Rock Tech Lithium Inc.
Consolidated Financial Statements
December 31, 2022

Expressed in Canadian Dollars (CAD)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Rock Tech Lithium Inc.

Opinion

We have audited the consolidated financial statements of Rock Tech Lithium Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 21, 2023

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

	Note		December 31, 2022		December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents	***11, 13***	$	34,839,430	$	55,761,461
Receivables			3,231,363		826,372
Prepaid expenses and deposits			1,014,554		309,682
			39,085,347		56,897,515
Non-current assets					
Land and equipment	***3***		2,350,199		1,884,147
Right of use assets	***4***		901,576		260,991
Exploration and evaluation assets	***5***		21,940,793		12,976,889
Investment in joint venture	***6***		689,085		-
TOTAL ASSETS		$	64,967,000	$	72,019,542
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	***7, 9***	$	7,420,224	$	9,108,697
Current portion of lease liabilities	***4***		270,454		175,413
			7,690,678		9,284,110
Non-current liabilities					
Lease liabilities	***4***		746,962		87,707
Deferred tax liability	***12***		214,605		428,667
TOTAL LIABILITIES			8,652,245		9,800,484
SHAREHOLDERS' EQUITY					
Share capital	***8***		157,625,866		107,646,762
Reserves	***8***		19,917,453		14,220,963
Accumulated other comprehensive income			105,637		41,196
Deficit			(121,334,201)		(59,689,863)
TOTAL SHAREHOLDERS' EQUITY			56,314,755		62,219,058
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	64,967,000	$	72,019,542

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 15)

Approved on behalf of the Board on April 21, 2023:

"Dirk Harbecke"	*"Michelle Gahagan"*
Dirk Harbecke – Director	Michelle Gahagan – Director

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

			Year ended December 31,		
	Note		**2022**		**2021**
Expenses					
Amortization	***3, 4***	$	275,911	$	77,414
Community relations	***8***		2,277,010		-
Consulting fees	***9***		3,786,562		3,749,944
Downstream development	***9, 10***		38,071,000		9,480,336
General administration			1,384,285		636,721
Finance charges			22,121		4,668
Foreign exchange loss (gain)	***11***		(1,938,584)		704,062
Management fees	***9***		682,231		512,376
Professional fees			3,425,262		531,212
Salaries and wages	***9***		8,202,135		1,817,026
Stock-based payments	***8, 9***		3,820,287		7,328,678
Transfer agent and filing fees			263,846		180,649
Travel and promotion			1,481,092		1,239,414
Net loss for the year		$	(61,753,158)	$	(26,262,500)
Other items:					
Reversal of mineral property impairment	***5***		-		4,528,887
Net loss for the year (before taxes)			(61,753,158)		(21,733,613)
Current income tax expense	***12***		(105,242)		-
Deferred tax recovery (expense)	***12***		214,062		(428,667)
Net loss for the year			(61,644,338)		(22,162,280)
Other comprehensive income:					
Item that may be reclassified to profit or loss					
Foreign currency translation			64,441		41,196
Comprehensive loss for the year		$	(61,579,897)	$	(22,121,084)
Loss per share - basic and diluted		$	(0.79)	$	(0.38)
Weighted average number of shares outstanding - basic and diluted			77,758,370		58,289,917

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

		Common Shares		Reserves					
	Note	**Number**	**Amount**	**Conversion feature reserve**	**Stock option reserve**	**Warrant reserve**	**Accumulated other comprehensive income**	**Deficit**	**Total Shareholders' Equity**
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	8	14,511,121	56,731,338	-	-	-	-	-	56,731,338
Stock-based payments	8	-	-	-	7,328,678	-	-	-	7,328,678
Shares issued on exercise of warrants	8	6,588,814	6,221,093	-	-	-	-	-	6,221,093
Shares issued on exercise of stock options	8	2,585,000	1,413,450	-	-	-	-	-	1,413,450
Reclassification on exercise of options		-	1,235,435	-	(1,235,435)	-	-	-	-
Loss and comprehensive loss for the year		-	-	-	-	-	41,196	(22,162,280)	(22,121,084)
Balance, December 31, 2021		**72,483,898**	**$ 107,646,762**	**$ 75,994**	**$ 13,396,703**	**$ 748,266**	**$ 41,196**	**$ (59,689,863)**	**$ 62,219,058**
Shares issued for private placements	8	3,013,572	11,167,327	-	-	-	-	-	11,167,327
Shares issued for public offering	8	8,767,600	30,686,600	-	-	-	-	-	30,686,600
Stock-based payments	8	-	-	-	3,820,287	2,061,174	-	-	5,881,461
Share issuance costs	8	-	(3,018,991)	-	-	-	-	-	(3,018,991)
Shares issued on exercise of warrants	8	8,696,092	10,742,947	-	-	-	-	-	10,742,947
Shares issued on exercise of stock options	8	375,000	401,221	-	(184,971)	-	-	-	216,250
Loss and comprehensive loss for the year		-	-	-	-	-	64,441	(61,644,338)	(61,579,897)
Balance, December 31, 2022		**93,336,162**	**$ 157,625,866**	**$ 75,994**	**$ 17,032,019**	**$ 2,809,440**	**$ 105,637**	**$ (121,334,201)**	**$ 56,314,755**

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

	Year ended December 31, 2022	2021
Operating Activities		
Net loss for the year	$ (61,644,338)	$ (22,162,280)
Items Not Affecting Cash:		
Amortization	275,911	77,414
Mineral property impairment reversal	-	(4,528,887)
Non-cash interest	22,121	4,668
Stock-based payments	5,881,461	7,328,678
Deferred tax expense (recovery)	(214,062)	428,667
Changes in Non-Cash Operating Working Capital:		
Receivables	(2,404,991)	(812,377)
Prepaid expenses and deposits	(704,872)	(147,260)
Accounts payable and accrued liabilities	1,067,631	5,243,451
Net Cash used in Operating Activities	(57,721,139)	(14,567,926)
Investing Activities		
Expenditures on exploration and evaluation assets	(9,897,017)	(2,899,933)
Investment in joint venture	(689,085)	-
Purchase of land and equipment	(2,307,250)	(66,201)
Net Cash used in Investing Activities	(12,893,352)	(2,966,134)
Financing Activities		
Lease payments made	(146,610)	(69,299)
Proceeds from warrant exercises	10,742,947	6,221,093
Proceeds from option exercises	216,250	1,413,450
Proceeds from private placements	11,167,327	58,814,144
Proceeds from public offering	30,686,600	-
Repayments of loan	-	(30,000)
Share issuance costs	(3,018,991)	(2,082,806)
Net Cash provided by Financing Activities	49,647,523	64,266,582
Effect of foreign exchange on cash	44,937	41,196
Increase (decrease) in cash and cash equivalents	(20,922,031)	46,773,718
Cash and cash equivalents, beginning of year	55,761,461	8,987,743
Cash and cash equivalents, end of year	**$ 34,839,430**	**$ 55,761,461**
Supplemental cash flow information:		
Exploration and evaluation assets in accounts payable and accrued liabilities	$ 358,038	$ 1,291,151
Purchase of land and equipment in accounts payable and accrued liabilities	$ -	$ 1,822,991
Recognition of right of use assets and lease liabilities	$ 878,785	$ 327,751

See details of cash and cash equivalents in Note 13.

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 strategically focused on developing and optimizing high-quality battery grade lithium hydroxide monohydrate through the construction and operation of multiple lithium hydroxide manufacturing plants (each, a “Converter”) in Europe and North America, beginning with the Company’s proposed lithium hydroxide merchant Converter and refinery facility in Guben, Germany (the “Guben Converter”) and on developing its wholly-owned Georgia Lake spodumene project located in the Thunder Bay Mining District of Ontario, Canada (the “Georgia Lake Project”). 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 “Company”) 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 and downstream development activities and its ability to raise equity capital sufficient to meet current and future obligations. As at December 31, 2022, the Company had cash and cash equivalents of $34,839,430 which alleviates significant doubt about the Company’s ability to continue as a going concern.

2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on April 21, 2023, by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

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

Basis of preparation

The consolidated financial statements of the Company 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 (CAD) unless otherwise noted.

(Expressed in Canadian dollars)

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/Country of incorporation	Percentage owned Dec. 31, 2022	Percentage owned Dec. 31, 2021
James Bay Midarctic Developments Inc.	Ontario	100%	100%
1152011 B.C. Ltd.	BC	-	100%
Rock Tech Consulting GmbH	Germany	100%	100%
Rock Tech Guben GmbH	Germany	100%	100%
Rock Tech Europe Holding S.A. R.L.	Germany	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 land and equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based payments 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, the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses, the classification / allocation of downstream development costs as capital assets or operating expenses, whether the Company has control, joint control or significant influence over its investments, whether joint arrangements are joint ventures or jointly controlled operations, and whether mineral properties are in the exploration and evaluation stage or have established technical feasibility and commercial viability.

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

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 Company's functional and presentation currency. The functional currency of Rock Tech Consulting GmbH, Rock Tech Guben GmbH and Rock Tech Europe Holding S.A.R.L. is the Euro.

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.

The financial position and results of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at the reporting date; and

- Income and expenses are translated at monthly average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in other comprehensive income in the consolidated statement of comprehensive loss. These differences are recognized in profit or loss in the period in which the operation is disposed.

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.

Land and equipment

Land and equipment are 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 Company 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 on a straight line basis based on useful life. Any structures on exploration properties including buildings, fencing or other installations are recorded at cost and amortized using a declining balance rate of 20%.

Land is recorded at cost and is not subject to amortization.

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

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 Company 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 land, 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.

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

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

Investment in joint venture

Investment in joint venture is that where the Company has joint control of the investee and has rights to the net assets of the investee. On the initial recognition, the investment in joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of investment. The Company's share of the investee's profit or loss is recognised in the Company's consolidated statement of comprehensive loss. The distributions received from an investee reduce the carrying amount of the investment. The carrying amount is also adjusted for changes in the Company's proportionate interest in the investee arising from changes in the investee's other comprehensive income. The Company's share of those changes is recognised in the Company's other comprehensive income on the consolidated statement of comprehensive loss.

Restoration and environmental obligations

The Company 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 Company’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 Company’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 Company’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 Company’s accounting policy for exploration and evaluation assets.

Stock-based payments

The Company operates an employee stock option plan. Stock-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-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.

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

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

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)

Financial Instruments (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.

(Expressed in Canadian dollars)

3. Land and equipment

		Equipment		Land		Computer Software		Total
Cost:								
December 31, 2020	$	45,069	$	-	$	-	$	45,069
Additions for the year		66,201		1,822,991		-		1,889,192
December 31, 2021	$	111,270	$	1,822,991	$	-	$	1,934,261
Foreign exchange		(178)		20,998		-		20,820
Additions for the year		53,944		2,287		428,027		484,258
Disposals for the year		(1,649)		-		-		(1,649)
At December 31, 2022	**$**	**163,387**	**$**	**1,846,276**	**$**	**428,027**	**$**	**2,437,690**
Accumulated amortization:								
At December 31, 2020	$	(39,460)	$	-	$	-	$	(39,460)
Charge for the year		(10,654)		-		-		(10,654)
At December 31, 2021	$	(50,114)	$	-	$	-	$	(50,114)
Foreign exchange		(80)		-		-		(80)
Charge for the year		(37,711)		-		-		(37,711)
Disposals for the year		414		-		-		414
At December 31, 2022	**$**	**(87,491)**	**$**	**-**	**$**	**-**	**$**	**(87,491)**
Net book value:								
At December 31, 2021	$	61,156	$	1,822,991	$	-	$	1,884,147
At December 31, 2022	**$**	**75,896**	**$**	**1,846,276**	**$**	**428,027**	**$**	**2,350,199**

4. Right of use asset and lease liability

The Company entered into a lease agreement for long-term office space during the year ended December 31, 2022 and recognized an initial lease liability of $878,785 under IFRS 16, measured using the present value of the lease payments discounted using an incremental borrowing rate of 4%. The Company recorded a right of use asset of the same amount which relates to a long-term office lease. Depreciation of the right of use asset is calculated using the straight-line method over the remaining lease term.

During the year ended December 31, 2022, the Company recognized interest expense on the lease liability of $22,121 (December 31, 2021 - $4,668) which was recorded within finance expense.

Right-of-use assets:

Balance - December 31, 2020	$	-
Additions		327,751
Depreciation		(66,760)
Balance - December 31, 2021	$	260,991
Additions		878,785
Depreciation		(238,200)
Balance - December 31, 2022	**$**	**901,576**

(Expressed in Canadian dollars)

4. Right of use asset and lease liability (continued)

Lease liability:

Balance - December 31, 2020	$	-
Additions		327,751
Lease payments		(69,300)
Finance expense		4,668
Balance - December 31, 2021	$	263,120
Additions		878,785
Lease payments		(146,610)
Finance expense		22,121
Balance - December 31, 2022	**$**	**1,017,416**

Current lease liability included in lease	$	270,454
Non-current lease liability included in long-term lease		746,962
Total	**$**	**1,017,416**

Maturity Analysis - Undiscounted contractual payments:

		December 31, 2022
Short-term portion of the lease (<1 Year)	$	355,370
Long-term portion of the lease (>1 Year)	$	745,906
Total	**$**	**1,101,276**

(Expressed in Canadian dollars)

5. Exploration and evaluation assets

Georgia Lake, Ontario		For the year ended: December 31, 2022		For the year ended: December 31, 2021
Property acquisition costs				
Balance, beginning of year	$	1,420,375	$	1,420,375
Acquisitions		-		-
Balance, end of year		1,420,375		1,420,375
Exploration and evaluation expenditures				
Balance, beginning of year		11,556,514		2,836,543
Costs incurred during year:				
Administration		1,085,858		84,841
Assaying		583,382		163,861
Camp and field costs		709,841		237,200
Drilling		2,632,089		1,442,593
Engineering and technical reports		1,449,969		819,728
Environmental baseline and permitting		1,382,803		591,902
Field exploration		41,442		123,690
Geological consulting		699,196		352,383
Labour		246,857		339,175
Permitting and land holding costs		6,452		3,822
Transportation		126,015		31,889
Total exploration and evaluation expenditures		8,963,904		4,191,084
Reversal of mineral property impairment		-		4,528,887
Balance, end of year	**$**	20,520,418	**$**	11,556,514
Total Exploration and Evaluations Assets	**$**	**21,940,793**	**$**	**12,976,889**

Georgia Lake, Ontario
The Company holds a 100% interest in the Georgia Lake lithium project via its 100% subsidiary James Bay Midarctic Development Inc. The total Georgia Lake land package consists of 277 claim units and 41 mining leases. The Georgia Lake Project is subject to a 1.5% NSR Royalty.

The Company did not recognize any impairment on the property during the current period.

In financial reporting periods prior to the year ended December 31, 2021, the Company had recorded impairment charges on the Georgia Lake lithium project as at that time further exploration work on the property was neither budgeted nor planned. As at December 31, 2021, this condition no longer existed. The recoverable amount of the property was determined to be higher than what the carrying value would have been had no impairment been recognized, resulting in a reversal of the entire previously recorded impairment in the amount of $4,528,887.

(Expressed in Canadian dollars)

6. Investment in joint venture

In October 2022, the Company and Transmine Holdings and Investments Limited ("Transamine") entered into a definitive agreement to form a joint venture entity called RTT Lithium SA ("RTT"). Pursuant to the definitive agreement, RTT shall identify, pursue, and secure the supply of and establish a new route for lithium-bearing spodumene for the Company's planned European lithium converters. During the year ended December 31, 2022, the Company contributed a CHF 500,000 initial investment, representing 50% ownership of RTT. The Company's investment in RTT is accounted for using the equity method. As of year-end December 31, 2022, RTT had not yet commenced operations.

7. Accounts payable and accrued liabilities

		December 31, 2022		December 31, 2021
Trade payables	$	3,350,630	$	8,901,734
Accrued liabilities		4,069,594		206,963
	$	**7,420,224**	**$**	**9,108,697**

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2022, the Company had 93,336,162 common shares issued and outstanding.

During the year ended December 31, 2022, the Company had the following share transactions:

On January 5, 2022, the Company issued 331,429 units at US$4.20 ($5.37) per unit related to a private placement for total proceeds of $1,779,826. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of $6.77 until July 5, 2024. The Company recorded $59,642 as share issuance costs.

On August 19, 2022, the Company closed an offering (the "Offering") consisting of both an underwritten offering and non-brokered private placement. In connection with the closing of the Offering, the Company issued an aggregate of 11,449,743 units at a price of $3.50 per unit for aggregate gross proceeds of $40,074,100. Each unit is comprised of one common share and one-half of one Common Share purchase warrant. Each warrant entitles the holder thereof to acquire one Common Share for a period of 36 months from August 19, 2022, at an exercise price of $4.50. The Company recorded $2,959,350 as share issuance costs.

During the year ended December 31, 2022, the Company issued 375,000 common shares related to the exercise of stock options and received proceeds of $216,250.

During the year ended December 31, 2022, the Company issued 8,696,092 common shares related to the exercise of share purchase warrants and received proceeds of $10,742,947.

8. Share capital (continued)

Issued share capital (continued)

During the year ended December 31, 2021, the Company had the following share transactions:

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. The Company recorded $5,498 as share issuance costs.

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. The Company recorded $29,028 as share issuance costs.

On December 30, 2021, the Company issued 9,430,476 units at US$4.20 ($5.38) per unit related to a private placement for total proceeds of $50,814,144. Each unit consisted of one common share and one share purchase warrant exercisable into one common share at a price of $6.77 until June 30, 2024. The Company recorded $2,048,280 as share issuance costs.

During the year ended December 31, 2021, the Company issued 2,585,000 common shares related to the exercise of stock options and received proceeds of $1,413,450.

During the year ended December 31, 2021, the Company issued 6,588,814 common shares related to the exercise of share purchase warrants and received proceeds of $6,221,093.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the years ended December 31, 2022 and 2021 were 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. During the year ended December 31, 2022, the Company had a loss per share of $0.79 (December 31, 2021 - $0.38).

8. Share capital (continued)

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 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 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. During the year ended December 31, 2022, 700,000 of these options were amended, resulting in additional stock-based compensation expense of $30,614.

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 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 grant date fair value of the options 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 stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $60,243 (2021 - $118,527).

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 grant date fair value of the options 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 stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $95,088 (2021 - $63,045)

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 25, 2023, and vest as follows: 50% on August 25, 2021, and 50% on November 25, 2021. The grant date fair value of the options was $303,951, 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.

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 25, 2023, and vest as follows: 25% on August 25, 2021, 25% on November 25, 2021, 25% on February 25, 2022, and 25% on May 25, 2022. The grant date fair value of the options was $1,402,851, 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. In 2022, 150,000 of these stock options were cancelled prior to vesting. A net reversal of stock-based compensation expense of $140,229 was recorded in the year ended December 31, 2022 (2021 – $1,192,368 stock-based compensation expense).

8. Share capital (continued)

Stock options (continued)

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 grant date fair value of the options 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 stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $20,784 (2021 - $19,784).

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 grant date fair value of the options 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 stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $21,692 (2021 - $10,578).

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 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.

On January 12, 2022, the Company granted 1,196,000 stock options to directors, employees and consultants of the Company. The options have an exercise price of $6.08 and fully vest between January 12, 2024 and January 12, 2026, with expiry dates between January 12, 2026 and January 12, 2028. The grant date fair value of the options was $5,182,690, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.09%; volatility between 97% and 105%; dividend rate 0%; forfeiture rate 0%; and expected life between 4 and 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $2,750,263.

On February 14, 2022, the Company granted 100,000 stock options to employees of the Company. The options have an exercise price of $5.03 and fully vest on February 14, 2026, with an expiry date on February 14, 2028. The grant date fair value of the options was $402,969, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.43%; volatility of 103%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $208,264.

On March 7, 2022, the Company granted 25,000 stock options to an employee of the Company. The options have an exercise price of $4.19 and fully vest on March 7, 2026, with an expiry date of March 7, 2028. The grant date fair value of the options was $83,453, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.36%; volatility of 102%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $40,216.

On April 8, 2022, the Company granted 1,000 stock options to an employee of the Company. The options have an exercise price of $5.57 and fully vest on April 8, 2026, with an expiry date of April 8, 2028. The grant date fair value of these options was $4,310, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.34%; volatility of 95%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $1,855.

8. Share capital (continued)

Stock options (continued)

On April 25, 2022, the Company granted 100,000 stock options to an employee of the Company. The options have an exercise price of $4.91 and fully vest on April 25, 2026, with an expiry date of April 25, 2028. The grant date fair value of these options was $379,313, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.50%; volatility of 95%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $152,900.

On May 4, 2022, the Company granted 100,000 stock options to an officer of the Company. The options have an exercise price of $4.92 and fully vest on May 4, 2026, with an expiry date of May 4, 2028. The grant date fair value of these options was $380,149, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.59%; volatility of 95%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $147,656.

On October 17, 2022, the Company granted 300,000 stock options to directors of the Company. The options have an exercise price of $2.77 and fully vest on October 17, 2024, with an expiry date of October 17, 2026. The grant date fair value of these options was $557,023, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.10%; volatility of 96%; dividend rate 0%; forfeiture rate 0%; and expected life of 4 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $290,645.

On October 21, 2022, the Company granted 30,000 stock options to a consultant of the Company. The options have an exercise price of $3.73 and fully vest on the date of grant, with an expiry date of October 21, 2026. The grant date fair value of these options was $77,396, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.15%; volatility of 97%; dividend rate 0%; forfeiture rate 0%; and expected life of 4 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $77,396.

On October 21, 2022, the Company granted 185,000 stock options to employees and an officer of the Company. The options have an exercise price of $3.73 and fully vest on October 21, 2026, with an expiry date of October 21, 2028. The grant date fair value of these options was $457,334, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.15%; volatility of 90%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $52,357.

On December 15, 2022, the Company granted 170,000 stock options to an employee and an officer of the Company. The options have an exercise price of $2.50 and fully vest on December 15, 2026, with an expiry date of December 15, 2028. The grant date fair value of these options was $327,425, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 3.68%; volatility of 89%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2022 for the vesting of these options was $10,543.

(Expressed in Canadian dollars)

8. Share capital (continued)

Stock options (continued)

The changes in options during the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	4,410,000	$3.29	3,780,000	$0.52
Options granted	2,222,000	$4.94	3,215,000	$4.34
Options exercised	(375,000)	$0.58	(2,585,000)	$0.55
Options cancelled	(825,000)	$4.91	-	-
Options outstanding, ending	**5,432,000**	**$3.91**	**4,410,000**	**$3.29**

The weighted average share price at the date of exercise for options exercised during the year ended December 31, 2022 was $4.55 (2021 - $5.11).

Details of options outstanding and exercisable at December 31, 2022 are as follows:

Number outstanding	Number exercisable	Price	Expiry Date	Remaining Life	Weighted average grant date fair value
555,000	555,000	$4.21	February 16, 2023	0.13 years	$2.24
250,000	250,000	$4.21	March 11, 2023	0.19 years	$2.24
100,000	-	$6.08	March 11, 2023	0.19 years	$4.10
130,000	130,000	$0.53	April 30, 2023	0.33 years	$0.46
450,000	450,000	$4.21	April 30, 2023	0.33 years	$2.24
76,000	-	$6.08	April 30, 2023	0.33 years	$4.10
225,000	225,000	$4.42	May 3, 2023	0.34 years	$2.55
580,000	580,000	$4.06	May 25, 2023	0.40 years	$2.34
475,000	475,000	$5.05	September 1, 2023	0.67 years	$2.83
65,000	65,000	$4.42	May 3, 2024	1.34 years	$2.75
12,500	12,500	$5.21	July 6, 2024	1.52 years	$3.25
65,000	-	$4.42	May 3, 2025	2.34 years	$2.93
12,500	-	$5.21	July 6, 2025	2.52 years	$3.47
715,000	715,000	$0.53	December 31, 2025	3.00 years	$0.46
670,000	-	$6.08	January 12, 2026	3.04 years	$4.10
300,000	107,500	$2.77	October 17, 2026	3.80 years	$1.86
30,000	30,000	$3.73	October 21, 2026	3.81 years	$2.58
40,000	-	$6.08	January 12, 2028	5.04 years	$4.90
100,000	-	$5.03	February 14, 2028	5.13 years	$4.03
25,000	-	$4.19	March 7, 2028	5.19 years	$3.34
1,000	-	$5.57	April 8, 2028	5.27 years	$4.31
100,000	-	$4.91	April 25, 2028	5.32 years	$3.79
100,000	-	$4.92	May 4, 2028	5.35 years	$3.80
185,000	-	$3.73	October 21, 2028	5.81 years	$2.47
170,000	-	$2.50	December 15, 2028	5.96 years	$1.93
5,432,000	**3,595,000**	**$3.91**		**1.97 years**	**$2.44**

(Expressed in Canadian dollars)

8. Share capital (continued)

Warrants

On June 30, 2022, the Company granted 750,000 share purchase warrants as part of a field exploration agreement for the Georgia Lake lithium project. The warrants have an exercise price of $6.08 and fully vest immediately on the date of grant, with an expiry date of June 30, 2027. The grant date fair value of these warrants was $2,061,174, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 3.09%; volatility of 92%; dividend rate 0%; forfeiture rate 0%; and expected life of 5 years. The expense recognized in the year for the vesting of these warrants was $2,061,174 and was recorded as community relations expense.

The changes in warrants during the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022			December 31, 2021		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Warrants outstanding, beginning	21,554,068	$	3.72	13,631,761	$	0.95
Warrants issued	6,806,300	$	4.78	14,511,121	$	5.06
Warrants exercised	(8,696,092)	$	1.24	(6,588,814)	$	0.64
Warrants outstanding, ending	**19,664,276**	**$**	**5.19**	**21,554,068**	**$**	**3.72**

Details of warrants outstanding and exercisable as at December 31, 2022 are as follows:

Number outstanding	Price	Expiry Date	Remaining Life
927,500	$0.70	February 5, 2023	0.10 years
2,500,000	$2.00	January 21, 2023	0.06 years
9,430,476	$6.77	June 30, 2024	1.50 years
331,429	$6.77	July 5, 2024	1.51 years
750,000	$6.08	June 30, 2027	4.50 years
5,724,871	$4.50	August 19, 2025	2.64 years
19,664,276	**$5.19**		**1.70 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)

9. Related party transactions

Included in accounts payable and accrued liabilities are amounts due to related parties of $337,714 (December 31, 2021- $180,140). These amounts have arisen during the normal course of operations and are unsecured and non-interest bearing.

The Company's key management consists of its officers and directors. Key management compensation for the years ended December 31, 2022 and 2021 is as follows:

		Years ended December 31,		
		2022		2021
Management fees	$	690,231	$	512,376
Salaries and wages		1,446,154		579,667
Consulting fees		289,294		235,076
Stock-based payments		2,589,136		3,958,273
Downstream development		189,071		167,534
	$	**5,203,886**	**$**	**5,452,926**

10. 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. The Company commenced basic engineering and metallurgical studies regarding the planned lithium hydroxide converter during the year ended December 31, 2020. Expenses incurred during the years ended December 31, 2022 and 2021 were as follows:

Lithium Hydroxide Converter		**For the year ended December 31, 2022**		**For the year ended December 31, 2021**
Costs incurred during the year:				
Site Due Diligence	$	27,279	$	209,199
Engineering		33,592,580		2,290,130
Metallurgy		122,807		1,403,784
Project Management		1,937,198		5,577,223
Permitting		1,577,979		-
Subsidies		38,155		-
Research & Development		775,002		-
Total	**$**	**38,071,000**	**$**	**9,480,336**

In October 2022, the Company entered into a volume commitment agreement with Mercedes-Benz (the "Volume Commitment Agreement"). The Volume Commitment Agreement provides for the supply of an average of 10,000 tonnes of battery-grade lithium hydroxide per year to Mercedes-Benz for a term of five years commencing in 2026 after a product qualification period.

11. Financial instruments

Categories of financial instruments

	December 31, 2022		December 31, 2021	
Financial Assets				
Fair value through profit and loss				
Cash and cash equivalents	$	34,839,430	$	55,761,461
Total Financial Assets	$	34,839,430	$	55,761,461
Financial Liabilities				
Amortized cost				
Trade payables	$	3,350,630	$	8,901,734
Total Financial Liabilities	$	3,350,630	$	8,901,734

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 Company considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the year ended December 31, 2022.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at December 31, 2022, the Company does not have any Level 3 financial instruments.

The Company's financial instruments are exposed to the following risks:

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"). At December 31, 2022, the Company holds cash of $13,958,453 (December 31, 2021 - $285,650) in EUR bank accounts and $235,384 (December 31, 2021 - $50,214,796) in U.S. dollar bank accounts. A 1% change in foreign exchange rates would have an effect of $203,370 (December 31, 2021 - $634,364) on foreign currency. During the year ended December 31, 2022, the Company had a foreign exchange gain of $1,938,584 (December 31, 2021 - $nil).

11. Financial instruments (continued)

Fair value (continued)

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 Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada, while the remainder is deposited in bank accounts held with a major bank in Germany. As all of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to credit 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 Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company 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 Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company believes it has adequate cash at December 31, 2022 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 Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three-month periods 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 Company'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 Company consists of working and share capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

12. Income tax expense and deferred tax assets and liabilities

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

		December 31, 2022		December 31, 2021
Net loss	$	(61,753,158)	$	(21,733,613)
Statutory tax rate		26.5%		26.5%
Expected income tax recovery at the statutory tax rate		(16,364,587)		(5,710,308)
Permanent differences		(1,925,814)		1,365,626
Change in valuation allowance		18,181,581		4,773,349
Income tax expense (recovery)	**$**	**(108,820)**	**$**	**428,667**

The Company's income tax expense (recovery) is comprised of the following items:

		December 31, 2022		December 31, 2021
Current income tax expense		105,242		-
Deferred income tax expense (recovery)		(214,062)		428,667
Income tax expense (recovery)	**$**	**(108,820)**	**$**	**428,667**

The Company has recognized the following deferred tax liability:

		December 31, 2022		December 31, 2021
Canadian non-capital loss carry-forwards	$	243,184	$	29,419
Exploration and evaluation assets		(482,425)		(482,425)
Land and equipment		24,636		24,339
Net deferred tax liability	**$**	**(214,605)**	**$**	**(428,667)**

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

		December 31, 2022		December 31, 2021
Canadian non-capital loss carry-forwards	$	44,166,666	$	23,345,637
Land and equipment		49,599,687		10,369,522
Right of use asset		(1,016,450)		(177,299)
Lease liability		1,100,750		178,735
Net capital loss		333,474		333,474
Share issuance costs and other		3,683,734		1,694,542
German tax losses		1,774,162		453,148
	$	**99,642,023**	**$**	**36,197,759**

(Expressed in Canadian dollars)

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

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

	Canadian non-capital losses	Land and equipment	Net capital losses	German tax losses
2026	$ 276,743	$ -	$ -	$ -
2027	642,247	-	-	-
2028	541,154	-	-	-
2029	712,392	-	-	-
2030	1,375,368	-	-	-
2031	2,106,017	-	-	-
2032	1,291,735	-	-	-
2033	693,605	-	-	-
2034	773,860	-	-	-
2035	369,381	-	-	-
2036	615,942	-	-	-
2037	1,029,272	-	-	-
2038	1,359,004	-	-	-
2039	959,255	-	-	-
2040	1,277,859	-	-	-
2041	9,321,803	-	-	-
2042	20,821,029			
No expiry	-	49,599,687	333,474	1,774,162
	$ 44,166,666	**$ 49,599,687**	**$ 333,474**	**$ 1,774,162**

13. Supplemental cash flow disclosures

The Company's cash and cash equivalents are comprised of the following:

Cash and cash equivalents consist of:	December 31, 2022	December 31, 2021
Cash	$ 33,889,430	$ 54,811,461
Redeemable Guaranteed Investment Certificate	950,000	950,000
	$ 34,839,430	**$ 55,761,461**

(Expressed in Canadian dollars)

14. Segmented information

Operating Segments

The Company operates in three operating reportable segments: Corporate, Converter Project, and Georgia Lake Project.

A breakdown of net loss (income) for each operating segment for the years ended December 31, 2022 and 2021 is as follows:

Year ended December 31, 2022	Corporate	Converter Project	Georgia Lake Project	Total
Non-cash stock-based payments	$ 3,820,287	$ -	$ -	$ 3,820,287
Non-cash community relations expense	-	-	2,061,174	2,061,174
Other operating expenses	17,339,596	38,071,000	461,101	55,871,697
Current income tax expense	105,242	-	-	105,242
Deferred tax recovery	-	-	(214,062)	(214,062)
Net loss for the year	**$ 21,265,125**	**$ 38,071,000**	**$ 2,308,213**	**$ 61,644,338**

Year ended December 31, 2021	Corporate	Converter Project	Georgia Lake Project	Total
Non-cash stock-based payments	$ 7,328,678	$ -	$ -	$ 7,328,678
Operating expenses	9,449,412	9,480,336	4,074	18,933,822
Reversal of mineral property impairment	-	-	(4,528,887)	(4,528,887)
Deferred tax expense	-	-	428,667	428,667
Net loss (income) for the year	**$ 16,778,090**	**$ 9,480,336**	**$ (4,096,146)**	**$ 22,162,280**

A breakdown of non-current assets for each operating segment as of December 31, 2022, and December 31, 2021 is as follows:

At December 31, 2022	Corporate	Converter Project	Georgia Lake Project	Total
Land and equipment	$ 500,558	$ 1,846,276	$ 3,365	$ 2,350,199
Right of use assets	901,576	-	-	901,576
Exploration and evaluation assets	-	-	21,940,793	21,940,793
Investment in joint venture	689,085	-	-	689,085
Total non-current assets	**$ 2,091,219**	**$ 1,846,276**	**$ 21,944,158**	**$ 25,881,653**

At December 31, 2021	Corporate	Converter Project	Georgia Lake Project	Total
Land and equipment	$ 56,669	$ 1,822,991	$ 4,487	$ 1,884,147
Right of use assets	260,991	-	-	260,991
Exploration and evaluation assets	-	-	12,976,889	12,976,889
Total non-current assets	**$ 317,660**	**$ 1,822,991**	**$ 12,981,376**	**$ 15,122,027**

(Expressed in Canadian dollars)

14. Segmented information (continued)

The Company's non-current, non-financial assets are located in the following geographical areas:

December 31, 2022	Canada	Germany	Total
Land and equipment	$ 6,651	$ 2,343,548	$ 2,350,199
Right of use assets	-	901,576	901,576
Exploration and evaluation assets	21,940,793	-	21,940,793
Total	**$ 21,947,444**	**$ 3,245,124**	**$ 25,192,568**

December 31, 2021	Canada	Germany	Total
Land and equipment	$ 11,788	$ 1,872,359	$ 1,884,147
Right of use assets	-	260,991	260,991
Exploration and evaluation assets	12,976,889	-	12,976,889
Total	**$ 12,988,677**	**$ 2,133,350**	**$ 15,122,027**

15. Subsequent events

Subsequent to year end, the Company issued 3,427,500 common shares for total proceeds of $5,649,250 upon the exercise of 3,427,500 warrants.

Subsequent to year end, 905,000 stock options with exercise prices ranging from $4.21 - $6.08 expired unexercised, and 110,000 stock options with exercise prices ranging from $2.77 - $6.08 were cancelled.

On April 21, 2023, 52,500 stock options with an exercise price of $2.48 and expiry date of April 21, 2029 were granted to employees of the Company.