



NEO LITHIUM CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at March 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	\$ 31,493,506	\$ 31,175,696
Receivables (note 6)	134,087	98,347
Prepaid expenses	33,708	49,246
Total current assets	31,661,301	31,323,289
Non-current assets		
Equipment (note 7)	3,748,092	3,657,081
Property rights and evaluation and exploration costs (note 8)	33,655,331	30,859,889
Right-of-use assets (note 9)	49,302	59,319
Total non-current assets	37,452,725	34,576,289
Total assets	\$ 69,114,026	\$ 65,899,578
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 1,111,728	\$ 1,000,579
Lease liability (note 11)	43,052	42,203
Total current liabilities	1,154,780	1,042,782
Non-current liabilities		
Lease liabilities (note 11)	7,515	18,602
Deferred tax liability	2,741,163	2,741,163
Total liabilities	3,903,458	3,802,547
Shareholders' equity		
Share capital (note 12)	94,810,612	94,810,612
Share-based payments reserve (note 14)	9,685,617	9,329,174
Accumulated other comprehensive loss	(42,743,091)	(26,852,939)
Accumulated retained earnings (deficit)	3,457,430	(15,189,816)
Total shareholders' equity	65,210,568	62,097,031
Total liabilities and shareholders' equity	\$ 69,114,026	\$ 65,899,578

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

Nature of operations (note 1)

Approved on behalf of the Board:

(signed) Constantine Karayanopoulos, Chairman

(signed) Thomas Pladsen, Director

Neo Lithium Corp.**Condensed Interim Consolidated Statements of Income and Comprehensive Loss****(Expressed in Canadian Dollars, except share amounts)****Unaudited**

Three months ended March 31,	2020	2019
Expenses		
Net foreign exchange loss (gain)	\$ (6,795,034)	\$ 3,608,429
Professional fees (note 16)	271,253	429,210
Salaries, benefits and director fees (note 16)	512,977	511,050
Marketing and promotion	246,572	413,611
Depreciation and amortization (notes 7 and 9)	22,061	24,271
Transfer agent and regulatory fees	34,468	38,107
Office and administrative	124,549	138,233
Travel	38,604	116,749
Share-based compensation (note 14)	295,234	342,184
Interest income	(108,132)	(141,292)
Gain on net monetary position (note 4)	(14,005,324)	(5,153,721)
Accretion on lease (note 11)	1,148	1,927
Income (loss) before income taxes	19,361,624	(328,758)
Deferred income tax expense	(714,378)	(1,028,776)
Net income (loss) for the period	\$ 18,647,246	\$ (1,357,534)
Other comprehensive loss items that will be reclassified subsequently to loss		
Foreign exchange difference on translating foreign operations	(15,890,152)	(3,499,289)
Total comprehensive income (loss)	\$ 2,757,094	\$ (4,856,823)
Basic and diluted net income per share	\$ 0.16	\$ (0.01)
Weighted average number of common shares outstanding - Basic and diluted	117,501,281	117,501,281

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

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

Three months ended March 31,	2020	2019
Cash Flows from Operating Activities		
Net income (loss)	\$ 18,647,246	\$ (1,357,534)
Adjustments for:		
Depreciation and amortization	12,042	14,253
Amortization of right-of-use assets	10,017	10,018
Share-based compensation	295,234	342,184
Gain on net monetary position	(14,005,324)	(5,153,721)
Accretion of lease liability	1,148	1,927
Deferred income tax expense	714,378	1,028,776
Changes in non-cash working capital items:		
Receivables	(35,740)	13,813
Prepaid expenses	15,538	12,556
Accounts payable and accrued liabilities	(603,229)	(1,000,630)
Net cash provided by (used in) operating activities	5,051,310	(6,088,358)
Cash Flows from Investing Activities		
Purchase of equipment	(18,392)	(1,341,659)
Acquisition of property rights and evaluation and exploration costs	(933,863)	(1,014,308)
Net cash (used in) investing activities	(952,255)	(2,355,967)
Cash Flows from Financing Activities		
Payment of leases	(11,386)	(11,152)
Net cash (used in) financing activities	(11,386)	(11,152)
Net change in cash and cash equivalents	4,087,669	(8,455,477)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign entity	(3,769,859)	3,248,449
Cash and cash equivalents, beginning of period	31,175,696	44,837,037
Cash and cash equivalents, end of period	\$ 31,493,506	\$ 39,630,009

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

Neo Lithium Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars, except share amounts)

Unaudited

	Share Capital		Warrants	Share-based payments reserve	Accumulated other comprehensive loss	Accumulated retained earnings (deficit)	Total
	Number of common shares	Amount					
Balance, December 31, 2018	117,501,281	\$ 94,810,612	\$ 238,468	\$ 9,616,732	\$ (13,990,447)	\$ (17,610,793)	\$ 73,064,572
Share-based compensation	-	-	-	396,905	-	-	396,905
Other comprehensive loss	-	-	-	-	(3,499,289)	-	(3,499,289)
Net loss for the period	-	-	-	-	-	(1,357,534)	(1,357,534)
Balance, March 31, 2019	117,501,281	94,810,612	238,468	10,013,637	(17,489,736)	(18,968,327)	68,604,654
Share-based compensation	-	-	-	445,489	-	-	445,489
Expiry of warrants	-	-	(238,468)	-	-	238,468	-
Expiry of stock options	-	-	-	(1,129,952)	-	1,129,952	-
Other comprehensive loss	-	-	-	-	(9,363,203)	-	(9,363,203)
Net income for the period	-	-	-	-	-	2,410,091	2,410,091
Balance, December 31, 2019	117,501,281	94,810,612	-	9,329,174	(26,852,939)	(15,189,816)	62,097,031
Share-based compensation	-	-	-	356,443	-	-	356,443
Other comprehensive loss	-	-	-	-	(15,890,152)	-	(15,890,152)
Net income for the period	-	-	-	-	-	18,647,246	18,647,246
Balance, March 31, 2020	117,501,281	\$ 94,810,612	\$ -	\$ 9,685,617	\$ (42,743,091)	\$ 3,457,430	\$ 65,210,568

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

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations

Neo Lithium Corp. (the "Company") was incorporated under the Canada Business Corporations Act on January 15, 2016. The Company operates in one industry segment; its principal business activities are the exploration and development of resource properties in Argentina. The Company has two 100% owned subsidiaries: Argentina Liex S.A. and 2525194 Ontario Inc. The registered office of the Company is located at 401 Bay Street, Suite 2702, Toronto, Ontario, M5H 2Y4.

2. Basis of preparation and accounting policies

Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of June 1, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited annual consolidated financial statements as at and for the year ended December 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Significant accounting policies

Reclassification

The Company has reclassified certain items on the comparative unaudited condensed interim consolidated statements of cash flows to improve clarity

Recent accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

COVID-19 estimation uncertainty

On March 12, 2020, the World Health Organization declared a global pandemic related to COVID-19. Many countries, including Canada and Argentina, where the Company operates, announced mandatory emergency measures and restrictions on businesses and individuals to mitigate the spread of the virus. The outbreak and the related mitigation measures have had and will continue to have an adverse impact on global economic conditions as well as on the Company's activities. The extent to which the COVID-19 outbreak and the related mitigation measures may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and Argentina and other countries to contain and treat the disease.

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

3. Significant accounting policies (continued)

COVID-19 estimation uncertainty (continued)

COVID-19 resulted in a widespread health crisis that adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations. As at and for the quarter ended March 31, 2020, COVID-19 measures, restrictions and economic effects did not have a significant impact on the Company's financial position or financial results.

On March 13, 2020, the government of Argentina enacted an emergency decree ordering a national mandatory quarantine effective from March 20, 2020 and subsequently extended to May 10th, 2020. Thanks to these early measures Argentina has a relatively low number of infected and deceased. Upon the initial issuance of this government decree, Neo Lithium stopped interprovincial travel for its employees and closed all offices open to the public (Mendoza, Catamarca and Fiambalá). The 3Q Project salary operation was reduced to a minimum and focused on environmental and safety teams.

On April 3, 2020, the Argentinian government issued a second decree allowing for certain exemptions and declaring mining an essential activity. The Company worked closely with provincial and federal authorities towards establishing the protocols and obtaining the required approvals to resume operations at the 3Q Project salary, while the city offices have remained closed.

4. IAS 29 - Financial Reporting in Hyperinflationary Economies

In July 2018, the Argentine three-year cumulative rate of inflation for consumer prices and wholesale prices reached a level in excess of 100%. As a result, in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies, Argentina was considered a hyperinflationary economy, effective July 1, 2018. Accordingly, the presentation of IFRS financial statements includes adjustments and reclassifications for the changes in the general purchasing power of the Argentine peso.

On the application of IAS 29, the Company used the conversion coefficient derived from the combination of the "IPC Nacional and the IPIM" (the national consumer price index and the national wholesale price index) published by the National Statistics and Census Institution in Argentina. Furthermore, a formal resolution (number 539/018) from de "FACPCE" (Federación Argentina de Consejos Profesionales de Ciencias Económicas) was issued and has been followed in the calculations.

As the consolidated financial statements of the Company have been previously presented in Canadian dollars, a stable currency, the comparative period amounts do not require restatement.

As a result of the change in the IPC during the three months ended March 31, 2020, the Company recognized a net monetary gain of \$14,005,324 to adjust transactions recorded during the period into a measuring unit current as of March 31, 2020.

The level of the IPC at March 31, 2020 was 305.55 (December 31, 2019: 283.44), which represents an increase of 7.82% over the IPC at December 31, 2019.

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at December 31, 2019. Non-monetary assets, liabilities, equity, and expenses (items that are not already expressed in terms of the monetary unit as at December 31, 2019) are restated by applying the index at the end of the reporting period. The effect of inflation on the Argentine subsidiary's net monetary position is included in the consolidated statements of loss as a gain on net monetary position.

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

4. IAS 29 - Financial Reporting in Hyperinflationary Economies (continued)

The application of IAS 29 results in the adjustment for the loss of purchasing power of the Argentine peso recorded in the consolidated statements of income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power, which results in a loss on the net monetary position. This loss/gain is derived as the difference resulting from the restatement of non-monetary assets, liabilities and equity.

As per IAS 21, The Effects of Changes in Foreign Exchange Rates, all amounts (i.e. assets, liabilities, equity and expenses) are translated at the closing foreign exchange rate at the date of the most recent consolidated balance sheet, except that comparative amounts are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates. Similarly, in the period during which the functional currency of a foreign subsidiary becomes hyperinflationary and applies IAS 29 for the first time, the parent's consolidated financial statements for the comparative period are not restated for the effects of hyperinflation.

5. Cash and cash equivalents

	As at March 31, 2020	As at December 31, 2019
Cash at bank	\$ 1,657,546	\$ 4,166,885
Short term deposits	29,835,960	27,008,811
	<u>\$ 31,493,506</u>	<u>\$ 31,175,696</u>

6. Receivables

	As at March 31, 2020	As at December 31, 2019
HST	\$ 51,160	\$ 17,229
Other	82,927	81,118
	<u>\$ 134,087</u>	<u>\$ 98,347</u>

7. Equipment

Cost	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2019	\$ 856,570	\$ 3,477,539	\$ 199,110	\$ 830,439	\$ 5,363,658
Addition	-	15,653	1,602	1,137	18,392
Impact of hyper-inflation	67,350	272,371	12,811	65,333	417,865
Foreign exchange differences	6,945	28,024	1,389	6,733	43,091
Balance, March 31, 2020	<u>\$ 930,865</u>	<u>\$ 3,793,587</u>	<u>\$ 214,912</u>	<u>\$ 903,642</u>	<u>\$ 5,843,006</u>

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

7. Equipment (continued)

Accumulated depreciation	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2019	\$ 191,322	\$ 1,015,592	\$ 95,960	\$ 403,703	\$ 1,706,577
Impact of hyper-inflation	16,727	89,759	7,048	35,008	148,542
Depreciation for the period	21,588	151,453	11,340	41,896	226,277
Foreign exchange differences	1,551	8,040	654	3,273	13,518
Balance, March 31, 2020	\$ 231,188	\$ 1,264,844	\$ 115,002	\$ 483,880	\$ 2,094,914

Net book value	Machinery	Field equipment	Office furniture and equipment	Vehicles	Total
Balance, December 31, 2019	\$ 665,248	\$ 2,461,947	\$ 103,150	\$ 426,736	\$ 3,657,081
Balance, March 31, 2020	\$ 699,677	\$ 2,528,743	\$ 99,910	\$ 419,762	\$ 3,748,092

During the three months ended March 31, 2020, the Company recorded \$214,235 (three months ended March 31, 2019 - \$209,073) of depreciation in the property rights and evaluation and exploration costs and \$12,042 (three months ended March 31, 2019 - \$14,253) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

8. Property rights and evaluation and exploration costs

Net book value of 3Q Project	As at March 31, 2020	As at December 31, 2019
Assays	\$ 1,068,944	\$ 979,060
Consulting fees	4,388,893	4,253,299
Field crew	16,758,108	14,940,004
Field work	1,281,623	1,176,706
Geological	793,006	754,109
Depreciation	1,047,642	1,314,711
Supplies and miscellaneous	3,460,996	3,097,885
Travel/transportation	3,612,208	3,175,777
Licences and permits	709,097	633,524
Mineral property payments	534,814	534,814
Total	\$ 33,655,331	\$ 30,859,889

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

8. Property rights and evaluation and exploration costs (continued)

	As at March 31, 2020	As at December 31, 2019
Balance, beginning of the period	\$ 30,859,889	\$ 26,767,045
Additions	933,863	5,375,146
Non-cash additions	275,444	695,338
Impact of hyperinflation	1,369,474	11,176,162
Impact of foreign exchange	216,661	(13,153,802)
Balance, end of the period	\$ 33,655,331	\$ 30,859,889

The property rights and evaluation and exploration costs include the impact of hyperinflation of \$1,369,474 as at March 31, 2020 (December 31, 2019 - \$11,176,162).

Future obligations with respect to the Company's Tres Quebradas project (the "3Q Project") as at March 31, 2020, which will only be incurred if the Company starts commercial production, include:

- A mining royalty established by Catamarca province, Argentina of 3% over the "mine-head value of the ore".
- A royalty of 1.5% over gross revenue (note 16 (viii)).

9. Right-of-use assets

	Office lease
Balance, January 1, 2020 (Note 11)	\$ 59,319
Depreciation	(10,017)
Balance, March 31, 2020	\$ 49,302

10. Accounts payable and accrued liabilities

	As at March 31, 2020	As at December 31, 2019
Accounts payable	\$ 173,712	\$ 50,072
Accrued liabilities	938,016	950,507
	\$ 1,111,728	\$ 1,000,579

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

11. Lease liabilities

Balance, January 1, 2020	\$	60,805
Interest expense		1,148
Lease payments		(11,386)

Balance, March 31, 2020	\$	50,567
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Allocated as:

Current	\$	43,052
Long-term		7,515

	\$	50,567
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12. Share capital

Authorized – Unlimited number of common shares without par value.

Common shares issued and fully paid are as follows:

	Number of common shares	Amount
Balance, December 31, 2018, March 31, 2019, December 31, 2019 and March 31, 2020	117,501,281	\$ 94,810,612

13. Warrants

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

	Number of broker warrants	Weighted average exercise price
Balance, January 15, 2016	-	\$ -
Balance, December 31, 2018 and March 31, 2019	308,002	\$ 1.95
Expired	(308,002)	1.95
Balance, December 31, 2019 and March 31, 2020	-	\$ -

As at March 31, 2020, no warrants was outstanding.

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

14. Stock options

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

	Number of stock options	Weighted average exercise price
Balance, December 31, 2018	10,600,000	\$ 1.65
Granted (iii)	250,000	0.68
Balance, March 31, 2019	10,850,000	\$ 1.62
Balance, December 31, 2019	9,515,000	\$ 1.62
Granted (iv)	1,955,000	0.75
Balance, March 31, 2020	11,470,000	\$ 1.47

(i) On February 28, 2017, the Company granted to directors, officers and consultants stock options to purchase a total of 4,150,000 common shares at a price of \$1.49 per common share. The options are exercisable for a period of 5 years. These options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. The fair value of these stock options was estimated to be \$3,487,966 using the Black-Scholes valuation model on the following assumptions: stock price of \$1.40, dividend yield 0%; volatility 75.66%; risk-free interest rate 1.05%; and an expected life of 5 years. During the three months ended March 31, 2020, the Company recorded share-based compensation of \$nil (three months ended March 31, 2019 - \$86,738) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of \$nil (three months March 31, 2019 - \$7,033) in the property rights and evaluation and exploration costs. During the year ended December 31, 2019, 550,000 stock options expired and as at March 31, 2020, 3,600,000 stock options remained outstanding.

(ii) On January 13, 2018, the Company granted to directors, officers, employees and consultants stock options to purchase a total of 3,350,000 common shares at a price of \$2.42 per common share. The options are exercisable for a period of 5 years. 100,000 of these options vest as to one-fifth on the date of grant, one-fifth on three months anniversary of the date of grant, one-fifth on the six months anniversary of the date of grant, one-fifth on the nine months of the date of grant and one-fifth on the twelve months anniversary of the date of grant and the remaining 3,250,000 options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. The fair value of these stock options was estimated to be \$4,173,680 using the Black-Scholes valuation model on the following assumptions: stock price of \$2.42, dividend yield 0%; volatility 69.17%; risk-free interest rate 1.90%; and an expected life of 5 years. During the three months ended March 31, 2020, the Company recorded share-based compensation of \$17,603 (three months ended March 31, 2019 - \$191,680) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of \$4,401 (three months ended March 31, 2019 - \$47,688) in the property rights and evaluation and exploration costs. During the year ended December 31, 2019, 400,000 stock options expired and as at March 31, 2020, 2,950,000 stock options remained outstanding.

(iii) On January 14, 2019, the Company granted 250,000 stock options at an exercise price of \$0.68 per common share for a term of 5 years, to Mr. Estanislao Auriemma, a new board member. These options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. The fair value of these stock options was estimated to be \$145,706 using the Black-Scholes valuation model on the following assumptions: stock price of \$0.70, dividend yield 0%; volatility 120.43%; risk-free interest rate 1.89%; and an expected life of 5 years. During the three months ended March 31, 2020, the Company recorded share-based compensation of \$7,789 (three months ended March 31, 2019 - \$63,766) in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

14. Stock options (continued)

(iv) On February 21, 2020, the Company granted to directors, officers, employees and consultants stock options to purchase a total of 1,955,000 common shares at a price of \$0.75 per common share. The options are exercisable for a period of 5 years. These options vest as to one-third on the date of grant, one-third on the first anniversary of the grant and one-third on the second anniversary of the grant. The fair value of these stock options was estimated to be \$844,584 using the Black-Scholes valuation model on the following assumptions: stock price of \$0.73, dividend yield 0%; volatility 72.76%; risk-free interest rate 1.29%; and an expected life of 5 years. During the three months ended March 31, 2020, the Company recorded share-based compensation of \$269,841 (three months ended March 31, 2019 - \$nil) in the unaudited condensed interim consolidated statements of loss and comprehensive loss and share-based compensation of \$56,809 (three months ended March 31, 2019 - \$nil) in the property rights and evaluation and exploration costs.

The following table summarizes the stock options outstanding as at March 31, 2020:

Number of stock options outstanding	Number of stock options exercisable	Exercise price (\$)	Weighted average remaining contractual life (years)	Expiry date
100,000	100,000	1.63	1.25	July 1, 2021
2,615,000	2,615,000	1.00	1.30	July 18, 2021
3,600,000	3,600,000	1.49	1.92	March 3, 2022
2,950,000	2,950,000	2.42	2.79	January 13, 2023
250,000	166,667	0.68	3.79	January 14, 2024
1,955,000	651,667	0.75	4.90	February 21, 2025
11,470,000	10,083,334	1.47	2.55	

15. Segmented information

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

	Canada	Argentina	Total
As at March 31, 2020			
Current assets	\$ 31,176,284	\$ 485,017	\$ 31,661,301
Equipment	6,599	3,741,493	3,748,092
Property rights and evaluation and exploration costs	-	33,655,331	33,655,331
Right-of-use assets	49,302	-	49,302
Lease liability	50,567	-	50,567
Current liabilities	536,759	618,021	1,154,780
For the three months ended March 31, 2020			
Net income for the period	\$ 5,627,621	\$ 13,019,625	\$ 18,647,246

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

15. Segmented information (continued)

	Canada	Argentina	Total
As at December 31, 2019			
Current assets	\$ 31,015,369	\$ 307,920	\$ 31,323,289
Equipment	8,909	3,648,172	3,657,081
Property rights and evaluation and exploration costs	-	30,859,889	30,859,889
Right-of-use assets	59,319	-	59,319
Lease liability	60,805	-	60,805
Current liabilities	1,000,573	-	1,000,573
For the three monthsh ended March 31, 2019			
Net loss for the period	\$ (2,725,131)	\$ 1,367,597	\$ (1,357,534)

16. Related party transactions

During the three months ended March 31, 2020, the Company incurred the following related party transactions:

(i) \$75,000 (three months ended March 31, 2019 - \$75,000) were paid to the CEO of the Company pursuant to a service contract. As at March 31, 2020, \$nil (December 31, 2019 - \$nil) remained payable.

(ii) \$68,750 (three months ended March 31, 2019 - \$68,500) were paid to the Chief Operating Officer of the Company pursuant to a service contract. As at March 31, 2020, \$nil (December 31, 2019 - \$nil) remained payable.

(iii) \$62,500 in fees (three months ended March 31, 2019 - \$62,500) were paid to the CFO of the Company pursuant to a service contract. As at March 31, 2020, \$nil (December 31, 2019 - \$nil) remained payable.

(iv) \$20,000 (three months ended March 31, 2019 - \$48,000) director fees were paid or accrued to other directors of the Company. As at March 31, 2020, \$20,000 (December 31, 2019 - \$82,000) remained payable.

(v) A company that provides certain equipment rental services to the Company is independently owned by adult relatives of the CEO. These services were sourced in accordance the Company's procurement policy. During the three months ended March 31, 2020, \$26,258 was paid for such services (three months ended March 31, 2019 - \$22,674).

(vi) \$37,500 (three months ended March 31, 2019 - \$37,500) in fees were paid to the non-executive chairman of the board of directors of the Company. These fees are paid to a consulting company which is controlled by the non-executive chairman of the Board of Directors. As at March 31, 2020, \$nil (December 31, 2019 - \$56,500) was payable.

(viii) The 3Q Project is subject to a 1.5% gross revenues royalty. This royalty interest over the project was retained by the previous owners of the project as partial payment for their sale and assignment of the project to the Company. Mr Waldo Perez, a director, President and Chief Executive Officer of the Company, and a previous owner of the project, owns 0.5% of this royalty.

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

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

16. Related party transactions (continued)

Compensation of key management personnel of the Company:

Three months ended March 31,	2020	2019
Salaries and benefits	\$ 363,750	\$ 578,750
Director's fees	\$ 20,000	\$ 48,000
Share-based payments	\$ 278,254	\$ 86,738

The accrued bonus included in the salaries and benefits as at March 31, 2020 (December 31, 2019 - \$740,000) for key management, consultants and related party was \$100,000.

17. Financial instruments and risk management

Fair Value of Financial Instruments

The Company presents its financial instruments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value. The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

Risks Arising from Financial Instruments and Risk Management

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

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

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

17. Financial instruments and risk management (continued)

Market Risk

Foreign exchange risk

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

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

	As at March 31, 2020	
	Assets	Liabilities
Argentinean pesos	\$ 472,633	\$ 618,021
United States dollars	30,971,694	51,592
	<u>\$ 31,444,327</u>	<u>\$ 669,613</u>

Sensitivity

Based on the financial instruments held at March 31, 2020, had the Canadian dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's post-tax loss for the period would have been \$3,077,471 higher/lower as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments as detailed above. The Company's deficit would have been \$3,077,471 higher/lower had the Canadian dollar weakened/strengthened by 10% as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments.

Cash flow fair value interest rate risk

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

Credit Risk

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

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

Neo Lithium Corp.

Notes to Condensed Interim Consolidated Financial Statements

For the Period Ended March 31, 2020

(Expressed in Canadian Dollars)

Unaudited

17. Financial instruments and risk management (continued)

Liquidity Risk

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

At March 31, 2020, the Company had net working capital of \$30,506,521 and anticipates this is sufficient to provide at least 18 months of planned activity. Furthermore, as at March 31, 2020 the debt carried by the Company was nil and it had a lease liability of \$50,567.

Fair Value Estimation

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

Capital Management

The Company defines capital that it manages as its shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and provide increased shareholder value. As at March 31, 2020, the total managed capital was \$65,210,568.

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