NEO LITHIUM CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2017

(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 and Board of Directors 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 Statement of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	$ 31,239,541	$ 13,106,008
Receivables (note 4)	1,341,428	744,739
Prepaid expenses	89,723	38,633
Total current assets	32,670,692	13,889,380
Non-current assets		
Equipment (note 5)	1,463,948	892,985
Property rights and evaluation and exploration costs (note 6)	6,127,097	3,515,598
Total non-current assets	7,591,045	4,408,583
Total assets	$ 40,261,737	$ 18,297,963
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	$ 990,914	$ 819,291
Total liabilities	990,914	819,291
Shareholders' equity		
Share capital (note 8)	45,492,026	25,662,106
Warrants (note 10)	4,910,001	1,183,723
Share-based payments reserve (note 11)	3,591,743	1,334,089
Accumulated other comprehensive loss	453,168	305,431
Deficit	(15,176,115)	(11,006,677)
Total shareholders' equity	39,270,823	17,478,672
Total liabilities and shareholders' equity	$ 40,261,737	$ 18,297,963

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

Nature of operations (note 1)

Approved on behalf of the Board:

(signed) Constantine Karayannopoulos, Chairman

(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, 2017	For the period from January 15 (date of incorporation) to March 31, 2016
Expenses		
Net foreign exchange loss (gain)	$ 293,424	$ (8,529)
Professional fees (note 13)	720,020	162,644
Salaries, benefits and director fees (note 13)	370,423	44,181
Marketing and promotion	119,327	16,195
Property investigation expense	-	16,556
Amortization (note 5)	5,357	7,616
Transfer agent and regulatory fees	81,263	-
Office and administrative	219,677	-
Travel	125,511	7,670
Share-based compensation (note 11)	2,248,267	-
Interest income	(13,831)	-
Net (loss) for the period	(4,169,438)	(246,333)
Other comprehensive income (loss)		
Items that will be reclassified subsequently to (loss) income		
Foreign exchange difference on translating foreign operations	147,737	(228)
Total comprehensive loss for the period	$ (4,021,701)	$ (246,561)
Basic and diluted net (loss) per share	$ (0.05)	$ (0.02)
Weighted average number of common shares outstanding	75,197,903	15,153,846

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

Neo Lithium Corp.

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

	Three months ended March 31, 2017	For the period from January 15 (date of incorporation) to March 31, 2016
Cash Flows from Operating Activities		
Net loss for the period	$ (4,169,438)	$ (246,333)
Adjustments for:		
Amortization	5,357	8,300
Share-based compensation	2,248,267	-
Changes in non-cash working capital items:		
Increase in receivables	(596,689)	(10,874)
Increase in prepaid expenses	(51,090)	(17,727)
Increase in accounts payable and accrued liabilities	171,624	478,165
Net cash used in operating activities	(2,391,969)	211,531
Cash Flows from Investing Activities		
Purchase of equipment	(596,121)	(205)
Acquisition of property rights and evaluation and exploration costs	(2,451,237)	(703,698)
Net cash used in investing activities	(3,047,358)	(703,903)
Cash Flows from Financing Activities		
Proceeds from private placement, net of costs	23,556,198	1,300,140
Net cash provided by financing activities	23,556,198	1,300,140
Net change in cash and cash equivalents	18,116,871	807,768
Effects of exchange rate changes on the balance of cash held in foreign currencies	16,662	(8,529)
Cash and cash equivalents, beginning of period	13,106,008	-
Cash and cash equivalents, end of period	$ 31,239,541	$ 799,239

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, January 15, 2016 (date of incorporation)	**1**	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1**
Cancellation of original share	(1)	(1)	-	-	-	-	(1)
Shares issued	27,000,000	1,300,140	-	-	-	-	1,300,140
Other comprehensive loss	-	-	-	-	(228)	-	(228)
Net income for the period	-	-	-	-	-	(246,333)	(246,333)
Balance, March 31, 2016	**27,000,000**	**$ 1,300,140**	**$ -**	**$ -**	**$ (228)**	**$ (246,333)**	**$ 1,053,579**
Balance, December 31, 2016	**65,852,600**	**$ 25,662,106**	**$ 1,183,723**	**$ 1,334,089**	**$ 305,431**	**$ (11,006,677)**	**$ 17,478,672**
Shares issued	22,731,819	25,005,001	-	-	-	-	25,005,001
Transaction costs	-	(1,448,803)	-	-	-	-	(1,448,803)
Warrants issued	-	(3,447,771)	3,447,771	-	-	-	-
Broker warrants issued	-	(278,507)	278,507	-	-	-	-
Share-based compensation	-	-	-	2,257,654	-	-	2,257,654
Other comprehensive loss	-	-	-	-	147,737	-	147,737
Net income 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**

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 resource properties. The Company has a 100% owned subsidiary in Argentina Liex S.A. ("LIEX"). The registered office of the Company is located at 333 Bay Street, Suite 2400, Toronto, Ontario M5H 2T6.

On July 18, 2016, the Company completed a qualifying transaction (the "Transaction") with POCML 3 Inc. ("POCML"), a company listed on the TSX Venture Exchange ("TSXV"). Pursuant to the Transaction, POCML amalgamated with privately held Old Neo Lithium to form the amalgamated Neo Lithium Corp. (the "Amalgamation"). The Company's post Amalgamation common shares commenced trading on the TSXV under the symbol "NLC" on July 20, 2016. Prior to the completion of the Transaction, the common shares of POCML were consolidated on a 0.91:1 basis (the "Consolidation"). Pursuant to the Transaction, former shareholders of each company received one post Amalgamation common share of Neo Lithium for each common share of Old Neo Lithium and POCML held (after giving effect to the Consolidation). The Amalgamation was accounted for as a reverse takeover ("RTO") whereby Old Neo Lithium was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of Old Neo Lithium. POCML had no significant assets other than cash with no commercial operations at the time of the RTO. Concurrently with the completion of the RTO, POCML changed its name to "Neo Lithium Corp".

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 27, 2017, 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, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

2. Basis of preparation and accounting policies (continued)

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations, are not yet effective for the period ended March 31, 2017, and have not been applied in preparing these unaudited condensed interim consolidated financial statements. The following standards and interpretations have been issued by the IASB and the IFRIC Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

IFRS 9, Financial Instruments, ("IFRS 9") was issued by the IASB in July 2014 in final form and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

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. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018.

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.

3. Cash and cash equivalents

	As at March 31, 2017	As at December 31, 2016
Cash at bank	$ 31,217,320	$ 13,084,122
Short term deposits	22,221	21,886
	$ 31,239,541	$ 13,106,008

(Expressed in Canadian Dollars)

4. Receivables

	As at March 31, 2017	As at December 31, 2016
HST	$ 236,590	$ 168,796
VAT tax receivable	1,017,980	514,340
Other	86,858	61,603
	$ 1,341,428	$ 744,739

5. Equipment

Cost		Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2016		$ -	$ 612,353	$ 58,438	$ 276,013	$ 946,804
Addition	-	290,491	118,532	7,022	180,076	596,121
Foreign exchange differences	-	7,371	12,068	916	8,793	29,148
Balance, March 31, 2017		$ 297,862	$ 742,953	$ 66,376	$ 464,882	$ 1,572,073

Accumulated depreciation	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2016	$ -	$ 28,152	$ 4,517	$ 21,150	$ 53,819
Depreciation for the period	4,817	24,362	3,663	19,419	52,261
Foreign exchange differences	122	980	127	816	2,045
Balance, March 31, 2017	$ 4,939	$ 53,494	$ 8,307	$ 41,385	$ 108,125

Net book value	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2016	$ -	$ 584,201	$ 53,921	$ 254,863	$ 892,985
Balance, March 31, 2017	$ 292,923	$ 689,459	$ 58,069	$ 423,497	$ 1,463,948

During the three months ended March 31, 2017, the Company recorded $46,904 (period from January 15, 2016 to March 31, 2016 - $nil) depreciation in the property rights and evaluation and exploration costs and $5,357 (period from January 15, 2016 to March 31, 2016 - $nil) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

6. Property rights and evaluation and exploration costs

Net book value of 3Q Project	As at March 31, 2017	As at December 31, 2016
Assays	$ 491,087	$ 424,853
Consulting fees	203,571	170,135
Field crew	2,527,228	856,593
Field work	569,578	539,516
Geological	129,690	90,600
Depreciation	96,883	49,979
Supplies and miscellaneous	474,403	459,914
Travel/transportation	711,355	372,089
Licences and permits	418,092	150,681
Mineral property payments	534,814	534,814
Effect of foreign exchange	(29,604)	(133,576)
Total	$ 6,127,097	$ 3,515,598

3Q Project

On January 11, 2016, the founders of the project, which include two directors of the Company Mr. Waldo Perez and Mr. Gabriel Pindar, entered into a purchase and sale agreement with a third party owner (the “Initial Owner”), for the acquisition of six mining rights in the Tinogasta area, Catamarca province, Argentina, representing a portion of the 3Q Project. The founders established the Company and on April 5, 2016 assigned these six mining rights to the Company’s wholly owned Argentinean subsidiary, LIEX. A royalty of 1.5% over gross sales was retained by the founders. The Company assumed the payment obligations to the Initial Owner of US$400,000 (of which US$300,000 has been paid and US$100,000 is outstanding and included in accounts payable). On March 1, 2016, in addition to the six mining rights described above, LIEX was awarded four additional mining rights in the same area from the Mining Department of Catamarca. The 3Q Project is a salar and brine lake complex composed by 10 mining claims, encompassing approximately 35,000 hectares.

Future obligations with respect to the 3Q Project as at March 31, 2017, 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 3Q Project is subject to a royalty of 1.5% of gross sales to be divided in three equal parts, two of which are directors of the Company.

(Expressed in Canadian Dollars)

7. Accounts payable and accrued liabilities

	As at March 31, 2017	As at December 31, 2016
Accounts payable	$ 825,843	$ 496,691
Accrued liabilities	165,071	322,600
	$ 990,914	$ 819,291

8. 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, January 15, 2016 (i)	1	$ 1
Cancellation of the share issued on January 15, 2016 (ii)	(1)	(1)
Private placement on February 9, 2016 (ii)	14,000,000	140
Private placement on March 11, 2016 (iii)	13,000,000	1,300,000
Balance, March 31, 2016	27,000,000	$ 1,300,140
Balance, December 31, 2016	65,852,600	$ 25,662,106
Private placement on February 22, 2017 (vi)	22,731,819	25,005,001
Transaction costs	-	(1,448,803)
Valuation of warrants	-	(3,447,771)
Valuation of broker warrants	-	(278,507)
Balance, March 31, 2017	88,584,419	$ 45,492,026

(i) On January 15, 2016 the Company incorporated under the laws of Ontario issuing one common share.

(ii) On February 9, 2016 the Company completed a non-brokered private placement for gross proceeds of $140 and issued a total of 14,000,000 common shares at a price of $0.0001 per common share. On the same day, the Board approved the cancellation of the 1 common share issued at inception. No purchase warrants were issued as a result of this private placement.

(iii) On March 11, 2016, the Company completed a non-brokered private placement for gross proceeds of $1,300,000 and issued a total of 13,000,000 common shares at a price of $0.10 per common share. The Company initially received $599,000 of the proceeds as promissory notes. The amount received as promissory notes was applied to the private placement at a price of $0.10 per common share. Therefore, no gain or loss was recorded. No purchase warrants had been issued as a result of this private placement.

8. Share capital (continued)

(iv) On May 12, 2016, the Company completed a brokered private placement financing for gross proceeds of $11,450,000 and issued a total of 11,450,000 common shares at a price of $1.00. In connection with the private placement the Company paid $687,000, 6% of the gross proceeds to the participating brokers and issued 572,500 broker's warrants, 5% of the gross proceeds. Each broker warrant entitles the holder thereof to purchase one common share at a price of $1.00 per share over a 24 month period. The fair value of the broker's warrants was determined to be $305,571 with the following assumptions: expected dividend yield of 0%, expected volatility of 102.43%, risk-free interest rate of 0.56% and an expected life of two years. The share issuance costs were $493,777. In addition, on May 27, 2016, as part of this private placement the Company raised gross proceeds of $250,000 on a non-brokered basis and issued a total of 250,000 common shares at a price of $1.00.

(v) On July 18, 2016, Old Neo Lithium and POCML completed the Amalgamation whereby former shareholders of each company received one common share of Neo Lithium for each common share of Old Neo Lithium and POCML held. Prior to the completion of the Transaction, the common shares of POCML were consolidated on a 0.91:1 basis. pursuant to the Amalgamation.

In connection with the Amalgamation, on April 8, 2016, POCML completed a private placement (the "POCML Private Placement") of subscription receipts ("Subscription Receipts"). Pursuant to the POCML Private Placement, POCML issued 20,000,000 Subscription Receipts at a price of $0.35 each for total gross proceeds of $7,000,000. Each Subscription Receipt converted into one post-Consolidation common share of POCML for no additional consideration immediately prior to the Amalgamation, and the proceeds of the POCML Private Placement were released from escrow. As agent to the POCML Private Placement and in connection with the Transaction, PowerOne Capital Markets Limited was issued broker warrants entitling it to acquire 1,341,990 common shares of the Company, at a price of $0.35 per share for a period of 12 months from the closing of the Amalgamation.

(vi) On February 22, 2017, the Company completed the "bought deal" private placement financing (the "Offering") and issued 22,731,819 units (the "Units") in the Offering at a price of $1.10 per Unit for aggregate gross proceeds to the Company of $25,005,001. Each Unit comprised one common share of the Company, and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant" and collectively, the "Warrants"). 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 from the date hereof, provided that in the event that the Common Shares trade on the TSX Venture Exchange 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 $0.14, risk-free interest rate 0.75%; and an expected life of 1.5 years.

The Company incurred a total transaction costs of $1,448,803 including a cash commission to the underwriters in connection with the Offering equal to 5% of the aggregate gross proceeds raised. $212,052 of the transaction costs was allocated to the Warrants and the remaining $1,236,751 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 in the Offering. 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 $0.14, risk-free interest rate 0.75%; and an expected life of 1.5 years.

(Expressed in Canadian Dollars)

9. Warrants

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

	Number of warrants	Weighted average exercise price
Balance, January 15, 2016 and March 31, 2016	-	$ -
Balance, December 31, 2016	-	$ -
Issued in private placement on February 22, 2017 (note 8(iv))	11,365,910	1.40
Balance, March 31, 2017	11,365,910	$ 1.40

The following table summarizes the warrants outstanding at March 31, 2017:

Number of warrants outstanding	Exercise price	Weighted average remaining contractual life (years)	Expiry date
11,365,910	$ 1.40	1.39	August 22, 2018

10. 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 and March 31, 2016	-	$ -
Balance, December 31, 2016	1,914,400	$ 0.54
Issued in private placement on February 22, 2017 (note 8(iv))	454,636	1.10
Balance, March 31, 2017	2,369,036	$ 0.65

The following table summarizes the broker warrants outstanding at March 31, 2017:

Number of broker warrants outstanding	Exercise price ($)	Weighted average remaining contractual life (years)	Expiry date
572,500	1.00	1.12	May 12, 2018
1,341,900	0.35	0.29	July 15, 2017
454,636	1.10	1.39	August 22, 2018
2,369,036	0.65	0.70	

(Expressed in Canadian Dollars)

11. 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 and March 31, 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

(i) On July 18, 2016, the Company granted 3,000,000 stock options to certain officers, directors and consultants. Each option is exercisable into one common share of the Company 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, 2017, the Company recorded share-based compensation of $272,230 (period from January 15, 2016 to March 31, 2016 - $nil) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of $9,387 (period from January 15, 2016 to March 31, 2016 - $nil) 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, 2017, the Company recorded share-based compensation of $9,355 (period from January 15, 2016 to March 31, 2016 - $nil) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(iii) On March 3, 2017, the Company granted to directors, officers and consultants of the Company 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 $5,289,946 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 152.09%; risk-free interest rate 1.05%; and an expected life of 5 years. During the three months ended March 31, 2017, the Company recorded share-based compensation of $1,966,682 in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

11. Stock options (continued)

The following table summarizes the stock options outstanding as at March 31, 2017:

Number of stock options outstanding	Number of stock options exercisable	Exercise price ($)	Weighted average remaining contractual life (years)	Expiry date
100,000	60,000	1.63	4.25	July 1, 2021
3,000,000	1,000,000	1.00	4.30	July 18, 2021
4,150,000	1,383,333	1.49	4.93	March 3, 2022
7,250,000	2,443,333	1.29	4.66	

12. 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, 2017			
Current assets	$ 30,921,718	$ 1,748,974	$ 32,670,692
Equipment	25,456	1,438,492	1,463,948
Property rights and evaluation and exploration costs	-	6,127,097	6,127,097
Current liabilities	829,007	161,907	990,914
For the three months ended March 31, 2017			
Net loss for the period	$ (3,912,791)	$ (256,647)	$ (4,169,438)

	Canada	Argentina	Total
As at December 31, 2016			
Current assets	$ 12,812,099	$ 1,077,281	$ 13,889,380
Equipment	28,003	864,982	892,985
Property rights and evaluation and exploration costs	-	3,515,598	3,515,598
Current liabilities	576,046	243,245	819,291
For the period from January 15 to December 31, 2016			
Net loss for the period	$ (10,421,672)	$ (585,005)	$ (11,006,677)

(Expressed in Canadian Dollars)

13. Related party transactions

During the period ended March 31, 2017, the Company incurred the following related party transactions:

(i) $185,312 in legal fees (period from January 15, 2016 to March 31, 2016 - $75,000) 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. $2,635 (December 31, 2016 - $51,734) was owed by the Company to this law firm as at March 31, 2017 and was included in accounts payable and accrued liabilities.

(ii) $65,000 in fees and $13,000 in bonus (period from January 15, 2016 to March 31, 2016 - fees of $40,107) were paid to the CEO of the Company pursuant to a service contract. As at March 31, 2017, $nil (December 31, 2016 - $622) remained payable.

(iii) $45,000 in fees (period from January 15, 2016 to March 31, 2016 - $8,000 to former CFO) were paid to the current CFO pursuant to a service contract. As at March 31, 2017, $nil (December 31, 2016 - $43,875) remained payable to the current CFO.

(iv) $42,500 (period from January 15, 2016 to March 31, 2016 - $nil) in consulting fees was paid to a company, Kloni Inc. which is controlled by one of the directors of the Company. As at March 31, 2017, $nil (December 31, 2016 - $97,800 payable to the director) was payable to this company.

(v) $56,000 (period from January 15, 2016 to March 31, 2016 - $nil) director fees was paid to the directors of the Company. As at March 31, 2017, $nil (December 31, 2016 - $nil) remained payable.

(vi) The 3Q Project is subject to a royalty of 1.5% of gross sales to be divided in three equal parts, two of which are 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, 2017	For the period from January 15 (date of incorporation) to March 31, 2016
Salaries and benefits	$ 221,500	$ 48,107
Share-based payments	$ 2,248,299	$ -

As at March 31, 2017, accounts payable and accrued liabilities included $nil (December 31, 2016 - $268,320) owing to directors and officers.

14. 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, 2017	
	Assets	**Liabilities**
Argentinean pesos	$ 1,748,974	$ 163,855
United States dollars	25,013,307	251,972
	$ 26,762,281	$ 415,827

14. Financial instruments and risk management (continued)

Sensitivity

Based on the financial instruments held at March 31, 2017, 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 $2,634,645 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 $2,634,645 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, 2017, the Company had net working capital of $31,679,778 and anticipates this is sufficient to provide at least 18 months of planned activity. Furthermore, as at March 31, 2017 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, 2017, the total managed capital was $39,270,823.

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.