



**Rock Tech Lithium Inc.  
Consolidated Financial Statements  
March 31, 2021**

**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**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	Note	March 31, 2021	December 31, 2020
<b>ASSETS</b>		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	10	17,308,884	8,987,743
Receivables		17,489	13,995
Prepaid expenses and deposits	7	143,766	162,422
		17,470,139	9,164,160
<b>Non-current assets</b>			
Equipment	3	5,328	5,609
Exploration and evaluation assets	4	4,299,720	4,256,918
<b>TOTAL ASSETS</b>		21,775,187	13,426,687
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	1,278,293	745,104
Due to related parties	7	47,033	6,000
Loan payable	8	30,000	30,000
<b>TOTAL LIABILITIES</b>		1,355,326	781,104
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	6	54,027,572	42,045,446
Subscriptions received	6	-	-
Reserves	6	9,193,760	8,127,720
Deficit		(42,801,471)	(37,527,583)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		20,419,861	12,645,583
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		21,775,187	13,426,687

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)  
EVENTS AFTER THE REPORTING PERIOD (Note 12)

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	Quarter ended March 31,	
		2021	2020
		\$	\$
<b>Expenses</b>			
Amortization	3	280	351
Consulting fees	7	118,642	59,170
Downstream development	9	1,326,569	-
General administration		44,174	11,954
Management fees	7	105,000	122,500
Professional fees		13,442	2,985
Project investigations		-	19,176
Salaries and wages	7	69,167	52,500
Stock-based compensation	6,7	3,318,600	1,032,812
Transfer agent and filing fees		93,644	21,861
Travel and promotion		184,371	78,562
<b>Comprehensive loss for the year</b>		<b>(5,273,889)</b>	<b>(1,401,871)</b>
<b>Loss per share – basic and diluted</b>		<b>(0.10)</b>	<b>(0.04)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>50,241,028</b>	<b>35,734,646</b>

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			
<b>Balance at January 1, 2020</b>		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)
<b>Balance at December 31, 2020</b>		<b>48,798,963</b>	<b>42,045,446</b>	<b>75,994</b>	<b>7,303,460</b>	<b>748,266</b>	-	<b>(37,527,583)</b>	<b>12,645,583</b>
Shares issued for private placements		5,080,645	7,965,474	-	-	-	-	-	7,965,474
Stock-based compensation		-	-	-	3,318,600	-	-	-	3,318,600
Shares issued on exercise of warrants		1,121,256	999,493	-	-	-	-	-	999,493
Shares issued on exercise of stock options		1,440,000	764,600	-	-	-	-	-	764,600
Share premium		-	2,252,560	-	(2,252,560)	-	-	-	-
Loss and comprehensive loss for the period		-	-	-	-	-	-	(5,273,889)	(5,273,889)
<b>Balance at March 31, 2021</b>		<b>56,440,864</b>	<b>54,027,573</b>	<b>75,994</b>	<b>8,369,500</b>	<b>748,266</b>	-	<b>(42,801,472)</b>	<b>20,419,861</b>
<b>Balance at January 1, 2020</b>		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	3,604,622	1,622,080	-	-	-	(1,046,250)	-	575,830
Stock-based compensation	6	-	-	-	1,032,812	-	-	-	1,032,812
Loss and comprehensive loss for the year		-	-	-	-	-	-	(1,401,871)	(1,401,871)
<b>Balance at March 31, 2020</b>		<b>38,804,516</b>	<b>33,597,372</b>	<b>75,994</b>	<b>7,002,932</b>	<b>748,266</b>	-	<b>(35,889,484)</b>	<b>5,535,080</b>

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)

	Quarter ended March 31,	
	2021	2020
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(5,273,889)	(1,401,870)
Adjustments for non-cash items:		
Amortization	280	351
Stock-based compensation	3,318,600	1,032,812
Gain on government grant	-	-
Mineral property impairment	-	-
Changes in non-cash working capital items:		
Receivables	(3,494)	2,314
Prepaid expenses and deposits	18,656	(40,423)
Accounts payables and accrued liabilities	533,190	61,201
Due to related parties	41,033	6,771
<b>Net cash flows used in operating activities</b>	<b>(1,365,624)</b>	<b>(338,844)</b>
<b>Investing activities</b>		
Expenditures on exploration and evaluation assets	(42,802)	(87,819)
<b>Net cash flows used in investing activities</b>	<b>(42,802)</b>	<b>(87,819)</b>
<b>Financing activities</b>		
Issuance of shares for cash, including subscriptions received	7,965,474	575,830
Proceeds from exercise of warrants	999,493	
Proceeds from exercise of stock options	764,600	-
<b>Net cash flows from financing activities</b>	<b>9,729,567</b>	<b>575,830</b>
Increase in cash	8,321,142	149,167
Cash and cash equivalents, beginning	8,987,743	1,650,864
<b>Cash and cash equivalents, ending</b>	<b>17,308,884</b>	<b>1,800,031</b>

See supplemental disclosure of non-cash transactions in Note 11.

**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 March 31, 2021, the Company had cash and cash equivalents of \$17,308,884 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 May 31, 2021, by the directors of the Company.

***Statement of compliance with International Financial Reporting Standards***

The consolidated interim 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”). The consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of Rock Tech Lithium Inc. as at and for the year ended December 31, 2020. Accordingly, the accounting policies applied are the same as those applied in the above annual financial statements which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

***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	
		Mar. 31, 2020	Dec. 31, 2020
James Bay Midarctic Developments Inc.	Ontario	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

<b>Cost:</b>	
At December 31, 2018, 2019, 2020	\$ 45,069
<b>Accumulated amortization:</b>	
At December 31, 2019	(38,058)
Charge for the year	(1,402)
At December 31, 2020	(39,460)
Charge for the period	(280)
At March 31, 2021	(39,740)
<b>Net book value:</b>	
At December 31, 2020	\$ 5,609
At March 31, 2021	\$ 5,329

### 4. Exploration and evaluation assets

	For the quarter ended: March 31, 2021	For the year ended: December 31, 2020
<b>Georgia Lake, Ontario</b>		
<b>Property acquisition costs</b>		
Balance, beginning of year	\$ 1,420,375	\$ 1,420,175
Acquisitions	-	200
Balance, end of year	1,420,375	1,420,375
<b>Exploration and evaluation expenditures</b>		
Balance, beginning of year	2,836,543	2,412,478
Costs incurred during year:		
Administration	12,950	81,259
Assaying	-	133,299
Camp and field costs	1,200	7,011
Environmental baseline and permitting	11,787	133,580
Geological consulting	2,275	25,287
Labour	-	14,134
Permitting and land holding costs	1,225	3,445
Reports and maps	13,365	24,440
Transportation	-	1,610
	42,802	424,065
Balance, end of year	2,879,345	2,836,543
<b>Total</b>	<b>\$ 4,299,720</b>	<b>\$ 4,256,918</b>

#### 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.

**5. Accounts payable and accrued liabilities**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Trade payables	\$ 1,235,340	\$ 720,104
Accrued liabilities	17,953	25,000
	<b>\$ 1,253,293</b>	<b>\$ 745,104</b>

**6. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At March 31, 2021, the Company had 56,440,864 common shares issued and outstanding.

On January 8, 2021, the Company issued 2,580,645 units at \$1.55 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 \$1.80 until January 8, 2023.

On January 20, 2021, the Company issued 2,500,000 units at \$1.60 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 \$2.00 until January 21, 2023.

During the period ended March 31, 2021, the Company issued 1,440,000 common shares related to the exercise of stock options and received proceeds of \$764,600.

During the period ended March 31, 2021, the Company issued 1,121,256 common shares related to the exercise of share purchase warrants and received proceeds of \$999,493.

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 periods ended March 31, 2021 and 2020 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.

On February 16, 2021, the Company granted 1,480,000 stock options to directors, officers, employees and consultants of the Company. The options have an exercise price of \$4.21. The grant date fair value of the options recognized as share-based compensation for the period was \$3,318,600, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.20%; volatility of 118%; dividend rate 0%; forfeiture rate 0%; and expected life of 1.5 years.

The changes in options during the quarter ended March 31, 2021 and 2020 are as follows:

	March 31, 2021		March 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	3,780,000	\$ 0.52	3,510,000	\$ 1.67
Options granted	1,480,000	0.49	510,000	0.43
Options exercised	(1,440,000)	0.53		
Options cancelled	-	-	(500,000)	0.05
Options expired	-	-	(10,000)	1.66
Options outstanding, ending	3,820,000	\$ 2.41	3,510,000	\$ 0.51



**6. Share capital (continued)**

***Stock options (continued)***

Details of options outstanding and exercisable at March 31, 2021 are as follows:

Number outstanding	Price	Remaining Life	Weighted average grant date fair value
500,000	\$0.43	4.76 years	\$0.465
125,000	\$0.53	1.18 years	\$0.459
890,000	\$0.53	4.76 years	\$0.459
575,000	\$0.53	4.76 years	\$0.459
250,000	\$0.60	4.32 years	\$0.279
1,480,000	\$4.21	1.88 years	\$2.242

***Warrants***

The changes in warrants during the quarters ended March 31, 2021 and 2020 are as follows:

	March 31, 2021		March 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	13,631,761	\$ 0.95	1,835,002	\$ 0.95
Warrants issued	5,080,645	1.90	1,802,311	0.18
Warrants exercised	(1,121,256)	0.92	-	-
Warrants outstanding, ending	17,591,150	\$ 1.23	3,637,313	\$ 0.982

Details of warrants outstanding and exercisable as at March 31, 2021 are as follows:

Number outstanding	Price	Remaining Life
150,057	\$0.85	1.02 years
1,445,556	\$0.95	0.73 years
1,802,311	\$0.70	1.85 years
9,994,447	\$1.00	1.72 years
19,390	\$1.25	1.02 years
2,580,645	\$1.80	1.78 years
2,500,000	\$2.00	1.81 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

**6. Share capital (continued)**

***Stock options (continued)***

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 (2020 - \$17,500). Amounts due to related parties consists of amounts due to directors of \$19,218 (2020- \$6,821). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

For the quarter ended March 31, 2021, the Company recorded share-based compensation of \$3,318,600 (2020 - \$1,032,812) for options granted to directors, officers, employees and consultants of the Company (Note 6).

The Group key management consists of its officers and directors. Key management compensation for the quarter ended March 31, 2021 and 2020 is as follows:

	Quarters ended March 31,	
	2021	2020
Management fees	\$ 105,000	\$ 122,500
Salaries	52,500	52,500
Consulting fees	32,500	21,730
	\$ 190,000	\$ 196,730

**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 March 31, 2021.

**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	For quarter ended: March 31, 2021	For year ended: December 31, 2020
Costs incurred during year:		
Site Due Diligence	\$ 28,175	\$ 7,658
Engineering	776,944	159,874
Metallurgy	126,947	55,411
Project Management	366,859	189,849
Disbursements	27,643	-
<b>Total</b>	<b>\$ 1,326,568</b>	<b>\$ 412,792</b>

## 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**

	March 31, 2021	December 31, 2020
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	\$ 17,308,884	\$ 8,987,743
Total financial assets	\$ 17,308,884	\$ 8,987,743
FINANCIAL LIABILITIES		
Amortized cost		
Trade payables	\$ 1,235,340	\$ 745,104
Loan payable	30,000	30,000
Due to related parties	47,033	6,000
Total financial liabilities	\$ 1,312,373	\$ 781,104

**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 March 31, 2021.

- 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 March 31, 2021, the Group does not have any Level 3 financial instruments.

**11. Supplemental non-cash transactions**

During the quarters ended March 31, 2021 and 2020, the Company did not incur any non-cash transactions.

**12. Events after the reporting period**

On May 3, 2021, the Company granted 375,000 stock options at an exercise price of \$4.42 until May 5, 2023.

On May 3, 2021, the Company granted 65,000 stock options at an exercise price of \$4.42 until May 5, 2024.

On May 3, 2021, the Company granted 65,000 stock options at an exercise price of \$4.42 until May 5, 2025.

Subsequent to March 31, 2021, 688,247 warrants were exercised for gross proceeds of \$688,247.

Subsequent to March 31, 2021, 400,000 stock options were exercised for gross proceeds of \$212,000.