

RockTech Lithium

**Rock Tech Lithium Inc.
Condensed Interim Consolidated Financial Statements
March 31, 2024**

**Expressed in Canadian Dollars (CAD)
(Unaudited)**

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

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

	<i>Note</i>	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash	11	\$ 10,496,470	\$ 14,710,417
Receivables		262,465	491,144
Prepaid expenses and deposits		743,459	630,920
Total Current Assets		11,502,394	15,832,481
Non-current assets			
Property, plant and equipment	3	3,606,110	3,661,964
Right of use assets	4	638,148	690,145
Exploration and evaluation assets	5	26,235,966	25,896,959
Investment in joint venture	6	771,795	763,970
TOTAL ASSETS		\$ 42,754,413	\$ 46,845,519
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	7, 9	\$ 3,263,221	\$ 4,670,652
Current portion of lease liabilities	4	217,363	215,336
Total Current Liabilities		3,480,584	4,885,988
Non-current liabilities			
Non-current portion of lease liabilities	4	479,090	534,576
TOTAL LIABILITIES		3,959,674	5,420,564
SHAREHOLDERS' EQUITY			
Share capital	8	168,981,921	168,981,921
Reserves	8	25,136,356	22,349,727
Accumulated other comprehensive income		58,934	46,634
Deficit		(155,382,472)	(149,953,327)
TOTAL SHAREHOLDERS' EQUITY		38,794,739	41,424,955
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 42,754,413	\$ 46,845,519

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved on behalf of the Board on May 22, 2024:

"Dirk Harbecke"

Dirk Harbecke – Director

"Michelle Gahagan"

Michelle Gahagan – Director

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

		Three months ended March 31,	
	<i>Note</i>	2024	2023
Expenses			
Downstream development	9, 10	\$ 431,656	\$ 8,138,609
Consulting fees	9	431,682	822,472
Professional fees		137,704	283,314
Community relations		7,657	14,416
Marketing and communication		76,463	111,057
General administration		407,953	623,429
Salaries and wages	9	1,069,183	1,454,438
Stock-based payments	8, 9	2,786,629	633,945
Amortization	3, 4	106,955	116,675
Finance charges		7,879	10,833
Foreign exchange loss	11	32,908	32,048
Total Expenses		\$ (5,496,669)	\$ (12,241,236)
Other items:			
Interest Income		(101,337)	-
Share of net income in joint venture	6	8,342	5,477
Net loss for the period (before taxes)		(5,403,674)	(12,246,713)
Current income tax expense		(25,471)	-
Deferred tax recovery		-	65,128
Net loss for the period		(5,429,145)	(12,181,585)
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Foreign currency translation		12,300	106,078
Comprehensive loss for the period		\$ (5,416,845)	\$ (12,075,507)
Loss per share - basic and diluted		\$ (0.05)	\$ (0.13)
Weighted average number of shares outstanding - basic and diluted		101,255,039	95,874,252

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

	Note	Common Shares		Reserves			Accumulated other comprehensive income	Deficit	Total Shareholders' Equity
		Number	Amount	Conversion feature reserve	Stock option reserve	Warrant reserve			
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
Stock-based payments	8	-	-	-	633,945	-	-	-	633,945
Shares issued on exercise of warrants	8	3,427,500	5,649,250	-	-	-	-	-	5,649,250
Loss and comprehensive income for the period		-	-	-	-	-	106,078	(12,181,585)	(12,075,507)
Balance, March 31, 2023		96,763,662	\$ 163,275,116	\$ 75,994	\$ 17,665,964	\$ 2,809,440	\$ 211,715	\$ (133,515,786)	\$ 50,522,443
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
Stock-based payments	8	-	-	-	2,786,629	-	-	-	2,786,629
Loss and comprehensive income for the period		-	-	-	-	-	12,300	(5,429,145)	(5,416,845)
Balance, March 31, 2024		101,255,039	\$ 168,981,921	\$ 75,994	22,250,922	2,809,440	58,934	(155,382,472)	38,794,739

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

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

	Three months ended March 31,	
	2024	2023
Operating Activities		
Net loss for the period	\$ (5,429,145)	\$ (12,181,585)
Items Not Affecting Cash:		
Amortization	106,955	116,675
Finance charges	7,879	10,829
Share of net income in joint venture	8,342	5,484
Stock-based payments	2,786,629	633,945
Deferred tax recovery	-	(65,128)
Changes in Non-Cash Operating Working Capital:		
Receivables	228,679	2,701,476
Prepaid expenses and deposits	(112,539)	(550,131)
Accounts payable and accrued liabilities	(1,204,691)	768,331
Net Cash used in Operating Activities	(3,607,891)	(8,560,104)
Investing Activities		
Expenditures on exploration and evaluation assets	(541,746)	(1,251,161)
Purchase of property, plant and equipment	-	(507,501)
Net Cash used in Investing Activities	(541,746)	(1,758,662)
Financing Activities		
Lease payments made	(60,961)	(56,653)
Proceeds from warrant exercises	-	5,649,250
Net Cash provided by (used in) Financing Activities	(60,961)	5,592,597
Effect of foreign exchange on cash	(3,349)	68,883
Decrease in cash and cash equivalents	(4,213,947)	(4,657,286)
Cash, beginning of year	14,710,417	34,839,430
Cash, end of period	\$ 10,496,470	\$ 30,182,144
Supplemental cash flow information:		
Exploration and evaluation assets in accounts payable and accrued liabilities	\$ 155,299	\$ 520,697

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 May 22, 2024, by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The condensed interim 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.

These unaudited condensed interim consolidated financial statements have been prepared based on the principles of International Financial Reporting Standards (IFRS) and International Accounting Standard 34, “Interim Financial Reporting” and follows the same accounting policies and methods of application as the Company’s most recent annual financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements and accompanying notes for the period ended March 31, 2024. Accordingly, the accounting policies applied are the same as those applied in the annual financial statements which are filed on SEDAR at www.sedar.com.

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.

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	
			Mar. 31, 2024	Dec. 31, 2023
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%

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 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 March 31, 2024, the Company had cash and cash equivalents of \$10,496,470 (December 31, 2023 - \$14,710,417) which, in management's judgement, alleviates significant doubt about the Company's ability to continue as a going concern given its budgeted cashflow requirements.

Rock Tech Lithium Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)
For the three months ended March 31, 2024 and 2023

3. Property, plant, and equipment

	Land	Building	Leasehold Improvements	Equipment	Computer Software	Asset under Construction	Total
Cost:							
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
Foreign exchange	(1,142)	-	(17)	(65)	(312)	(807)	(2,343)
At March 31, 2024	\$ 1,853,166	\$ 76,752	\$ 28,207	\$ 164,021	\$ 506,417	\$ 1,309,374	\$ 3,937,937
Accumulated amortization:							
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)
Foreign exchange	-	-	-	1,636	156	-	1,792
Charge for the period	-	(605)	(1,798)	(10,632)	(42,268)	-	(55,303)
At March 31, 2024	\$ -	\$ (1,814)	\$ (4,801)	\$ (137,141)	\$ (188,072)	\$ -	\$ (331,827)
Net book value:							
At December 31, 2023	\$ 1,854,308	\$ 75,543	\$ 25,221	\$ 35,942	\$ 360,769	\$ 1,310,181	\$ 3,661,964
At March 31, 2024	\$ 1,853,166	\$ 74,938	\$ 23,406	\$ 26,880	\$ 318,345	\$ 1,309,374	\$ 3,606,110

During the year ended December 31, 2023, the Company commenced site preparation for construction of the Guben Converter 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 period ended March 31, 2024, the Company recognized interest expense on the lease liability of \$7,879 (March 31, 2023 - \$10,829) which was recorded within finance charges.

Right-of-use assets:

Balance - December 31, 2022	\$ 901,576
Foreign exchange	80,951
Depreciation	(292,384)
Balance - December 31, 2023	\$ 690,143
Foreign exchange	(342)
Depreciation	(51,653)
Balance - March 31, 2024	\$ 638,148

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

Lease liability:

Balance - December 31, 2022	\$ 1,017,416
Foreign exchange	88,931
Lease payments	(396,166)
Finance expense	39,729
Balance - December 31, 2023	\$ 749,910
Foreign exchange	(376)
Lease payments	(60,961)
Finance expense	7,879
Balance - March 31, 2024	\$ 696,453
Current lease liability included in lease	\$ 217,363
Non-current lease liability included in long-term lease	479,090
Total	\$ 696,453

Maturity Analysis - Undiscounted contractual payments:

	March 31, 2024
Short-term portion of the lease (<1 Year)	\$ 243,460
Long-term portion of the lease (>1 Year)	\$ 559,793
Total	\$ 803,253

5. Exploration and evaluation assets

	For the period ended:		For the year ended:	
	March 31, 2024		December 31, 2023	
Georgia Lake:				
Balance, beginning of year	\$	25,896,959	\$	21,940,793
Costs incurred during period:				
General management		294,150		901,157
Engineering		-		286,161
Exploration		34,356		2,523,555
Environment and permitting		10,501		245,293
Balance, end of period	\$	26,235,966	\$	25,896,959

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.

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.

	March 31, 2024		December 31, 2023	
Opening balance	\$	763,970	\$	689,085
Initial investment in RTT		-		-
Company's share of RTT's net income		(8,342)		55,940
Company's equity - other comprehensive income		16,167		18,945
Investment in joint venture, carrying value	\$	771,795	\$	763,970

	March 31, 2024		December 31, 2023	
As at				
Current assets	\$	1,601,280	\$	1,567,343
Current liabilities		(57,691)		(39,404)
Net assets	\$	1,543,589	\$	1,527,939
The Company's share of net assets - 50% (2023 - 50%)	\$	771,795	\$	763,970

7. Accounts payable and accrued liabilities

	March 31, 2024	December 31, 2023
Trade payables	\$ 1,308,055	\$ 1,795,109
Accrued liabilities	1,955,166	2,875,543
	\$ 3,263,221	\$ 4,670,652

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2024, the Company had 101,255,039 common shares issued and outstanding.

During the period ended March 31, 2024, the Company did not have any share transactions.

During the year ended December 31, 2023, the Company had the following share transactions:

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.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the periods ended March 31, 2024 and 2023 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 period ended March 31, 2024, the Company had a loss per share of \$0.05 (March 31, 2023 - \$0.13).

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. During the period ended March 31, 2024, 20,000 options were forfeited and a net reversal of stock-based payments expense of \$24,917 was recorded (2023 - \$271,664 stock-based payments expense).

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 period ended March 31, 2024 for the vesting of these options was \$8,827 (2023 - \$46,068).

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 period ended March 31, 2024 for the vesting of these options was \$209 (2023 - \$625).

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 period ended March 31, 2024 for the vesting of these options was \$19,033 (2023 - \$55,044).

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 period ended March 31, 2024 for the vesting of these options was \$13,972 (2023 - \$40,019).

8. Share capital (continued)

Stock options (continued)

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. During the period ended March 31, 2024, 45,500 options were forfeited and a net reversal of stock-based payments expense of \$22,431 was recorded (2023 - \$66,368 stock-based payments expense).

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 period ended March 31, 2024 for the vesting of these options was \$32,764 (2023 - \$59,305).

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 period ended March 31, 2024 for the vesting of these options was \$14,383 (2023 - \$nil).

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 period ended March 31, 2024 for the vesting of these options was \$6,494 (2023 - \$nil).

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 period ended March 31, 2024 for the vesting of these options was \$174,827 (2023 - \$nil).

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. During the period ended March 31, 2024, 10,000 options were forfeited and a net reversal of stock-based payments expense of \$424 was recorded (2023 - \$nil).

8. Share capital (continued)

Stock options (continued)

On February 22, 2024, the Company granted 3,170,000 stock options to employees of the Company. The options have an exercise price of \$1.13 and fully vest immediately on grant date, with an expiry date of February 21, 2029. The grant date fair value of these options was \$2,563,892 based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 4.32%; volatility of 89%; dividend rate 0%; forfeiture rate 0%; and expected life of 5 years. The stock-based compensation expense recognized in the period ended March 31, 2024 for the vesting of these options was \$2,563,892 (2023 - \$nil).

The changes in options during the three months ended March 31, 2024 and year ended December 31, 2023 are as follows:

	March 31, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	3,873,500	\$2.84	5,432,000	\$3.91
Options granted	3,170,000	\$1.13	1,742,500	\$2.02
Options expired	-	-	(1,705,000)	\$4.43
Options forfeited	(175,500)	\$2.78	(1,596,000)	\$3.86
Options outstanding, ending	6,868,000	\$2.05	3,873,500	\$2.84

Details of options outstanding and exercisable at March 31, 2024 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	0.09 years	\$2.75
12,500	12,500	\$5.21	July 6, 2024	0.27 years	\$3.25
65,000	65,000	\$4.42	May 3, 2025	1.09 years	\$2.93
12,500	12,500	\$5.21	July 6, 2025	1.27 years	\$3.47
715,000	715,000	\$0.53	December 31, 2025	1.75 years	\$0.46
670,000	670,000	\$6.08	January 12, 2026	1.79 years	\$4.10
200,000	159,162	\$2.77	October 17, 2026	2.55 years	\$1.86
35,000	35,000	\$3.73	October 21, 2026	2.56 years	\$2.58
30,000	16,250	\$6.08	January 12, 2028	3.79 years	\$4.90
50,000	26,039	\$5.03	February 14, 2028	3.88 years	\$4.03
1,000	479	\$5.57	April 8, 2028	4.02 years	\$4.31
100,000	47,917	\$4.91	April 25, 2028	4.07 years	\$3.79
79,500	29,927	\$3.73	October 21, 2028	4.56 years	\$2.47
170,000	71,875	\$2.50	December 15, 2028	4.71 years	\$1.93
3,170,000	3,170,000	\$1.13	February 21, 2029	4.90 years	\$0.81
52,500	-	\$2.48	April 21, 2029	5.06 years	\$1.85
25,000	-	\$2.33	May 24, 2029	5.15 years	\$1.77
1,400,000	162,500	\$2.00	June 21, 2029	5.23 years	\$1.53
15,000	-	\$1.96	August 3, 2029	5.35 years	\$1.48
6,868,000	5,259,149	\$2.05		4.13 years	\$1.47

8. Share capital (continued)

Warrants

The changes in warrants during the three months ended March 31, 2024 and year ended December 31, 2023 are as follows:

	March 31, 2024		December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	18,476,153	\$ 5.42	19,664,276	\$ 5.19
Warrants issued	-	\$ -	2,239,377	\$ 1.69
Warrants exercised	-	\$ -	(3,427,500)	\$ 1.65
Warrants outstanding, ending	18,476,153	\$ 5.42	18,476,153	\$ 5.42

Details of warrants outstanding and exercisable as at March 31, 2024 are as follows:

Number outstanding	Price	Expiry Date	Remaining Life
9,430,476	\$6.77	June 30, 2024	0.25 years
331,429	\$6.77	July 5, 2024	0.26 years
5,724,871	\$4.50	August 19, 2025	1.39 years
2,239,377	\$1.69	December 29, 2026	2.75 years
750,000	\$6.08	June 30, 2027	3.25 years
18,476,153	\$5.42		1.03 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.

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 \$293,637 (December 31, 2023- \$360,527). 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 three months ended March 31, 2024 and 2023 is as follows:

	Three months ended March 31,	
	2024	2023
Salaries and wages	\$ 386,740	\$ 346,851
Consulting fees	225,744	277,680
Stock-based payments	1,333,514	305,655
	\$ 1,945,998	\$ 930,186

10. Downstream development

During the year ended December 31, 2020, the Company commenced plans to build lithium hydroxide converters. During the period ended March 31, 2024, 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 periods ended March 31, 2024 and 2023 were as follows:

Lithium Hydroxide Converter	For the three months ended March 31	
	2024	2023
Engineering	\$ 103,035	\$ 5,394,640
Project Management	285,640	1,260,212
Permitting	35,772	1,248,568
Research and Development	5,019	83,719
Other	2,190	151,470
Total	\$ 431,656	\$ 8,138,609

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

	March 31, 2024	December 31, 2023
Financial Assets		
Amortized cost		
Cash and cash equivalents	\$ 10,496,470	\$ 14,710,417
Receivables	\$ 262,465	\$ 491,144
Total Financial Assets	\$ 10,758,935	\$ 15,201,561
Financial Liabilities		
Amortized cost		
Accounts payable and accrued liabilities	\$ 3,263,221	\$ 4,670,652
Total Financial Liabilities	\$ 3,263,221	\$ 4,670,652

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 March 31, 2024, 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 March 31, 2024, the Company holds cash of \$6,907,372 (December 31, 2023 - \$7,483,378) in EUR bank accounts and \$5,174 (December 31, 2023 - \$8,184) in U.S. dollar bank accounts. A 1% change in foreign exchange rates would have an effect of \$99,994 (December 31, 2023 - \$108,431) on foreign currency. During the period ended March 31, 2024, the Company had a foreign exchange loss of \$32,908 (March 31, 2023 - \$32,048 foreign exchange loss).

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 March 31, 2024, 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. As of March 31, 2024, the capital structure of the Company consists of \$8,021,810 of working capital and \$168,981,921 of share capital (December 31, 2023 - \$10,946,493 working capital and \$168,981,921 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.

13. 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 periods ended March 31, 2024 and 2023 is as follows:

For the three months ended March 31, 2024	Corporate	Converter Project	Georgia Lake Project	Total
Non-cash stock-based payments	\$ 2,786,629	\$ -	\$ -	\$ 2,786,629
Amortization	106,070	-	885	106,955
Other operating expenses	2,133,606	431,656	37,823	2,603,085
Interest income	(101,337)	-	-	(101,337)
Share of loss in joint venture	8,342	-	-	8,342
Current income tax expense	25,471	-	-	25,471
Net loss for the period	\$ 4,958,781	\$ 431,656	\$ 38,708	\$ 5,429,145

For the three months ended March 31, 2023	Corporate	Converter Project	Georgia Lake Project	Total
Non-cash stock-based payments	\$ 633,945	\$ -	\$ -	\$ 633,945
Amortization	106,070	-	885	106,955
Other operating expenses	3,317,427	8,138,609	44,300	11,500,336
Current income tax expense	5,477	-	-	5,477
Deferred tax recovery	-	-	(65,128)	(65,128)
Net loss for the period	\$ 4,062,919	\$ 8,138,609	\$ (19,943)	\$ 12,181,585

A breakdown of non-current assets for each operating segment as of March 31, 2024 and December 31, 2023 is as follows:

At March 31, 2024	Corporate	Converter Project	Georgia Lake Project	Total
Property, plant and equipment	\$ 363,326	\$ 3,165,883	\$ 76,901	\$ 3,606,110
Right of use assets	638,148	-	-	638,148
Exploration and evaluation assets	-	-	26,235,966	26,235,966
Investment in joint venture	771,795	-	-	771,795
Total non-current assets	\$ 1,773,269	\$ 3,165,883	\$ 26,312,867	\$ 31,252,019

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

Rock Tech Lithium Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
(Unaudited)
For the three months ended March 31, 2024 and 2023

13. Segmented information (continued)

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

March 31, 2024	Canada	Germany	Switzerland	Total
Property, plant and equipment	\$ 76,901	\$ 3,529,209	\$ -	\$ 3,606,110
Right of use assets	-	638,148	-	638,148
Exploration and evaluation assets	26,235,966	-	-	26,235,966
Investment in joint venture	-	-	771,795	771,795
Total	\$ 26,312,867	\$ 4,167,357	\$ 771,795	\$ 31,252,019

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