



international lithium corp.
Power of Blue Sky Discoveries + Green Technology

**FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2016**

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The following discussion and analysis, prepared as of May 18, 2016, should be read together with the condensed consolidated interim financial statements for the three months ended March 31, 2016 and consolidated financial statements for the years ended December 31, 2015 and 2014 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on the Company's website at www.internationallithium.com and SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of commodities;
- the availability of financing for the Company's development of projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; and
- the ability to attract and retain skilled staff.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, lithium and potash prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

Description of Business

International Lithium Corp. (the "Company" or "ILC") was incorporated under the laws of the Province of British Columbia on March 26, 2009 and is in the process of exploring its resource properties. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Lito Minera Argentina S.A. in Argentina and International Lithium (US) LLC in the United States. All inter-company transactions and accounts have been eliminated upon consolidation.

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

The Company currently requires additional financing to continue in business. There can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

Overall Performance

The Company incurred a comprehensive loss of \$252,092 (2015 - \$166,256) during the three months ended March 31, 2016.

Significant Events and Transactions

During the three month period ended March 31, 2016 and to the date of this MD&A, the Company:

- Began bench scale evaporation tests at the Universidad Técnica de Oruro ("UTO") in Bolivia. The Company has contracted Door To Design, Inc. to oversee the test work conducted at UTO.
- Conducted magnetic susceptibility studies and ground magnetometer surveys at the Avalonia Project, Ireland.
- Installed a 20 man camp at the Mariana Project site in Argentina to facilitate fieldwork for the 2016 exploration and development program.
- Issued 7,870,000 units ("Unit") at a price of \$0.08 per Unit for gross proceeds of \$629,600. Each Unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price \$0.12 for a period of three years. The Company paid finders' fees of \$7,380 in connection with the financing.
- Conducted geophysical surveys over the Salar de Llullaillaco (Mariana Project) consisting of high-resolution refraction seismic, gravity, and transient electromagnetic (TEM) surveys designed to map the stratigraphy and brine aquifers across the entire salar in preparation for drilling and resource assessment.
- Announced an Option Agreement and Strategic Alliance with Australian Stock Exchange-listed Pioneer Resources Limited ("Pioneer") (ASX:PIO). Under the terms of the Agreement Pioneer can earn up to an 80% interest in ILC's 100% owned Mavis Lake property, which includes the Fairservice patented mining leases (the "Mavis Lithium Project"), located near Dryden, Ontario, Canada.

Under the terms of the Agreement, Pioneer will manage the exploration program on the Mavis Lithium Project utilizing ILC's technical team, who are currently advancing the Avalonia lithium pegmatite project in Ireland and the Mariana lithium brine project in Argentina. The Agreement provides ILC with the first stage of their North American strategy to join with Strategic Partners and to advance lithium opportunities with them that have no infrastructure constraints, consequently making potential mining projects less capital intensive.

Pioneer subscribed for \$100,000 of Units of ILC in the private placement (above) for an exclusive 90-day due diligence period.

Upon completion of due diligence, Pioneer may elect to proceed to earn a 51% interest in the project by expending CAN\$1.5 million on exploration activities within three years and paying to ILC a total of CAN\$375,000 in cash and shares 50/50 over the same three years (the "First Earn-in").

Following the First Earn-in, ILC will be granted a 1.5% Net Smelter Return royalty ("NSR"), purchasable at any time for CAN\$1.5 million. Pioneer will then be granted, if they choose, a Second Option where they can earn an additional 29% through expending CAN\$8.5 million within seven years (total CAN\$10 million over ten years). Thereafter ILC and Pioneer will contribute on a pro-rata basis. If either party dilutes to a 15% interest in the Mavis Lithium Project, their interest is converted to a 1.5% NSR.

- Acquired the Raleigh Project in the Kenora Mining District of Ontario through a sale and purchase agreement and additional staking. All the claims, totaling 464 hectares of mineral claims, were acquired at or near staking cost and are subject to a 1% Net Smelter Return royalty to the vendor, purchasable at any time for \$1,000,000.

Additional information on the Raleigh Project is included in the news release dated March 23, 2016.

- Initiated a 1,750 metre diamond drill hole program at the Avalonia Lithium Project located in Counties Carlow and Wicklow, Republic of Ireland.
- Announced the commencement of a drill program at the Mariana Project, Salta, Argentina
- Secured the mineral rights to Rosa IV, a Mina (or mining concession) 2928 hectares in area that previously formed a small gap in the Companies' 100% ownership of the mining rights to the entire Salar de Llullaillaco, Mariana Project. The total area of the mining concessions for the joint venture within and surrounding the salar is 22,129 hectares.

Exploration Summary

Avalonia Project – Ireland

ILC conducted ground magnetometer surveys in January 2016 on behalf of Blackstairs Lithium Limited over six target areas within the Avalonia Lithium project area. The surveys were conducted to determine if the contacts of non-magnetic pegmatites hosting spodumene mineralization with metamorphic and igneous rocks could be mapped in a way to make drill targeting the narrow buried pegmatites more effective.

Magnetic susceptibility measurements were taken on drill core from the target areas to ascertain if a sufficient contrast between the main lithologies existed and to assist in the interpretation of the survey results.

The susceptibility measurements confirmed the non-magnetic nature of the spodumene bearing pegmatites and identified 3 groups of rocks with elevated ranges of magnetic susceptibility, although the total range of magnetic susceptibilities is quite small.

The ground surveys each show anomalous areas of elevated total magnetic field amidst much higher amplitude magnetic anomalies due to cultural noise sources. Although the effects of cultural interference are high amidst the low dynamic range from geologic sources, the ground magnetic surveys can be used to interpret geologic contacts and subsequently aid in the drill targeting process.

A total of 158 line-kilometres of continuous profiling magnetometer data were collected over six target areas within the Aclare, Monaghrim, Seskinnamadra and Mullannagaun (Bally Murphy) townlands.

On April 4, 2016 the Company initiated a 1750 metre diamond drill hole program at the Avalonia Lithium Project. The drill program is forecast to consist of approximately 25 shallow drill holes and will focus on expanding the strike length of the Aclare lithium bearing pegmatite using the results of recent geophysics to follow the trend of the granite-schist contact. Historical drilling, confirmed by ILC in 2013, indicates that the lithium bearing pegmatite is at or near this contact. Extensions to the pegmatites will be tested to the north and south of historical work using the geophysical trace of this contact. In addition, the drill program will test up to three additional blind targets with no previous drilling recorded.

Mariana Project – Salta, Argentina

As announced by the Company on December 10, 2015 ILC and GFL have allocated a budget of approximately US \$3,190,000 for exploration and development work on the Mariana Lithium Brine project in Argentina. The exploration plans for this budget include:

- Evaporation process path testing
- Geophysical surveying for aquifer and basin characterization consisting of:
 - Gravity surveys
 - Seismic surveys
 - Transient Electromagnetic (TEM) sounding surveys
- Drilling for resource estimation

The first phase of this programme includes bench scale evaporation tests on raw and treated brine, which are currently being conducted at the Universidad Técnica de Oruro (“UTO”) in Bolivia (Company news release January 19, 2016). Results from these tests are expected toward the end of Q2 and will be used to design field evaporation tests at the project site.

Geophysical surveys are now completed for this phase of the exploration work. The surveys were designed to map characteristics of the shallow aquifers at Salar de Llullaillaco, where two lithium rich aquifers occur within 120 metres of depth from surface. The surveys are oriented on two perpendicular lines that cross the entire salar in an east-west (10 kilometres) and north-south (15 kilometres) manner.

Data from all three geophysical surveys are being analyzed in conjunction with previous drill results to help define stratigraphy and map the brines throughout the salar with the results guiding the placement of drill holes for the next phase of work. Initial results from the geophysical surveys indicate that the two upper aquifers are continuous, in places unconfined and generally well connected laterally over large distances. If true, this would indicate that the observed uniformity of grade and measured high transmissivity extend throughout a large portion of the salar giving rise to an easily accessible, uniform brine resource. The current drill program is designed to test this hypothesis. In addition, evidence suggests that there may be a deeper, sandy aquifer below the compacted halite layer that forms the base of the second, upper aquifer. The apparent depth of the salar, as estimated by modelling gravity data, is in excess of 450 metres in the northern portion of the salar.

The drill program will consist of up to approximately 1000 metres of core drilling in five or six drill holes. Core will be recovered in polycarbonate sleeves with brine sampling carried out with a packer to isolate samples from any potential cross contamination between aquifers. All drill holes will be subjected to down-hole resistivity surveys and upon completion, piezometers will be installed for fluid flow monitoring. Core samples will be submitted for laboratory testing of hydrologic and sedimentary properties of the aquifer units.

John Harrop, PGeo, FGS, a Qualified Person under the meaning of Canadian National Instrument 43-101 and an officer of the Company, is responsible for the technical content of this Management's Discussion and Analysis.

Mineral Properties and Commitments

A detailed listing and narrative of the Company's properties is included in the condensed consolidated interim financial statements for the three months ended March 31, 2016. The financial statements include the capitalized exploration and development costs presented on a property-by-property basis. Detailed expenditures for the year ended December 31, 2015 are included in the MD&A for the year ended December 31, 2015.

Detailed exploration and evaluation expenditures for the period ended March 31, 2016 are as follows:

March 31, 2016	Mariana, Argentina	Mavis Lake Fairservice, Ontario	Raleigh, Ontario	Total
Deferred exploration costs, beginning of the period	\$ -	\$ 1,263,393	\$ -	\$ 1,263,393
Additions during the year:				
Administrative	5,412	695	-	6,107
Borrowing costs	23,173	-	-	23,173
Camp costs	200,983	-	-	200,983
Demobilization	3,906	-	-	3,906
Environmental studies	16,416	-	-	16,416
Field expenditures	88,025	7,250	44	95,319
Field personnel	-	9,875	-	9,875
Geological consulting	138,029	4,500	3,800	146,329
Geophysical	285,681	-	-	285,681
Maintenance	126,910	-	-	126,910
Miscellaneous	287	-	-	287
Mobilization	48,676	-	-	48,676
Process design	59,278	-	-	59,278
Property leases and taxes	2,865	-	-	2,865
Telecommunications	2,964	-	-	2,964
Travel	16,936	-	-	16,936
	<u>1,019,541</u>	<u>22,320</u>	<u>3,844</u>	<u>1,045,705</u>
Recoveries from GFL on exploration expenditures ⁽¹⁾	<u>(815,660)</u>	<u>-</u>	<u>-</u>	<u>(815,660)</u>
Deferred exploration costs, end of the period	\$ 203,881	\$ 1,285,713	\$ 3,844	\$ 1,493,438

Outlook

The Company's primary focus for the foreseeable future will be following up on positive results, advancing exploration through drilling and geochemical surveys, on its Mariana lithium-potash brine (Argentina), and Avalonia Lithium (Ireland) rare metals pegmatite projects. The Company continues to work with strategic partner GFL to advance exploration programs on these projects. The Company will also be working with Pioneer to facilitate the exploration on the Mavis Lithium Project. The Company is actively seeking out new project opportunities globally.

Summary of Quarterly Results

	For the Quarters Ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Total assets	\$ 5,433,748	\$ 4,680,987	\$ 4,181,741	\$ 4,589,460
Exploration and evaluation assets	3,631,201	3,391,754	3,442,309	3,610,990
Working capital (deficiency)	327,678	(170,716)	(238,272)	(1,372,164)
Long-term debt	1,945,843	1,626,063	1,399,254	291,230
Shareholders' equity	2,929,391	2,542,157	2,396,311	2,554,958
Loss and comprehensive loss	(252,092)	(247,359)	(158,647)	(136,292)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)

	For the Quarters Ended			
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total assets	\$ 4,674,411	\$ 3,984,809	\$ 3,627,339	\$ 3,610,420
Exploration and evaluation assets	3,447,102	3,417,023	3,465,492	3,457,260
Working capital (deficiency)	(1,196,927)	(1,183,372)	(187,243)	(51,713)
Long-term debt	177,946	35,543	973,258	967,307
Shareholders' equity	2,696,057	2,495,548	2,304,991	2,438,240
Loss and comprehensive loss	(166,256)	(168,451)	(133,249)	(196,358)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Significant changes in key financial data over the periods presented can be attributed to the Company exploring mineral properties in Argentina, Canada, United States and Ireland:

- Loan conversions on the GFL Mariana Loan and GFL Loan as well as an additional option payment decreased the carrying value of the Mariana property and improved the working capital position of the Company for the three months ended June 30, 2014.
- In the three months ended September 30, 2015, there was a significant improvement to working capital and corresponding increase to long-term debt as the Company settled outstanding short-term loans of \$1,000,000 plus accrued interest of \$168,841 by converting most of the balance to a draw down on the Exploration Loan with GFL.

The Company has no present intention of paying dividends on its common shares as it anticipates that all available funds will be invested to finance growth of its business.

Results of Operations

Three months Ended March 31, 2016 and 2015

The Company incurred a comprehensive loss of \$252,092 (2015 - \$166,256) during the year ended March 31, 2016.

Significant changes are as follows:

- Foreign exchange expense increased to \$69,652 (2015 - \$724) due to the increased balance of liabilities denominated and settled in US dollars including the exploration advance and exploration loan.
- Professional fees increased to \$49,501 (2015 - \$39,422) due to increased activity regarding year end accounting and audit services.

- Shareholder communications to \$18,976 (2015 - \$7,436) due to additional news releases in the current period for publication of agreements and exploration activity.
- Share-based payments expense of \$17,106 (2015 - \$Nil) relates to the value of options granted in the period.
- The Company recognized a loss from equity investment of \$5,802 (2015 - \$5,735) for its interest in Blackstairs Lithium Limited's loss for the quarter relative to activity on the Avalonia project.
- Operator income of \$90,529 (2015 - \$33,557) relates to the Company's management of the Avalonia project and Mariana project in accordance with the joint venture agreements.

Overall, the Company has been working with GFL to secure an effective long-term plan for the development of the Company's assets Avalonia and Mariana assets. The agreement with Pioneer is anticipated to increase activity in Canada with development on the Mavis Lithium Project in Ontario.

Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

The consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

	March 31, 2016	December 31, 2015
Working capital deficiency	\$ 327,678	\$ (170,716)
Deficit	(6,179,740)	(5,952,673)

At March 31, 2016, the Company had \$559,673 (December 31, 2015 - \$479,663) in cash. The Company works to invest in its mineral properties in a difficult economic environment.

Net cash used in operating activities during the three months ended March 31, 2016 was \$537,594 (2015 - \$28,345). The cash used in operating activities for the period consists primarily of the operating loss and a change in non-cash working capital.

Net cash used by investing activities during the three months ended March 31, 2016 was \$60,762 (2015 - provided \$319,343). During the period the Company expended \$774,992 (2015 - \$205,145) on its exploration and evaluation assets. The Company received \$714,230 (2015 - \$356,435) in exploration funding from GFL to apply against the Mariana property.

Financing activities provided cash of \$678,366 (2015 - \$132,856) during the three months ended March 31, 2016. During the current three months, the Company received \$196,366 (2015 - \$132,856) from GFL pursuant to the exploration loan granted in conjunction with the Mariana property joint venture. The Company also generated \$482,000 (2015 - \$Nil) in funds from a private placement in the period with an additional \$147,600 collected subsequent to period end.

Subsequent to the period ended March 31, 2016, 150,000 options were exercised at a price of \$0.06 for proceeds of \$9,000.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of lithium and rare earth metals or interests related thereto. The economics of developing and producing properties are affected by many factors including the cost of operations and the market price of the mineral resource. Depending on the market price of mineral resources, the Company may determine that it is impractical to continue commercial production.

The Company currently requires additional financing to continue in business. The Company's primary focus for the foreseeable future will be following up on positive results, advancing exploration through drilling, on its Mariana lithium-potash brine (Argentina), Mavis Lake / Fairservice (Ontario) and Avalonia Lithium (Ireland) rare metals pegmatite projects. The Company will aggressively seek adequate debt and/or equity financing to improve its financial position.

Related Party Transactions

The Company entered into the following transactions with related parties:

Transaction	Relationship	2016	2015
Management fees	0819315 BC Ltd., Gary Schellenberg, CEO and Director	\$ 22,500	\$ 22,500
Administration fees	Heather Schellenberg, Spouse of Director	4,000	3,000
Administration fees (Argentina)	Roberto Lara, Officer of Compania Litio	4,500	4,500
Exploration expenditures	Coast Mountain Geological Ltd, Gary Schellenberg, CEO and Director	135,127	37,676
Exploration expenditures	Anthony Kovacs, COO and Blacksmith Metals Exploration Ltd.	18,000	15,000
Rent	Coast Mountain Geological Ltd., Gary Schellenberg, CEO and Director	6,150	3,000
Consulting fees	619517 BC Ltd., Jerry Bella, CFO	15,000	15,000
Consulting fees	Kirill Klip, President and Director	22,500	22,500
Exploration expenditures	Petra Gold Servicios Mineros, Roberto Lara, Officer of Compania Litio	143,231	49,086

At March 31, 2016, due to related parties consisted of \$90,210 (December 31, 2015 - \$335,582) to various directors, officers and related companies for services detailed above and is included in accounts payable and accrued liabilities. At March 31, 2016, \$7,560 (December 31, 2014 - \$Nil) was receivable from TNR Gold Corp, a significant shareholder.

Commitments - Consulting agreements

The Company has entered into consulting agreements with four officers, Jerry Bella, Anthony Kovacs, Kirill Klip and Gary Schellenberg, of the Company for the provision of consulting services at a current cost of \$60,000, \$72,000, \$90,000 and \$90,000 per annum respectively. The agreements renew annually at the discretion of the Company's compensation committee. If any of the agreements are terminated without cause, the Company is required to pay a lump sum equal to the greater of (a) one months' fees for each period the consultant has acted on behalf of the Company and (b) twelve months' worth of fees. Should the Company be subject to a change in control and the consultant terminated without cause, the Company must pay an amount equal to three times the prior twelve months gross pay.

Financial Instruments and Other Instruments

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

Please refer to Note 13 of the accompanying financial statements for further details.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at March 31, 2016.

Proposed Transactions

The Company does not have any proposed transactions as at March 31, 2016 other than as disclosed elsewhere in this document.

Adoption of New Accounting Policies

New standard not yet adopted

IFRS 9 *Financial Instruments (Revised)* was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

Critical Accounting Policies

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

The most significant estimates relate to the valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. Share-based payments, as measured with respect to stock options granted, are estimated by reference to the Black-Scholes pricing model; a detailed discussion of management's estimates with respect to the pricing model is found in Note 10 of the condensed consolidated interim financial statements. The Company has reviewed its exploration and evaluation assets for indications of impairment and determined that there is no such indication. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

The most significant judgments relate to the recoverability of the investment in associate, functional currency of the Company and its subsidiaries, the recoverability of capitalized amounts of exploration and evaluation assets, recognition of deferred tax assets and liabilities and the determination of the economic viability of a project.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of the MD & A:

	Number of shares issued or issuable
Common shares	85,153,046
Stock options	7,525,000
Warrants	3,935,000

Management's Responsibility for Financial Statements

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Financial risks include commodity prices, interest rates and the Canadian dollar, United States dollar, Argentinean Peso and the Euro exchange rate, all of which are beyond the Company's control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

The Company currently requires additional financing to continue in business. There can be no assurance that future financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

Internal Controls Over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.