



**Rock Tech Lithium Inc.
Consolidated Financial Statements
December 31, 2020**

Expressed in Canadian Dollars

**Consolidated Statements of Financial Position
Consolidated Statements of Comprehensive Loss
Consolidated Statements of Shareholders' Equity
Consolidated Statements of Cash Flows
Notes to the Consolidated Financial Statements**



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rock Tech Lithium Inc.

Opinion

We have audited the consolidated financial statements of Rock Tech Lithium Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
April 20, 2021

Rock Tech Lithium Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	December 31, 2020	December 31, 2019
ASSETS		\$	\$
Current assets			
Cash and cash equivalents	11	8,987,743	1,650,864
Receivables		13,995	10,505
Prepaid expenses and deposits	7	162,422	69,950
		9,164,160	1,731,319
Non-current assets			
Equipment	3	5,609	7,011
Exploration and evaluation assets	4	4,256,918	3,832,652
TOTAL ASSETS		13,426,687	5,570,982
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	5	745,104	242,623
Due to related parties	7	6,000	50
Loan payable	8	30,000	-
TOTAL LIABILITIES		781,104	242,673
SHAREHOLDERS' EQUITY			
Share capital	6	42,045,446	31,975,292
Subscriptions received	6	-	1,046,250
Reserves	6	8,127,720	6,794,380
Deficit		(37,527,583)	(34,487,613)
TOTAL SHAREHOLDERS' EQUITY		12,645,583	5,328,309
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,426,687	5,570,982

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
EVENTS AFTER THE REPORTING PERIOD (Note 13)

Approved on behalf of the Board:

"Dirk Harbecke"

Dirk Harbecke – Director

"Peter Kausch"

Peter Kausch – Director

Rock Tech Lithium Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Notes	Year ended December 31,	
		2020	2019
		\$	\$
Expenses			
Amortization	3	1,402	1,753
Consulting fees	7	218,297	67,697
Downstream development	9	412,792	-
General administration		54,318	42,224
Gain on government grant	8	(10,000)	-
Management fees	7	472,500	370,000
Mineral property impairment	4	30,433	-
Professional fees		74,022	59,442
Project investigations		19,176	237
Salaries and wages	7	210,000	185,000
Stock-based compensation	6,7	1,333,340	69,085
Transfer agent and filing fees		33,269	26,678
Travel and promotion		190,421	227,177
Comprehensive loss for the year		(3,039,970)	(1,049,293)
Loss per share – basic and diluted		(0.08)	(0.03)
Weighted average number of common shares outstanding - basic and diluted		38,901,396	34,978,930

Rock Tech Lithium Inc.
Consolidated Statements of Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Share capital		Reserves			Subscriptions received	Deficit	Total
		Number of Shares	Amount	Conversion feature reserve	Stock option reserve	Warrant reserve			
Balance at January 1, 2019		34,398,588	\$ 31,261,288	75,994	\$ 5,901,035	\$ 748,266	-	\$ (33,438,320)	\$ 4,548,264
Shares issued for services	6,12	22,214	13,000	-	-	-	-	-	13,000
Shares issued for private placement	6	778,892	701,003	-	-	-	-	-	701,003
Stock-based compensation	6	-	-	-	69,085	-	-	-	69,085
Subscriptions received	6	-	-	-	-	-	1,046,250	-	1,046,250
Loss and comprehensive loss for the year		-	-	-	-	-	-	(1,049,293)	(1,049,293)
Balance at December 31, 2019		35,199,894	\$ 31,975,292	75,994	\$ 5,970,120	\$ 748,266	1,046,250	\$ (34,487,613)	\$ 5,328,309
Shares issued for private placements	6	13,599,069	10,070,154	-	-	-	(1,046,250)	-	9,023,904
Stock-based compensation	6	-	-	-	1,333,340	-	-	-	1,333,340
Loss and comprehensive loss for the year		-	-	-	-	-	-	(3,039,970)	(3,039,970)
Balance at December 31, 2019		48,798,963	42,045,446	75,994	7,303,460	748,266	-	(37,527,583)	12,645,583

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

Rock Tech Lithium Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended December 31,	
	2020	2019
	\$	\$
Operating activities		
Net loss for the year	(3,039,970)	(1,049,293)
Adjustments for non-cash items:		
Amortization	1,402	1,753
Stock-based compensation	1,333,340	69,085
Gain on government grant	(10,000)	-
Mineral property impairment	30,433	-
Changes in non-cash working capital items:		
Receivables	(3,490)	(623)
Prepaid expenses and deposits	(122,905)	(7,616)
Accounts payables and accrued liabilities	484,079	(45,150)
Due to related parties	5,950	(4,670)
Net cash flows used in operating activities	(1,321,160)	(1,036,515)
Investing activities		
Expenditures on exploration and evaluation assets	(405,865)	(286,577)
Net cash flows used in investing activities	(405,865)	(286,577)
Financing activities		
Issuance of shares for cash, including subscriptions received	9,023,904	1,747,253
Proceeds from loan	40,000	-
Net cash flows from financing activities	9,063,904	1,747,253
Increase in cash	7,336,879	424,160
Cash and cash equivalents, beginning	1,650,864	1,226,703
Cash and cash equivalents, ending	8,987,743	1,650,863

See supplemental disclosure of non-cash transactions in Note 12.

1. Nature and continuance of operations

Rock Tech Lithium Inc. (the “Company”) was incorporated in British Columbia (“BC”) and is involved in mineral exploration. The Company is a Tier II listed issuer on the TSX Venture Exchange (“TSX-V”) and trades under the symbol “RCK”. The head office, principal address and records office of the Company are located at 777 Hornby Street, Suite 600, Vancouver, BC, Canada, V6Z 1S4.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries (the “Group”) will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The recoverability of carrying amounts for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral properties, the ability of the Company to obtain necessary financing to complete exploration and development, achievement of future profitable production or proceeds from the disposition thereof. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company’s continuation as a going-concern is dependent upon the successful results of its mineral property exploration activities and its ability to raise equity capital sufficient to meet current and future obligations. As at December 31, 2020, the Company had cash and cash equivalents of \$8,987,743 and subsequent to December 31, 2020 the Company issued shares for proceeds of \$9,762,653 which alleviates significant doubt about the Group’s ability to continue as a going concern.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant but could affect the Company’s ability to raise financings in the future or restrict access to travel to its exploration properties. Management continues to monitor the situation.

2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on April 20, 2021 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with accounting policies as prescribed under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (continued)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Province of incorporation	Percentage owned	
		Dec. 31, 2020	Dec. 31, 2019
James Bay Midarctic Developments Inc.	Ontario	100%	100%
1127075 B.C. Ltd.	BC	100%	100%
Minerales de Baterias, S.A. de C.V.	Mexico	100%	100%
1152011 B.C. Ltd.	BC	100%	100%

Inter-company balances and transactions, including income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and assumptions.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty and, the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent and subsidiary companies' functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

2. Significant accounting policies and basis of preparation (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Equipment is recorded at cost and amortized using a declining balance rate of 20%. Any structures on exploration properties including buildings, fencing or other installations are recorded at cost and amortized using a declining balance rate of 20%. The Company records one-half amortization in the year of acquisition.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Group has obtained the legal rights to explore an area are recognized in profit or loss. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

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

Downstream development expenditures

Downstream development expenditures include the costs of conducting prospective site due diligence, basic engineering, drafting, metallurgical testing and project management related to the Company's planned lithium hydroxide converter facility. Downstream development expenditures are expensed in the period in which they are incurred and will be capitalized only after technical and commercial feasibility of the facility as been established.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash

3. Significant accounting policies and basis of preparation (continued)

generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Restoration and environmental obligations

The Group recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Group's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Group's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Group's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Group's accounting policy for exploration and evaluation assets.

Share-based payments

The Group operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting

4. Significant accounting policies and basis of preparation (continued)

Share-based payments (continued)

period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial Instruments

Classification

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

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification under IFRS 9
Cash and cash equivalents	FVTPL
Trade payables	Amortized cost
Due to related parties	Amortized cost
Loan payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive loss.

Impairment of financial assets at amortized cost

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

2. Significant accounting policies and basis of preparation (continued)

Derecognition

Financial assets

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

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Income taxes

Current income tax:

Income tax expense consisting of current tax expense is recognized in profit or 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 income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3. Equipment

Cost:	
At December 31, 2018, 2019, 2020	\$ 45,069
Accumulated amortization:	
At December 31, 2018	(36,305)
Charge for the year	(1,753)
At December 31, 2019	(38,058)
Charge for the year	(1,402)
At December 31, 2020	(39,460)
Net book value:	
At December 31, 2019	\$ 7,011
At December 31, 2020	\$ 5,609

4. Exploration and evaluation assets

Georgia Lake, Ontario	Total for year ended:	
	December 31, 2020	December 31, 2019
Property acquisition costs		
Balance, beginning of year	\$ 1,420,175	\$ 1,419,525
Acquisitions	200	650
Balance, end of year	1,420,375	1,420,175
Exploration and evaluation expenditures		
Balance, beginning of year	2,412,478	2,113,551
Costs incurred during year:		
Administration	81,259	36,763
Assaying	133,299	93,950
Camp and field costs	7,011	17,314
Environmental baseline and permitting	133,580	58,314
Geological consulting	25,287	77,638
Labour	14,134	-
Permitting and land holding costs	3,445	6,110
Reports and maps	24,440	-
Transportation	1,610	8,838
	424,065	298,927
Balance, end of year	2,836,543	2,412,478
Total	\$ 4,256,918	\$ 3,832,652

Georgia Lake, Ontario

The Company holds a 100% interest in the Georgia Lake lithium project. The total Georgia Lake land package consists of 277 claim units and 41 mining leases.

4. Exploration and evaluation assets (continued)

El Nogalito, Mexico

During the year-ended December 31, 2020, the Company expensed \$30,433 as a Mineral Property Impairment. The amount was previously classified as a Prepaid Expense pending the grant of certain mining licenses by the relevant authorities in Mexico. During the year-ended December 31, 2019, the Company decided to no longer pursue the acquisition of the El Nogalito project. The amount recognized as a Mineral Property Impairment is refundable by the property vendors; however, the Company assesses the likelihood of collection to be low.

5. Accounts payable and accrued liabilities

	December 31, 2020	December 31, 2019
Trade payables	\$ 720,104	\$ 222,623
Accrued liabilities	25,000	20,000
	<u>\$ 745,104</u>	<u>\$ 242,623</u>

6. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2020, the Company had 48,798,963 common shares issued and outstanding.

On February 5, 2020, the Company issued 3,604,622 units at \$0.45 per unit related to a private placement. Each unit consisted of one common share and one-half of one share purchase warrant with each whole warrant exercisable into one common share at a price of \$0.70 until February 5, 2023. The Company recorded \$11,786 as share issuance cost.

On December 18, 2020, the Company issued 9,994,447 units at \$0.85 per unit related to a private placement. Each Unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of \$1.00 until December 17, 2022. The Company recorded \$35,421 as share issuance cost.

At December 31, 2019, the Company had received \$1,046,250 towards the private placement which closed in February, 2020.

On April 18, 2019, the Company issued 778,892 units at \$0.90 per unit related to a private placement. Each unit consisted of one common share and one-half of one share purchase warrant with each whole warrant exercisable into one common share at a price of \$1.25 until April 8, 2022.

On June 7, 2019, the Company issued 22,414 common shares related to a shares-for-services consulting agreement. The fair value of the services was \$13,000 and the common shares were issued at a price of \$0.58 per share.

6. Share capital (continued)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the years ended December 31, 2020 and 2019 was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. Diluted loss per share did not include the effect of stock options and warrants as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. In connection with the foregoing, the number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit.

On June 7, 2019, the Company granted 225,000 stock options to consultants of the Company. The options have an exercise price of \$0.62. The grant date fair value of the options recognized as share-based compensation in the year ended December 31, 2019 was \$69,085, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.43%; volatility of 130%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years

On January 14, 2020, the Company granted 500,000 stock options to a director and officer of the Company. The options have an exercise price of \$0.53. The grant date fair value of the options recognized as share-based compensation was \$232,714, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.69%; volatility of 120%; dividend rate 0%; forfeiture rate 0%; and expected life of 5.97 years.

On January 14, 2020, the Company granted 10,000 stock options to a consultant of the Company. The options have an exercise price of \$0.53. The grant date fair value of the options recognized as share-based compensation for the period was \$2,576, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.69%; volatility of 73%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years.

On January 14, 2020, 45,000 stock options originally granted on July 18, 2017 with an exercise price of \$0.93 were amended to an exercise price of \$0.53. The expiry date of these stock options was also amended to December 31, 2025. An additional \$17,952 of share-based compensation was recorded based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.69%; volatility of 120%; dividend rate 0%; forfeiture rate 0%; and expected life of 5.97 years.

On January 14, 2020, 1,250,000 stock options originally granted on December 20, 2017 with an exercise price of \$1.50 were amended to an exercise price of \$0.53. The expiry date of these stock options was also amended to December 31, 2025. An additional \$473,044 of share-based compensation was recorded based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.69%; volatility of 120%; dividend rate 0%; forfeiture rate 0%; and expected life of 5.97 years.

6. Share capital (continued)

Stock options (continued)

On January 14, 2020, 1,480,000 stock options originally granted on August 6, 2018 with an exercise price of \$0.88 were amended to an exercise price of \$0.53. The expiry date of these stock options was also amended to December 31, 2025. An additional \$419,836 of share-based compensation was recorded based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.69%; volatility of 120%; dividend rate 0%; forfeiture rate 0%; and expected life of 5.97 years.

On January 14, 2020, 225,000 stock options originally granted on June 7, 2019 with an exercise price of \$0.62 were amended to an exercise price of \$0.53. The expiry date of these stock options was also amended to December 31, 2025. An additional \$53,757 of share-based compensation was recorded based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate of 1.69%; volatility of 120%; dividend rate 0%; forfeiture rate 0%; and expected life of 5.97 years.

On July 24, 2020, the Company granted 20,000 stock options to a consultant of the Company. The options have an exercise price of \$0.60. The grant date fair value of the options recognized as share-based compensation for the period was \$5,962, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.24%; volatility of 87%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On July 24, 2020, the Company granted 250,000 stock options to a consultant of the Company. The options have an exercise price of \$0.60. The grant date fair value of the options recognized as share-based compensation for the period was \$127,499, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.24%; volatility of 128%; dividend rate 0%; forfeiture rate 0%; and expected life of 5 years.

The changes in options during the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	3,510,000	\$ 0.97	3,435,000	\$ 1.67
Options granted	780,000	0.49	225,000	0.62
Options cancelled	(500,000)	0.05	(100,000)	1.50
Options expired	(10,000)	1.66	(50,000)	1.12
Options outstanding, ending	3,780,000	\$ 0.52	3,510,000	\$ 0.97

Details of options outstanding and exercisable at December 31, 2020 are as follows:

Number outstanding	Price	Remaining Life	Weighted average grant date fair value
500,000	\$0.43	5.00 years	\$0.465
10,000	\$0.53	2.04 years	\$0.258
225,000	\$0.53	5.00 years	\$0.459
1,480,000	\$0.53	5.00 years	\$0.459
45,000	\$0.53	5.00 years	\$0.459
1,250,000	\$0.53	5.00 years	\$0.459
20,000	\$0.60	1.56 years	\$0.510
250,000	\$0.60	4.56 years	\$0.279

Warrants

The changes in warrants during the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	1,835,003	\$ 0.93	1,445,556	\$ 0.95
Warrants issued	11,796,758	0.95	389,447	0.18
Warrants outstanding, ending	13,631,761	\$ 0.95	1,835,003	\$ 0.93

Details of warrants outstanding and exercisable as at December 31, 2020 are as follows:

Number outstanding	Price	Remaining Life
370,057	\$0.85	1.27 years
1,445,556	\$0.95	0.97 years
1,802,311	\$0.70	2.10 years
9,994,447	\$1.00	1.96 years
19,390	\$1.25	1.27 years

Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in the reserve account.

Warrant reserve

The warrant reserve records items recognized as the value of agent's warrants issued with respect to financings, until such time as the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount remains in the reserve account.

Conversion feature reserve

The conversion feature reserve records the value of conversion features related to convertible debt financings, until such time as the conversion feature is exercised, at which time the corresponding amount will be transferred to share capital. If the debt expires unconverted, the amount remains in the reserve account.

7. Related party transactions

Included in prepaid expenses is \$17,500 of prepaid management fees (2019- \$17,500). Amounts due to related parties consists of amounts due to directors and officers of \$6,000 (2019- \$50). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

For the year ended, December 31, 2020, the Company recorded share-based compensation of \$1,058,397 (2019- \$nil) for options granted to directors and officers of the Company (Note 6).

7. Related party transactions (continued)

The Group key management consists of its officers and directors. Key management compensation for the year ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,	
	2020	2019
Management fees	\$ 472,500	\$ 370,000
Salaries	210,000	185,000
Consulting fees	109,730	22,667
	\$ 792,230	\$ 577,667

8. Loan payable

During the year ended December 31, 2020, the Company was given access to a COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). On January 1, 2021, this operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022. \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022. The Company repaid the loan subsequent to December 31, 2020.

9. Downstream development

Rock Tech is planning to build a lithium hydroxide production plant that will convert hard rock lithium feedstock into a lithium chemical commonly used in the battery industry. During the year ended December 31, 2020, the Company commenced basic engineering and metallurgical studies regarding the planned lithium hydroxide converter. Expenses incurred during the period were as follows:

Lithium Hydroxide Converter	Total for year ended:	
	December 31, 2020	December 31, 2019
Costs incurred during year:		
Site Due Diligence	\$ 7,658	\$ -
Engineering	159,874	-
Metallurgy	55,411	-
Project Management	189,849	-
Total	\$ 412,792	\$ -

10. Financial risk and capital management

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Group is not materially exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in a bank account held with a major bank in Canada. As

most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The

Group's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has a planning and budgeting process in place to help determine the funds required to support the Group's normal operating requirements on an ongoing basis. The Group ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Group's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Group's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Group believes it has adequate cash at December 31, 2020 to reduce its risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Group's net loss.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Group consists of working and share capital. There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

10. Financial risk and capital management (continued)

Classification of financial instruments

a) Categories of financial instruments

	December 31, 2020	December 31, 2019
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	\$ 8,987,743	\$ 1,650,864
Total financial assets	\$ 8,987,743	\$ 1,650,864
FINANCIAL LIABILITIES		
Amortized cost		
Trade payables	\$ 745,104	\$ 222,623
Loan payable	30,000	-
Due to related parties	6,000	50
Total financial liabilities	\$ 781,104	\$ 222,673

b) Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Group considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2020.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at December 31, 2020, the Group does not have any Level 3 financial instruments.

11. Income tax expense and deferred tax assets and liabilities

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	December 31, 2020	December 31, 2019
Net loss	\$ (3,039,970)	\$ (1,049,293)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(820,792)	(283,309)
Permanent differences	360,042	18,039
Other	(5,927)	2,234
Effect of changes in statutory tax rates	(6,440)	-
Change in valuation allowance	473,117	263,036
Income tax recovery	\$ -	\$ -

11. Income tax expense and deferred tax assets and liabilities (continued)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2020	December 31, 2019
Non-capital loss carry-forwards	\$3,942,056	\$ 3,477,774
Exploration and evaluation assets	1,369,068	1,369,068
Equipment	202,970	202,970
Capital loss (gross)	90,433	90,433
Share issuance costs and other	10,196	1,361
	\$5,614,723	\$ 5,141,606

The tax pools relating to these deductible temporary differences expire as follows:

	Non-capital losses	Resource pools	Net capital losses
2026	\$ 278,020	\$ -	\$ -
2027	654,425	-	-
2028	542,858	-	-
2029	727,346	-	-
2030	1,390,673	-	-
2031	2,147,133	-	-
2032	1,304,992	-	-
2033	694,855	-	-
2034	773,860	-	-
2035	369,381	-	-
2036	615,942	-	-
2037	1,031,740	-	-
2038	1,365,874	-	-
2039	983,546	-	-
2040	1,719,564	-	-
No expiry	-	8,903,275	312,186
	\$ 14,600,209	\$ 8,903,275	\$ 312,186

12. Supplemental non-cash transactions

During the year ended December 31, 2020, the Company did not incur any non-cash transactions. During the year ended December 31, 2019, the Company incurred the following non-cash transactions:

- a. Under a shares-for-services agreement the Company issued 22,414 shares with at price of \$0.58 per share.
- b. The Company's cash and cash equivalents are comprised of the following:

Cash and cash equivalents consist of:	Year ended December 31,	
	2020	2019
Cash	\$ 3,802,743	\$ 180,864
Redeemable Guaranteed Investment Certificate	2,635,000	1,470,000
Funds in lawyer's trust	2,550,000	-
	\$ 8,987,743	\$ 1,650,864

13. Events after the reporting period

On January 8, 2021, the Company closed a non-brokered private placement consisting of 2,580,645 units of the Company at a price of \$1.55 per unit for gross proceeds of \$4,000,000. Each unit consisted of one common share and one share purchase warrant with each whole warrant entitling the holder to purchase one common share at an exercise price of \$1.80 per share until January 8, 2023.

On January 21, 2021, the Company closed a non-brokered private placement consisting of 2,500,000 units of the Company at a price of \$1.60 per unit for gross proceeds of \$4,000,000. Each unit consisted of one common share and one share purchase warrant with each whole warrant entitling the holder to purchase one common share at an exercise price of \$2.00 per share until January 21, 2023.

On February 15, 2021, the Company granted 14,800,000 stock options at an exercise price of \$4.21 until February 16, 2023.

Subsequent to December 31, 2020, 1,810,700 warrants were exercised for gross proceeds of \$1,362,525.

Subsequent to December 31, 2020, 750,556 options were exercised for gross proceeds of \$400,128.