Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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, 2022 and December 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in equity 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, 2022 and December 31, 2021, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the years ended December 31, 2022. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 3 of the consolidated Financial Statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Notes 2 and 3 of the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to mining claims and deferred exploration costs. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed;(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the mining claims and deferred exploration costs is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2022.

Why the matter was determined to be a key audit matter
We considered this a key audit matter due to (i) the significance of the mining claims and deferred exploration costs balance and (ii) the judgments made by management in its assessment of indicators of impairment related to mining claims and capitalized costs, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit
We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Reviewing the Group's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current at balance date;

- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration budget and directors' minutes;

- Assessing whether any data exists to suggest that the carrying value of the Exploration and Evaluation assets is unlikely to be recovered through development or sale; and

- Assessing the adequacy of the related disclosures in Notes 2 and 3 to the consolidated financial statements.

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
April 20, 2023

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		8,130,147	6,430,771
Accounts receivables	6	112,324	29,907
Prepaid expenses		174,848	39,183
Total current assets		8,417,319	6,499,861
Non-current assets			
Exploration and evaluation assets	3	7,172,264	2,061,822
Total non-current assets		7,172,264	2,061,822
Total Assets		15,589,583	8,561,683
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	3,6	1,931,385	976,497
Total liabilities		1,931,385	976,497
SHAREHOLDERS' EQUITY			
Share capital	4	37,611,102	28,324,377
Reserves	4	14,875,161	9,256,680
Obligation to issue shares	3	151,000	500,000
Deficit		(38,979,065)	(30,495,871)
Total shareholders' equity		13,658,198	7,585,186
Total Shareholders' Equity and Liabilities		15,589,583	8,561,683

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Notes 3 and 9)

SUBSEQUENT EVENTS (Note 12)

These consolidated financial statements are authorized for issue by the Board of Directors on April 20, 2023. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"Martin Burian" , 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)

		Year ended December 31,	
		2022	2021
	Note	$	$
Expenses			
Accounting and audit		55,304	17,231
Consulting fees		692,173	150,031
Corporate development and investor relations		1,476,176	1,001,526
Exploration	3	4,074,874	131,289
Legal and professional fees		181,129	108,998
Management fees	6	117,600	23,700
Office and sundry	6	67,924	22,862
Rent, parking and storage		17,240	17,240
Share-based compensation	4,6	1,811,209	492,924
Transfer agent and regulatory fees		120,595	79,172
Loss from operating activities		8,614,224	2,044,973
Other (income) expenses			
Foreign exchange loss (gain)		408,335	(14,482)
Interest income		(539,365)	(33,134)
Interest expense		-	2,334
Income from other (income) expenses		(131,030)	(45,282)
Total loss and comprehensive loss		8,483,194	1,999,691
Basic and diluted loss per common share	5	0.10	0.04

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,	
	2022 $	2021 $
Cash flows from operating activities		
Loss for the year	(8,483,194)	(1,999,691)
Adjustments for:		
Share-based compensation	1,811,209	492,924
Interest expense	-	2,334
Changes in non-cash working capital items:		
Increase in accounts receivables	(82,417)	(28,176)
Increase in prepaid expenses	(135,665)	(14,631)
Increase (decrease) in accounts payable and accrued liabilities	1,146,222	(41,681)
Net cash used in operating activities	(5,743,845)	(1,588,921)
Cash flows from investing activities		
Expenditures on exploration and evaluation assets	(5,061,996)	(331,626)
Net cash used in investing activities	(5,061,996)	(331,626)
Cash flows from financing activities		
Issuance of common shares and warrants for private placements	12,411,237	6,730,757
Share issue costs	(58,520)	(257,750)
Warrants exercised	112,500	1,867,625
Stock options exercised	40,000	95,000
Loan proceeds received	-	100,000
Repayment of loans	-	(201,000)
Interest paid	-	(2,334)
Net cash generated by financing activities	12,505,217	8,332,298
Net increase in cash and cash equivalents during the year	1,699,376	6,411,751
Cash and cash equivalents at beginning of year	6,430,771	19,020
Cash and cash equivalents at end of year	8,130,147	6,430,771

SUPPLEMENTARY CASH FLOW INFORMATION (Note 10)

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

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share capital		Reserves					
	Number of shares	Amount $	Contributed surplus $	Equity settled share-based payments $	Warrants $	Obligation to issue shares $	Deficit $	Total $
Balance at December 31, 2020	33,143,168	21,729,538	5,281,438	1,085,386	181,139	-	(28,496,180)	(218,679)
Private placement	21,744,837	4,311,745	-	-	2,419,012	-	-	6,730,757
Share issue costs	-	(257,750)	-	-	-	-	-	(257,750)
Agent warrants granted	-	(142,224)	-	-	142,224	-	-	-
Shares issued for property option (Note 3(c))	750,000	375,000	-	-	-	-	-	375,000
Obligation to issue shares (Note 3(c))	-	-	-	-	-	500,000	-	500,000
Warrants exercised	17,297,500	2,146,096	-	-	(278,471)	-	-	1,867,625
Stock options exercised	525,000	161,972	-	(66,972)	-	-	-	95,000
Share-based compensation	-	-	-	492,924	-	-	-	492,924
Total comprehensive loss for the year	-	-	-	-	-	-	(1,999,691)	(1,999,691)
Balance at December 31, 2021	73,460,505	28,324,377	5,281,438	1,511,338	2,463,904	500,000	(30,495,871)	7,585,186
Private placement	52,970,948	8,584,458	-	-	3,826,779	-	-	12,411,237
Share issue costs	-	(58,520)	-	-	-	-	-	(58,520)
Agent warrants granted	-	(34,685)	-	-	34,685	-	-	-
Shares issued for property option (Note 3(c))	1,930,532	588,780	-	-	-	(500,000)	-	88,780
Obligation to issue shares (Note 3(c))	-	-	-	-	-	151,000	-	151,000
Warrants exercised	750,000	138,973	-	-	(26,473)	-	-	112,500
Share-based compensation	-	-	-	1,811,209	-	-	-	1,811,209
Stock options exercised	200,000	67,719	-	(27,719)	-	-	-	40,000
Stock options cancelled	-	-	27,169	(27,169)	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(8,483,194)	(8,483,194)
Balance at December 31, 2022	129,311,985	37,611,102	5,308,607	3,267,659	6,298,895	151,000	(38,979,065)	13,658,198

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 Venture Exchange ("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 $38,979,065 and shareholders' equity of $13,658,198 at December 31, 2022. In addition, the Company has negative cash flow from operating activities of $5,743,845 for the year ended December 31, 2022. 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 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 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 business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

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, 2022.

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
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	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 profit or 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 profit or 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 profit or 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 profit or loss.

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. Exchange gains and losses are recognized in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 of long-lived assets

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2022 and 2021.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated 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.

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:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

iii. 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.

During the year ended December 31, 2022, management has determined there were no impairment indicators present with respect to the Company's exploration and evaluation assets.

Changes in Accounting Standards

Amendments to 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.

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, 2022 and accordingly, have not been applied in preparing these 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.

(Expressed in Canadian Dollars Unless Otherwise Noted)

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, 2022 and 2021:

Acquisition Costs

	Argentina				
	Incahuasi	Antofalla	Rincon West	Pocitos	Total
	$	$	$	$	$
Balance – December 31, 2020	42,696	-	-	-	42,696
Additions					
Option payments, staking costs, land payments and acquisition costs	10,753	129,439	938,028	940,906	2,019,126
Balance – December 31, 2021	53,449	129,439	938,028	940,906	2,061,822
Additions					
Option payments, staking costs, land payments and acquisition costs	13,523	700,511	3,699,805	696,603	5,110,442
Balance – December 31, 2022	66,972	829,950	4,637,833	1,637,509	7,172,264

Exploration Expenditures

	Argentina					
	Incahuasi	Antofalla	Rincon West	Pocitos	Other	Total
	$	$	$	$	$	$
Cumulative exploration expenses December 31, 2021	2,526,446	136,343	16,549	150	52,147	2,731,635
Expenditures during the year:						
Assays	-	-	28,563	-	-	28,563
Drilling	-	-	1,981,430	-	-	1,981,430
Geophysics	-	-	73,971	-	-	73,971
Office	460	2,726	49,605	53	-	52,844
Professional fees	4,646	13,480	205,574	1,559	2,818	228,077
Property maintenance payments	18,347	5,878	17,529	-	2,468	44,222
Salaries and contractors	-	-	321,633	-	-	321,633
Social and community	-	-	18,413	-	-	18,413
Supplies and equipment	11	179,623	291,242	-	-	470,876
Transportation	810	544	208,963	194	-	210,511
Statutory taxes	3,651	30,425	497,607	272	795	532,750
Travel costs	-	38	111,546	-	-	111,584
	27,925	232,714	3,806,076	2,078	6,081	4,074,874
Cumulative exploration expenses December 31, 2022	2,554,371	369,057	3,822,625	2,228	58,228	6,806,509

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

	Argentina					
	Incahuasi $	**Antofalla $**	**Rincon West $**	**Pocitos $**	**Other $**	**Total $**
Cumulative exploration expenses December 31, 2020	2,439,252	115,346	-	-	45,748	2,600,346
Expenditures during the year:						
Assays	-	-	428	-	-	428
Office	24,668	2,741	248	150	-	27,807
Professional fees	30,167	3,352	4,538	-	2,707	40,764
Property maintenance payments	20,034	10,501	-	-	2,820	33,355
Social and community	-	-	93	-	-	93
Supplies and equipment	-	-	325	-	-	325
Transportation	447	1,543	3,277	-	-	5,267
Statutory taxes	11,878	2,860	2,275	-	872	17,885
Travel costs	-	-	5,365	-	-	5,365
	87,194	20,997	16,549	150	6,399	131,289
Cumulative exploration expenses December 31, 2021	2,526,446	136,343	16,549	150	52,147	2,731,635

a) Incahuasi Lithium Project

The Company owns a 100% interest in the Incahuasi lithium brine project totalling 25,000 ha, located in the Catamarca Province, Argentina.

b) Antofalla North Lithium Project

Pipo-Alcalina V Option

On July 7, 2021, the Company entered into an option agreement with Trendix Mining ("Trendix") to earn a 100% interest in the three additional properties totaling 5,380 hectares ("Optioned properties") situated adjacent to the Company's 9,080 hectares of 100% held claims on the Salar de Antofalla ("Staked Properties"). Terms include staged payments over four years totaling US$4,000,000, and total exploration expenditures of US$7,000,000. The vendors retain a 2% Net Smelter Royalty ("NSR") which Argentina Lithium has the ability to repurchase for US$5,000,000. See Note 12 for further information.

Option Payment US$	Exploration Expenditure US$	Year
100,000 (paid)	-	2021
300,000 (paid)	500,000	2022
400,000	1,500,000	2023
1,700,000	2,000,000	2024
1,500,000	3,000,000	2025
4,000,000	7,000,000	

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Amelia Option

On March 31, 2022, the Company entered into an option agreement to acquire a 100% interest in three granted mine concession properties totalling 5,411 hectares in the Salar de Antofalla in Catamarca Province, Argentina. Terms of the option include cash payments totalling US$2,800,000 over four years, including mandatory commitments totalling US$180,000 in the first twelve months. The option also includes mandatory annual exploration expenditure commitments of US$500,000 in year one, followed by US$1,500,000 in year two, US$2,000,000 in year three and US$3,000,000 in year four. The vendor retains a 2% Net Smelter Royalty which can be repurchased for US$3,000,000. See Note 12 for further information.

Option Payment US$	Exploration Expenditure US$	Year
80,000 (paid)	-	2022
100,000 (firm commitment) (1)	-	2023
200,000	500,000	2023
700,000	1,500,000	2024
1,100,000	2,000,000	2025
620,000	3,000,000	2026
2,800,000	7,000,000	

(1) As at December 31, 2022, $124,960 (US$100,000) of cash payments that are firm commitments are accrued in accounts payable and accrued liabilities.

Volcan Option

On August 5, 2022, the Company entered into an option agreement to acquire a 100% interest in a single mine concession property measuring 843.5 hectares in the Salar de Antofalla in Catamarca Province, Argentina. Terms of the Volcan option include cash payments totaling US$590,000 paid over three years, including the obligatory payment of US$40,000 at the time of signing. The vendor retains a 1% Net Smelter Royalty which can be repurchased for US$1,300,000.

Option Payment US$	Year
40,000 (paid)	2022
100,000	2023
200,000	2024
250,000	2025
590,000	

c) Pocitos Project

Rincon-Pocitos Option

On October 8, 2021, the Company entered into a definitive agreement with a private vendor to acquire 100% interest in the 2,370-hectare Rincon West and 15,857-hectare Pocitos projects in Salta Province, Argentina. Terms include issuance of 750,000 shares in the Company to the vendor on signing plus $500,000 worth of shares over a 12-month period; and cash payments totaling US$4,200,000 over 36 months. See Note 12 for further information.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Option Payments or Firm commitment US$	Shares issued valued at $	Number of shares issued #	Year
150,000 (paid)	375,000	750,000	2021
250,000 (paid)	150,000	306,623	2022
400,000 (paid)	350,000	1,430,908	2022
250,000	-	-	2023
250,000	-	-	2023
500,000	-	-	2024
2,400,000	-	-	2024
4,200,000	850,000	2,487,531	

El Pidio GIII Option

On January 3, 2022, the Company entered into an option agreement to acquire 100% interest in the 1,602 hectare property in the southeast of Pocitos Basin. Terms of the option include issuance of 25,000 shares in the Company to the vendor on signing plus $70,000 worth of shares over the subsequent three years including mandatory issuances valued at $25,000 over the first 18 months, and cash payments totaling US$165,000 over three years including a mandatory total of US$30,000 over the first 18 months. The number of shares to be issued are calculated based on the discounted market price of $0.30 per share on the TSX-V on January 7, 2022. See Note 12 for further information.

Option Payments or Firm commitment US$	Shares to be issued valued at $	Number of shares to be issued #	Year
10,000 (paid)	11,500 (issued)	25,000 (issued)	2022
10,000 (firm commitment) (1)	12,500 (firm commitment) (2)	41,667	2023
10,000 (firm commitment) (1)	12,500 (firm commitment) (2)	41,667	2023
35,000	20,000	66,667	2024
100,000	25,000	83,333	2025
165,000	81,500	258,334	

(1) As at December 31, 2022, $25,416 (US$20,000) of cash payments that are firm commitments are accrued in accounts payable and accrued liabilities.
(2) As at December 31, 2022, $25,000 worth of shares that are firm commitments are accrued in obligation to issue shares.

Aguamarga Option

On January 3, 2022, the Company entered into an option agreement to acquire 100% interest in the 7,000 hectare Aguamarga 11 and Aguamarga 16 properties in the east flank of Pocitos Basin. Terms of the option include issuance of 168,000 shares in the Company to the vendor on signing plus $651,000 worth of shares over the subsequent three years including mandatory issuances valued at $126,000 over the first 12 months, and cash payments totaling US$1,890,000 over three years including a mandatory total of US$105,000 over the first 12 months. The number of shares to be issued are calculated based on the discounted market price of $0.30 per share on the TSX-V on January 7, 2022. See Note 12 for further information.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Option Payments or Firm commitment US$	Shares to be issued valued at $	Number of shares to be issued #	Year
42,000 (paid)	77,280 (issued)	168,000 (issued)	2022
63,000 (firm commitment) (1)	126,000 (firm commitment) (2)	420,000	2023
105,000	-	-	2023
420,000	210,000	700,000	2024
1,260,000	315,000	1,050,000	2025
1,890,000	728,280	2,338,000	

(1) As at December 31, 2022 $80,060 (US$63,000) of cash payments that are firm commitments have been accrued.
(2) As at December 31, 2022 $126,000 worth of shares that are firm commitments have been accrued.

Ramos Option

On January 6, 2022, the Company entered into an option agreement to acquire 100% interest in five additional properties totaling 1,762 hectares at the Pocitos Salar ("the Ramos Properties"). Terms of the option include mandatory payments totaling US$150,000 in the first year, followed by US$550,000 over two years after signing. The Company paid US$50,000 of the option payment due at signature. The vendor retains a 1% Net Smelter Royalty ("NSR") which can be purchased by the Company for US$500,000. See Note 12 for further information.

Option Payments or Firm commitment US$	Year
50,000 (paid)	2022
100,000 (firm commitment) (1)	2023
550,000	2024
700,000	

(1) As at December 31, 2022 $127,410 (US$100,000) of cash payments that are firm commitments have been accrued.

d) Rincon West Project

On August 17, 2022, the Company entered into a contract with a provincially-owned company Recursos Energéticos y Mineros Salta S.A. ("REMSA") to acquire 100% interest of the Rinconcita II mining concession area ("Rinconcita II") located on the Salar de Rincon in Salta Province, Argentina covering 460.5 hectares adjacent to and east of the Company's Rincon West property. Terms of contract include payment of 3% Net Smelter Return ("NSR") of mineral and refined products sourced from Rinconcita II over its production life, if it advances to the production stage. The Company paid US$2,500,000 due on signing. The Company is committed to an exploration program for US$2,560,558 that includes environmental permitting, ground geophysics, and exploratory drilling, within twelve months from the date of approval of the environmental impact report.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Paso de Sico Option

On September 20, 2022, the Company entered into an option agreement to acquire a 100% interest in four contiguous mine concession properties totalling 791.3 hectares in the Salar de Rincon, Argentina. Terms of the Paso de Sico option include cash payments totalling US$1,500,000 over two years, including mandatory commitments totalling US$300,000 in the first six months. The option also includes annual exploration expenditure commitments of US$300,000 in year one, followed by US$800,000 in year two, and US$1,200,000 in year three. The vendor retains a 3% Net Smelter Royalty which can be repurchased for US$1,500,000.

Option Payment US$	Exploration Expenditure US$	Year
100,000 (paid)	-	2022
200,000 (firm commitment)[(1)]	-	2023
400,000	300,000	2023
800,000	800,000	2024
-	1,200,000	2025
1,500,000	2,300,000	

(1) As at December 31, 2022, $263,320 (US$200,000) of cash payments that are firm commitments are accrued in accounts payable and accrued liabilities.

4. 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 2022

On November 21, 2022, the Company completed a non-brokered private placement announced on November 3, 2022, and increased on November 16, 2022, consisting of 36,340,948 units at a price of $0.25 per unit for gross proceeds of $9,085,237. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at $0.40 per share for two years from the date of issue. Finders' fees were paid of $22,260 cash and 89,040 non-transferable warrants exercisable into common shares at $0.40 per share for two years from the date of issue with a fair value of $14,075. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 3.9%; expected stock price volatility – 105.27%; dividend yield – 0%; and expected warrant life – 1.387 years.

On August 25, 2022, the Company completed the second and final tranche of a non-brokered private placement announced on July 21, 2022, and increased on August 9 and August 11, 2022, consisting of 10,415,000 units at a price of $0.20 per unit for gross proceeds of $2,083,000. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at $0.38 per share for two years from the date of issue. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 3.52%; expected stock price volatility – 110.80%; dividend yield – 0%; and expected warrant life – 1.528 years.

4. CAPITAL AND RESERVES (continued)

On August 11, 2022, the Company completed the first tranche of a non-brokered private placement announced on July 21, 2022, and increased on August 9 and August 11, 2022, consisting of 6,215,000 units at a price of $0.20 per unit for gross proceeds of $1,243,000. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at $0.38 per share for two years from the date of issue. Finders' fees were paid of $36,260 cash and 181,300 non-transferable warrants exercisable into common shares at $0.38 for two years from the date of issue with a fair value of $20,610. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 3.26%; expected stock price volatility – 122.63%; dividend yield – 0%; and expected warrant life – 1.614 years.

Details of Issues of Common Shares in 2021

On December 10, 2021, the Company completed a non-brokered private placement financing of 2,155,500 units at a price of $0.45 per unit for gross proceeds of $969,975. Each unit consisted 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 $0.70 per share for three years from the date of issue, expiring on December 10, 2024. Finders' fees were paid of $67,898 cash and 282,135 non-transferable warrants exercisable into common shares at $0.70 for three years from the date of issue with a fair value of $62,005. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.93%; expected stock price volatility – 136.60%; dividend yield – 0%; and expected warrant life – 1.564 years.

On November 30, 2021, the Company completed a non-brokered private placement financing of 4,996,333 units at a price of $0.45 per unit for gross proceeds of $2,248,350. Each unit consisted 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 $0.70 per share for three years from the date of issue, expiring on November 29, 2024. Finders' fees were paid of $105,158 cash and 102,434 non-transferable warrants exercisable into common shares at $0.70 for three years from the date of issue with a fair value of $28,554. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.92%; expected stock price volatility – 140.60%; dividend yield – 0%; and expected warrant life – 1.561 years.

On November 10, 2021, the Company completed a non-brokered private placement financing of 6,108,504 units at a price of $0.45 per unit for gross proceeds of $2,748,827. Each unit consisted 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 $0.70 per share for three years from the date of issue, expiring on November 10, 2024. Finders' fees were paid of $80,794 cash and 179,543 non-transferable warrants exercisable into common shares at $0.70 for three years from the date of issue with a fair value of $47,751. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.97%; expected stock price volatility – 143.41%; dividend yield – 0%; and expected warrant life – 1.569 years.

On April 14, 2021, the Company completed a non-brokered private placement financing of 8,484,500 units at a price of $0.09 per unit for gross proceeds of $763,605. Each unit consisted of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.15 per share for three years from the date of issue, expiring on April 14, 2024. Finder's fees were paid of $3,900 cash and 43,330 non-transferable warrants exercisable into common shares at $0.15 for three years from the date of issue with a fair value of $3,914. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.28%; expected stock price volatility – 152.13%; dividend yield – 0%; and expected warrant life – 1.551 years.

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. CAPITAL AND RESERVES (continued)

During the year ended December 31, 2021, 17,297,500 warrants were exercised for gross proceeds of $1,867,625, and 525,000 stock options were exercised for gross proceeds of $95,000.

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, 2022 is as follows:

Expiry date	Exercise Price	December 31, 2021	Granted	Exercised	Cancelled	December 31, 2022	Options exercisable
January 26, 2023[1]	$2.00	998,750	-	-	(25,000)	973,750	973,750
July 9, 2026	$0.20	2,850,000	-	(200,000)	-	2,650,000	2,650,000
September 3, 2026	$0.18	225,000	-	-	-	225,000	225,000
December 8, 2027	$0.35	-	8,016,000	-	-	8,016,000	8,016,000
		4,073,750	8,016,000	(200,000)	(25,000)	11,864,750	11,864,750
Weighted average exercise price ($)		0.64	0.35	0.20	2.00	0.45	0.45
Weighted average contractual remaining life (years)		3.69	-	-	-	4.20	4.20

(1) See Note 12 for further information.

The continuity of share purchase options for the year ended December 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Exercised	Expired/ cancelled	December 31, 2021	Options exercisable
January 26, 2023	$2.00	998,750	-	-	-	998,750	998,750
May 3, 2022	$0.15	-	200,000	(200,000)	-	-	-
July 9, 2026	$0.20	-	3,175,000	(325,000)	-	2,850,000	2,850,000
September 3, 2026	$0.18	-	225,000	-	-	225,000	225,000
		998,750	3,600,000	(525,000)	-	4,073,750	4,073,750
Weighted average exercise price ($)		2.00	0.20	0.18	-	0.64	0.64
Weighted average contractual remaining life (years)		2.07	-	-	-	3.69	3.69

The weighted average fair value of share purchase options granted during the year ended December 31, 2022 is $0.23 (2021 - $0.58).

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. CAPITAL AND RESERVES (continued)

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31,	
	2022	2021
Risk-free interest rate	3.18%	0.47%
Expected option life in years	3.04	2.78
Expected share price volatility(1)	130.78%	140.65%
Grant date share price	$0.305	$0.18
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

Warrants

The continuity of warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise Price	December 31, 2021	Granted	Exercised	December 31, 2022
April 14, 2024	$0.15	5,770,330	-	(750,000)	5,020,330
November 10, 2024	$0.70	6,288,047	-	-	6,288,047
November 29, 2024	$0.70	5,098,767	-	-	5,098,767
December 10, 2024	$0.70	2,437,635	-	-	2,437,635
August 11, 2024	$0.38	-	6,396,300	-	6,396,300
August 25, 2024	$0.38	-	10,415,000	-	10,415,000
November 21, 2024	$0.40	-	36,429,988	-	36,429,988
		19,594,779	53,241,288	(750,000)	72,086,067
Weighted average exercise price ($)		0.54	0.39	0.15	0.44

The continuity of warrants for the year ended December 31, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Exercised	December 31, 2021
January 14, 2022	$0.10	14,540,000	-	(14,540,000)	-
April 14, 2024	$0.15	-	8,527,830	(2,757,500)	5,770,330
November 10, 2024	$0.70	-	6,288,047	-	6,288,047
November 29, 2024	$0.70	-	5,098,767	-	5,098,767
December 10, 2024	$0.70	-	2,437,635	-	2,437,635
		14,540,000	22,352,279	(17,297,500)	19,594,779
Weighted average exercise price ($)		0.10	0.49	0.11	0.54

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the years ended December 31, 2022 and 2021 were based on the following:

	Year ended December 31, 2022	2021
Loss attributable to common shareholders ($)	8,483,194	1,999,691
Weighted average number of common shares outstanding	84,628,896	45,650,478

Diluted loss per share did not include the effect of 11,864,750 (2021 – 4,073,750) share purchase options and 72,086,067 (2021 – 19,594,779) warrants as the effect would be anti-dilutive.

6. 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 expired on December 31, 2022 and has been automatically renewed for a period of two years pursuant to the terms of the Agreement.

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.

	Year ended December 31,	
	2022	2021
Transactions	$	$
Services rendered:		
Grosso Group Management Ltd.		
Management fees	117,600	23,700
Office & sundry	24,000	10,750
Total for services rendered	141,600	34,450

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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.

			Year ended December 31,	
			2022	2021
Transactions			$	$
Share-based compensation			1,039,367	315,077
Salaries to key management or their consulting corporations:				
Joseph Grosso	Chairman	Salaries and employee benefits	180,000	-
Nikolaos Cacos	CEO/President	Salaries and employee benefits	180,000	-
Darren Urquhart	CFO	Salaries and employee benefits	30,000	12,000
David Terry	Former Director	Salaries and employee benefits	-	48,000
John Gammon	Director	Salaries and employee benefits	12,000	8,307
Miles Rideout	VP Exploration	Salaries and employee benefits	179,468	30,724
Total for services rendered			1,620,835	414,108

	As at December 31,	
	2022	2021
Balances	$	$
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp.[1]	82,088	-
Payable to Grosso Group Management Ltd.[2]	14,893	34,323
Payable to Oxbow International Marketing Ltd.[2]	1,213	1,066
Payable to Miles Rideout	17,506	9,794
Total for amounts payable to related parties	115,700	45,183

(1) A company related through common directors that receives reimbursement for shared office costs, management fees and overhead.
(2) A company owned by Joseph Grosso of Argentina Lithium & Energy Corporation.

Balances are unsecured, non-interest bearing and has no specific terms of repayment.

During the year ended December 31, 2022, the Company loaned $74,492 (2021 - $Nil) to Blue Sky Uranium Corp., a company with common directors and officers. The loan is non-interest bearing, due on demand and included in accounts receivable as of December 31, 2022.

7. 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:

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. INCOME TAXES (continued)

	2022	2021
Canadian statutory income tax rate	27.00%	27.00%
	$	$
Loss for the year	(8,483,194)	(1,999,691)
Income tax recovery at statutory rate	(2,290,462)	(539,917)
Effect on income taxes of:		
Non-deductible differences	489,199	133,089
Rate differential and other	80,274	1.798
Foreign exchange movement	456,349	152,865
Unrecognized deferred tax assets	1,264,640	252,165
Income tax recovery	-	-

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

	2022	2021
	$	$
Deferred income tax assets		
Resource deductions	1,667,000	1,045,000
Capital tax loss carry forward and investments	1,101,000	1,101,000
Non-capital tax loss carry forward	3,536,000	2,919,000
Share issue costs and others	56,000	62,000
	6,360,000	5,127,000
Unrecognized deferred tax assets	(6,360,000)	(5,127,000)
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 capital loss carry forward and investments of $8,156,000, share issue costs and other of $201,466 and non-capital tax loss carry forwards of approximately $12,974,000 that may be available for tax purposes. The losses expire as follows:

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	275,000
2041	1,530,000
2042	2,279,000
	12,974,000

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. INCOME TAXES (continued)

At December 31, 2022, the Company had net operating loss carry forward for Chile income tax purposes of $76,000 (2021 – $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 Chilean subsidiary. The Company also has approximately $8,874,000 (2021 – $2,923,000) 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 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.

8. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in the Americas and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the years ended December 31, 2022 and 2021.

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

	December 31, 2022	
	Argentina $	Total $
Exploration and evaluation assets	7,172,264	7,172,264
	7,172,264	7,172,264

	December 31, 2021	
	Argentina $	Total $
Exploration and evaluation assets	2,061,822	2,061,822
	2,061,822	2,061,822

9. COMMITMENT

Exploration and Evaluation Assets

The Company has firm commitments in relation to certain of its option agreements for exploration and evaluation assets, see Note 3.

Management Services Agreement

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	117,600	117,600	-	-	-

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 $9,800 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

9. COMMITMENT (continued)

The Company has a consulting agreement with its Chairman of the Board (the "Chairman Agreement"). The termination provisions of the Chairman Agreement provide that a fee of 30 months' compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Chairman would receive an amount equal to 30 months' compensation. As of December 31, 2022, the Company would have to pay $450,000 to the Chairman in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its President and CEO (the "CEO Agreement"). The termination provisions of the CEO Agreement provide that a fee of 30 months' compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the CEO would receive an amount equal to 30 months' compensation. As of December 31, 2022, the Company would have to pay $450,000 to the CEO in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its CFO (the "CFO Agreement"). The termination provisions of the CFO Agreement provide that a fee of 24 months' compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the CFO would receive an amount equal to 24 months' compensation. As of December 31, 2022, the Company would have to pay $60,000 to the CFO in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its Corporate Secretary (the "Corporate Secretary Agreement"). The termination provisions of the Corporate Secretary Agreement provide that a fee of 24 months' compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Corporate Secretary would receive an amount equal to 24 months' compensation. As of December 31, 2022, the Company would have to pay $72,000 to the Corporate Secretary in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its VP Exploration (the "VP Exploration Agreement"). The termination provisions of the VP Exploration Agreement provide that a fee of 3 months' compensation based on the average of the previous 6 monthly fees be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the VP Exploration would receive an amount equal to 3 months' compensation based on the average of the previous 6 monthly fees. As of December 31, 2022, the Company would have to pay $50,400 to the VP Exploration in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its Controller (the "Controller Agreement"). The termination provisions of the Controller Agreement provide that a fee of 12 months' compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Controller would receive an amount equal to 12 months' compensation. As of December 31, 2022, the Company would have to pay $36,000 to the Controller in the event of termination without cause or certain conditions being met resulting from a change of control.

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 31, 2022 $	2021 $
Non-cash investing and financing activities:		
Agent warrants granted	34,685	142,224
Shares issued for property option	588,780	375,000
Stock options cancelled	27,169	-
Commitments for property options	772,166	1,312,500
Cash and cash equivalents:		
Cash	857,328	1,382,095
Cash equivalents	7,272,819	5,048,676

11. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities. The fair value of 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, 2022, the Company’s financial instruments measured at fair value are as follows:

	$	Level 1 $	Level 2 $	Level 3 $
	Carrying amount December 31, 2022	Fair value December 31, 2022		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	8,130,147	8,130,147	-	-

11. FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2021, the Company's financial instruments measured at fair value are as follows:

	$	Level 1 $	Level 2 $	Level 3 $
	Carrying amount December 31, 2021	Fair value December 31, 2021		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	6,430,771	6,430,771	-	-

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).

The Company's financial instruments consist of cash and cash equivalents, accounts receivables, and accounts payable and accrued liabilities.

(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 cash equivalents, and accounts receivables. The Company has reduced its credit risk by depositing its cash and cash equivalents with financial institutions that operate globally.

With the exception of amounts held with the a related company, 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.

11. FINANCIAL RISK MANAGEMENT (continued)

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings due to currency fluctuations in cash and cash equivalents, and accounts 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 a significant impact on the Company's net loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $658,000.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately $118,000.

(ii) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bears no interest. The fair value of cash and cash equivalents 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, 2022.

Additional information regarding capital management is disclosed in Note 1.

12. SUBSEQUENT EVENTS

Pocitos Project

- The Company issued 41,667 shares and paid US$10,000 of the option payment due at 12 months for El Pidio GIII option agreement.
- The Company issued 420,000 shares and paid US$63,000 of the option payment due at 12 months for Aguamarga option agreement.
- The Company paid US$100,000 of the option payment due at 12 months for Ramos option agreement.
- The Company paid US$250,000 of the option payment due at 18 months for Rincon-Pocitos option agreement.

Rincon West Project

- The Company paid US$200,000 of the option payment due at 6 months for Paso de Sico option agreement.

Antofalla Project

- The Company paid US$200,000 of the option payment due at 18 months for Pipo-Alcalina V option agreement.
- The Company paid US$100,000 of the option payment due at 12 months for Amelia option agreement.

Stock Option Grant

- The Company granted 300,000 stock options to a director of the Company at an exercise price of $0.35, with an expiry date of January 13, 2028.

Stock Option Expiry

- 973,750 stock options with an exercise price of $2.00 expired on January 26, 2023.

Warrant Exercises

- 250,000 warrants were exercised at $0.15 per warrant for gross proceeds of $37,500.