAL RISK MANAGEMENT (continued)

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

	$ Carrying amount December 31, 2019	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2019		
Recurring measurements				
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:

12. 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 $1,500.

- 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 year ended December 31, 2020.

Additional information regarding capital management is disclosed in Note 1.

13. SUBSEQUENT EVENTS

Loan Payable

- On January 27, 2021, the Company borrowed $100,000 from an arm's length lender that 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.

13. SUBSEQUENT EVENTS (continued)

Warrant Exercises

- The Company received gross proceeds of $214,000 for warrant exercises of 2,140,000 units at $0.10 per unit.

Share Subscriptions

- The Company received $20,000 in share subscriptions.