Rock Tech Lithium Inc.
Consolidated Financial Statements
September 30, 2021

Expressed in Canadian Dollars

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.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Note		September 30, 2021		December 31, 2020
ASSETS					
Current assets					
Cash and cash equivalents	*10*	$	11,558,841	$	8,987,743
Receivables			291,737		13,995
Prepaid expenses and deposits	*7*		447,181		162,422
			12,297,759		9,164,160
Non-current assets					
Equipment	*3*		36,935		5,609
Exploration and evaluation assets	*4*		5,532,041		4,256,918
TOTAL ASSETS		$	17,866,735	$	13,426,687
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	*5*	$	3,422,819	$	745,104
Due to related parties	*7*		-		6,000
Loan payable	*8*		-		30,000
TOTAL LIABILITIES			3,422,819		781,104
SHAREHOLDERS' EQUITY					
Share capital	*6*		57,715,313		42,045,446
Reserves	*6*		11,037,503		8,127,720
Accumulated other comprehensive loss			(13,635)		-
Deficit			(54,295,265)		(37,527,583)
TOTAL SHAREHOLDERS' EQUITY			14,443,916		12,645,583
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	17,866,735	$	13,426,687

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved on behalf of the Board:

"Dirk Harbecke"
Dirk Harbecke – Director

"Peter Kausch"
Peter Kausch – Director

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

		Nine months ended September 30		Three months ended September 30	
	Note	**2021**	**2020**	**2021**	**2020**
Expenses					
Amortization	***3***	$ 5,448	$ 1,052	$ 3,382	$ 351
Consulting fees	***7***	1,988,293	138,607	1,305,671	49,527
Downstream development	***9***	6,046,951	-	3,136,217	-
General administration		474,253	39,579	389,081	13,878
Management fees	***7***	383,245	367,500	179,308	105,000
Professional fees		56,058	22,735	13,737	17,250
Project investigations		-	19,176	-	-
Salaries and wages	***7***	866,193	157,500	498,255	52,500
Stock-based payments	***6, 7***	6,005,337	1,180,814	1,597,389	148,002
Transfer agent and filing fees		144,953	29,967	15,716	4,361
Travel and promotion		796,951	141,003	375,907	21,059
Net loss for the period		$ (16,767,682)	$ (2,097,933)	$ (7,514,663)	$ (411,928)
Cumulative translation adjustment		13,635	-	12,322	-
Comprehensive loss for the period		(16,781,317)	(2,097,933)	(7,526,985)	(411,928)
Loss per share - basic and dilluted		$ (0.30)	$ (0.06)	$ (0.14)	$ (0.01)
Weighted average number of shares outstanding - basic and dilluted		55,135,429	37,546,859	55,135,429	37,546,859

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

		Common Shares		Reserves						
	Note	Number	Amount	Conversion feature reserve	Stock option reserve	Warrant reserve	Subscriptions received	Accumulated other comprehensive	Deficit	Total Shareholders' Equity
Balance, 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, December 31, 2020		**48,798,963**	**$ 42,045,446**	**$ 75,994**	**$ 7,303,460**	**748,266**	**-**	**$ -**	**$ (37,527,583)**	**$ 12,645,583**
Shares issued for private placements	6	5,080,645	7,965,473	-	-	-	-	-	-	7,965,473
Stock-based compensation	6	-	-	-	6,005,337	-	-	-	-	6,005,337
Shares issued on exercise of warrants	6	3,486,003	3,364,240	-	-	-	-	-	-	3,364,240
Shares issued on exercise of stock options	6	2,440,000	1,244,600	-	-	-	-	-	-	1,244,600
Share premium		-	3,095,554	-	(3,095,554)	-	-	-	-	-
Loss and comprehensive loss for the year		-	-	-	-	-	-	(13,635)	(16,767,682)	(16,781,317)
Balance, September 30, 2021		**59,805,611**	**$ 57,715,313**	**$ 75,994**	**$ 10,213,243**	**$ 748,266**	**-**	**$ (13,635)**	**$ (54,295,265)**	**$ 14,443,916**

Rock Tech Lithium Inc.
Condensed Interim Consolidated Statement of Cash Flows
(Expressed as Canadian Dollars)
(Unaudited)

	Nine months ended September 30, 2021	2020
Operating Activities		
Comprehensive loss for the period	$ (16,781,317)	$ (2,097,933)
Items Not Affecting Cash:		
Amortization	5,448	1,052
Stock-based payments	6,005,337	1,180,814
Changes in Non-Cash Operating Working Capital		
Receivables	(277,742)	1,589
Prepaid expenses and deposits	(284,759)	(3,252)
Accounts payable and accrued liabilities	2,677,715	(6,317)
Due to related parties	(6,000)	14,708
Net Cash used in Operating Activities	(8,661,318)	(909,339)
Investing Activities		
Expenditures on exploration and evaluation assets	(1,275,123)	(315,293)
Purchase of equipment	(36,774)	-
Net Cash used in Investing Activities	(1,311,897)	(315,293)
Financing Activities		
Proceeds from warrant exercise	3,364,240	-
Proceeds from option exercise	1,244,600	-
Proceeds from private placement	7,965,474	575,830
Proceeds from (repayments of) loan	(30,000)	40,000
Net Cash provided by Financing Activities	12,544,314	615,830
Increase (decrease) in cash	2,571,098	(608,802)
Cash, beginning of year	8,987,743	1,650,864
Cash, end of period	**$ 11,558,841**	**$ 1,042,062**

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 a Tier I listed issuer on the TSX Venture Exchange ("TSX-V") and trades under the symbol "RCK". The Company is engaged in lithium development activities and holds a 100% interest in the Georgia Lake lithium project in the Thunder Bay Mining District of Ontario. The Company is also planning to build European and North American lithium hydroxide conversion capacity. 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 September 30, 2021, the Company had cash and cash equivalents of $11,558,841 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 November 26, 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.

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:

		Percentage owned	
	Province/Country of incorporation	**Sept. 30, 2021**	**Dec. 31, 2020**
James Bay Midarctic Developments Inc.	Ontario	100%	100%
1152011 B.C. Ltd.	BC	100%	100%
Rock Tech Consulting GmbH	Germany	100%	-
Rock Tech Guben GmbH	Germany	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.

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

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 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.

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

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 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.

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

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. 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.

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.

(Expressed in Canadian dollars)

3. Equipment

Cost:		
December 31, 2020	$	45,069
Additions for the period		36,774
September 30, 2021	$	81,843
Accumulated amortization:		
At December 31, 2019		(38,058)
Charge for the year		(1,402)
At December 31, 2020		(39,460)
Charge for the period		(5,448)
At September 30, 2021		(44,908)
Net book value:		
At December 31, 2020	$	5,609
At September 30, 2021	$	36,935

4. Exploration and evaluation assets

Georgia Lake, Ontario		**For the period ended: September 30, 2021**		**For the year ended: December 31, 2021**
Property acquisition costs				
Balance, beginning of year	$	1,420,375	$	1,420,175
Acquisitions		-		200
Balance, end of period		1,420,375		1,420,375
Exploration and evaluation expenditures				
Balance, beginning of year		2,836,543		2,412,478
Costs incurred during period:				
Administration		66,097		81,259
Assaying		21,404		133,299
Camp and field costs		34,739		7,011
Drilling		464,292		-
Engineering consulting		342,060		-
Environmental baseline and permitting		168,033		133,580
Geological consulting		76,308		25,287
Labour		-		14,134
Permitting and land holding costs		2,645		3,445
Technical reports		87,369		24,440
Transportation		12,176		1,610
		1,275,123		424,065
Balance, end of period		4,111,666		2,836,543
Total	**$**	**5,532,041**	**$**	**4,256,918**

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.

(Expressed in Canadian dollars)

5. Accounts payable and accrued liabilities

	September 30, 2021	December 31, 2020
Trade payables	$ 3,356,611	$ 720,104
Accrued liabilities	66,208	25,000
	$ 3,422,819	$ 745,104

6. Share capital

Authorized share capital
Unlimited number of common shares without par value.

Issued share capital
At September 30, 2021, the Company had 59,805,611 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 nine months ended September 30, 2021, the Company issued 2,440,000 common shares related to the exercise of stock options and received proceeds of $1,244,600.

During the nine months ended September 30, 2021, the Company issued 3,486,003 common shares related to the exercise of share purchase warrants and received proceeds of $3,364,240.

Subsequent to period end, the Company issued 1,964,200 common shares related to the exercise of share purchase warrants for total proceeds of $1,875,450, and issued 30,000 common shares related to the exercise of stock options for total proceeds of $15,900.

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.

6. Share capital (continued)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the periods ended September 30, 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 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.

On May 3, 2021, the Company granted 375,000 stock options to employees, directors and consultants of the Company. The options have an exercise price of $4.42. The grant date fair value of the options recognized as share-based compensation for the period was $956,627, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.29%; volatility of 113%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On May 3, 2021, the Company granted 65,000 stock options to employees of the Company. The options have an exercise price of $4.42 and fully vest on May 3, 2022, with an expiry date of May 3, 2024. The fair value of the options granted was $178,769, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.29%; volatility of 101%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years. The share-based compensation expense recognized in the period for the vesting of these options was $73,467.

6. Share capital (continued)

Stock options (continued)

On May 3, 2021, the Company granted 65,000 stock options to employees of the Company. The options have an exercise price of $4.42 and fully vest on May 3, 2023, with an expiry date of May 3, 2025. The fair value of the options granted was $190,177, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.29%; volatility of 95.4%; dividend rate 0%; forfeiture rate 0%; and expected life of 4 years. The share-based compensation expense recognized in the period for the vesting of these options was $39,077.

On May 25, 2021, the Company granted 130,000 stock options to consultants of the Company. The options have an exercise price of $4.06 with an expiry date of May 3, 2023, and vest as follows: 50% on August 25, 2021, and 50% on November 25, 2021. The fair value of the options granted was $303,851, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.30%; volatility of 113%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years. The share-based compensation expense recognized in the period for the vesting of these options was $257,698.

On May 25, 2021, the Company granted 600,000 stock options to a consultant of the Company. The options have an exercise price of $4.06 with an expiry date of May 3, 2023, and vest based on certain share price restrictions. No share-based compensation expense has been recognized on these options in the period.

On July 6, 2021, the Company granted 12,500 stock options to an employee of the Company. The options have an exercise price of $5.21 and fully vest on July 6, 2022, with an expiry date of July 6, 2024. The fair value of the options granted was $40,568, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.46%; volatility of 101%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 years. The share-based compensation expense recognized in the period for the vesting of these options was $9,558.

On July 6, 2021, the Company granted 12,500 stock options to an employee of the Company. The options have an exercise price of $5.21 and fully vest on July 6, 2023, with an expiry date of July 6, 2025. The fair value of the options granted was $43,384, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.46%; volatility of 96%; dividend rate 0%; forfeiture rate 0%; and expected life of 4 years. The share-based compensation expense recognized in the period for the vesting of these options was $5,111.

On September 1, 2021, the Company granted 475,000 stock options to employees and directors of the Company. The options have an exercise price of $5.05. The grant date fair value of the options recognized as share-based compensation for the period was $1,345,198, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.37%; volatility of 109%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

(Expressed in Canadian dollars)

6. Share capital (continued)

Stock options (continued)

The changes in options during the nine months ended September 30, 2021 and 2020 are as follows:

	September 30, 2021		December 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	$0.97
Options granted	3,215,000	$4.34	780,000	$0.49
Options exercised	(2,440,000)	$0.51	-	-
Options cancelled	-	-	(500,000)	$0.05
Options expired	-	-	(10,000)	$1.66
Options outstanding, ending	4,555,000	$2.02	3,780,000	$0.52

Details of options outstanding and exercisable at September 30, 2021 are as follows:

Number outstanding	Price	Remaining Life	Weighted average grant date fair value
125,000	$0.53	0.68 years	$0.46
965,000	$0.53	4.25 years	$0.46
250,000	$0.60	3.81 years	$0.28
1,480,000	$4.21	1.38 years	$2.24
375,000	$4.42	1.59 years	$2.55
65,000	$4.42	2.59 years	$2.75
65,000	$4.42	3.59 years	$2.93
730,000	$4.06	1.65 years	$2.34
12,500	$5.21	2.76 years	$3.25
12,500	$5.21	3.76 years	$3.47
475,000	$5.05	1.92 years	$2.83

(Expressed in Canadian dollars)

6. Share capital (continued)

Warrants

The changes in warrants during the nine months ended September 30, 2021 and 2020 are as follows:

	September 30, 2021		December 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	(3,486,003)	$0.97	-	-
Warrants outstanding, ending	15,226,403	$1.26	3,637,313	$0.98

Details of warrants outstanding and exercisable as at September 30, 2021 are as follows:

Number outstanding	Price	Remaining Life
150,057	$0.85	0.52 years
1,177,500	$0.95	0.22 years
1,551,111	$0.70	1.35 years
7,247,700	$1.00	1.21 years
19,390	$1.25	0.52 years
2,580,645	$1.80	1.27 years
2,500,000	$2.00	1.31 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.

(Expressed in Canadian dollars)

7. Related party transactions

Included in accounts payable and accrued liabilities are amounts due to related parties of $92,377 (December 31, 2020- $6,000). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

For the nine months ended September 30, 2021, the Company recorded share-based compensation of $6,005,337 (September 30, 2020 - $1,180,814) for options granted to directors, officers, employees and consultants of the Company (Note 6).

The Company's key management consists of its officers and directors. Key management compensation for the nine months ended September 30, 2021 and 2020 is as follows:

	Periods ended ended September 30,			
		2021		**2020**
Management fees	$	383,245	$	367,500
Salaries and wages		391,667		157,500
Consulting fees		83,500		138,607
	$	858,412	$	663,607

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 was 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 during the period ended September 30, 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 period ended September 30, 2021**		**For year ended December 31, 2020**
Costs incurred during the period:				
Site Due Diligence	$	52,687	$	7,658
Engineering		1,499,109		159,874
Metallurgy		1,000,443		55,411
Project Management		3,302,047		189,849
Disbursements		192,665		-
Total	**$**	**6,046,951**	**$**	**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 currency 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 Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in Euros ("EUR"), US Dollars ("USD"), and Australian Dollars ("AUD"). At September 30, 2021, the Company holds cash in EUR bank accounts of $281,380 (December 31, 2020 - $nil). A 1% change in foreign exchange rates would have an effect of $2,814 (December 31, 2020 - $nil) on foreign currency.

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 June 30, 2021 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 Company'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.

(Expressed in Canadian dollars)

10. Financial risk and capital management (continued)

Classification of financial instruments

a) Categories of financial instruments

	September 30, 2021	December 31 2020
FINANCIAL ASSETS		
FVTPL		
Cash and cash equivalents	$ 11,558,841	$ 8,987,743
Total Financial Assets	$ 11,558,841	$ 8,987,743
FINANCIAL LIABILITIES		
Amortized cost		
Trade payables	$ 3,356,611	$ 745,104
Loan payable	-	30,000
Due to related parties	-	6,000
Total Financial Liabilities	$ 3,356,611	$ 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 September 30, 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 September 30, 2021, the Group does not have any Level 3 financial instruments.

11. Supplemental non-cash transactions

During the nine months ended September 30, 2021 and September 30, 2020, the Company did not incur any non-cash transactions.