
Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)



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Independent Auditor's Report

To the Shareholders of Argentina Lithium & Energy Corp

We have audited the accompanying consolidated financial statements of Argentina Lithium & Energy Corp and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Argentina Lithium & Energy Corp and its subsidiaries as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Argentina Lithium & Energy Corp to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
April 17, 2018**

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

	Note	December 31, 2017 \$	December 31, 2016 \$
ASSETS			
Current assets			
Cash		1,883,712	2,575,961
Accounts receivables		12,918	52,267
Prepaid expenses		106,178	70,121
Total current assets		2,002,808	2,698,349
Non-current assets			
Equipment	3	3,277	6,852
Exploration and evaluation assets	4	3,368,064	1,526,491
Total non-current assets		3,371,341	1,533,343
Total Assets		5,374,149	4,231,692
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	267,053	177,229
Total liabilities		267,053	177,229
EQUITY			
Share capital	5	19,928,411	16,996,990
Share subscriptions and warrant exercises received	5, 13	103,500	-
Reserves	5	4,503,858	3,912,769
Deficit		(19,428,673)	(16,855,296)
Total equity		5,107,096	4,054,463
Total Equity and Liabilities		5,374,149	4,231,692

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 April 17, 2018. 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)

		Year ended December 31,	
	Note	2017	2016
		\$	\$
Expenses			
Accounting and audit		22,300	8,160
Corporate development and investor relations		524,549	34,157
Depreciation	3	3,575	298
Exploration	4	1,650,541	113,710
Foreign exchange gain		(40,412)	(30,623)
Legal and professional fees		69,354	154,940
Management fees	7	134,500	8,400
Office and sundry	7	51,809	5,504
Rent, parking and storage		12,302	-
Salaries and employee benefits	7	80,000	44,500
Stock-based compensation		21,868	-
Transfer agent and regulatory fees		49,851	58,565
Travel		6,945	742
Loss from operating activities		2,587,182	398,353
Other expenses (income)			
Finance expense		-	8,600
Interest expense	7	-	6,077
Interest income		(13,806)	(2,047)
Impairment of exploration and evaluation assets	4c	1	340,492
Total loss and comprehensive loss		2,573,377	751,475
Basic and diluted loss per common share	6	0.05	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,	
	2017	2016
	\$	\$
Cash flows from operating activities		
Loss for the year	(2,573,377)	(751,475)
Adjustments for:		
Foreign exchange gain on loan payable	-	(650)
Depreciation	3,575	298
Finance expense	-	8,600
Interest expense	-	6,077
Stock-based compensation	21,868	-
Impairment of exploration and evaluation assets	1	340,492
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivables	39,349	(6,199)
(Increase) in prepaid expenses	(36,057)	(69,564)
Increase in accounts payable and accrued liabilities	89,824	160,099
Net cash used in operating activities	(2,454,817)	(312,322)
Cash flows from investing activities		
Property and equipment acquisition	-	(7,150)
Expenditures on exploration and evaluation assets	(1,841,574)	(401,490)
Net cash used in investing activities	(1,841,574)	(408,640)
Cash flows from financing activities		
Issuance of common shares and warrants for private placements	2,326,355	3,453,985
Warrants exercised	1,311,491	16,000
Proceeds from loans payable	-	43,000
Repayment of loans payable	-	(125,806)
Interest paid	-	(11,151)
Share subscriptions and warrant exercises received	103,500	-
Share issue costs	(137,204)	(86,467)
Net cash generated by financing activities	3,604,142	3,289,561
Net (decrease) increase in cash during the year	(692,249)	2,568,599
Cash at beginning of year	2,575,961	7,362
Cash at end of year	1,883,712	2,575,961

SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)

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			Share subscriptions and warrant exercises received	Deficit	Total
	Number of shares	Amount \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$			
Balance at December 31, 2015	8,171,525	14,028,136	2,296,883	30,207	-	-	(16,103,821)	251,405
Private placement	40,000,000	2,123,943	-	-	1,376,057	-	-	3,500,000
Shares held by the Company for future exploration and evaluation option payments	2,500,000	1,125,000	-	-	-	-	-	1,125,000
Share issue costs	-	(299,245)	-	-	-	-	-	(299,245)
Agents' warrants granted	-	-	-	-	212,778	-	-	212,778
Warrants exercised	160,000	19,156	-	-	(3,156)	-	-	16,000
Total comprehensive (loss) for the year	-	-	-	-	-	-	(751,475)	(751,475)
Balance at December 31, 2016	50,831,525	16,996,990	2,296,883	30,207	1,585,679	-	(16,855,296)	4,054,463
Private placement	7,049,557	1,557,824	-	-	768,531	-	-	2,326,355
Share issue costs	-	(204,892)	-	-	-	-	-	(204,892)
Agents' warrants granted	-	-	-	-	67,688	-	-	67,688
Stock options cancelled/expired	-	-	52,075	(52,075)	-	-	-	-
Share subscriptions and warrant exercises received	-	-	-	-	-	103,500	-	103,500
Warrants exercised	12,438,907	1,578,489	-	-	(266,998)	-	-	1,311,491
Warrants and agents' warrants expired	-	-	403,796	-	(403,796)	-	-	-
Stock-based compensation	-	-	-	21,868	-	-	-	21,868
Total comprehensive (loss) for the year	-	-	-	-	-	-	(2,573,377)	(2,573,377)
Balance at December 31, 2017	70,319,989	19,928,411	2,752,754	-	1,751,104	103,500	(19,428,673)	5,107,096

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

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Argentina Lithium & Energy Corp. (the "Company") was incorporated on April 11, 2000 in the Province of British Columbia and was transitioned under the Business Corporations Act (BC) on June 17, 2004. In September 2016, the Company changed its name to Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) trading on the TSX-V under the symbol "LIT". The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in the Americas and Argentina. The Company presently has no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as exploration and evaluation assets represent costs incurred to date, less option payment proceeds and amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These 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 \$19,428,673 and shareholders' equity of \$5,107,096 at December 31, 2017. In addition, the Company has working capital of \$1,735,755 at December 31, 2017 and negative cash flow from operating activities of \$2,454,817. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

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, 2017.

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss or available-for-sale 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
Amera Resources (BVI) Inc.	British Virgin Islands	Holding company
Amera Resources (US) Inc.	United States of America	Exploration 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.

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.

Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Cash is classified as fair value through profit or loss.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Accounts receivables are classified as loans and receivables.

Other financial liabilities

The Company has the following other financial liabilities: accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Argentina Lithium & Energy Corp.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017 and 2016.

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.

Argentina Lithium & Energy Corp.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2017, management has determined there were impairment indicators present with respect to the Company's exploration and evaluation assets. See Note 4c for further information.

Argentina Lithium & Energy Corp.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in Accounting Standards

The Company has adopted these accounting standards effective January 1, 2017. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

Amendments to IAS 7 Statement of Cash Flows

New Accounting Standards and Interpretations

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014 IFRS 9, Financial Instruments (“IFRS 9”) was issued. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

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For the years ended December 31, 2017 and 2016

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to IFRS 2 – Share-based Payments

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

3. EQUIPMENT

	Computer Equipment \$	Total \$
Cost		
Balance at December 31, 2015	-	-
Additions	7,150	7,150
Balance at December 31, 2016 and 2017	7,150	7,150
Accumulated Depreciation		
Balance at December 31, 2015	-	-
Depreciation	298	298
Balance at December 31, 2016	298	298
Depreciation	3,575	3,575
Balance at December 31, 2017	3,873	3,873
Carrying Amount		
At December 31, 2016	6,852	6,852
At December 31, 2017	3,277	3,277

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4. 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, 2017 and 2016:

Acquisition Costs

	Argentina			Total \$
	Arizaro \$	Incahuasi \$	Fierro \$	
Balance – December 31, 2015	-	-	340,493	340,493
Additions				
Option payments, staking costs, land payments and acquisition costs	1,526,490	-	-	1,526,490
Impairment of exploration and evaluation assets	-	-	(340,492)	(340,492)
Balance – December 31, 2016	1,526,490	-	1	1,526,491
Additions				
Option payments, staking costs, land payments and acquisition costs	1,763,775	77,799	-	1,841,574
Impairment of exploration and evaluation assets	-	-	(1)	(1)
Balance – December 31, 2017	3,290,265	77,799	-	3,368,064

Exploration Expenditures

	Argentina			Total \$
	Arizaro \$	Incahuasi \$		
Cumulative exploration expenses December 31, 2016	113,710	-		113,710
Expenditures during the year:				
Assays	27,593	12,380		39,973
Drilling	434,548	-		434,548
Geophysics	26,443	30,319		56,762
Office	58,957	7,449		66,406
Professional fees	90,877	4,777		95,654
Property maintenance payments	25,146	18,536		43,682
Salaries and contractors	357,882	29,988		387,870
Social and community	22,683	732		23,415
Supplies and equipment	174,971	6,046		181,017
Transportation	86,360	27,202		113,562
Statutory taxes	187,874	19,778		207,652
	1,493,334	157,207		1,650,541
Cumulative exploration expenses December 31, 2017	1,607,044	157,207		1,764,251

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4. EXPLORATION AND EVALUATION ASSETS (continued)

	Argentina	
	Arizaro	Total
	\$	\$
Cumulative exploration expenses – December 31, 2015	-	-
Office	10,330	10,330
Property maintenance payments	16,529	16,529
Salaries and contractors	64,583	64,583
Professional fees	18,331	18,331
Transportation	366	366
Statutory taxes	3,571	3,571
Cumulative exploration expenses – December 31, 2016	113,710	113,710

a) Arizaro Lithium Brine Project

On October 28, 2016, the Company entered into an option agreement to acquire a 100% interest in the Arizaro lithium brine project located on the Arizaro Salar in the Province of Salta, Argentina. This agreement was amended on October 26, 2017. Under the terms of the option agreement, the Company may acquire a 100% interest in the Arizaro project by making cash payments to the vendor totaling US\$6,000,000, incurring exploration expenditures totaling US\$4,200,000 and issuing 2,500,000 common shares of the Company. On November 2, 2016 the Company issued 2,500,000, which were restricted from trading and become free trading in four installments of 625,000 shares on December 2, 2017, and November 2, 2018, 2019, and 2020.

Date	Option Payment	Exploration Expenditure
	US\$	Commitments US\$
November 2, 2016 (paid)	300,000	-
May 2, 2017 (paid)	500,000	-
November 2, 2017 (paid)	200,000	500,000
December 2, 2017 (paid)	650,000	-
November 2, 2018	1,000,000	1,200,000
November 2, 2019	1,500,000	2,500,000
November 2, 2020	1,850,000	-
	6,000,000	4,200,000

b) Incahuasi Lithium Project

The Company owns a 100% interest in the Incahuasi lithium brine project totalling 23,700 ha, located in the Catamarca Province, Argentina.

c) Fierro Property, Rio Negro Province, Argentina

The Company owns a 100% interest in the Fierro property in the Province of Rio Negro, Argentina.

During the year ended December 31, 2016, the Company determined that it would not be exploring the Fierro property further and impaired \$340,492 in acquisition costs. During the year ended December 31, 2017, the Company impaired the remaining \$1 in acquisition costs.

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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 2017

On December 20, 2017, the Company completed the first tranche of a non-brokered private placement financing of 7,049,557 units at a price of \$0.33 per unit for gross proceeds of \$2,326,355. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.40 per share for two years from the date of issue, expiring on December 20, 2019. The Company is entitled to accelerate the expiry date of the warrants if the 5-day volume weighted average stock price of the Company trades \$0.60 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finders' fees were \$137,204 in cash and 415,769 non-transferable warrants exercisable into common shares at \$0.40 for two years from the date of issue subject to accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 1.61%; expected stock price volatility – 138.52%; dividend yield – 0%; and expected warrant life – 1.1 years. Please refer to Subsequent Events Note 13 for more information.

During the year ended December 31, 2017, 12,438,907 warrants were exercised for gross proceeds of \$1,311,491.

As at December 31, 2017, \$99,000 in share subscriptions and \$4,500 in warrant exercises were received, but the shares had not yet been issued. Refer to Note 13 for further information.

Details of Issues of Common Shares in 2016

On August 22, 2016, the Company completed a non-brokered private placement financing of 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000. 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 one year from the date of issue, expiring on August 22, 2017. The units bear a legend for automatic timed release free trading in three installments: (1) 15% of the units four months from the issue; (2) 35% of the units six months from issue; and (3) 50% of the units ten months from the issue. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$0.25 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after the date of delivery of the notice. Finders' fees were \$16,750 in cash and 322,000 non-transferable warrants exercisable into common shares at \$0.10 for one year from the date of issue subject to the same legend for automatic timed release free trading and accelerated exercise provisions as set out above. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.54%; expected stock price volatility – 97.69%; dividend yield – 0%; and expected warrant life – 0.71 years.

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5. CAPITAL AND RESERVES (continued)

On October 26, 2016, the Company completed a non-brokered private placement financing of 10,000,000 units at a price of \$0.20 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.30 per share for two years from the date of issue, expiring on October 26, 2018. Finders' fees were \$69,717 in cash and 348,085 non-transferable warrants exercisable into common shares at \$0.30 for two years from the date of issue, expiring on October 26, 2018. Fair value was calculated using the Black-Scholes pricing model and the following variables: risk-free interest rate – 0.56%; expected stock price volatility – 112.77%; dividend yield – 0%; and expected warrant life – 0.84 years.

During the year ended December 31, 2016, 160,000 warrants were exercised for gross proceeds of \$16,000.

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. 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, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Expired/ Exercised	December 31, 2017	Options exercisable
July 29, 2017	\$0.54	100,000	-	-	(100,000)	-
March 9, 2020	\$0.20	-	250,000	-	(250,000)	-
		100,000	250,000	-	(350,000)	-
Weighted average exercise price (\$)		0.54	0.20	-	0.30	-
Weighted average contractual remaining life (years)		0.6	-	-	-	-

The continuity of share purchase options for the year ended December 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Expired/ Exercised	December 31, 2016	Options exercisable
July 29, 2017	\$0.54	100,000	-	-	-	100,000
		100,000	-	-	-	100,000
Weighted average exercise price (\$)		0.54	-	-	-	0.54
Weighted average contractual remaining life (years)		1.6	-	-	-	0.6

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5. CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the year ended December 31, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Exercised	Expired/ Forfeited	December 31, 2017
August 21, 2017	\$0.10	30,162,000	-	(12,100,907)	(18,061,093)	-
October 26, 2018	\$0.30	10,348,085	-	(338,000)	-	10,010,085
December 20, 2019	\$0.40	-	7,465,326	-	-	7,465,326
		40,510,085	7,465,326	(12,438,907)	(18,061,093)	17,475,411
Weighted average exercise price (\$)		0.15	0.40	0.11	-	0.34

The continuity of warrants for the year ended December 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Forfeited	December 31, 2016
August 21, 2017	\$0.10	-	30,322,000	(160,000)	-	30,162,000
October 26, 2018	\$0.30	-	10,348,085	-	-	10,348,085
		-	40,670,085	(160,000)	-	40,510,085
Weighted average exercise price (\$)		-	0.15	0.10	-	0.15

6. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the years ended December 31, 2017 and 2016 were based on the following:

	Year ended December 31,	
	2017	2016
Loss attributable to common shareholders (\$)	2,573,377	751,475
Weighted average number of common shares outstanding	55,414,848	21,138,656

Diluted loss per share did not include the effect of Nil (2016 – 100,000) share purchase options and 17,475,411 (2016 – 40,510,085) 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.

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7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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,	
	2017	2016
	\$	\$
Transactions		
Services rendered:		
Grosso Group Management Ltd.		
Management fees	134,500	8,400
Information technology	-	450
Office & sundry	18,800	1,050
Total for services rendered	153,300	9,900

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Corporate Secretary and Vice President of Corporate Development.

	Year ended December 31,	
	2017	2016
	\$	\$
Transactions		
Interest and finance expense paid to companies controlled by directors	-	6,077
SMG SRL ⁽¹⁾ Option Payments	1,757,360	-
Consulting, salaries and professional fees to key management or their consulting corporations:		
Darren Urquhart CFO Salaries and employee benefits	12,000	33,000
David Terry Director/Consultant Salaries and employee benefits	48,000	-
SMG SRL ⁽¹⁾ Exploration	108,375	-
Total for services rendered	1,925,735	39,077

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

	Year ended December 31,	
	2017	2016
	\$	\$
Transactions		
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. ⁽¹⁾	19,103	5,580
Payable to David Terry, Director/Consultant	4,200	-
Total for amounts payable to related parties	23,303	5,580

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

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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:

	2017	2016
Canadian statutory income tax rate	<u>26.00%</u>	<u>26.00%</u>
	\$	\$
Loss for the year	(2,573,377)	(751,475)
Income tax recovery at statutory rate	(669,078)	(195,384)
Effect on income taxes of:		
Non-deductible differences	6,399	11,622
Rate differential and other	(116,678)	(5,953)
Effect of tax rate change	14,786	-
Unrecognized deferred tax assets	<u>764,571</u>	<u>189,715</u>
Income tax recovery	<u>-</u>	<u>-</u>

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

	2017	2016
	\$	\$
Deferred income tax assets		
Resource deductions	1,118,000	784,000
Capital tax loss carry forward	658,000	633,000
Non-capital tax loss carry forward	2,033,000	1,617,000
Share issue costs	<u>44,000</u>	<u>18,000</u>
	3,853,000	3,052,000
Unrecognized deferred tax assets	<u>(3,853,000)</u>	<u>(3,052,000)</u>
Deferred income tax asset	<u>-</u>	<u>-</u>

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.

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8. INCOME TAXES (continued)

The Company has Canadian non-capital tax loss carry forwards of \$7,434,739 that may be available for tax purposes. The losses expire as follows:

Expiry	\$
2026	1,081,390
2027	1,485,734
2028	1,536,404
2029	376,422
2030	607,119
2031	215,867
2032	329,716
2033	106,890
2034	41,347
2035	32,274
2036	312,467
2037	1,309,109
	<u>7,434,739</u>

At December 31, 2017, the Company had net operating loss carry forward for Chile income tax purposes of approximately \$76,000 (2016 – \$76,000) and for Peru income tax purposes of approximately \$22,000 (2016 - \$17,000) that may be available for tax purposes. These available tax losses may be carried forward and back indefinitely and may only be applied to offset future taxable income from the Company's current Chile subsidiary.

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 year ended December 31, 2017 and 2016.

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

	December 31, 2017		
	Canada	Argentina	Total
	\$	\$	\$
Mineral property interests	-	3,368,064	3,368,064
Equipment	3,277	-	3,277
	<u>3,277</u>	<u>3,368,064</u>	<u>3,371,341</u>

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9. SEGMENTED INFORMATION (continued)

	December 31, 2016		
	Canada	Argentina	Total
	\$	\$	\$
Mineral property interests	-	1,526,491	1,526,491
Equipment	6,852	-	6,852
	6,852	1,526,491	1,533,343

10. COMMITMENT

Management Services Agreement

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	197,400	394,800	-	-	-

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 \$16,450 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

11. SUPPLEMENTARY CASH FLOW

	Year ended December 31,	
	2017	2016
	\$	\$
Non-cash investing and financing activities:		
Share issue cost – issuance of warrants to agents	67,688	212,778

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.

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12. FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2017, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2017	Fair value December 31, 2017		
Recurring measurements				
Financial Assets				
Cash	1,883,712	1,883,712	-	-

At December 31, 2016, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2016	Fair value December 31, 2016		
Recurring measurements				
Financial Assets				
Cash	2,575,961	2,575,961	-	-

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.

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12. FINANCIAL RISK MANAGEMENT (continued)

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations in cash, accounts payable and loans payable usually denominated in US Dollars. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar, and between the Canadian dollar and the Argentinean peso as of December 31, 2017 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$55,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$2,000.

(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 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, 2017.

Additional information regarding capital management is disclosed in Note 1.

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13. SUBSEQUENT EVENTS

Private Placement

- On January 23, 2018, the Company completed the second and final tranche of the non-brokered private placement financing announced on November 21, 2017 and December 12, 2017 consisting of 5,422,718 units in this tranche. Finders' fees were payable \$76,369 in cash and 231,421 non-transferable warrants exercisable into common shares at \$0.40 for two years from the date of issue. Included in this tranche were \$99,000 of subscription proceeds that were received prior to December 31, 2017. Together with the tranche that closed on December 20, 2017 (see Note 5), the Company raised a total of 12,472,275 units at a price of \$0.33 per unit for gross proceeds of \$4,115,850.

Stock Options Granted

- Subsequent to December 31, 2017, 4,570,000 stock options were granted at an exercise price of \$0.50, with an expiry date of January 26, 2023.

Warrants Exercised

- Subsequent to December 31, 2017, 530,000 warrants at an exercise price of \$0.30 per warrant were exercised for gross proceeds of \$159,000.
- The Company issued 15,000 common shares in connection with 15,000 warrants with an exercise price of \$0.30 per warrant that were exercised for gross proceeds of \$4,500 received prior to December 31, 2017.

Acquisition of Antofalla Property

- Subsequent to December 31, 2017, the Company entered into an option agreement to earn a 100% interest in the Antofalla property totalling 5,300 ha, located in the Salta Province, Argentina. Terms include cash payments totaling US\$3,500,000 over 42 months and exploration expenditure requirements of \$500,000 in year one, \$1,500,000 in year two, \$2,000,000 in year three, and \$3,000,000 in year four. The property is subject to a 2% net smelter royalty, which can be repurchased for US\$5,000,000.