
Argentina Lithium & Energy Corp.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)



Crowe MacKay LLP

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Independent Auditor's Report

To the Shareholders of Argentina Lithium & Energy Corp.

Opinion

We have audited the consolidated financial statements of Argentina Lithium & Energy Corp. (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year ended December 31, 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be a key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Exploration and Evaluation Assets

As disclosed in Note 4 to the consolidated financial statements, the carrying value of Exploration and Evaluation Assets represents a significant asset of the Group. Refer to Note 2 to the consolidated financial statements for a description of the accounting policy and significant judgments applied to Exploration and Evaluation Assets.

At each reporting period end, management applies judgment in assessing whether there are any indicators of impairment relating to exploration and evaluation assets. If there are indicators of impairment, the recoverable amount of the related asset is estimated in order to determine the extent of any impairment. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale. No impairment indicators were identified by management as at December 31, 2023.

Why the matter was determined to be a key audit matter

We considered this a key audit matter due to (i) the significance of evaluation and evaluation assets and (ii) the judgments made by management in its assessment of indicators of impairment related to exploration and evaluation assets, which have resulted in a high degree of subjectivity in performing audit procedures related to these judgments applied by management.

How the matter was addressed in our audit

We have evaluated management's assessment of impairment indicators per IFRS 6 Exploration for and Evaluation of Mineral Resources, including but not limited to:

- Reviewing the Group's rights to explore in the relevant exploration areas and assessing whether the rights to tenure remained current as at year-end;
- Assessing compliance with option agreements by reviewing agreements, and vouching cash payments and share issuances;
- Considering the status of the relevant exploration areas by holding discussions with management, and reviewing the Group's exploration budget and directors' minutes; and
- Assessing the adequacy of the related disclosures in Note 2 and Note 4 to the consolidated financial statements.

Transaction with Stellantis N.V.

As disclosed in Note 7 to the consolidated financial statements, the Group and its subsidiary Argentina Lito Y Energia S.A. ("ALE") entered into an agreement with a subsidiary of Stellantis N.V. ("Stellantis") to receive cash in exchange for a 19.9% ownership of ALE's total issued and outstanding shares (the "Transaction"). The Transaction provided Stellantis with certain antidilutive rights, as well as a right to exchange its ALE shares into the Group's shares, amongst other contingent terms. We identified the Group's accounting for and the valuation of the exchange right as a key audit matter.

Why the matter was determined to be a key audit matter

We considered the Group's accounting for the Transaction as a key audit matter as the Company was required to make certain key judgments and interpretations, and auditing the accounting treatment and resulting valuation of the exchange right involved complex analysis and consideration requiring the use of technical knowledge and interpretation of accounting standards, as well as a high degree of auditor judgment and effort.

How the matter was addressed in our audit

In responding to the key audit matter, we performed the following audit procedures, amongst others:

- Obtained an understanding of management's process for accounting for the Transaction;
- Assessed the information in the Transaction agreements to evaluate relevant accounting matters;
- Evaluated management's determination of the accounting treatment of the Transaction by analyzing specific facts and circumstances against relevant accounting guidance;
- With the assistance of our valuation specialists, evaluated the methodology applied to determine the value of the derivative liability associated with the exchange right; and
- Evaluated the adequacy of the Group's disclosure of the Transaction.

Other Information

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

- Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Crowe Mackay LLP

**Chartered Professional Accountants
Vancouver, Canada Canada
April 29, 2024**

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

	Note	December 31, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	6,132,851	8,130,147
Restricted cash	14	5,721,535	-
Accounts receivables		70,269	112,324
Prepaid expenses	3	49,501,966	174,848
Total current assets		61,426,621	8,417,319
Non-current assets			
Exploration and evaluation assets	4	19,078,864	7,172,264
Investments	5	1,322,600	-
Total non-current assets		20,401,464	7,172,264
Total Assets		81,828,085	15,589,583
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	1,585,576	1,931,385
Derivative liability	7	4,364,167	-
Total liabilities		5,949,743	1,931,385
EQUITY			
Share capital	6	38,179,047	37,611,102
Reserves	6	14,882,277	14,875,161
Obligation to issue shares	4, 7	122,460	151,000
Retained earnings (Deficit)		10,252,054	(38,979,065)
Total shareholders' equity		63,435,838	13,658,198
Non-controlling interest	7	12,442,504	-
Total equity		75,878,342	13,658,198
Total Equity and Liabilities		81,828,085	15,589,583

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENT (Notes 4 and 13)

SUBSEQUENT EVENTS (Note 17)

These consolidated financial statements are authorized for issue by the Board of Directors on April 27, 2024. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"Martin Burian" , Director

Argentina Lithium & Energy Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31,	
		2023	2022
		\$	\$
Expenses			
Accounting and audit		84,303	55,304
Consulting fees	10	1,220,691	692,173
Corporate development and investor relations		1,690,118	1,476,176
Exploration	4	9,151,538	4,074,874
Legal and professional fees		936,319	181,129
Management fees	10	182,400	117,600
Office and sundry	10	88,527	67,924
Rent, parking and storage		32,131	17,240
Share-based compensation	6, 10	79,311	1,811,209
Transfer agent and regulatory fees		126,327	120,595
Travel		32,253	-
Loss from operating activities		(13,623,918)	(8,614,224)
Other income (expense)			
Foreign exchange loss	16	(9,926,430)	(408,335)
Loss on sale of marketable securities	9	(35,034,066)	-
Fair value adjustment of derivative liability	7	1,517,920	-
Interest income		1,068,011	539,365
Total other (loss) income		(42,374,565)	131,030
Total loss and comprehensive loss		(55,998,483)	(8,483,194)
Attributable to:			
Shareholders of the Company		(45,943,258)	(8,483,194)
Non-controlling interest		(10,055,225)	-
Total loss and comprehensive loss		(55,998,483)	(8,483,194)
Basic and diluted loss per common share	8	0.35	0.10

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

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

	Year ended December 31,	
	2023	2022
	\$	\$
Cash flows from operating activities		
Loss for the year	(55,998,483)	(8,483,194)
Adjustments for:		
Fair value adjustment of derivative liability	(1,517,920)	-
Share-based compensation	79,311	1,811,209
Foreign exchange loss	9,926,430	-
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivables	42,055	(82,417)
Increase in prepaid expenses	(49,327,118)	(135,665)
Increase in accounts payable and accrued liabilities	275,357	1,146,222
Net cash used in operating activities	(96,520,368)	(5,743,845)
Cash flows from investing activities		
Proceeds from transaction with Stellantis	123,676,653	-
Expenditures on exploration and evaluation assets	(12,527,766)	(5,061,996)
Purchase of investments	(1,322,600)	-
Restricted cash	(5,721,535)	-
Net cash received from (used in) investing activities	104,104,752	(5,061,996)
Cash flows from financing activities		
Issuance of common shares and warrants for private placements	-	12,411,237
Share issue costs	-	(58,520)
Warrants exercised	344,750	112,500
Stock options exercised	-	40,000
Net cash received from financing activities	344,750	12,505,217
Foreign exchange effect on cash and cash equivalents	(9,926,430)	-
Net increase (decrease) in cash and cash equivalents during the year	(1,997,296)	1,699,376
Cash and cash equivalents at beginning of year	8,130,147	6,430,771
Cash and cash equivalents at end of year	6,132,851	8,130,147

SUPPLEMENTARY CASH FLOW INFORMATION (Note 14)

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

Argentina Lithium & Energy Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves					Total shareholders' equity	Non-controlling interest	Total equity
	Number of shares	Amount \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$	Obligation to issue shares \$	Retained earnings (deficit) \$			
Balance at December 31, 2021	73,460,505	28,324,377	5,281,438	1,511,338	2,463,904	500,000	(30,495,871)	7,585,186	-	7,585,186
Private placement	52,970,948	8,584,458	-	-	3,826,779	-	-	12,411,237	-	12,411,237
Share issue costs	-	(58,520)	-	-	-	-	-	(58,520)	-	(58,520)
Agent warrants granted	-	(34,685)	-	-	34,685	-	-	-	-	-
Shares issued for property option (Note 4(c))	1,930,532	588,780	-	-	-	(500,000)	-	88,780	-	88,780
Obligation to issue shares (Note 4(c))	-	-	-	-	-	151,000	-	151,000	-	151,000
Warrants exercised	750,000	138,973	-	-	(26,473)	-	-	112,500	-	112,500
Share-based compensation	-	-	-	1,811,209	-	-	-	1,811,209	-	1,811,209
Stock options exercised	200,000	67,719	-	(27,719)	-	-	-	40,000	-	40,000
Stock options cancelled	-	-	27,169	(27,169)	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(8,483,194)	(8,483,194)	-	(8,483,194)
Balance at December 31, 2022	129,311,985	37,611,102	5,308,607	3,267,659	6,298,895	151,000	(38,979,065)	13,658,198	-	13,658,198
Shares issued for property option (Note 4(c))	503,334	151,000	-	-	-	(151,000)	-	-	-	-
Contributions from Stellantis transaction (Note 7)	-	-	-	-	-	-	95,174,377	95,174,377	22,497,729	117,672,106
Obligation to issue shares (Note 7)	-	-	-	-	-	122,460	-	122,460	-	122,460
Warrants exercised	1,343,330	416,945	-	-	(72,195)	-	-	344,750	-	344,750
Share-based compensation	-	-	-	79,311	-	-	-	79,311	-	79,311
Stock options expired	-	-	1,058,216	(1,058,216)	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	(45,943,258)	(45,943,258)	(10,055,225)	(55,998,483)
Balance at December 31, 2023	131,158,649	38,179,047	6,366,823	2,288,754	6,226,700	122,640	10,252,054	63,435,838	12,442,504	75,878,342

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Argentina Lithium & Energy Corp. (the “Company” or “Argentina Lithium”) was incorporated on April 11, 2000 in the Province of British Columbia and was transitioned under the Business Corporations Act (BC) on June 17, 2004. In September 2016, the Company changed its name to Argentina Lithium & Energy Corp. (formerly Iron South Mining Corp.) trading on the TSX Venture Exchange (“TSX-V”) under the symbol “LIT”. The address of the Company’s registered office is Suite 411 – 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 IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) 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 accumulated retained earnings of \$10,252,054, working capital of \$55,476,878, and shareholders’ equity of \$63,435,838 at December 31, 2023. In addition, the Company has negative cash flow from operating activities of \$96,520,368 for the year ended December 31, 2023. Working capital is defined as current assets less current liabilities and provides a measure of the Company’s ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors create material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management’s plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These audited consolidated financial statements do not include adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The Company’s audited consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS issued by the IASB, effective for the Company’s reporting for the year ended December 31, 2023. These consolidated financial statements were approved by the Board of Directors of the Company on April 27, 2024.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments 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 subsidiaries as follows:

	Place of Incorporation	Principal Activity	Ownership Interest	
			2023	2022
Amera-Chile S.C.M.	Chile	Holding company	100%	100%
Argentina Litio Y Energia S.A.	Argentina	Exploration company	80.1%	100%
Hierros Del Sur S.A.C.	Peru	Holding company	-	100%

On November 21, 2023, the Company deregistered Hierro Del Sur S.A.C. in Peru.

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.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interest

A non-controlling interest (“NCI”) represents the equity in a subsidiary not attributable, directly or indirectly, to the Company. NCI is recognized at its proportionate share of the value of identifiable net assets acquired on initial recognition.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

i. Classification

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

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

Financial assets/liabilities	Classification and Measurement
Cash and cash equivalents	FVTPL
Restricted cash	FVTPL
Investments	FVTPL
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Derivative liability	FVTPL

ii. Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Impairment of financial assets at amortized cost

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

iii. Derivative liabilities

Derivative liabilities are initially recognized at fair value at the date on which the derivative contract was entered into. Any attributable transaction costs are recognized in the profit or loss as incurred. Subsequent to initial recognition, derivative liabilities are measured at fair value at each reporting date until settlement, with the re-measurement gain or loss being recognized immediately in profit or loss. The Company does not enter into or hold derivative financial instruments for trading or speculative purposes. For more details on derivative liabilities consisting of options, warrants, and top-up rights, see Note 7.

iv. Derecognition

Financial assets

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

Foreign currencies

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

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 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.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

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

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

Valuation of Equity Units Issued in Private Placements

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

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.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Restoration, Rehabilitation, and Environmental Obligations

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

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

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

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

The Company has no material restoration, rehabilitation and environmental obligations as of December 31, 2023 and 2022.

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.

Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting judgments and significant estimates

- i. Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.
- ii. The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The Company received a significant investment of Argentina Pesos during the year, but the valuation of the investment was made using the official exchange rate with US dollars. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- iii. The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

During the year ended December 31, 2023, management has determined there were no impairment indicators present with respect to the Company's exploration and evaluation assets.

- iv. The identification of components on the partial sale of the Company's subsidiary, Argentina Lito Y Energia S.A ("ALE") is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The potential Common Share issuances in regard to top-up rights are considered derivative liabilities and therefore measured at fair value through profit or loss. The Company uses the Black Scholes pricing model to estimate the fair value of such top-up rights at inception, and subsequently at year end. The key assumption used in the model is the expected future volatility of the price of the Company's Common Shares. The impact of changes in these key assumptions is described in Note 7.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

New and amended IFRS standards that are effective for the current period:

The Company adopted Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making Materiality Judgements that continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments were adopted for the year ended December 31, 2023. These amendments reduced the disclosure of accounting policies for the Company.

New Accounting Standards and Interpretations not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ended December 31, 2023 and accordingly, have not been applied in preparing these consolidated financial statements. The adoption of these amendments are not expected to have a material impact on these consolidated financial statements.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current (effective January 1, 2024) provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

Amendments to IAS 21, Lack of Exchangeability (effective January 1, 2025) requires companies to provide more useful information in their financial statements when a currency cannot be exchanged into another currency. The amendments respond to stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies. The amendments will help companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and when it cannot, in determining the exchange rate to use and the disclosures to provide.

3. PREPAID EXPENSES

On October 9, 2023, the Company entered into an agreement with AGV Falcon Drilling SRL and prepaid \$51,791,411 for drilling services of up to 15,500 meters at its Antofalla and Rincon West properties.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

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, 2023 and 2022.

Acquisition Costs

	Argentina				
	Incahuasi	Antofalla	Rincon West	Pocitos	Total
	\$	\$	\$	\$	\$
Balance – December 31, 2021	53,449	129,439	938,028	940,906	2,061,822
Additions					
Option payments, staking costs, land payments and acquisition costs	13,523	700,511	3,699,805	696,603	5,110,442
Balance – December 31, 2022	66,972	829,950	4,637,833	1,637,509	7,172,264
Additions					
Option payments, staking costs, land payments and acquisition costs	43,144	5,430,054	3,918,311	2,515,091	11,906,600
Balance – December 31, 2023	110,116	6,260,004	8,556,144	4,152,600	19,078,864

Exploration Expenditures

	Argentina					
	Incahuasi	Antofalla	Rincon West	Pocitos	Other	Total
	\$	\$	\$	\$	\$	\$
Cumulative exploration expenses						
December 31, 2022	2,554,371	369,057	3,822,625	2,228	58,228	6,806,509
Expenditures during the year:						
Assays	2,069	-	94,210	-	-	96,279
Drilling	-	-	3,869,653	-	-	3,869,653
Geophysics	138,699	61,661	405,036	147,463	-	752,859
Office	32,631	16,316	476,535	21,754	-	547,236
Professional fees	15,008	7,596	231,162	10,005	2,547	266,318
Property maintenance payments	45,665	12,123	138,818	57	19,387	216,050
Salaries and contractors	48,832	24,302	1,404,832	42,996	-	1,520,962
Social and community	5,112	1,273	81,998	5,667	-	94,050
Supplies and equipment	80,549	22,684	482,000	5,987	-	591,220
Transportation	19,806	594	244,500	4,862	-	269,762
Statutory taxes	32,294	11,861	611,125	22,242	1,759	679,281
Travel costs	14,418	1,382	193,453	38,615	-	247,868
	435,083	159,792	8,233,322	299,648	23,693	9,151,538
Cumulative exploration expenses						
December 31, 2023	2,989,454	528,849	12,055,947	301,876	81,921	15,958,047

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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

a) Incahuasi Lithium Project

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

b) Antofalla North Lithium Project

Pipo-Alcalina V Option

On July 7, 2021, the Company entered into an option agreement with Trendix Mining (“Trendix”) to earn a 100% interest in the three additional properties totaling 5,380 hectares (“Optioned properties”) situated adjacent to the Company’s 9,080 hectares of 100% held claims on the Salar de Antofalla (“Staked Properties”). Terms include staged payments over four years totaling US\$4,000,000, and total exploration expenditures of US\$7,000,000. The vendors retain a 2% Net Smelter Royalty (“NSR”) which Argentina Lithium has the ability to repurchase for US\$5,000,000. The Company paid the remaining option payments to obtain a 100% interest in the Optioned properties during the year ended December 31, 2023.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Pipo-Alcalina V Option (continued)

Option Payment US\$	Year
100,000 (paid)	2021
300,000 (paid)	2022
200,000 (paid)	2023
200,000 (paid)	2023
1,700,000 (paid)	2024
1,500,000 (paid)	2025
4,000,000	

Amelia Option

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

Option Payment US\$	Year
80,000 (paid)	2022
100,000 (paid)	2023
200,000 (paid)	2023
300,000 ⁽¹⁾	2024
400,000	2024
1,100,000	2025
620,000	2026
2,800,000	

(1) Refer to Note 17 for further information.

Volcan Option

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Volcan Option (continued)

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

Lexi Option

The Company entered into an option agreement to acquire 100% interest in a single mining concession on the Antofalla Salar, wholly within the Catamarca mining registry. Terms of the Lexi-30 option specify two cash payments totaling US\$425,000, including an initial payment of US\$50,000, and an optional final payment of US\$ 375,000, payable at up to 12 months. The vendor retains a 2% NSR. In the instance that the vendor wishes to transfer or sell the NSR, the Company has the right to match the terms of NSR transference or sale.

Option Payment US\$	Year
50,000 (paid)	2023
375,000	2024
425,000	

c) Pocitos Project

Rincon-Pocitos Option

On October 8, 2021, the Company entered into a definitive agreement with a private vendor to acquire 100% interest in the 2,370-hectare Rincon West and 15,857-hectare Pocitos projects in Salta Province, Argentina. Terms include issuance of 750,000 shares in the Company to the vendor on signing plus \$500,000 worth of shares over a 12-month period; and cash payments totaling US\$4,200,000 over 36 months. The Company paid the remaining option payments to obtain a 100% interest in the Rincon West and Pocitos projects during the year ended December 31, 2023.

Option Payments US\$	Shares issued valued at \$	Number of shares issued #	Year
150,000 (paid)	375,000	750,000	2021
250,000 (paid)	150,000	306,623	2022
400,000 (paid)	350,000	1,430,908	2022
250,000 (paid)	-	-	2023
250,000 (paid)	-	-	2023
500,000 (paid)	-	-	2024
2,400,000 (paid)	-	-	2024
4,200,000	875,000	2,487,531	

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

El Pidio GIII Option

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

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

(1) Refer to Note 17 for further information.

Aguamarga Option

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

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

(1) Refer to Note 17 for further information.

Ramos Option

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Ramos Option (continued)

Option Payments US\$	Year
50,000 (paid)	2022
100,000 (paid)	2023
550,000 ⁽¹⁾	2024
700,000	

(1) Refer to Note 17 for further information.

d) Rincon West Project

Rinconcita II

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

Paso de Sico Option

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

Option Payment US\$	Year
100,000 (paid)	2022
200,000 (paid)	2023
400,000 (paid)	2023
400,000 ⁽¹⁾	2024
400,000	2024
-	2025
1,500,000	

(1) Refer to Note 17 for further information.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Don Fermin Option

On June 15, 2023 the Company entered into an option agreement to acquire 100% interest in concession located on the eastern flank of the Salar de Rincon, approximately 19 km east of the Rincon West property block. Terms of the option include cash payments totaling US\$2,750,000 over 18 months, including an initial payment of US\$250,000. The Company can advance the dates of the subsequent four payments at its discretion. The vendor retains a 1.5% NSR which can be repurchased for US\$4M.

Option Payment US\$	Year
250,000 (paid)	2023
500,000 (paid)	2023
750,000 ⁽¹⁾	2024
1,000,000	2024
250,000	2025
2,750,000	

(1) Refer to Note 17 for further information.

5. INVESTMENTS

The Company invested 809,920,392 Argentine Pesos equivalent to US\$1 million in a promissory note that matures in March 2025. At maturity, the promissory note will pay the Argentine Peso equivalent of US\$1 million at the official exchange rate. No interest will be earned on the promissory note.

6. 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 2023

There were no shares issued for private placement during year ended December 31, 2023.

Details of Issues of Common Shares in 2022

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. CAPITAL AND RESERVES (continued)

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

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

Details of other Common Share Issuances

During the year ended December 31, 2023, the Company issued 503,334 shares for mineral property option payments with a fair value of \$151,000 (2022 – 1,930,532 shares for mineral property option payments with a fair value of \$588,780); issued 1,343,000 shares from the exercise of 1,343,000 warrants for gross proceeds of \$344,750 (2022 – 750,000 shares from the exercise of 750,000 warrants for gross proceeds of \$112,500); and issued no shares from the exercise of stock options for gross proceeds of \$Nil (2022 - 200,000 shares from the exercise of 200,000 options for gross proceeds of \$40,000).

Share Purchase Option Compensation Plan

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

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2023 is as follows:

Expiry date	Exercise Price	December 31, 2022	Granted	Exercised	Expired	December 31, 2023	Options exercisable
January 26, 2023	\$2.00	973,750	-	-	(973,750)	-	-
July 9, 2026	\$0.20	2,650,000	-	-	-	2,650,000	2,650,000
September 3, 2026	\$0.18	225,000	-	-	-	225,000	225,000
December 8, 2027	\$0.35	8,016,000	-	-	-	8,016,000	8,016,000
January 13, 2028	\$0.35	-	300,000	-	-	300,000	300,000
May 8, 2028	\$0.30	-	150,000	-	-	150,000	150,000
		11,864,750	450,000	-	(973,750)	11,341,000	11,341,000
Weighted average exercise price (\$)		0.64	0.33	-	2.00	0.31	0.31
Weighted average contractual remaining life (years)		4.20	-	-	-	3.59	3.59

The continuity of share purchase options for the year ended December 31, 2022 is as follows:

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

The weighted average fair value of share purchase options granted during the year ended December 31, 2023 is \$0.33 (2022 - \$0.23).

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

	Year ended December 31,	
	2023	2022
Risk-free interest rate	3.17%	3.18%
Expected option life in years	2.80	3.04
Expected share price volatility ⁽¹⁾	118.22%	130.78%
Grant date share price	\$0.268	\$0.305
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

6. CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the year ended December 31, 2023 is as follows:

Expiry date	Exercise Price	December 31, 2022	Granted	Exercised	December 31, 2023
April 14, 2024 ⁽¹⁾	\$0.15	5,020,330	-	(770,330)	4,250,000
August 11, 2024	\$0.38	6,396,300	-	-	6,396,300
August 25, 2024	\$0.38	10,415,000	-	-	10,415,000
November 10, 2024	\$0.70	6,288,047	-	-	6,288,047
November 21, 2024	\$0.40	36,429,988	-	(573,000)	35,856,988
November 29, 2024	\$0.70	5,098,767	-	-	5,098,767
December 10, 2024	\$0.70	2,437,635	-	-	2,437,635
		72,086,067	-	(1,343,330)	70,742,737
Weighted average exercise price (\$)		0.44	-	0.26	0.44

(1) Refer to Note 17 for further information.

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

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

7. STELLANTIS N.V. TRANSACTION

On September 26, 2023, the Company entered into a definitive agreement (the “Investment Agreement”) with Peugeot Citroen Argentina S.A., a subsidiary of Stellantis N.V. (“Stellantis”) for an investment in Argentina in exchange (the “Transaction”) for issuing shares equal to a 19.9% common share ownership interest (the “ALE shares”) in the Company’s subsidiary, Argentina Lito Y Energia S.A (“ALE”). On October 4, 2023, ALE received approximately 31.5 billion Argentina Pesos in Argentina that was equivalent to US\$90 million at the official exchange rate and recognised the investment as a non-controlling interest. The proceeds of the Transaction will be used to advance development of the Company’s lithium projects held through its wholly owned subsidiary in Argentina, and for general corporate purposes.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. STELLANTIS N.V. TRANSACTION (continued)

At closing of the Transaction, Argentina Lithium and Stellantis entered into an exchange agreement (the “Exchange Agreement”). Under the Exchange Agreement, Argentina Lithium grants Stellantis an irrevocable right (the “Exchange Right”) to exchange all of the ALE Shares then held by Stellantis for such number of Common Shares equaling 24.844% of (i) the outstanding Common Shares (on an undiluted basis) as of the date of the Exchange Agreement and (ii) Common Shares issued by Argentina Lithium (between the date of the Exchange Agreement and the date Stellantis exercises the Exchange Right) upon the exercise of warrants, stock options or other securities convertible or exchangeable into Common Shares existing as of the date of the Exchange Agreement (together, the “Exchange Shares”), subject to certain exchange conditions. Following the issuance of Exchange Shares, Stellantis will own at most 19.9% of the Common Shares (on an undiluted basis). In addition, Argentina Lithium will grant Stellantis an irrevocable right (the “Top-Up Right”) to subscribe for additional Common Shares (the “Additional Shares”) if necessary for Stellantis to achieve a 19.9% interest in the Common Shares (on an undiluted basis). Any Additional Shares Stellantis elects to purchase pursuant to the Top-Up Right will be issued at the maximum discounted market price permitted under the rules and policies of the TSXV, unless the Top-Up Right is exercised after an acquisition of Argentina Lithium, in which case the subscription price under the Top-Up Right will be the pre-announcement market price of shares of Argentina Lithium. A provision for the Top-Up Right has not been recognised in the consolidated financial statements as a reliable estimate of the additional shares cannot be made as at December 31, 2023.

The Company has classified the options and warrants outstanding and not exercised as part of the Exchange Shares, which if exercised, allow Stellantis to obtain a relative 24.844% of the shares to maintain their exchange right to further consideration as a derivative liability. The derivative liability is based on the stock options and warrants outstanding as of the date of the agreement, and the Company determined a derivative liability of \$6,004,547 based on the estimated fair value of this right using a Black-Scholes valuation model. As at December 31, 2023, the Company revaluated this right at an estimate fair value of \$4,364,167 and recorded a \$1,560,569 fair value adjustment. \$122,460 was reclassified to obligation to issue shares in the consolidated statement of changes in equity for options and warrants exercised during the year to which Stellantis would be entitled to additional shares if the Exchange Right is exercised. The following are the inputs used to estimate the fair value of the top up rights pertaining to the stock options and warrants outstanding as at October 4, 2023 and December 31, 2023:

	As at	
	December 31, 2023	October 4, 2023
Risk-free interest rate	3.84%	4.8%
Expected security life in years	1.18	1.42
Expected share price volatility	96.60%	95.29%
Grant date and measurement date share price	\$0.34	\$0.405
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

Any issuance of Additional Shares will be subject to the prior approval of the TSXV. Stellantis will not have the right under the Exchange Right and the Top-Up Right to acquire more than 19.9% of the outstanding Common Shares following the issuance of Exchange Shares and Additional Shares, if any. The Exchange Agreement also provides Stellantis with observer rights to attend board meetings of Argentina Lithium for as long as Stellantis owns at least 10% of the issued and outstanding ALE Shares.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. STELLANTIS N.V. TRANSACTION (continued)

Argentina Lithium and Stellantis entered into a Lithium Offtake Agreement (the “Offtake Agreement”). Under the Offtake Agreement, ALE has agreed to sell to Stellantis, and Stellantis has agreed to purchase from ALE up to 15,000 tonnes per annum of lithium produced by ALE over a seven-year period (the “Supply Obligation”) subject to the terms and conditions set out in the Offtake Agreement. After the initial seven-year term, the Offtake Agreement may be extended by mutual agreement for an additional number of years. The price of lithium products sold by ALE under the Offtake Agreement will be based on an agreed market-based price formula at the time of each shipment. The commencement of the Supply Obligation of ALE is conditional on the successful start of commercial production at one or more of its projects. The Offtake Agreement also contains certain product qualification, certification and reporting requirements and provides Stellantis with a right to acquire any production prior to the commencement of the Supply Obligation and a right of first refusal on the sale to third parties of any lithium products (in excess of the Supply Obligation) after the commencement of commercial production.

The Company, ALE and Stellantis entered into a Shareholders’ Agreement (the “Shareholders’ Agreement”) relating to ALE and Stellantis’ ownership of ALE Shares and provides for the following principal terms:

- right of Stellantis to nominate one director to the board of directors of ALE (“Stellantis Director”) for as long as Stellantis has an ownership position of not less than 10% of the issued and outstanding ALE Shares;
- certain corporate decisions of ALE may not be undertaken without the affirmative vote the Stellantis Director or the approval by shareholders holding more than 90% of the issued and outstanding ALE Shares;
- right of each shareholder to maintain its ownership percentage in any equity offerings by ALE;
- transfer restrictions including, rights of first refusal, drag-along and tag-along rights;
- right of first offer for Stellantis to provide project financing and any other borrowing by ALE; and
- other terms and conditions consistent with a transaction of this nature.

In addition, upon exercise of the Exchange Right, Argentina Lithium will enter into an Investor Rights Agreement with Stellantis (the “Stellantis IRA”). The Stellantis IRA provides for the following principal terms in favour of Stellantis:

- a right to nominate one director to the board of directors of Argentina Lithium for as long as Stellantis has an ownership position of not less than 10% of the issued and outstanding Common Shares;
- pre-emptive right to maintain ownership percentage in certain follow-on issuances of Common Shares or securities convertible into Common Shares; and
- other terms and conditions consistent with a transaction of this nature.

Contingent Share Premium

In the event that ALE meets all, and not less than all, of the three conditions stated for any of the scenarios described in the following table, Stellantis will pay additional consideration (the “Contingent Share Premium”) for which the Company qualifies listed in the second row of the table, with the payment to occur at the time of the Commercial Production (as described in the table) listed in the second row of the table. The Company will only be entitled to receive the Contingent Share Premium in respect of one, and not more than one, of the Scenarios described in the table. If conditions for multiple Scenarios are met by the Company, then the Company will be entitled only to the receive the largest Contingent Share Premium for which it qualifies.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. STELLANTIS N.V. TRANSACTION (continued)

	Scenario 1:	Scenario 2:	Scenario 3:
Conditions:	<ol style="list-style-type: none"> NPV > US\$ 700M Capacity > 30k T/y Commercial Production: 2028 or 2029 	<ol style="list-style-type: none"> NPV > US\$ 850M Capacity > 40k T/y Commercial Production: 2028 or 2029 	<ol style="list-style-type: none"> NPV > US\$ 1 Billion Capacity > 45k T/y Commercial Production: 2029 or 2030
Contingent Share Premium	<ul style="list-style-type: none"> If the first two conditions in Scenario 1 have been satisfied and Commercial Production occurs by December 31, 2028, then the Contingent Premium is US\$ 5,000,000. If the first two conditions in Scenario 1 have been satisfied and Commercial Production occurs after December 31, 2028 but before December 31, 2029, then the Contingent Premium is US\$ 2,500,000. 	<ul style="list-style-type: none"> If the first two conditions in Scenario 2 have been satisfied and Commercial Production occurs by December 31, 2028, then the Contingent Premium is US\$ 10,000,000. If the first two conditions in Scenario 2 have been satisfied and Commercial Production occurs after December 31, 2028 but before December 31, 2029, then the Contingent Premium is US\$ 5,000,000. 	<ul style="list-style-type: none"> If the first two conditions in Scenario 3 have been satisfied and Commercial Production occurs by December 31, 2029, then the Contingent Premium is US\$ 15,000,000. If the first two conditions in Scenario 3 have been satisfied and Commercial Production occurs after December 31, 2029 but before December 31, 2030, then the Contingent Premium is US\$ 10,000,000.

“Capacity” means the ultimate productive capacity of one or more Projects’ plant(s), measured in finished tonnes of marketable lithium carbonate or lithium hydroxide per year, as supported by NI 43-101-compliant pre-feasibility studies or feasibility studies in respect of such Project(s).

“Commercial Production” means the first date, after the date hereof, on which a new mining and mineral processing operation not in existence or operation as of the date hereof, has: (a) produced marketable lithium carbonate or lithium hydroxide continuously for a period of 30 calendar days; and (b) reached an average production level over such 30-calendar day period that is greater than or equal to 60% of the production capacity of such mining and mineral processing operation as set out in the applicable NI 43-101-compliant pre-feasibility study or feasibility study therefor.

“NPV” means the net present value supported by NI 43-101-compliant pre-feasibility studies or feasibility studies in respect of one or more Projects. All NPV amounts applicable in this Agreement shall be calculated using a 12% discount rate.

The Contingent Share Premium is a contingent asset, and it has not been recognized in the Company’s statement of financial position as its realization is not virtually certain.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. STELLANTIS N.V. TRANSACTION (continued)

ALE has therefore recorded a non-controlling interest that is considered material to our consolidated financial statements. The NCI in the net assets of consolidated subsidiaries is identified separately from Company's equity. The NCI includes the amount of those interests at the date of the original transaction with Stellantis and the NCI's share of changes in equity since the date of the transaction.

The following is the summarized fair value financial information for ALE before intra-group eliminations used to compute the fair value of the NCI.

	December 31, 2023	October 4, 2023
Summarized statement of financial position	\$	\$
Current assets	60,842,038	124,600,307
Current liabilities	(115,690)	(107,737)
Current net assets	60,726,348	124,492,570
Non-current assets	20,401,464	9,256,734
Non-current liabilities	(18,602,669)	(20,695,392)
Non-current net assets (liabilities)	1,798,795	(11,438,658)
Net assets	62,525,143	113,053,912
Accumulated non-controlling interest	12,442,504	22,497,729
Summarized statement of loss and comprehensive loss	December 31, 2023	October 4, 2023
Total loss and comprehensive loss for the year	(52,318,389)	(1,789,619)
Loss allocated to non-controlling interest for the period	(10,055,225)	-

Cash	\$ 123,676,653
Total consideration	\$ 123,676,653
19.9% of ALE net assets:	19.90%
Cash and cash equivalents	\$ 915,491
Prepays	\$ 8,163
Exploration and evaluation assets	\$ 9,256,734
Accounts payable	\$ (107,737)
Intercompany payables	\$ (20,695,392)
Total net assets allocated to NCI	\$ 22,497,729
Derivative liability	\$ 6,004,547
Excess recognized in equity (deficit)	\$ 95,174,377

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic and diluted loss per share for the years ended December 31, 2023 and 2022 were based on the following:

	Year ended December 31,	
	2023	2022
Loss attributable to common shareholders (\$)	45,943,258	8,483,194
Weighted average number of common shares outstanding	130,240,368	84,628,896

Diluted loss per share did not include the effect of 11,341,000 (2022 – 11,864,750) share purchase options and 70,742,737 (2022 – 72,086,067) warrants as the effect would be anti-dilutive.

9. MARKETABLE SECURITIES

From time to time, the Company may acquire and transfer marketable securities to facilitate intragroup funding transfers between the Canadian parent and its Argentine operating subsidiaries. The Company does not acquire marketable securities and engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well-established companies with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities occurs over several days, some fluctuations are unavoidable. As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments between acquisition and disposition are recognized through profit or loss. The subsequent disposition of these marketable securities in exchange for Argentine pesos gave rise to a gain as the amount received in Argentine peso exceeds the amount of Argentine peso the Company would have received from a direct foreign currency exchange. Similarly, a loss is realized on exchange of securities from Argentine pesos to USD.

As a result of having utilized this mechanism for intragroup funding for the year ended December 31, 2023, the Company realized a loss of \$25,575,736 (December 31, 2022 – \$Nil) from the unfavorable foreign currency impact. During the year ended December 31, 2023, the Company also realized a loss of \$9,458,330 as a result of a decrease in value of its marketable securities investments.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Grosso Group Management Ltd.

On October 1, 2016, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group Management Ltd. (Grosso Group) to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. The fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2022 and has been automatically renewed for a period of two years pursuant to the terms of the Agreement.

The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Year ended December 31,	
	2023	2022
	\$	\$
Transactions		
Services rendered:		
Grosso Group Management Ltd.		
Management fees	182,400	117,600
Office & sundry	27,000	24,000
Total for services rendered	209,400	141,600

Key management personnel compensation

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

	Year ended December 31,	
	2023	2022
	\$	\$
Transactions		
Share-based compensation	55,683	1,039,367
Consulting fees paid to key management and directors or their consulting corporations:		
Niko Cacos President/CEO	492,990	180,000
Darren Urquhart CFO	88,345	30,000
Martin Burian Director	24,000	-
Joseph Grosso Director	188,000	180,000
John Gammon Director	20,000	12,000
David Terry Director/Consultant	59,000	-
Miles Rideout VP Exploration	331,691	179,468
Total for services rendered	1,259,709	1,620,835

	As at December 31,	
	2023	2022
	\$	\$
Balances		
Amounts owed to related parties		
Payable to Golden Arrow Resources Corp. ⁽¹⁾	70,590	82,088
Payable to Grosso Group Management Ltd. ⁽²⁾	161,333	14,893
Payable to Oxbow International Marketing Ltd. ⁽²⁾	9,374	1,213
Payable to Miles Rideout	173,344	17,506
Payable to Martin Burian	21,000	-
Payable to Niko Cacos	300,000	-
Payable to Darren Urquhart	50,000	-
Payable to David Terry	8,000	-
Payable to John Gammon	8,000	-
Total for amounts payable to related parties	801,641	115,700

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

(2) A company owned by Joseph Grosso of Argentina Lithium & Energy Corporation.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

The Company borrowed \$370,000 from a non-arm's length lender during the year ended December 31, 2023 for working capital purposes and which was non-interest bearing. During the year ended December 31, 2023, the Company repaid the principal balances of \$370,000 for all of the Company's loans received.

11. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	2023	2022
	\$	\$
Loss before income taxes	<u>(55,998,483)</u>	<u>(8,483,194)</u>
Income tax recovery at statutory rate	(15,119,591)	(2,290,462)
Non-deductible differences	6,928,911	489,199
Rate differential and other	582,773	80,274
Foreign exchange movement	5,712,174	456,349
Change in unrecognized tax benefits	<u>1,895,733</u>	<u>1,264,640</u>
Income tax recovery	<u>-</u>	<u>-</u>
Statutory tax rate	<u>27.00%</u>	<u>27.00%</u>

Temporary Differences Not Recognized

The Company has unrecognized deductible temporary differences aggregating \$36,708,978 (2022 - \$35,353,622), noted below that are available to offset future taxable income. The potential benefit of these deductible temporary differences has not been recognized in these consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the temporary differences to be recovered.

	December 31, 2023	Expiry dates	December 31, 2022
Non-capital losses	16,754,000	2026 – 2043	13,096,000
Resource deductions	21,238,000	No expiry	6,174,000
Capital loss	4,872,000	No expiry	4,872,000
Financing costs	138,000	2024-2026	207,000
Total	43,002,000		24,349,000

At December 31, 2023, the Company has accumulated non-capital losses in Canada aggregating \$16,624,906 (2022 – \$12,974,547) which expire over the period between 2026 and 2043, available to offset future taxable income in Canada.

At December 31, 2023, the Company has accumulated non-capital loss carry forward in Argentina aggregating \$Nil (2022 – \$Nil), available to offset future taxable income in Argentina. The Company has available resource deductions in Argentina of approximately \$18,310,933 (2022 – \$8,873,685).

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

12. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in the Americas and Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the years ended December 31, 2023 and 2022.

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

	December 31, 2023	
	Argentina \$	Total \$
Exploration and evaluation assets	19,078,864	19,078,864
Investments	1,322,600	1,322,600
	20,401,464	20,401,464

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

13. COMMITMENT

Exploration and Evaluation Assets

The Company has firm commitments in relation to certain of its option agreements for exploration and evaluation assets, see Note 4.

Non-Controlling interest

The Company has commitments in relation to the Exchange Agreement and Offtake Agreement with its non-controlling interest, see Note 7.

Management Services Agreement

	1 Year \$	2 Years \$	3 Years \$	4-5 Years \$	More than 5 Years \$
Management Services Agreement	372,000	372,000	-	-	-

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current fee is \$31,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The Company has a consulting agreement with its Chairman of the Board (the "Chairman Agreement"). The termination provisions of the Chairman Agreement provide that a fee of 30 months' compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Chairman would receive an amount equal to 30 months' compensation. As of December 31, 2023, the Company would have to pay \$450,000 to the Chairman in the event of termination without cause or certain conditions being met resulting from a change of control.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

13. COMMITMENT (continued)

The Company has a consulting agreement with its President and CEO (the “CEO Agreement”). The termination provisions of the CEO Agreement provide that a fee of 30 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the CEO would receive an amount equal to 30 months’ compensation. As of December 31, 2023, the Company would have to pay \$480,600 to the CEO in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its CFO (the “CFO Agreement”). The termination provisions of the CFO Agreement provide that a fee of 24 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the CFO would receive an amount equal to 24 months’ compensation. As of December 31, 2023, the Company would have to pay \$135,981 to the CFO in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its Corporate Secretary (the “Corporate Secretary Agreement”). The termination provisions of the Corporate Secretary Agreement provide that a fee of 24 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Corporate Secretary would receive an amount equal to 24 months’ compensation. As of December 31, 2023, the Company would have to pay \$163,177 to the Corporate Secretary in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its VP Exploration (the “VP Exploration Agreement”). The termination provisions of the VP Exploration Agreement provide that a fee of 3 months’ compensation based on the average of the previous 6 monthly fees be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the VP Exploration would receive an amount equal to 3 months’ compensation based on the average of the previous 6 monthly fees. As of December 31, 2023, the Company would have to pay \$62,418 to the VP Exploration in the event of termination without cause or certain conditions being met resulting from a change of control.

The Company has a consulting agreement with its Controller (the “Controller Agreement”). The termination provisions of the Controller Agreement provide that a fee of 12 months’ compensation be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, the Controller would receive an amount equal to 12 months’ compensation. As of December 31, 2023, the Company would have to pay \$60,000 to the Controller in the event of termination without cause or certain conditions being met resulting from a change of control.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

14. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 31,	
	2023	2022
	\$	\$
Non-cash investing and financing activities:		
Shares issued for property option	151,000	588,780
Stock options expired/cancelled	1,058,216	27,169
Agent warrants granted	-	34,685
Commitments for property options	-	772,166
Interest income received	1,068,011	539,365
Income taxes paid	-	-
Cash and cash equivalents:		
Cash	1,120,144	857,328
Cash equivalents	5,012,707	7,272,819

The restricted cash is held by Argentina Lito Y Energia S.A. Under the terms of the investment agreement with Stellantis (see Note 7), the funds are restricted to exploration expenditures.

15. FINANCIAL RISK MANAGEMENT

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

(a) Fair Values

The Company's financial instruments consist of cash and cash equivalents, restricted cash, investments, marketable securities, accounts payable and accrued liabilities, and derivative liabilities. The derivative liabilities is measured at fair value with reference to level 2 inputs within the fair value hierarchy.

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.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

15. FINANCIAL RISK MANAGEMENT (continued)

At December 31, 2023, the Company's financial instruments measured at fair value are as follows:

	\$	Level 1 \$	Level 2 \$	Level 3 \$
	Carrying amount December 31, 2023	Fair value December 31, 2023		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	6,132,851	6,132,851	-	-
Restricted cash	5,721,535	5,721,535	-	-
Investments	1,322,600	1,322,600	-	-
Financial Liabilities				
Derivative liability	4,364,167	-	4,364,167 ⁽¹⁾	-

(1) The derivative liability is calculated using level 1 and level 2 inputs utilized in the Black-Scholes valuation model. A 5% change in the inputs would change the Company's net loss by approximately \$82,000.

At December 31, 2022, the Company's financial instruments measured at fair value are as follows:

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

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

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

15. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and anticipates doing so again in the future. See Note 1 for further information.

Market risk

(i) *Currency risk*

Financial instruments that impact the Company's net earnings due to currency fluctuations in cash and cash equivalents, restricted cash, investments, and accounts payable usually denominated in US Dollars and Argentinean pesos. A 10% change in US dollar and the Argentinean peso exchange rates relative to Canadian dollar would have a significant impact on the Company's net loss:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$1,034,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$119,000.

(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. The Company is exposed to interest rate risk to the extent that the cash and cash equivalents, and investments, maintained at financial institutions is subject to a floating rate of interest. The fair value of cash and cash equivalents, and restricted cash approximates its carrying value due to the immediate or short-term maturity of these financial instruments.

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.

Argentina Lithium & Energy Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Canadian Dollars Unless Otherwise Noted)

15. FINANCIAL RISK MANAGEMENT (continued)

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. Cash and cash equivalents held in Argentina as at December 31, 2023 and 2022 were subject to local exchange control regulations providing restrictions on the amount of cash that can leave the country.

The Company is not subject to any external covenants. Other than the non-controlling interest transaction disclosed in Note 7, there were no changes in the Company's approach to capital management during the year ended December 31, 2023.

Additional information regarding capital management is disclosed in Note 1.

16. FOREIGN EXCHANGE

For the year ended December 31, 2023, the Company has recorded a foreign exchange loss of \$9,926,430 (2022 - \$408,335) from devaluation of pesos in cash, cash equivalents and investments.

17. SUBSEQUENT EVENTS

Pocitos Project

- The Company issued 66,667 shares and paid US\$35,000 of the option payment due at 24 months for El Pidio GIII option agreement.
- The Company issued 700,000 shares and paid US\$420,000 of the option payment due at 24 months for Aguamarga option agreement.
- The Company paid US\$550,000 of the option payment due at 24 months for Ramos option agreement.

Rincon West Project

- The Company paid US\$750,000 of the option payment due at 8 months for Don Fermin option agreement.
- The Company paid US\$400,000 of the option payment due at 18 months for Paso de Sico option agreement.

Antofalla Project

- The Company paid US\$300,000 of the option payment due at 24 months for Amelia option agreement.

Warrant Exercises

- 2,250,000 warrants were exercised at \$0.15 per warrant for gross proceeds of \$337,500.
- On April 14, 2024, 2,000,000 warrants expired unexercised.