Rock Tech Lithium Inc.
Consolidated Financial Statements
December 31, 2023

Expressed in Canadian Dollars (CAD)

Grant Thornton

Independent Auditor's Report

Grant Thornton LLP
Suite 1600
333 Seymour Street
Vancouver, BC
V6B 0A4

T +1 604 687 2711
F +1 604 685 6569

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 statement of financial position as at December 31, 2023 and the consolidated statements of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 Consolidated 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 consolidated 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the joint arrangement as an investment in joint venture

Refer to Note 6 of the consolidated financial statements.

Investment in joint venture is recorded at $694,039 as at December 31, 2023.

Management assesses the accounting for joint arrangements upon initial recognition, or if facts and circumstances that call into question the original recognition change. The Company originally assessed the joint arrangement to be a joint venture, and circumstances have not changed to call this into question. Management considered many factors in their assessment, including whether the parties to the transaction have joint control, whether the contractual agreements give the parties rights to the assets and obligations to the liabilities of the joint arrangement, and whether the parties have designed the arrangement to primarily provide the parties to the arrangement with the output generated from the joint arrangement.

Given there can be significant complexity and many factors to consider in concluding on a joint arrangement, we have identified the assessment of the joint arrangement as a joint venture to be a key audit matter.

Our audit procedures included, amongst other procedures:

- With the assistance of a subject matter specialist in accounting, we evaluated management's assertion that the arrangement was appropriately accounted for as a joint venture through an examination of the terms and conditions of the arrangement, including but not limited to whether unanimous consent is required to pass significant decisions related to the arrangement.
- We assessed the Company's disclosures included in Note 6 of the consolidated financial statements for appropriateness in accordance with IFRS Accounting Standards.

Other Matter – Comparative Information

The consolidated financial statements of the Company as of and for the year ended December 31, 2022 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on April 21, 2023.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated 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 of 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 Robert J. Riecken.

Grant Thornton LLP

Vancouver, Canada
March 25, 2024

Chartered Professional Accountants

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

	Note		December 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents	***11, 14***	$	14,710,417	$	34,839,430
Receivables			491,144		3,231,363
Prepaid expenses and deposits			630,920		1,014,554
Total Current Assets			15,832,481		39,085,347
Non-current assets					
Property, plant and equipment	***3***		3,661,964		2,350,199
Right of use assets	***4***		690,145		901,576
Exploration and evaluation assets	***5***		25,896,959		21,940,793
Investment in joint venture	***6***		763,970		689,085
TOTAL ASSETS		$	46,845,519	$	64,967,000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	***7, 9***	$	4,670,652	$	7,420,224
Current portion of lease liabilities	***4***		215,336		270,454
Total Current Liabilities			4,885,988		7,690,678
Non-current liabilities					
Non-current portion of lease liabilities	***4***		534,576		746,962
Deferred tax liability	***13***		-		214,605
TOTAL LIABILITIES			5,420,564		8,652,245
SHAREHOLDERS' EQUITY					
Share capital	***8***		168,981,921		157,625,866
Reserves	***8***		22,349,727		19,917,453
Accumulated other comprehensive income			46,634		105,637
Deficit			(149,953,327)		(121,334,201)
TOTAL SHAREHOLDERS' EQUITY			41,424,955		56,314,755
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	46,845,519	$	64,967,000

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 16)

Approved on behalf of the Board on March 25, 2024:

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

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

		Year ended December 31,	
	Note	**2023**	**2022**
Expenses			
Downstream development	***9, 10***	$ 13,847,090	$ 41,376,850
Consulting fees	***9***	3,046,735	5,091,158
Professional fees		1,174,241	3,358,710
Community relations		153,368	2,277,010
Marketing and communication		449,622	346,693
General administration		2,123,997	2,226,716
Salaries and wages	***9***	5,223,565	4,896,286
Stock-based payments	***8, 9***	2,432,274	3,820,287
Amortization	***3, 4***	478,747	275,911
Finance charges		39,729	22,121
Foreign exchange loss (gain)	***11***	120,220	(1,938,584)
Total Expenses		$ (29,089,588)	$ (61,753,158)
Other items:			
Interest Income		(389,136)	-
Write off of exploration and evaluation assets	***5***	50,000	-
Share of net income in joint venture	***6***	(55,940)	-
Net loss for the year (before taxes)		(28,694,512)	(61,753,158)
Current income tax expense	***13***	(139,219)	(105,242)
Deferred tax recovery	***13***	214,605	214,062
Net loss for the year		(28,619,126)	(61,644,338)
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Foreign currency translation		(59,003)	64,441
Comprehensive loss for the year		$ (28,678,129)	$ (61,579,897)
Loss per share - basic and diluted		$ (0.30)	$ (0.79)
Weighted average number of shares outstanding - basic and diluted		96,576,943	77,758,370

Certain prior year comparative amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported comprehensive loss for the year.

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 (loss)	Deficit	Total Shareholders' Equity
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		8,767,600	30,686,600	-	-	-	-	-	30,686,600
Stock-based payments		-	-	-	3,820,287	2,061,174	-	-	5,881,461
Share issuance costs	8	-	(3,018,990)	-	-	-	-	-	(3,018,990)
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**	**$ 157,625,867**	**$ 75,994**	**$ 17,032,019**	**$ 2,809,440**	**$ 105,637**	**$ (121,334,201)**	**$ 56,314,756**
Shares issued for private placements	8	4,478,754	5,822,380	-	-	-	-	-	5,822,380
Stock-based payments	8	-	-	-	2,432,274	-	-	-	2,432,274
Share issuance costs	8	-	(140,576)	-	-	-	-	-	(140,576)
Shares issued for exploration and evaluation assets	5, 8	12,623	25,000	-	-	-	-	-	25,000
Shares issued on exercise of warrants	8	3,427,500	5,649,250	-	-	-	-	-	5,649,250
Loss and comprehensive loss for the year		-	-	-	-	-	(59,003)	(28,619,126)	(28,678,129)
Balance, December 31, 2023		**101,255,039**	**$ 168,981,921**	**$ 75,994**	**$ 19,464,293**	**$ 2,809,440**	**$ 46,634**	**$ (149,953,327)**	**$ 41,424,955**

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

	Year ended December 31, 2023	2022
Operating Activities		
Net loss for the year	$ (28,619,126)	$ (61,644,338)
Items Not Affecting Cash:		
Amortization	478,747	275,911
Shares issued for exploration and evaluation assets	25,000	-
Finance charges	39,729	22,121
Share of net income in joint venture	(55,940)	-
Stock-based payments	2,432,274	5,881,461
Deferred tax recovery	(214,605)	(214,062)
Changes in Non-Cash Operating Working Capital:		
Receivables	2,740,219	(2,404,991)
Prepaid expenses and deposits	383,634	(704,872)
Accounts payable and accrued liabilities	(3,124,746)	1,067,631
Net Cash used in Operating Activities	(25,914,814)	(57,721,139)
Investing Activities		
Expenditures on exploration and evaluation assets	(3,580,991)	(9,897,017)
Investment in joint venture	-	(689,085)
Purchase of property, plant and equipment	(1,476,553)	(2,307,250)
Net Cash used in Investing Activities	(5,057,544)	(12,893,352)
Financing Activities		
Lease payments made	(396,166)	(146,610)
Proceeds from warrant exercises	5,649,250	10,742,947
Proceeds from option exercises	-	216,250
Proceeds from private placements	5,822,380	11,167,327
Proceeds from public offering	-	30,686,600
Share issuance costs	(140,576)	(3,018,991)
Net Cash provided by Financing Activities	10,934,888	49,647,523
Effect of foreign exchange on cash	(91,543)	44,936
Decrease in cash and cash equivalents	(20,129,013)	(20,922,031)
Cash and cash equivalents, beginning of year	34,839,430	55,761,461
Cash and cash equivalents, end of year	**$ 14,710,417**	**$ 34,839,430**
Supplemental cash flow information:		
Exploration and evaluation assets in accounts payable and accrued liabilities	$ 733,213	$ 358,038
Recognition of right of use assets and lease liabilities	-	878,785

See details of cash and cash equivalents in Note 14.

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 was moved from BC to Ontario as of October 1, 2023, and is located at 333 Bay Street, Suite 2400, Toronto, ON, Canada, M5H 2T6.

2. Material accounting policies and basis of preparation

These consolidated financial statements were authorized for issue on March 25, 2024, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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.

Functional currency

The Company's functional currency is the Canadian dollar. The functional currency is determined based on the primary economic environment in which the Company operates. The consolidated financial statements are prepared in Canadian dollars, which is the Company's reporting currency.

Foreign Currency Transactions and Translations

Foreign currency transactions are recorded at the exchange rate as at the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in profit and loss.

Gains and losses resulting from translating the financial statements of an entity's whose functional currency differs from the presentation currency are recorded in other comprehensive income (loss). Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing at the balance sheet date. Income and expenses of foreign operations are translated at average rates of exchange for the reporting period.

(Expressed in Canadian dollars)

2. Material 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	Functional Currency	Percentage owned Dec. 31, 2023	Percentage owned Dec. 31, 2022
Rock Tech Georgia Lake Inc.	Ontario	CAD	100%	100%
Rock Tech Consulting GmbH	Germany	EUR	100%	100%
Rock Tech Guben GmbH	Germany	EUR	100%	100%
Rock Tech Europe Holding S.A. R.L.	Luxembourg	EUR	-	100%

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

During the year ended December 31, 2023, Rock Tech Europe Holding S.A.R.L. was merged with Rock Tech Consulting GmbH.

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS Accounting Standards 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 property, plant 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 Accounting Standards 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.

The Company does not yet have a source of revenue and its 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. The Company has a successful track record of raising equity financing (note 8), and as at December 31, 2023, the Company had cash and cash equivalents of $14,710,417 (December 31, 2022 - $34,839,430) which, in management's judgement, alleviates significant doubt about the Company's ability to continue as a going concern given its budgeted cashflow requirements.

2. Material 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, and other short-term highly liquid investments with original maturities of three months or less.

Property, Plant and equipment

Property, Plant 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 loss and 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.

The following table discloses the useful life of each property, plant, and equipment category:

Category	Useful Life (Years)
Building	16
Leasehold Improvements	4
Equipment	4
Computer Software	3

Land and asset under construction are recorded at cost and are not subject to amortization.

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.

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. Material accounting policies and basis of preparation (continued)

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 loss and 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.

Investment in associates and joint venture

A joint venture is a joint arrangement whereby the parties to the joint arrangement have 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 loss and 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 loss and comprehensive loss.

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

Right of use assets and lease liabilities

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and an interest expense. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.
The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise. Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the statement of loss and comprehensive loss. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred, in the statement of loss and comprehensive loss.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset.

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 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.

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

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units, whereby the value of the units is allocated to the value of the common shares first and the residual is allocated to the warrants.

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.

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 financial 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	Amortized cost
Receivables	Amortized cost
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.

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

Financial Instruments (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 loss and 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.

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

New accounting standards not yet adopted

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period."
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. This is just a clarification, and the Company has been consistently following above requirements. The amendment is expected to have no impact on the Company's financial statements on adoption.

Disclosure of accounting policy information (Amendments to IAS 1)

The IASB has issued amendments to IAS 1. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures and replaces the requirement to disclose "significant accounting policies" with the requirement to disclose "material accounting policies".

This amendment is effective for annual periods starting on or after January 1, 2023. The amendment is expected to have no impact on the Company's financial statements on adoption.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8. The amendments clarify the distinction between a change in an accounting policy and a change in an accounting estimate and provides a definition for accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

This amendment is effective for annual periods starting on or after January 1, 2023. The amendment is expected to have no impact on the Company's financial statements on adoption.

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

New accounting standards not yet adopted (continued)

Accounting for deferred tax on leases and decommissioning obligations

The IASB has issued amendments to IAS 12. The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations.

IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

This amendment is effective for annual periods starting on or after January 1, 2023. The amendment is expected to have no impact on the Company's financial statements on adoption.

Temporary relief from accounting for deferred taxes (Amendments to IAS 12)

The IASB has issued amendments to IAS 12. The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform.

The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. More than 135 countries and jurisdictions representing more than 90% of global GDP have agreed to the Pillar Two model rules.

The amendments will introduce:

- a temporary exception—to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. This will help to ensure consistency in the financial statements while easing into the implementation of the rules; and
- targeted disclosure requirements—to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Companies can benefit from the temporary exception immediately but are required to provide the disclosures to investors for annual reporting periods beginning on or after January 1, 2023. The amendments are expected to have no impact on the Company's financial statements on adoption.

(Expressed in Canadian dollars)

3. Property, plant, and equipment

	Land	Building	Leasehold Improvements	Equipment	Computer Software	Asset under Construction	Total
Cost:							
At December 31, 2021	$ 1,822,991	$ -	$ -	$ 111,270	$ -	$ -	$ 1,934,261
Foreign exchange	20,998	-	-	(178)	-	-	20,820
Additions for the year	2,287	-	-	53,944	428,027	-	484,258
Disposals for the year	-	-	-	(1,649)	-	-	(1,649)
At December 31, 2022	$ 1,846,276	$ -	$ -	$ 163,387	$ 428,027	$ -	$ 2,437,690
Foreign exchange	8,032	-	-	699	17,306	-	26,037
Additions for the year	-	76,752	28,224	-	61,396	1,310,181	1,476,553
At December 31, 2023	**$ 1,854,308**	**$ 76,752**	**$ 28,224**	**$ 164,086**	**$ 506,729**	**$ 1,310,181**	**$ 3,940,280**
Accumulated amortization:							
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)
Foreign exchange	-	-	-	227	(4,691)	-	(4,464)
Charge for the year	-	(1,209)	(3,003)	(40,880)	(141,269)	-	(186,361)
At December 31, 2023	**$ -**	**$ (1,209)**	**$ (3,003)**	**$ (128,144)**	**$ (145,960)**	**$ -**	**$ (278,316)**
Net book value:							
At December 31, 2022	$ 1,846,276	$ -	$ -	$ 75,896	$ 428,027	$ -	$ 2,350,199
At December 31, 2023	**$ 1,854,308**	**$ 75,543**	**$ 25,221**	**$ 35,942**	**$ 360,769**	**$ 1,310,181**	**$ 3,661,964**

During the year ended December 31, 2023, the Company commenced site preparation for construction of the Guben Converter and incurred costs of $1,310,181 which have been capitalized as property, plant and equipment.

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 - Leases, 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, 2023, the Company recognized interest expense on the lease liability of $39,729 (December 31, 2022 - $22,121) which was recorded within finance charges.

Right-of-use assets:

Balance - December 31, 2021	$	260,991
Additions		878,785
Depreciation		(238,200)
Balance - December 31, 2022	$	901,576
Foreign exchange		80,953
Depreciation		(292,384)
Balance - December 31, 2023	**$**	**690,145**

(Expressed in Canadian dollars)

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

Lease liability:

Balance - December 31, 2021	$	263,120
Additions		878,785
Lease payments		(146,610)
Finance charges		22,121
Balance - December 31, 2022	$	1,017,416
Foreign exchange		88,933
Lease payments		(396,166)
Finance charges		39,729
Balance - December 31, 2023	**$**	**749,912**

Current lease liability included in lease	$	215,336
Non-current lease liability included in long-term lease		534,576
Total	**$**	**749,912**

Maturity Analysis - Undiscounted contractual payments:

		December 31, 2023
Short-term portion of the lease (<1 Year)	$	243,609
Long-term portion of the lease (>1 Year)	$	621,037
Total	**$**	**864,646**

(Expressed in Canadian dollars)

5. Exploration and evaluation assets

		For the year ended: December 31, 2023		For the year ended: December 31, 2022
Georgia Lake:				
Balance, beginning of year	$	21,940,793	$	12,976,889
Costs incurred during year:				
General management		901,157		1,211,873
Engineering		286,161		1,449,969
Exploration		2,523,555		4,912,807
Environment and permitting		245,293		1,389,255
Balance, end of year	**$**	**25,896,959**	**$**	**21,940,793**

Georgia Lake, Ontario
The Company holds a 100% interest in the Georgia Lake lithium project. The Georgia Lake Project is subject to a 1.5% NSR Royalty.

Boston Lake Option Agreement (the "Option Agreement")
In July 2023, the Company was granted the option to acquire a 100% undivided interest in the unpatented mining claims associated with the property in the Thunder Bay Mining District of Ontario (the "Boston Lake Claims").

During the year ended December 31, 2023, the Company made cash payments of $25,000 (December 31, 2022 - $nil) and issued 12,623 shares with a value of $25,000 (December 31, 2022 - $nil). These amounts were initially capitalized as exploration and evaluation assets and subsequently written off when it was determined that the Company would not be pursing the option agreement.

As of December 31, 2023, the Company has made the decision to not pursue the Option Agreement and therefore does not expect to incur any further exploration expenditures, cash payments, or share issuances in relation to the Option Agreement.

(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 500,000 Swiss Francs ("CHF") initial investment, representing 50% ownership of RTT. The Company's investment in RTT is accounted for using the equity method.

		December 31, 2023		December 31, 2022
Opening balance	$	689,085	$	-
Initial investment in RTT		-		689,085
Company's share of RTT's net income		55,940		-
Company's equity - other comprehensive income		18,945		-
Investment in joint venture, carrying value	$	763,970	$	689,085

As at		December 31, 2023		December 31, 2022
Current assets	$	1,567,343	$	1,378,170
Current liabilities		(39,404)		-
Net assets	$	1,527,939	$	1,378,170
The Company's share of net assets - 50% (2022 - 50%)	$	763,970	$	689,085

7. Accounts payable and accrued liabilities

		December 31, 2023		December 31, 2022
Trade payables	$	1,795,109	$	3,350,630
Accrued liabilities		2,875,543		4,069,594
	$	**4,670,652**	**$**	**7,420,224**

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2023, the Company had 101,255,039 common shares issued and outstanding.

On July 11, 2023, the Company issued 12,623 shares with a value of $25,000 as part of the consideration requirements in the Boston Lake Option Agreement.

On December 29, 2023, the Company issued 4,478,754 units at $1.30 per unit as part of a private placement for total gross proceeds of $5,822,380 and recorded $140,576 as share issuance costs, for net proceeds of $5,681,804. Each unit consisted of one common share and one half of one share purchase warrant exercisable into one common share at a price of $1.69 until December 29, 2026.

During the year ended December 31, 2023, the Company issued 3,427,500 common shares related to the exercise of share purchase warrants and received proceeds of $5,649,250.

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 gross proceeds of $1,779,826 and recorded $59,642 as share issuance costs, for net proceeds of $1,720,184. 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.

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.

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.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the years ended December 31, 2023 and 2022 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, 2023, the Company had a loss per share of $0.30 (December 31, 2022 - $0.79).

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 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 payments expense recognized in the year ended December 31, 2023 for the vesting of these options was $564,949 (2022 - $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 payments expense recognized in the year ended December 31, 2023 for the vesting of these options was $32,257 (2022 - $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. During the year ended December 31, 2023, the 25,000 stock options were cancelled and a net reversal of stock-based payments expense of $5,444 was recorded in the year ended December 31, 2023 (2022 – expense of $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 payments expense recognized in the year ended December 31, 2023 for the vesting of these options was $1,545 (2022 - $1,855).

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 payments expense recognized in the year ended December 31, 2023 for the vesting of these options was $142,529 (2022 - $152,900).

8. Share capital (continued)

Stock options (continued)

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. In 2023, 75,000 of these stock options were cancelled prior to vesting. A net reversal of stock-based payments expense of $52,619 was recorded in the year ended December 31, 2023 (2022 – expense of $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 payments expense recognized in the year ended December 31, 2023 for the vesting of these options was $131,822 (2022 - $290,645).

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 payments expense recognized in the year ended December 31, 2023 for the vesting of these options was $147,179 (2022 - $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, 2023 for the vesting of these options was $239,672 (2022 - $10,543).

On April 21, 2023, the Company granted 52,500 stock options to employees of the Company. The options have an exercise price of $2.48 and fully vest on April 21, 2027, with an expiry date of April 21, 2029. The grant date fair value of these options was $98,187, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 3.80%; 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, 2023 for the vesting of these options was $40,146.

On May 24, 2023, the Company granted 25,000 stock options to an employee of the Company. The options have an exercise price of $2.33 and fully vest on May 24, 2027, with an expiry date of May 24, 2029. The grant date fair value of these options was $44,349, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.18%; 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, 2023 for the vesting of these options was $15,771.

(Expressed in Canadian dollars)

8. Share capital (continued)

Stock options (continued)

On June 22, 2023, the Company granted 1,640,000 stock options to employees and officers of the Company. The options have an exercise price of $2.00 and fully vest on June 22, 2025, with an expiry date of June 21, 2029. The grant date fair value of these options was $2,509,548, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.69%; 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, 2023 for the vesting of these options was $1,118,682.

On August 4, 2023, the Company granted 25,000 stock options to employees of the Company. The options have an exercise price of $1.96 and fully vest on August 4, 2025, with an expiry date of August 3, 2029. The grant date fair value of these options was $37,085, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.60%; volatility of 88%; dividend rate 0%; forfeiture rate 0%; and expected life of 6 years. The stock-based compensation expense recognized in the year ended December 31, 2023 for the vesting of these options was $12,629.

The changes in options during the year ended December 31, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	5,432,000	$3.91	4,410,000	$3.29
Options granted	1,742,500	$2.02	2,222,000	$4.94
Options exercised	-	-	(375,000)	$0.58
Options expired	(1,705,000)	$4.43	-	-
Options forfeited	(1,596,000)	$3.86	(825,000)	$4.91
Options outstanding, ending	**3,873,500**	**$2.84**	**5,432,000**	**$3.91**

Details of options outstanding and exercisable at December 31, 2023 are as follows:

Number outstanding	Number exercisable	Price	Expiry Date	Remaining Life	Weighted average grant date fair value
65,000	65,000	$4.42	May 3, 2024	0.34 years	$2.75
12,500	12,500	$5.21	July 6, 2024	0.52 years	$3.25
65,000	65,000	$4.42	May 3, 2025	1.34 years	$2.93
12,500	12,500	$5.21	July 6, 2025	1.52 years	$3.47
715,000	715,000	$0.53	December 31, 2025	2.00 years	$0.46
670,000	642,077	$6.08	January 12, 2026	2.04 years	$4.10
200,000	141,663	$2.77	October 17, 2026	2.80 years	$1.86
35,000	35,000	$3.73	October 21, 2026	2.81 years	$2.58
30,000	14,375	$6.08	January 12, 2028	4.04 years	$4.90
75,000	34,373	$5.03	February 14, 2028	4.13 years	$4.03
1,000	417	$5.57	April 8, 2028	4.27 years	$4.31
100,000	41,667	$4.91	April 25, 2028	4.32 years	$3.79
115,000	42,292	$3.73	October 21, 2028	4.81 years	$2.47
170,000	42,500	$2.50	December 15, 2028	4.96 years	$1.93
52,500	-	$2.48	April 21, 2029	5.31 years	$1.85
25,000	-	$2.33	May 24, 2029	5.40 years	$1.77
1,525,000	162,500	$2.00	June 21, 2029	5.48 years	$1.53
5,000	-	$1.96	August 3, 2029	5.59 years	$1.96
3,873,500	**2,026,864**	**$2.84**		**3.78 years**	**$2.04**

(Expressed in Canadian dollars)

8. Share capital (continued)

The changes in warrants during the year ended December 31, 2023, and 2022 are as follows:

	December 31, 2023			December 31, 2022		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Warrants outstanding, beginning	19,664,276	$	5.19	21,554,068	$	3.72
Warrants issued	2,239,377	$	1.69	6,806,300	$	4.78
Warrants exercised	(3,427,500)	$	1.65	(8,696,092)	$	1.24
Warrants outstanding, ending	**18,476,153**	**$**	**5.42**	**19,664,276**	**$**	**5.19**

Details of warrants outstanding and exercisable as at December 31, 2023 are as follows:

Number outstanding	Price	Expiry Date	Remaining Life
9,430,476	$6.77	June 30, 2024	0.50 years
331,429	$6.77	July 5, 2024	0.51 years
5,724,871	$4.50	August 19, 2025	1.64 years
2,239,377	$1.69	December 29, 2026	3.00 years
750,000	$6.08	June 30, 2027	3.50 years
18,476,153	**$5.42**		**1.28 years**

Stock option reserve
The stock option reserve records items recognized as stock-based payments 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

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

Included in accounts payable and accrued liabilities are amounts due to related parties of $360,527 (December 31, 2022- $337,714). 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 payments for the years ended December 31, 2023, and 2022 is as follows:

	Years ended December 31,	
	2023	**2022**
Salaries and wages	$ 1,024,062	$ 1,446,154
Consulting fees	1,102,717	979,525
Stock-based payments	1,407,095	2,589,136
Downstream development	-	189,071
	$ 3,533,874	**$ 5,203,886**

10. Downstream development

During the year ended December 31, 2020, the Company commenced plans to build lithium hydroxide converters. During the year ended December 31, 2023, the Company continued to progress the development of the Guben Converter, which is being designed to process spodumene concentrate from multiple sources, with initial supply sourced via third-party feedstock agreements, to process lithium hydroxide. Expenses incurred during the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31	
Lithium Hydroxide Converter	**2023**	**2022**
Engineering	$ 6,445,329	$ 33,592,580
Project Management	4,869,885	5,243,048
Permitting	1,602,859	1,577,979
Research and Development	423,158	775,002
Other	505,859	188,241
Total	**$ 13,847,090**	**$ 41,376,850**

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 tons 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, 2023		December 31, 2022
Financial Assets				
Amortized cost				
Cash and cash equivalents	$	14,710,417	$	34,839,430
Receivables	$	491,144	$	3,231,363
Total Financial Assets	$	15,201,561	$	38,070,793
Financial Liabilities				
Amortized cost				
Accounts payable and accrued liabilities	$	4,670,652	$	7,420,224
Total Financial Liabilities	$	4,670,652	$	7,420,224

Fair value

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. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- 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 of September 30, 2023, 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"). As of December 31, 2023, the Company holds cash of $7,483,378 (December 31, 2022 - $13,958,453) in EUR bank accounts and $8,184 (December 31, 2022 - $235,384) in U.S. dollar bank accounts. A 1% change in foreign exchange rates would have an effect of $108,431 (December 31, 2022 - $203,370) on foreign currency. During the year ended December 31, 2023, the Company had a foreign exchange loss of $120,220 (December 31, 2022 - $1,938,584 foreign exchange gain).

11. Financial instruments (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 cash is deposited in bank accounts held with major banks in Canada and 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 on December 31, 2023, 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.

12. Capital management

The Company's policy is to maintain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of $10,946,493 of working capital and $168,981,921 of share capital (December 31, 2022 - $31,394,669 working capital and $157,625,866 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)

13. 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, 2023		December 31, 2022
Net loss	$	(28,694,512)	$	(61,753,158)
Statutory tax rate		26.5%		26.5%
Expected income tax recovery at the statutory tax rate		(7,604,046)		(16,364,587)
Permanent differences		647,092		(1,925,814)
Unrecognized tax benefits		7,568,060		18,181,581
Rate changes and differences		(686,492)		-
Income tax recovery	**$**	**(75,386)**	**$**	**(108,820)**

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

		December 31, 2023		December 31, 2022
Current income tax expense	$	139,219	$	105,242
Deferred income tax recovery		(214,605)		(214,062)
Income tax recovery	**$**	**(75,386)**	**$**	**(108,820)**

The Company has recognized the following deferred tax liability:

		December 31, 2023		December 31, 2022
Canadian non-capital loss carry-forwards	$	469,175	$	243,184
Exploration and evaluation assets		(469,175)		(482,425)
Property, plant and equipment		-		24,636
Net deferred tax liability	**$**	**-**	**$**	**(214,605)**

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

		December 31, 2023		December 31, 2022
Deductible taxable differences	$	64,405,578	$	53,367,721
Tax losses		63,522,392		46,274,302
	$	**127,927,971**	$	**99,642,023**

The Company has $57,506,459 in Canadian loss carryforwards and $6,015,933 in German loss carryforwards available to offset future taxable income.

(Expressed in Canadian dollars)

14. Supplemental cash flow disclosures

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

Cash and cash equivalents consist of:		December 31, 2023		December 31, 2022
Cash	$	14,710,417	$	33,889,430
Redeemable Guaranteed Investment Certificate		-		950,000
	$	**14,710,417**	**$**	**34,839,430**

15. Segmented information

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

The operating segments are structured as follows:

- Corporate- General corporate and administrative activities in Canada, Germany and Switzerland
- Converter Project- Development of the Guben Converter in Germany
- Georgia Lake Project- Exploration and evaluation activities for the Georgia Lake lithium project in Ontario

A breakdown of net loss for each operating segment for the years ended December 31, 2023, and 2022 is as follows:

For the year ended December 31, 2023		**Corporate**		**Converter Project**		**Georgia Lake Project**		**Total**
Non-cash stock-based payments	$	2,432,274	$	-	$	-	$	2,432,274
Amortization		476,416		-		2,331		478,747
Other operating expenses		12,009,554		13,847,090		321,923		26,178,567
Interest income		(389,136)		-		-		(389,136)
Write off of exploration and evaluation assets		-		-		50,000		50,000
Share of loss in joint venture		(55,940)		-		-		(55,940)
Current income tax expense		139,219		-		-		139,219
Deferred tax recovery		-		-		(214,605)		(214,605)
Net loss for the year	**$**	**14,612,387**	**$**	**13,847,090**	**$**	**159,649**	**$**	**28,619,126**

For the year ended December 31, 2022		**Corporate**		**Converter Project**		**Georgia Lake Project**		**Total**
Non-cash stock-based payments	$	3,820,287	$	-	$	-	$	3,820,287
Amortization		274,789				1,122		275,911
Non-cash community relations expense		-		-		2,061,174		2,061,174
Other operating expenses		13,758,957		41,376,850		459,979		55,595,786
Current income tax expense		105,242		-		-		105,242
Deferred tax recovery		-		-		(214,062)		(214,062)
Net loss for the year	**$**	**17,959,275**	**$**	**41,376,850**	**$**	**2,308,213**	**$**	**61,644,338**

(Expressed in Canadian dollars)

15. Segmented information (continued)

A breakdown of non-current assets for each operating segment as of December 31, 2023, and December 31, 2022, is as follows:

At December 31, 2023		Corporate		Converter Project		Georgia Lake Project		Total
Property, plant and equipment	$	415,230	$	3,168,948	$	77,786	$	3,661,964
Right of use assets		690,145		-		-		690,145
Exploration and evaluation assets		-		-		25,896,959		25,896,959
Investment in joint venture		763,970		-		-		763,970
Total non-current assets	**$**	**1,869,345**	**$**	**3,168,948**	**$**	**25,974,745**	**$**	**31,013,038**

At December 31, 2022		Corporate		Converter Project		Georgia Lake Project		Total
Property, plant 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**

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

December 31, 2023		Canada		Germany		Switzerland		Total
Property, plant and equipment	$	77,786	$	3,584,178	$	-	$	3,661,964
Right of use assets		-		690,145		-		690,145
Exploration and evaluation assets		25,896,959		-		-		25,896,959
Investment in joint venture		-		-		763,970		763,970
Total	**$**	**25,974,745**	**$**	**4,274,323**	**$**	**763,970**	**$**	**31,013,038**

December 31, 2022		Canada		Germany		Switzerland		Total
Property, plant 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
Investment in joint venture		-		-		689,085		689,085
Total	**$**	**21,947,444**	**$**	**3,245,124**	**$**	**689,085**	**$**	**25,881,653**

16. Subsequent Event

On February 22, 2024, 3,170,000 stock options with an exercise price of $1.13 and expiry date of February 21, 2029 were granted to directors, officers, employees and consultants of the Company.