LITHIUM SOUTH DEVELOPMENT CORPORATION

(An exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements of Lithium South Development Corporation for the three months ended March 31, 2022 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

LITHIUM SOUTH DEVELOPMENT CORPORATION
(An exploration stage company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

		March 31, 2022		December 31, 2021
ASSETS				
Current				
Cash and cash equivalents (Note 15)	$	11,044,289	$	13,639,401
Short-term investment (Note 4)		2,400,000		2,400,000
Receivables		109,765		101,348
Prepaid expenses		622,355		1,236,593
		14,176,409		17,377,342
Exploration and evaluation assets (Note 5)		12,085,974		8,194,374
	$	26,262,383	$	25,571,716
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (Note 6)	$	109,189	$	62,982
Shareholders' equity				
Share capital (Note 7)		67,439,640		65,243,389
Reserves (Notes 8 and 9)		15,945,322		14,119,050
Deficit		(57,231,768)		(53,853,705)
		26,153,194		25,508,734
	$	26,262,383	$	25,571,716

Nature and continuance of operations (Note 1)
Subsequent events (Note 5 and 15)

On behalf of the Board:

"Adrian F. C. Hobkirk" Director *"Christopher P. Cherry"* Director

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

LITHIUM SOUTH DEVELOPMENT CORPORATION
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian Dollars)
(Unaudited)

	2022	2021
EXPENSES		
Administration	$ 95,296	$ 128,188
Consulting fees (Note 11)	60,000	251,194
Directors' fees (Note 11)	-	9,559
Exploration costs (Note 5)	477,337	83,805
Management fees (Note 11)	38,983	38,798
Professional fees (Note 11)	79,729	63,107
Marketing	818,261	311,574
Share-based payments (Note 8)	1,826,272	2,610,686
Transfer agent and filing fees	34,729	80,475
	(3,430,607)	(3,577,386)
OTHER ITEM		
Foreign exchange gain (loss)	52,544	(19,128)
Loss and comprehensive loss for the year	$ (3,378,063)	$ (3,596,514)
Basic and diluted loss per common share	$ (0.04)	$ (0.09)
Weighted average number of common shares outstanding – basic and diluted	93,736,583	39,503,299

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

LITHIUM SOUTH DEVELOPMENT CORPORATION
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollar)
Unaudited

	Share Capital				Total
	Common Shares	**Amount**	**Deficit**	**Reserves**	**Shareholders' Equity**
Balance, December 31, 2020	27,791,736	41,399,301	(45,809,658)	8,197,779	3,787,422
Comprehensive loss for the period	-	-	(3,596,514)	-	(3,596,514)
Shares issued for exploration and evaluation assets	2,250,000	1,822,500	-	-	1,822,500
Shares issued for cash and settlements of payables, net	25,544,936	8,469,641	-	-	528,750
Share-based payments	-	-	-	2,610,686	2,610,686
Balance, March 31, 2021	55,586,672	51,691,442	(49,406,172)	10,808,465	13,093,735
Balance, December 31, 2021	92,117,343	65,243,389	(53,853,705)	14,119,050	25,508,734
Comprehensive loss for the period	-	-	(3,378,063)	-	(3,378,063)
Shares issued for exploration and evaluation assets	2,250,000	1,315,000	-	-	1,822,500
Shares issued for cash, net	1,917,279	881,251	-	-	881,251
Share-based payments	-	-		1,826,272	1,826,272
Balance, March 31, 2022	96,284,622	67,439,640	(57,231,768)	15,945,322	26,153,194

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

LITHIUM SOUTH DEVELOPMENT CORPORATION
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31,
(Expressed in Canadian Dollars)
Unaudited

	2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	$ (3,378,063)	$ (3,596,386)
Items not affecting cash:		
Share-based payments	1,826,272	2,610,686
Changes in non-cash working capital items:		
Receivables	(8,417)	(48,192)
Prepaid expenses	614,238	(928,588)
Accounts payable and accrued liabilities	46,207	(746,222)
Net cash used in operating activities	(899,763)	(2,708,702)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Evaluation and exploration acquisitions	(2,576,600)	(1,248,035)
Net cash used in investing activities	(2,576,600)	(1,248,035)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issuance of share capital, net	881,251	8,649,641
Repayment of loan from related parties	-	(266,757)
Net cash provided by financing activities	881,251	8,202,884
Change in cash and cash equivalents during the period	(2,595,112)	4,246,019
Cash and cash equivalents, beginning of year	13,639,401	46,387
Cash and cash equivalents, end of period	$ 11,044,289	$ 4,292,406

Supplement disclosure with respect to cash flows (Note 15)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of Ontario on June 20, 1995. Effective January 15, 2007, the Company was granted a Certificate of Continuation under the *Business Corporation Act* from the jurisdiction of Ontario into British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties in Argentina. The Company's head office, principal address and registered records office is located at 804 – 750 West Pender Street, Vancouver, British Columbia, Canada.

The Company's consolidated financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

For the three months ended March 31, 2022 the Company incurred a net loss of $3,378,063 (December 31, 2021 - $8,044,047) and had an accumulated deficit of $57,231,768 (December 31, 2021 - $53,853,705). The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. As at March 31, 2022, the Company has working capital of $14,067,220. Management estimates that it has sufficient working capital to sustain operations for the next twelve months.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

Approval of the financial statements

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30 2022.

2. BASIS OF PREPARATION (cont'd)

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: 1140177 BC Ltd., and NRG Metals S.A Argentina, on June 14, 2016 from the date control was acquired. Control exists when the Company possesses power over an investee, has exposures to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All intercompany balances and transactions have been eliminated.

Critical 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 financial statements and the reported expenses during the period. Actual results could differ from these estimates.

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

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iii) Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

iv) The Company has evaluated the economic environment its entities operate in and determined that the functional currency of the Company, including its Argentinean subsidiary, is the Canadian dollar. A change in this judgement would have significant impact on these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards Adopted

The Company did not adopt any new accounting policies during the three months ended March 31, 2022. Further there are no upcoming accounting standards or pronouncements expected to have a material impact on the Company's consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value, net of bank overdrafts which are repayable on demand.

Financial instruments

Financial assets

The Company classified its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) 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.

The Company's accounting policy for each of the categories is as follows:

Financial assets at FVTPL: Financial assets 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 financial assets held at FVTPL are included in profit or loss in the year.

Financial assets at FVTOCI: Financial assets carried at FVTOCI are recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in fair value of the financial assets held at FVTOCI are included in other comprehensive (loss) income in the year.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date, and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

The following table shows the classification of the Company's financial assets:

Financial asset	Classification
Cash and cash equivalents	FVTPL
Short term investment	Amortized cost
Receivables	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes accounts payable and accrued liabilities and due to related parties, all of which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of operations and comprehensive losses immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The following table shows the classification of the Company's financial liabilities:

Financial liability	Classification
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Foreign currency transactions and balances are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date;
(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
(iii) Revenue and expense items (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange prevailing at the transaction date.

Gains and losses arising from translation of foreign currency are included in the determination of net loss.

Exploration and evaluation assets

All costs related to the acquisition of exploration and evaluation assets are capitalized on a property by property basis, net of recoveries. Exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed to operations as incurred. If economically recoverable ore reserves are developed, capitalized costs of the related property are classified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations.

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values. These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time, the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of an option of the Company's property are recorded as a reduction of the mineral property cost. The Company recognizes in income amounts received in excess of the carrying amount.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Evaluation and exploration assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses. Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

Impairment of tangible assets

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4. SHORT TERM INVESTMET

During the year ended December 31, 2021, the Company purchased a short-term investment. The investment consisted of a GIC earning 0.70% with a maturity date of December 23, 2022.

5. EXPLORATION AND EVALUATION ASSETS

Realization of assets

The investment in mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

Hombre Muerto North ("HMN")

The project is being acquired through a purchase option agreement from a private borate producer from Salta, Argentina. At March 31, 2022, the Company had capitalized a total of $12,085,974 (December 31, 2021 - $8,194,374) related to the HMN acquisition. Terms of the acquisition are as follows:

1. US $50,000 (paid) on signing for a 90-day due diligence period and for the completion of a NI 43-101 Technical Report on the project.
2. Upon acceptance of the NI 43-101 report by the TSX, the Company will pay US $100,000 and issue 1,000,000 common shares of the Company common stock (issued at a fair value of $350,000 in fiscal 2017).
3. At March 17, 2018, US $250,000 (paid) and 41,667 common shares of the Company (issued at a fair value of $250,000).
4. At September 17, 2018, US $250,000 (paid) and 41,667 common shares of the Company (issued at a fair value of $200,000).
5. At March 17, 2019, US $1,000,000 subsequently amended to be US$500,000 (paid) due in March 2019 and US$500,000 due June 24, 2019 (paid) and 166,667 common shares of the Company. (issued)
6. At March 22, 2020, US $1,000,000 (paid) and 2,250,000 (issued at a fair value of $528,750) common shares of the Company.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

7. At March 17, 2021, US $1,000,000 (paid) and 2,250,000 (issued at a fair value of $1,822,500) common shares of the Company.
8. At March 17, 2022, US $2,000,000 (paid) and 2,250,000 (issued at a fair value of $1,315,000) common shares of the Company.
9. The project will be subject to a 3% Net Production Royalty, of which 50% may be purchased for US$3,000,000 within 36 months of Item 2.

The Company incurred exploration costs as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Consultants and geologists	$ 83,448	$ 10,500
Field supplies, camp costs, cannon payments and other	393,889	73,305
Total	$ 477,337	$ 83,805

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
Account payables	$ 84,189	$ 37,982
Accrued liabilities	25,000	25,000
	$ 109,189	$ 62,982

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

During the year ended December 31, 2020, the Company completed a 6 for 1 share consolidation. All references to number of common shares and per share amounts have been retroactively restated to reflect the consolidations.

Issued and outstanding:

Period ended March 31, 2022:

During the period ended March 31, 2022, the Company issued 2,250,000 common shares for a property payment valued at $1,315,000 (Note 5).

During the year ended December 31, 2021, the Company issued 1,917,279 common shares on the exercise of 1,367,279 warrants and 550,000 options for proceeds of $881,251.

7. SHARE CAPITAL (continued)

Year ended December 31, 2021:

On January 18, 2021, the Company closed its non-brokered private placement, issuing an aggregate of 8,000,412 units at a price of $0.225 per unit, raising gross proceeds of $1,800,093. Each unit comprised one common share and one transferable common share purchase warrant. Each warrant allows the holder to purchase one additional share of the company at a price of $0.35 per share for a period of five years from the date of closing of the private placement. The warrants are subject to an accelerated expiry provision whereby if the company's shares close at or above 40 cents per share during any 10 consecutive trading day period at any time subsequent to four months and one day after the closing date, the holder will have 30 days from the date the company provides notice of such accelerated expiry to exercise the warrant or it will expire.

The company paid finder's fees of $90,364 issued 353,349 finder's warrants valued using the Black-Scholes option pricing model at $253,724. The finder's warrants are non-transferable and exercisable on the same terms as the private placement warrants;

On January 19, 2021, the Company closed its non-brokered private placement, issued 3,090,000 units for total gross proceeds of $1,054,463. Each unit comprises one common share and one transferable common share purchase warrant. Each warrant will allow the holder to purchase one share of the company at a price of $0.455 cents per share for a period of five years from the date of closing of the private placement.

On February 12, 2021 the Company closed its non-brokered private placement, issued 6,910,000 units for total gross proceeds of $2,358,038. Each unit comprises one common share and one transferable common share purchase warrant. Each warrant will allow the holder to purchase one share of the company at a price of $0.455 cents per share for a period of five years from the date of closing of the private placement.

The company paid finder's fees of $161,216 and issued 575,472, finder's warrants valued using the Black-Scholes option pricing model at $466,715. The finder's warrants are non-transferable and exercisable at $0.455 cents per finders' warrant for a period of five years.

On February 25, 2021, the Company closed its non-brokered private placement issuing an aggregate of 5,336,667 units at a price of $0.60 per unit raising gross proceeds of $3,202,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant will allow the holder to purchase one share of the company at a price of $0.80 per share for a period of five years from the date of closing of the private placement.

The company paid finders' fees of $245,200 and issued 408,667 finders' warrants valued using the Black-Scholes option pricing model at $381,545. The finders' warrants are non-transferable and exercisable at 80 cents per finder's warrant for a period of five years.

On October 25, 2021, the Company closed a private placement and issued 16,150,000 units at a price of $0.40 per unit for gross proceeds of $6,460,000. Each unit comprises of one common share and one transferable common share purchase warrant. Each warrant will allow the holder to purchase one share of the Company at a price of $0.60 for a period of three years from the date of closing the private placement.

The company paid finders' fees of $427,192 and issued 1,065,920 finders' warrants valued using the Black-Scholes option pricing model at $622,301. The finders' warrants are non-transferable and exercisable at 80 cents per finder's warrant for a period of three years.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

On December 6, 2021, the Company closed a private placement and issued 7,700,000 units at a price of $0.60 for gross proceeds of $4,620,000. Each unit consists of one common share and one transferable share purchase warrant. Each warrant will allow the holder to purchase an additional common share of the Company at a price of $0.75 for a period of three years from the closing of the placement.

The company paid finders' fees of $369,600 and issued 616,000 finders' warrants valued using the Black-Scholes option pricing model at $455,275. The finders' warrants are non-transferable and exercisable at 75 cents per finder's warrant for a period of three years.

On December 6, 2021, the Company closed a private placement and issued 2,300,000 units at a price of $0.65 for gross proceeds of $1,495,000. Each unit consists of one common share and one transferable share purchase warrant. Each warrant will allow the holder to purchase an additional common share of the Company at a price of $0.82 for a period of three years from the closing of the placement.

The company paid finders' fees of $52,000 and issued 80,000 finders' warrants valued using the Black-Scholes option pricing model at $58,676. The finders' warrants are non-transferable and exercisable at 82cents per finder's warrant for a period of three years.

During the year ended December 31, 2021, the Company issued 2,250,000 common shares for a property payment valued at $1,822,500 (Note 5).

During the year ended December 31, 2021, the Company issued 12,588,528 common shares on the exercise of 11,858,528 warrants and 730,000 options for proceeds of $4,615,802

8. STOCK OPTIONS

The Company has a rolling stock option plan (the "plan") that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company's shares at the date of grant, subject to a minimum exercise price of $0.10 per share. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Outstanding and exercisable, December 31, 2020	1,700,000	$	0.26
Granted	5,550,000		0.71
Exercised	(730,000)		0.28
Outstanding and exercisable, December 31, 2021	6,520,000	$	0.64
Granted	2,600,000		0.71
Exercised	(550,000)		0.68
Outstanding and exercisable, March 31, 2022	8,570,000	$	0.66

(Expressed in Canadian Dollars)

8. STOCK OPTIONS (continued)

During the period ended March 31, 2022, the Company granted 2,600,000 stock options to directors, officers and consultants of the Company. The fair value of the options granted during the period is $1,826,272 based on the Black-Scholes option pricing model. The weighted average of the fair value per option was $0.702.

During the year ended December 31, 2021, the Company granted 5,550,000 (year ended December 31, 2020 - 1,700,000) stock options to directors, officers and consultants of the Company. The fair value of the options granted during the period is $3,683,035 based on the Black-Scholes option pricing model. The weighted average of the fair value per option was $0.66. The Company used the following assumptions for the Black-Scholes option pricing model:

	2022	2021
Risk-free interest rate	1.01%	1.01%
Expected life of options	5.0 years	5.0 years
Annualized volatility	167%	165%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

As at March 31, 2022, the following options were outstanding and exercisable:

Expiry Date	Exercise Price	Number of Options
February 10, 2025	$0.20	520,000
April 9, 2025	0.305	450,000
February 4, 2026	0.70	2,400,000
March 24, 2026	0.80	1,400,000
September 14, 2026	0.50	250,000
October 26, 2026	0.68	950,000
January 28, 2027	0.75	2,600,000
		8,570,000

9. WARRANTS

The following table summarizes the Company's warrant activity:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2020	19,654,427	$ 0.33
Issued	52,586,487	0.57
Exercised	(11,858,528)	0.37
Outstanding, December 31, 2021	60,382,386	$ 0.56
Exercised	(1,367,279)	0.37
Outstanding, March 31, 2022	59,015,107	$ 0.56

(Expressed in Canadian Dollars)

9. **WARRANTS** (continued)

As at March 31, 2022, the following warrants were outstanding and exercisable:

Expiry Date	Exercise Price	Number of Warrants
August 1, 2024	$0.96	1,247,508
April 2, 2025	0.35	5,790,000
April 21, 2025	0.35	4,155,238
June 28, 2025	0.35	1,976,622
January 18, 2026	0.35	4,715,352
January 19, 2026	0.455	3,054,000
February 12, 2026	0.455	4,419,133
February 25, 2026	0.80	5,745,334
October 25, 2024	0.60	17,215,920
December 6, 2024	0.75	8,316,000
December 6, 2024	0.82	2,380,000
		59,015,107

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, short-term investment, and accounts payable and accrued liabilities. Cash has been designated as fair value through profit and loss, short term investment and receivables at amortized cost, and accounts payable and accrued liabilities and related party loans payable are designated as other financial liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments, except for cash which is valued at a level 1 fair value measurement. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the period.

a) Currency risk

While the Company's parent is Canadian and its capital is raised in Canadian dollars, the Company was conducting business in Argentina, whose currency is the Peso. As such, it was subject to risk due to fluctuations in the exchange rates for the United States and Canadian dollars as well as the Argentina Peso. The Company does not manage currency risk through hedging or other currency management tools.

As at March 31, 2022, the Company has accounts payable denominated in US dollars of US $Nil (December 31, 2021 – US$ NIL) and cash of US$5,907 (December 31, 2021 - US$3,527). Based on a hypothetical change in the foreign exchange rate between the Canadian and the US dollars of 5% (2020 - 5%), the effect on net and comprehensive loss would be $295 (2021 - $176).

As at March 31, 2022, the Company has cash denominated in Argentine Peso of $20,409 (December 31, 2021 – $40,847). Based on a hypothetical change in the foreign exchange rate between the Canadian dollar and Argentine Peso (2020 - Argentine Peso) of 7.5% (December 31, 2021 – 7.5%), the effect on net comprehensive loss would be $1,530 (December 31, 2021 - $3,064).

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is no risk associated with receivables as this is Goods and Services Tax ("GST") due from the Canadian Government.

c) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2022. Future cash flows from interest income on cash will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

d) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms.

e) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

11. RELATED PARTY TRANSACTIONS

a) The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel, such personnel include the Company's Directors, Chief Executive Officer, Chief Financial Officer and Corporate Secretary:

		2022		2021
Management, exploration and professional fees charged by officers and directors and corporations under their control	$	93,483	$	68,798
Directors' fees	$	-	$	9,559
Share-based payments	$	983,377	$	1,393,282

Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective periods.

12. CAPITAL MANAGEMENT

The Company is an exploration stage company and this involves a high degree of risk. The Company's primary source of funds comes from the issuance of share capital. The Company does not use other sources of financing that require fixed payments of interest and principal as the Company does not generate cash flow from current operations. Accordingly, the Company is not subject to any externally imposed capital requirements.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. There have been no changes to the Company's approach to capital management during the period.

13. SEGMENTED INFORMATION

The Company is operates as a single segment, being the exploration and evaluation assets in Argentina; which is where all long lived assets are located.

14. SUPPLEMENT DISCLOSURES WITH RESPECT TO CASH FLOWS

The Company did not incur any interest or tax expenditures for the fiscal 2022 and 2021.

The Company did not incur any interest or tax expenditures for the period ended March 31, 2022 and 2021.

During the period ended March 31, 2022, the Company:

i) Issued 2,250,000 common shares valued at $1,315,000 on the HMN property

During the period ended March 31, 2021, the Company:

ii) Issued 2,250,000 common shares valued at $528,750 on the HMN property

As at March 31, 2022, the Company held $2,600,815 of cash equivalents (December 31, 2021 - $2,600,815).

15. SUBSEQUENT EVENT

Subsequent to March 31, 2022, the Company issued 215,525 common shares on the exercise of warrants for proceeds of $75,434.