NEO LITHIUM CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Neo Lithium Corp. (the "Company") have been prepared by management and approved by the Audit Committee of the Company. They include the appropriate accounting principles, judgment and estimates in accordance with IFRS for interim financial statements.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditors.

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	$ 55,659,113	$ 61,241,145
Receivables (note 6)	308,471	248,205
Prepaid expenses	68,287	80,290
Total current assets	56,035,871	61,569,640
Non-current assets		
Equipment (note 7)	2,827,453	2,257,597
Property rights and evaluation and exploration costs (note 8)	19,745,190	13,852,666
Total non-current assets	22,572,643	16,110,263
Total assets	$ 78,608,514	$ 77,679,903
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	$ 1,864,269	$ 2,242,629
Total liabilities	1,864,269	2,242,629
Shareholders' equity		
Share capital (note 10)	94,257,259	94,257,259
Warrants (notes 11 and 12)	578,140	578,140
Share-based payments reserve (note 13)	7,293,482	4,782,036
Accumulated other comprehensive loss	(1,952,627)	(2,224,292)
Deficit	(23,432,009)	(21,955,869)
Total shareholders' equity	76,744,245	75,437,274
Total liabilities and shareholders' equity	$ 78,608,514	$ 77,679,903

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations (note 1)
Subsequent events (note 17)

Approved on behalf of the Audit Committee:

(signed) Constantine Karayanopoulos, Director

(signed) Thomas Pladsen, Director

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

Three months ended March 31,	2018	2017
Expenses		
Net foreign exchange (gain) loss	$ (1,887,998)	$ 293,424
Professional fees (note 15)	367,833	720,020
Salaries, benefits and director fees (note 15)	449,248	370,423
Marketing and promotion	285,651	119,327
Amortization (note 7)	10,672	5,357
Transfer agent and regulatory fees	41,342	81,263
Office and administrative	189,015	219,677
Travel	96,130	125,511
Share-based compensation (note 13)	2,082,302	2,248,267
Interest income	(158,055)	(13,831)
Net loss for the period	(1,476,140)	(4,169,438)
Other comprehensive loss items that will be reclassified subsequently to loss		
Foreign exchange difference on translating foreign operations	271,665	147,737
Total comprehensive loss for the period	$ (1,204,475)	$ (4,021,701)
Basic and diluted net loss per share	$ (0.01)	$ (0.06)
Weighted average number of common shares outstanding - Basic and diluted	117,160,437	75,197,903

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

Three months ended March 31,	**2018**	**2017**
Cash Flows from Operating Activities		
Net loss for the period	$ (1,476,140)	$ (4,169,438)
Adjustments for:		
Amortization	10,672	5,357
Share-based compensation	2,082,302	2,248,267
Changes in non-cash working capital items:		
Increase in receivables	(60,266)	(596,689)
Increase in prepaid expenses	12,003	(51,090)
Increase in accounts payable and accrued liabilities	(378,358)	171,624
Net cash provided by (used in) operating activities	190,213	(2,391,969)
Cash Flows from Investing Activities		
Purchase of equipment	(772,211)	(596,121)
Acquisition of property rights and evaluation and exploration costs	(5,727,967)	(2,451,237)
Net cash used in investing activities	(6,500,178)	(3,047,358)
Cash Flows from Financing Activities		
Proceeds from private placement, net of costs	-	23,556,198
Net cash provided by financing activities	-	23,556,198
Net change in cash and cash equivalents	(6,309,965)	18,116,871
Effects of exchange rate changes on the balance of cash held in foreign currencies	727,933	16,662
Cash and cash equivalents, beginning of period	61,241,145	13,106,008
Cash and cash equivalents, end of period	$ 55,659,113	$ 31,239,541

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
Unaudited

	Share Capital						
	Number of common shares	Amount	Warrants	Share-based payments reserve	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2016	**65,852,600**	**$ 25,662,106**	**$ 1,183,723**	**$ 1,334,089**	**$ 305,431**	**$ (11,006,677)**	**$ 17,478,672**
Private placement shares issued (note 10(i))	22,731,819	25,005,001	-	-	-	-	25,005,001
Transaction costs	-	(1,448,803)	-	-	-	-	(1,448,803)
Valuation of warrants issued	-	(3,447,771)	3,447,771	-	-	-	-
Valuation of broker warrants issued	-	(278,507)	278,507	-	-	-	-
Share-based compensation	-	-	-	2,257,654	-	-	2,257,654
Other comprehensive loss	-	-	-	-	147,737	-	147,737
Net loss for the period	-	-	-	-	-	(4,169,438)	(4,169,438)
Balance, March 31, 2017	**88,584,419**	**$ 45,492,026**	**$ 4,910,001**	**$ 3,591,743**	**$ 453,168**	**$ (15,176,115)**	**$ 39,270,823**
Private placement shares issued (note 10(ii))	15,404,600	30,038,970	-	-	-	-	30,038,970
Transaction costs	-	(2,459,429)	-	-	-	-	(2,459,429)
Valuation of warrants issued	-	(128,729)	128,729	-	-	-	-
Valuation of broker warrants issued	-	(250,027)	250,027	-	-	-	-
Shares issued from exercise of warrants and broker warrants	13,171,420	16,853,831	-	-	-	-	16,853,831
Reclassification of fair value of warrants and broker warrants exercised	-	4,710,617	(4,710,617)	-	-	-	-
Share-based compensation	-	-	-	1,190,293	-	-	1,190,293
Other comprehensive loss	-	-	-	-	(2,677,460)	-	(2,677,460)
Net loss for the period	-	-	-	-	-	(6,779,754)	(6,779,754)
Balance, December 31, 2017	**117,160,439**	**$ 94,257,259**	**$ 578,140**	**$ 4,782,036**	**$ (2,224,292)**	**$ (21,955,869)**	**$ 75,437,274**
Share-based compensation	-	-	-	2,511,446	-	-	2,511,446
Other comprehensive loss	-	-	-	-	271,665	-	271,665
Net loss for the period	-	-	-	-	-	(1,476,140)	(1,476,140)
Balance, March 31, 2018	**117,160,437**	**$ 94,257,259**	**$ 578,140**	**$ 7,293,482**	**$ (1,952,627)**	**$ (23,432,009)**	**$ 76,744,245**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Nature of operations

Neo Lithium Corp. ("Old Neo Lithium" or the "Company") was incorporated under the Canada Business Corporations Act on January 15, 2016. The Company operates in one industry segment; its principal business activities are the exploration and development of lithium brine resource properties in Argentina. The Company has two 100% owned subsidiaries: Argentina Liex S.A. ("LIEX") and 2525194 Ontario Inc. The registered office of the Company is located at 333 Bay Street, Suite 2400, Toronto, Ontario, M5H 2T6.

2. Basis of preparation and accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 29, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited consolidated financial statements as at and for the period ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Significant accounting policies

Account policy adoptions and changes

IFRS 15 - Revenue From Contracts With Customers ("IFRS 15")

IFRS 15, revenue from contracts and customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, revenue, IAS 11, construction contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. On January 1, 2018, the Company adopted IFRS 15 and has determined that the adoption of this new standard does not have a significant impact on its financial statements.

IFRS 9 Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014)) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its consolidated financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Account policy adoptions and changes (continued)

IFRS 9 Financial Instruments ("IFRS 9") (continued)

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Receivables	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

4. Recent accounting pronouncements

IFRS 16, Leases ("IFRS 16") will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. Under IFRS 16 a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other nonfinancial assets and depreciated accordingly and the liability accrues interest. This will typically produce a frontloaded expense profile (whereas operating leases under IAS 17, Leases ("IAS 17") would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period. IFRS 16 supersedes IAS 17 and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15, Revenue from Contracts with Customers has also been applied.

5. Cash and cash equivalents

	As at March 31, 2018	As at December 31, 2017
Cash at bank	$ 9,678,472	$ 12,230,703
Short term deposits	45,980,641	49,010,443
	$ 55,659,113	$ 61,241,146

(Expressed in Canadian Dollars)

6. Receivables

	As at March 31, 2018	As at December 31, 2017
HST	$ 187,691	$ 178,171
Other	120,780	70,034
	$ 308,471	$ 248,205

7. Equipment

Cost		Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2017		$ 669,769	$ 1,015,415	$ 102,181	$ 748,681	$ 2,536,046
Addition	-	437,030	255,673	61,512	17,997	772,212
Foreign exchange differences	-	(24,123)	(34,783)	(3,277)	(25,702)	(87,885)
Balance, March 31, 2018		$ 1,082,676	$ 1,236,305	$ 160,416	$ 740,976	$ 3,220,373

Accumulated depreciation	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2017	$ 29,412	$ 125,715	$ 18,797	$ 104,525	$ 278,449
Depreciation for the period	19,856	58,100	8,979	36,964	123,899
Foreign exchange differences	(1,061)	(4,137)	(549)	(3,681)	(9,428)
Balance, March 31, 2018	$ 48,207	$ 179,678	$ 27,227	$ 137,808	$ 392,920

Net book value	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2017	$ 640,357	$ 889,700	$ 83,384	$ 644,156	$ 2,257,597
Balance, March 31, 2018	$ 1,034,469	$ 1,056,627	$ 133,189	$ 603,168	$ 2,827,453

During the three months ended March 31, 2018, the Company recorded $113,227 (three months ended March 31, 2017 - $49,904) in depreciation in the property rights and evaluation and exploration costs and $10,672 (three months ended March 31, 2017 - $5,357) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

8. Property rights and evaluation and exploration costs

Net book value of 3Q Project	**As at March 31, 2018**	**As at December 31, 2017**
Assays	$ 1,041,915	$ 957,458
Consulting fees	2,830,792	2,691,659
Field crew	9,926,306	6,483,365
Field work	1,265,049	1,126,036
Geological	346,344	305,378
Depreciation	414,416	301,189
Supplies and miscellaneous	3,330,752	1,523,874
Travel/transportation	2,045,286	1,624,697
Licences and permits	328,384	245,252
Mineral property payments	534,814	534,814
Effect of foreign exchange	(2,318,868)	(1,941,056)
Total	$19,745,190	$13,852,666

The 3Q Project

Future obligations with respect to the 3Q Project as at March 31, 2018, which will only be incurred if the Company starts commercial production, include:

- A mining royalty established by Catamarca province of 3% over the “mine-head value of the ore”.
- The royalty of 1.5% of gross revenues, that was established over the 3Q Project by the original owners of the project and the original founders of the Company.

(Expressed in Canadian Dollars)

9. Accounts payable and accrued liabilities

	As at March 31, 2018	As at December 31, 2017
Accounts payable	$ 1,357,926	$ 1,426,109
Accrued liabilities	506,343	816,520
	$ 1,864,269	$ 2,242,629

10. Share capital

Authorized – Unlimited number of common shares without par value.

Common shares issued and fully paid are as follows:

	Number of common shares	Amount
Balance, December 31, 2016	65,852,600	25,662,106
Private placement shares issued (i)	22,731,819	25,005,001
Transaction costs	-	(1,448,803)
Warrants issued (i)	-	(3,447,771)
Broker warrants issued (i)	-	(278,507)
Balance, March 31, 2017	88,584,419	$ 45,492,026
Private placement shares issued (ii)	15,404,600	30,038,970
Transaction costs	-	(2,459,429)
Warrants issued	-	(128,729)
Broker warrants issued (ii)	-	(250,027)
Shares issued from exercie of warrants and broker warrants	13,171,420	16,853,830
Reclassification of fair value of warrants and broker warrants exercised	-	4,710,617
Balance, December 31, 2017 and March 31, 2018	117,160,439	94,257,258

(i) On February 22, 2017, the Company completed a "bought deal" private placement financing and issued 22,731,819 units (the "Units") at a price of $1.10 per Unit for gross proceeds of $25,005,001. Each Unit comprised one common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each whole Warrant is exercisable for one common share at a price of $1.40 per share (the "Exercise Price") for a period of 18 months, provided that in the event that the common shares trade on the TSXV at a closing price greater than the Exercise Price for a period of 20 consecutive trading days, the Company may give notice to holders of Warrants requiring that they exercise the Warrants within a period of 30 days from the date of notice, failing which the Warrants shall expire. The fair value of the 11,365,910 Warrants was estimated to be $3,659,823 using the Black-Scholes valuation model on the following assumptions: share price of $1.45, dividend yield 0%; volatility 69.05%; exercise price of $1.40, risk-free interest rate 0.75%; and an expected life of 1.5 years.

The Company incurred a total transaction costs of $1,449,523 including a cash commission to the underwriters equal to 5% of the gross proceeds raised. $212,052 of the transaction costs was allocated to the Warrants and the remaining $1,237,471 was allocated to the share capital. In addition, the underwriters received 454,636 broker warrants (the "Broker Warrants") equal to 2% of the number of Units issued. Each Broker Warrant is exercisable to purchase one common share at a price of $1.10 for 18 months. The fair value of the Broker Warrants was estimated to be $278,507 using the Black-Scholes valuation model on the following assumptions: share price of $1.45, dividend yield 0%; volatility 69.05%; exercise price of $1.40, risk-free interest rate 0.75%; and an expected life of 1.5 years.

(Expressed in Canadian Dollars)

10. Share capital (continued)

(ii) On November 21, 2017, the Company completed a "bought deal" private placement financing (the "Offering") through a syndicate of underwriters led by Cormark Securities Inc. (collectively the "Underwriters"). The Company issued 15,404,600 common shares in the Offering at a price of $1.95 per common share (the“Issue Price”) for aggregate gross proceeds to the Company of $30,038,970, which included the full exercise of the Underwriters’ option to purchase for resale up to an additional 15% of the common shares constituting the base Offering size.

The Underwriters received a cash commission in connection with the Offering equal to 5% of the aggregate gross proceeds raised. In addition,the Underwriters received 308,092 broker warrants (the“Broker Warrants”),with each Broker Warrant being exercisable to purchase one common share at the Issue Price for 24 months from the date of the Offering. The fair value of the Broker Warrants was estimated to be $448,780 using the Black-Scholes valuation model on the following assumptions: share price of $1.99, dividend yield 0%; volatility 154.47%; exercise price of $1.95, risk-free interest rate 1.44%; and an expected life of 2 years.

(iii) On October 31, 2017, the Company elected to accelerate the expiry date of 11,365,910 outstanding Warrants issued in its private placement of units completed on February 22, 2017. Each Warrant was exercised to acquire one common share at an exercise price of $1.40 for gross proceeds of up to $15,912,271.

11. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2016	-	$ -
Issued in private placement on February 22, 2017 (note 10)	11,365,910	1.40
Balance, March 31, 2017	11,365,910	$ 1.40

No warrants were outstanding as at December 31, 2017 or March 31, 2018.

(Expressed in Canadian Dollars)

12. Broker warrants

The following table reflects the continuity of broker warrants for the periods presented:

	Number of broker warrants	Weighted average exercise price
Balance, January 15, 2016	-	$ -
Balance, December 31, 2016	1,914,400	$ 0.54
Issued in private placement on February 22, 2017 (note 10(i))	454,636	1.10
Balance, March 31, 2017	2,369,036	$ 0.65
Issued in private placement on November 21, 2017 (note 10(ii))	308,092	1.95
Exercised	(1,805,510)	0.28
Balance, December 31, 2017 and March 31, 2018	871,618	$ 1.38

The following table summarizes the broker warrants outstanding at March 31, 2018:

Number of broker warrants outstanding	Exercise price ($)	Weighted average remaining contractual life (years)	Expiry date
190,814 (1)	1.00	0.11	May 12, 2018
372,802	1.10	0.39	August 22, 2018
308,092	1.95	1.64	November 21, 2019
871,708	1.38	0.77	

(1) These broker warrants were exercised subsequent to March 31, 2018 (note 17).

(Expressed in Canadian Dollars)

13. Stock options

The following table reflects the continuity of stock options for the period presented:

	Number of stock options	Weighted average exercise price
Balance, January 15, 2016	-	$ -
Balance, December 31, 2016	3,100,000	1.02
Granted (iii)	4,150,000	1.49
Balance, March 31, 2017	7,250,000	$ 1.29
Balance, December 31, 2017	7,250,000	1.29
Granted (iv)	3,350,000	2.42
Balance, March 31, 2018	10,600,000	1.65

(i) On July 18, 2016, the Company granted 3,000,000 stock options to officers, directors and consultants. Each option is exercisable into one common share at an exercise price of $1.00 for a period of five years. The fair value of these stock options was estimated to be $2,279,012 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 104.18%; risk-free interest rate 0.62%; and an expected life of 5 years. These options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. During the three months ended March 31, 2018, the Company recorded share-based compensation of $90,661 (three months ended March 31, 2017 - $272,230) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of $3,126 (three months ended March 31, 2017 - $9,387) in the property rights and evaluation and exploration costs.

(ii)On July 1, 2016 (the "Grant Date"), the Company engaged Spinnaker Capital Markets Inc. ("Spinnaker") as its investor relations advisor. The agreement is for an initial term of six months commencing July 1, 2016 to December 31, 2016. Under the terms of the agreement, the Company has granted 100,000 common share options to the principal of Spinnaker. The options will be exercisable at a price of $1.631 per share. 1/5 of the options shall become vested and exercisable on the Grant Date; 1/5 of the options shall become vested and exercisable on the third month anniversary of the Grant Date; 1/5 of the options shall become vested and exercisable on the sixth month anniversary of the Grant Date; 1/5 of the options shall become vested on the ninth month anniversary of the Grant Date and the remaining 1/5 of the options shall become vested on the one year anniversary of the Grant Date. The options expire 5 years from the Grant Date. The fair value of these stock options was estimated to be $69,324 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 104.44%; risk-free interest rate 0.55%; and an expected life of 5 years. During the three months ended March 31, 2018, the Company recorded share-based compensation of $nil (three months ended March 31, 2017 - $9,355) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

13. Stock options (continued)

(iii) On February 28, 2017, the Company granted to directors, officers and consultants stock options to purchase a total of 4,150,000 common shares at a price of $1.49 per common share. The options are exercisable for a period of 5 years. These options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. The fair value of these stock options was estimated to be $3,487,966 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 75.66%; risk-free interest rate 1.05%; and an expected life of 5 years. During the three months ended March 31, 2018, the Company recorded share-based compensation of $306,969 (three months ended March 31, 2017 - $nil) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of $24,461 (three months ended March 31, 2017 - $nil) in the property rights and evaluation and exploration costs.

(iv) On January 13, 2018, the Company granted to directors, officers, employees and consultants stock options to purchase a total of 3,350,000 common shares at a price of $2.42 per common share. The options are exercisable for a period of 5 years. 100,000 of these options vest as to one-fifth on the date of grant, one-fifth on three months anniversary of the date of grant, one-fifth on the six months anniversary of the date of grant, one-fifth on the nine months of the date of grant and one-fifth on the twelve months anniversary of the date of grant and the remaining 3,250,000 options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. The fair value of these stock options was estimated to be $4,173,670 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 69.17%; risk-free interest rate 1.90%; and an expected life of 5 years. During the three months ended March 31, 2018, the Company recorded share-based compensation of $1,684,672 (three months ended March 31, 2017 - $nil) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of $401,557 (three months ended March 31, 2017 - $nil) in the property rights and evaluation and exploration costs.

The following table summarizes the stock options outstanding as at March 31, 2018:

Number of stock options outstanding	Number of stock options exercisable	Exercise price ($)	Weighted average remaining contractual life (years)	Expiry date
100,000	100,000	1.63	3.25	July 1, 2021
3,000,000	2,000,000	1.00	3.30	July 18, 2021
4,150,000	2,816,666	1.49	3.93	March 3, 2022
3,350,000	1,103,333	2.42	4.79	January 13, 2023
10,600,000	6,019,999	1.65	4.02	

(Expressed in Canadian Dollars)

14. Segmented information

The Company operates in one reportable and geographical segment. The Company's geographic information is summarized in the following table:

	Canada	Argentina	Total
As at March 31, 2018			
Current assets	$ 54,886,648	$ 1,149,223	$ 56,035,871
Equipment	29,027	2,798,426	2,827,453
Property rights and evaluation and exploration costs	-	19,745,190	19,745,190
Current liabilities	937,929	926,340	1,864,269
For the period ended March 31, 2018			
Net loss for the period	$ (894,464)	$ (581,676)	$ (1,476,140)

	Canada	Argentina	Total
As at December 31, 2017			
Current assets	$ 60,840,622	$ 729,018	$ 61,569,640
Equipment	17,814	2,239,783	2,257,597
Property rights and evaluation and exploration costs	-	13,852,666	13,852,666
Current liabilities	1,579,178	663,451	2,242,629
For the year ended December 31, 2017			
Net loss for the period	$ (8,577,512)	$(2,371,680)	$ (10,949,192)

15. Related party transactions

During the period ended March 31, 2018, the Company incurred the following related party transactions:

(i) $75,000 in fees (three months ended March 31, 2017 - $75,000) were paid to the CEO of the Company pursuant to a service contract. As at March 31, 2018, $nil (December 31, 2017 - $nil) remained payable.

(ii) $73,000 (three months ended March 31, 2017 - $56,000) director fees was paid to other directors of the Company. As at March 31, 2018, $nil (December 31, 2017 - $60,000) remained payable.

(iii) $68,750 (three months ended March 31, 2017 - $nil) was paid to the Chief Operating Officer of the Company. As at March 31, 2018, $68,750 (December 31, 2017) remained payable.

(iv) $62,500 in fees (three months ended March 31, 2017 - $45,000) were paid to the CFO pursuant to a service contract. As at March 31, 2018, $nil (December 31, 2017 - $nil) remained payable to the CFO.

(v) $52,533 in legal fees (three months ended March 31, 2017 - $185,312) to a law firm, Fasken Martineau DuMoulin LLP, of which a partner is a director of the Company as well as the legal counsel of the Company. $12,805 (December 31, 2017 - $124,385) was owed by the Company to this law firm as at March 31, 2018 and was included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

15. Related party transactions (continued)

(vi) A company that provides certain equipment rental services to the Company is independently owned by adult relatives of the CEO. These services were sourced in accordance the Company's procurement policy. $40,891 was paid for such services during the period (three months ended March 31, 2017 - $32,627).

(vii) $37,500 (three months ended March 31, 2017 - $42,500) in consulting fees was paid to a company, Kloni Inc. which is controlled by the chairman of the Board of Directors. As at March 31, 2018, $42,350 (December 31, 2017 - $28,250) was payable to this company.

(viii) The 3Q Project is subject to a royalty of 1.5% of gross revenues to be divided in three equal parts, two of which are owned by directors of the Company - Mr. Waldo Perez and Mr. Gabriel Pindar, founders of the project.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Compensation of key management personnel of the Company:

Three Months Ended March 31,	2018	2017
Salaries and benefits	$ 211,250	$ 221,500
Director's fees	73,000	-
Share-based payments	$ 1,995,447	$ 2,248,299

As at March 31, 2018, accounts payable and accrued liabilities included $87,316 (December 31, 2017 - $528,250) owing to directors and officers.

16. Financial instruments and risk management

Risks Arising from Financial Instruments and Risk Management

The Company's activities expose it to a variety of financial risks: such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Market Risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Argentina. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's risk management policy is to review its exposure to non-Canadian dollar forecasts operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in Argentinean pesos and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities are as follows in Canadian dollars:

	As at March 31, 2018	
	Assets	**Liabilities**
Argentinean pesos	$ 1,149,923	$ 927,959
United States dollars	45,957,412	540,228
	$ 47,107,335	$ 1,468,187

16. Financial instruments and risk management (continued)

Sensitivity

Based on the financial instruments held at March 31, 2018, had the Canadian dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's post-tax loss for the period would have been $4,563,845 higher/lower as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments as detailed above. The Company's deficit would have been $4,563,845 higher/lower had the Canadian dollar weakened/strengthened by 10% as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments.

Cash flow fair value interest rate risk

The Company does not have any variable interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the funds invested in the Company's bank accounts.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. Credit risk arises from cash and cash equivalents with banks and financial institutions as well as credit exposures to outstanding receivables.

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash at all times, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

At March 31, 2018, the Company had net working capital of $54,171,602 and anticipates this is sufficient to provide at least 18 months of planned activity. Furthermore, as at March 31, 2018 the long-term debt carried by the Company was nil.

Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying values of cash and cash equivalents, accounts receivables and payables are assumed to approximate their fair values due to their short-term nature.

Capital Management

The Company defines capital that it manages as its shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and provide increased shareholder value. As at March 31, 2018, the total managed capital was $76,744,245.

The Company achieves its objectives by assessing economic conditions, its plans regarding development of its assets, and its obligations, and utilizing capital markets to raise equity when required.

17. Subsequent event

Subsequent to March 31, 2018, 190,814 broker warrants were exercised for gross proceeds of $190,814.