



**Rock Tech Lithium Inc.
Consolidated Financial Statements
September 30, 2018**

Expressed in Canadian Dollars

**Consolidated Statements of Financial Position as at September 30, 2018 and December 31, 2017
Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2018 and 2017
Consolidated Statements of Shareholders' Equity for the nine months ended September 30, 2018 and 2017
Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2018 and 2017
Notes to the Consolidated Financial Statements**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

	Note	September 30, 2018	December 31, 2017
ASSETS		\$	\$
Current assets			
Cash		1,901,693	2,897,532
Receivables		7,397	19,388
Prepaid expenses and deposits	8	174,661	42,462
		2,083,751	2,959,382
Non-current assets			
Equipment	4	9,311	10,955
Exploration and evaluation assets	5	3,307,729	2,977,846
TOTAL ASSETS		5,400,791	5,948,183
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	6	293,086	321,783
Due to related parties	8	28,106	21,866
TOTAL LIABILITIES		321,192	343,649
SHAREHOLDERS' EQUITY			
Share capital	7	31,248,289	30,424,121
Reserves	7	6,268,600	5,174,111
Deficit		(32,437,290)	(29,993,698)
TOTAL SHAREHOLDERS' EQUITY		5,079,599	5,604,534
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,400,791	5,948,183

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 11)

Approved on behalf of the Board:

"DIRK HARBECKE"

Dirk Harbecke – Director

"MARTIN STEPHAN"

Martin Stephan – Director

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

	Notes	Three Months ended September 30,		Nine Months ended September 30,	
		2018	2017	2018	2017
Expenses					
Amortization		\$ 548	\$ 658	\$ 1,643	\$ 1,973
Consulting		22,296	-	83,466	6,440
General administration		23,544	25,611	45,064	41,881
Management fees	9	99,000	90,000	279,000	270,000
Marketing and promotion		128,531	83,591	392,137	251,354
Professional fees		10,913	124	19,000	8,934
Project investigation		17,022	72,968	119,856	169,144
Salaries and wages		49,500	45,000	139,500	135,000
Stock based payments	8	1,295,203	49,219	1,344,489	49,219
Transfer agent & filing fees		1,952	5,755	19,435	17,616
		(1,648,509)	(372,926)	(2,443,590)	(951,561)
Other Items					
Realized gain/(loss) on investments	3	-	-	-	2,895
Mineral property impairment	5	-	-	-	-
Income/(loss) for the period		\$ (1,648,509)	\$ (372,926)	\$ (2,443,590)	\$ (948,666)
Other comprehensive income that may be reclassified to net income:					
Unrealized gain/(loss) on investments		-	-	-	(1,020)
Comprehensive income/(loss) for the period		\$ (1,648,509)	\$ (372,926)	\$ (2,443,590)	\$ (949,686)
Earning/(loss) per share – basic and diluted		(0.05)	(0.01)	(0.07)	(0.04)
Weighted average number of common shares outstanding – basic and diluted		33,739,513	27,058,563	33,739,513	27,058,563

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

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

	Note	Share capital		Reserves			Deficit	Accumulated other comprehensive income(loss)	Total
		Number of Shares	Amount	Conversion feature reserve	Stock option reserve	Warrant reserve			
Balance at December 31, 2016		27,033,420	28,362,125	75,994	2,473,950	748,266	(26,717,666)	1,020	4,943,689
Shares issued on option exercise	7	260,000	146,800	-	-	-	-	-	146,800
Share premium	7	-	133,900	-	(133,900)	-	-	-	-
Shares issued for warrant exercise	7	6,018,978	1,729,296	-	-	-	-	-	1,729,296
Shares issued for services	7,10	52,618	52,000	-	-	-	-	-	52,000
Stock-based payments	7	-	-	-	2,009,801	-	-	-	2,009,801
Loss and comprehensive loss for the year		-	-	-	-	-	(3,276,032)	(1,020)	(3,277,052)
Balance at December 31, 2017		33,365,016	30,424,121	75,994	4,349,851	748,266	(29,993,698)	-	5,604,534
Shares issued on option exercise	7	500,000	275,000	-	-	-	-	-	275,000
Share premium	7	-	250,000	-	(250,000)	-	-	-	-
Shares issued for warrant exercise	7	468,334	234,167	-	-	-	-	-	234,167
Shares issued for services	7,10	51,553	65,000	-	-	-	-	-	65,000
Stock-based payments	7	-	-	-	1,344,489	-	-	-	1,344,489
Loss and comprehensive loss for the period		-	-	-	-	-	(2,443,590)	-	(2,443,590)
Balance at September 30, 2018		34,384,903	31,248,288	75,994	5,444,340	748,266	32,437,288	-	5,079,600
Balance at December 31, 2016		27,033,420	28,362,125	75,994	2,473,950	748,266	(26,717,666)	1,020	4,943,689
Shares issued for option exercise	8	100,000	55,000	-	-	-	-	-	55,000
Share premium	8	-	50,000	-	(50,000)	-	-	-	-
Shares issued for services	8	43,332	39,000	-	-	-	-	-	39,000
Stock-based payments	8	-	-	-	49,219	-	-	-	49,219
Loss and comprehensive loss for the period		-	-	-	-	-	(948,666)	(1,020)	(949,686)
Balance at September 30, 2017		27,176,752	28,506,125	75,994	2,473,169	748,266	(27,666,332)	-	4,137,222

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

Rock Tech Lithium Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Operating activities				
Net income/(loss) for the period	\$(1,648,509)	\$(372,926)	\$(2,443,591)	\$(948,666)
Adjustments for non-cash items:				
Amortization	548	658	1,643	1,973
Non-cash interest	-	-	-	-
Stock based payments	1,295,203	49,219	1,344,489	49,219
Mineral property impairment	-	-	-	-
(Gain)/loss on sale of investments	-	-	-	(2,895)
Unrealized (gain)/loss on sale of investments	-	-	-	-
Foreign exchange loss	-	-	-	-
Changes in non-cash working capital items:				
Receivables	82	73,543	11,992	31,255
Prepaid expenses and deposits	(17,182)	(8,900)	(132,200)	(23,369)
Accounts payables and accrued liabilities	10,027	6,056	(28,697)	(66,961)
Due to related parties	12,584	702	6,241	20,101
Net cash flows used in operating activities	(347,246)	(251,647)	(1,240,123)	(939,342)
Investing activities				
Disposition of investments	-	-	-	7,125
Disposition of equipment	-	-	-	-
Expenditures on exploration and evaluation assets	(105,525)	(74,648)	(264,883)	(776,020)
Net cash flows from (used in) investing activities	(105,525)	(74,648)	(264,883)	(768,895)
Financing activities				
Proceeds from exercise of stock options	192,500	55,000	275,000	55,000
Proceeds from exercise of warrants	79,167	-	234,167	-
Net cash flows from financing activities	271,667	55,000	509,167	55,000
Increase (decrease) in cash and cash equivalents	(181,104)	(271,295)	(995,839)	(1,653,237)
Cash and cash equivalents, beginning	2,082,797	1,704,709	2,897,532	3,086,650
Cash and cash equivalents, ending	\$1,901,693	\$ 1,433,413	\$ 1,901,693	\$ 1,433,413

See supplemental disclosure of non-cash transactions in Note 10.

1. Nature and continuance of operations

Rock Tech Lithium Inc. (the “Company”) was incorporated in British Columbia (“BC”) and is involved in mineral exploration. The Company is a Tier II listed issuer on the TSX Venture Exchange (“TSX-V”) and trades under the symbol “RCK”. The head office, principal address and records office of the Company are located at 777 Hornby Street, Suite 600, Vancouver, BC, Canada, V6Z 1S4.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries (the “Group”) will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2018, the Company had not advanced any of its properties to commercial production. The recoverability of carrying amounts for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral properties, the ability of the Company to obtain necessary financing to complete exploration and development, achievement of future profitable production or proceeds from the disposition thereof. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company’s continuation as a going-concern is dependent upon the successful results of its mineral property exploration activities and its ability to raise equity capital sufficient to meet current and future obligations. As at September 30, 2018, the Company has no source of revenue, has an accumulated deficit of \$32,437,290 and expects to incur further losses in the exploration and development of its mineral properties. The Company has working capital of \$1,762,559. Management believes that the Company has sufficient working capital to fund on-going operating costs for the foreseeable future.

2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on November 29, 2018 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

The consolidated interim financial statements have been prepared in accordance with accounting policies as prescribed under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of Rock Tech Lithium Inc. as at and for the year ended December 31, 2017. Accordingly, the accounting policies applied are the same as those applied in the above annual financial statements which are filed on SEDAR at www.sedar.com.

Basis of preparation

The consolidated financial statements of the Group have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. Significant accounting policies and basis of preparation (cont'd)

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

	Province of incorporation	Percentage owned	
		September 30, 2018	Dec. 31, 2017
James Bay Midarctic Developments Inc.	Ontario	100%	100%
1127075 B.C. Ltd.	BC	100%	100%
1152011 B.C. Ltd.	BC	100%	0%
Minerales de Baterias, S.A. de C.V.	Mexico	100%	100%

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

Significant estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and assumptions.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include: the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent and subsidiary company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

2. Significant accounting policies and basis of preparation (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. At December 31, 2017 and 2016 the Company had no cash equivalents.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Equipment is recorded at cost and amortized using a declining balance rate of 20%. Any structures on exploration properties including buildings, fencing or other installations are recorded at cost and amortized using a declining balance rate of 20%. The Company records one-half amortization in the year of acquisition.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Group has obtained the legal rights to explore an area are recognized in profit or loss. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

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

Impairment of assets (continued)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

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

Restoration and environmental obligations

The Group recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Group's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Group's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Group's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Group's accounting policy for exploration and evaluation assets.

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

Share-based payments

The Group operates an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial Instruments

The Company classifies financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired or issued. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. Financial assets classified as fair value through profit or loss includes cash.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They would be included in current assets, except for maturities greater than 12 months after the end of the reporting period. These would be classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments would be included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company has no held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, being the date on which the Company commits to purchase the asset. The Company's non-derivative financial liabilities comprise accounts payable and due to related parties.

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

Financial Instruments (continued)

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Income taxes

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.

Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through premium liability"). Provided that the Company has renounced the related expenditures, the flow-through premium liability is reversed and a deferred tax liability is recognized. The reduction to the flow-through premium liability is recognized in profit or loss as other income.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

New accounting standards, amendments and interpretations

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2017 and have not been applied in preparing these consolidated financial statements. These new standards will not have a significant effect on the consolidated financial statements of the Company.

3. Investments

During the six months ended June 30, 2017, the Company disposed of its remaining investment, classified as available-for-sale, acquired during the year ended December 31, 2014, and realized a gain of \$2,895.

4. Equipment

	Field equipment
Cost:	
At December 31, 2015, 2016, 2017	\$ 45,069
Accumulated Amortization:	
At December 31, 2015	(27,952)
Charge for the year	(3,423)
At December 31, 2016	(31,375)
Charge for the year	(2,739)
At December 31, 2017	(34,114)
Charge for the period	(1,643)
At September 30, 2018	(35,757)
Net book value:	
At December 31, 2017	\$ 10,955
At September 30, 2018	\$ 9,312

5. Exploration and evaluation assets

	Georgia Lake	El Nogalito	Period ended September 30, 2018	Year-ended December 31, 2017
Property acquisition costs				
Balance, beginning of year	\$1,419,525	\$ -	\$ 1,419,525	\$ 1,419,204
Acquisitions	-	30,432	30,432	321
Balance, end of year	\$1,419,525	\$ 30,432	1,449,957	1,419,525
Exploration and evaluation expenditures				
Balance, beginning of year	\$1,558,321	\$ -	\$1,558,321	575,505
Costs incurred during year:				
Administration	-	-	-	47,929
Assaying	7,520	-	7,520	16,760
Camp and field costs	8,511	-	8,511	155,647
Drilling	-	-	-	398,732
Geological consulting	144,516	-	144,516	294,012
Labour	2,822	-	2,822	52,700
Permitting and land holding costs	8,520	-	8,520	2,140
Reports and maps	122,525	-	122,525	1,680
Transportation	5,038	-	5,038	13,216
Less recoveries	-	-	-	-
	299,451	-	299,451	982,816
Balance, end of year	1,857,772	30,342	1,857,772	1,558,321
Total	\$3,277,297	\$30,342	\$ 3,307,729	\$ 2,977,846

The Company holds a 100% interest in the Georgia Lake lithium project in Ontario, Canada. During the year ended December 31, 2017, the Company staked 2 claim units covering 32 hectares. During the year ended December 31, 2016, the Company staked 71 claim units covering 1,136 hectares. The total Georgia Lake land package consists of 295 claim units and 81 mining leases covering 5,762 hectares.

The Company has an option, subject to regulatory approval, to acquire a 100% interest in the El Nogalito lithium project in Sonora, Mexico. The terms of the option are as follows:

- Payment of US\$20,000 within thirty (30) days of signing (paid);
- Payment of US\$20,000 and issuance of 20,000 common shares upon granting of Mining Concessions by Mexican authorities;
- Payment of US\$20,000 and issuance of 30,000 common shares of Rock Tech on the first anniversary;
- Payment of US\$20,000 and issuance of 40,000 common shares of Rock Tech on the second anniversary;
- Payment of US\$50,000 and issuance of 160,000 common shares of Rock Tech on the third anniversary;
- Spend a minimum of US\$500,000 in exploration expenditures by the third anniversary.

6. Accounts payable and accrued liabilities

	September 30, 2018	December 31, 2017
Trade payables	\$ 293,086	\$ 322,649
Accrued liabilities	-	21,000
	\$ 293,086	\$ 343,649

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2018, there were 34,384,903 common shares issued and outstanding (2017 – 27,176,752).

During the period ended September 30, 2018:

On January 9, 2018, the Company issued 150,000 common shares related to the exercise of stock options. The options had an exercise price of \$0.55 per share.

On January 17, 2018, the Company issued 100,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On January 22, 2018, the Company issued 15,663 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$1.66 per share, or \$26,000.

On April 23, 2018, the Company issued 10,400 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$1.25 per share, or \$13,000.

On May 10, 2018, the Company issued 100,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On June 18, 2018, the Company issued 110,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On July 3, 2018, the Company issued 33,334 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On July 4, 2018, the Company issued 125,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On July 16, 2018, the Company issued 100,000 common shares related to the exercise of stock options. The stock options had an exercise price of \$0.55 per share.

On July 19, 2018, the Company issued 50,000 common shares related to the exercise of stock options. The stock options had an exercise price of \$0.55 per share.

On July 23, 2018, the Company issued 200,000 common shares related to the exercise of stock options. The stock options had an exercise price of \$0.55 per share.

7. Share capital (continued)

On August 31, 2018, the Company issued 25,490 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$1.02 per share, or \$26,000.

At December 31, 2017, there were 33,365,016 common shares issued and outstanding (2016 – 27,033,420).

During the year ended December 31, 2017:

On March 17, 2017, the Company issued 14,444 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$0.90 per share, or \$13,000.

On May 17, 2017, the Company issued 14,444 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$0.90 per share, or \$13,000.

On July 6, 2017, the Company issued 14,444 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$0.90 per share, or \$13,000.

On August 30, 2017, the Company issued 100,000 common shares related to the exercise of stock options. The options had an exercise price of \$0.55 per share.

On October 13, 2017, the Company issued 10,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On November 1, 2017, the Company issued 100,000 common shares related to the exercise of stock options. The options had an exercise price of \$0.55 per share.

On November 3, 2017, the Company issued 1,933,585 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.20 per share.

On November 10, 2017, the Company issued 941,666 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On November 10, 2017, the Company issued 30,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$1.45 per share.

On November 16, 2017, the Company issued 30,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$1.45 per share.

On November 16, 2017, the Company issued 50,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On November 16, 2017, the Company issued 50,000 common shares related to the exercise of stock options. The options had an exercise price of \$0.55 per share.

On November 16, 2017, the Company issued 10,000 common shares related to the exercise of stock options. The options had an exercise price of \$0.93 per share.

On November 21, 2017, the Company issued 9,286 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$1.40 per share, or \$13,000.

7. Share capital (continued)

On December 5, 2017, the Company issued 500,000 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.50 per share.

On December 5, 2017, the Company issued 2,195,830 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.20 per share.

On December 27, 2017, the Company issued 327,897 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.20 per share.

During the year ended December 31, 2016:

On February 25, 2016, the Company issued 1,000,000 shares related to the exercise of stock options. The stock options had an exercise price of \$0.05.

On April 28, 2016, the Company settled a loan payable in the amount of \$151,105 via the issuance of 3,022,096 shares with a fair value of \$0.05 per share.

On July 5, 2016, the Company issued 3,940,000 units related to a private placement. Each unit, offered at \$0.30, was comprised of one common share and one-half of a share purchase warrant with each whole warrant exercisable into one common share at a price of \$0.50 per share.

On September 12, 2016, the Company issued 16,981 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$0.53 per share, or \$9,000.

On September 20, 2016, the Company issued 275,357 common shares related to the exercise of warrants. The warrants had an exercise price of \$0.20.

On December 20, 2016, the Company issued 15,000 common shares related to a shares-for-services consulting agreement. The shares were issued at a fair value of \$0.90 per share, or \$13,500.

On December 22, 2016, the Company issued 3,011,112 units related to a private placement. Each unit, offered at \$0.90, was comprised of one common share and one-half of a share purchase warrant with each whole warrant exercisable into one common share at a price of \$1.45 per share.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2018 and 2017 was based on the loss attributable to common shareholders and the weighted average number of common shares outstanding. Diluted loss per share did not include the effect of stock options and warrants as the effect would be anti-dilutive.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. In connection with the foregoing, the number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common

7. Share capital (continued)

Shares at the time of the grant, unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities.

On July 29, 2016, the Company granted 1,300,000 stock options to directors and officers of the Company. The options have an exercise price of \$0.55. The grant date fair value of the options recognized as share-based compensation in the year was \$648,139, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.86%; volatility of 150%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On July 18, 2017, the Company granted 55,000 stock options to a director of the Company. The options have an exercise price of \$0.93. The grant date fair value of the options recognized as share-based compensation in the year was \$49,219, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.86%; volatility of 150%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On December 20, 2017, the Company granted 1,350,000 stock options to directors and officers of the Company. The options have an exercise price of \$1.50. The grant date fair value of the options recognized as share-based compensation in the year was \$1,960,582, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.86%; volatility of 150%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On January 12, 2018, the Company granted 10,000 stock options to a consultant of the Company. The options have an exercise price of \$1.66. The grant date fair value of the options recognized as share-based compensation in the year was \$16,217, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.86%; volatility of 150%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On May 23, 2018, the Company granted 25,000 stock options to a consultant of the Company. The options have an exercise price of \$1.36. The grant date fair value of the options recognized as share-based compensation in the year was \$33,069, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 0.86%; volatility of 150%; dividend rate 0%; forfeiture rate 0%; and expected life of 2 years.

On August 6, 2018, the Company granted 1,505,000 stock options to a directors, officers and consultants of the Company. The options have an exercise price of \$0.88. The grant date fair value of the options recognized as share-based compensation in the year was \$1,295,203 based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 2.23%; volatility of 150%; dividend rate 0%; forfeiture rate 0%; and expected life of 4 years.

7. Share capital (continued)

The changes in options during the nine months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018		September 30, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,945,000	\$ 0.91	1,800,000	\$ 0.41
Options granted	1,540,000	0.89	55,000	0.93
Options exercised	(500,000)	0.55	(100,000)	0.55
Options expired	(550,000)	0.55	-	-
Options outstanding, ending	3,435,000	\$ 0.91	1,755,000	\$ 0.42

Details of options outstanding at September 30, 2018 are as follows:

Number outstanding	Price	Remaining Life	Weighted average grant date fair value
500,000	\$0.05	1.67 years	\$0.046
45,000	\$0.93	0.79 years	\$0.895
1,350,000	\$1.50	1.22 years	\$1.452
10,000	\$1.66	1.28 years	\$1.622
25,000	\$1.36	1.64 years	\$1.323
1,505,000	\$0.88	3.85 years	\$0.861

Warrants

The changes in warrants during the nine months ended September 30, 2018 and 2017 are as follows:

	September 30, 2018		June 30, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	1,913,890	\$ 1.22	7,932,868	\$ 0.51
Warrants issued	-	-	-	-
Warrants exercised	(468,334)	0.50	-	-
Warrants outstanding, ending	1,445,556	\$ 1.45	7,932,868	\$ 0.51

Details of warrants outstanding as at September 30, 2018 are as follows:

Number outstanding	Price	Remaining Life
1,445,556	\$1.45	2.25 years

On October 29, 2018, the Company received TSX Venture Exchange approval to extend the expiry date of 1,445,556 warrants. The warrants, originally due to expire on December 23, 2018, now expire on December 31, 2020. No changes were made to the exercise price of the warrants.

7. Share capital (continued)

Reserves

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in the reserve account.

Warrant reserve

The warrant reserve records items recognized as the value of agent's warrants issued with respect to financings, until such time as the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount remains in the reserve account.

Conversion feature reserve

The conversion feature reserve records the value of conversion features related to convertible debt financings, until such time as the conversion feature is exercised, at which time the corresponding amount will be transferred to share capital. If the debt expires unconverted, the amount remains in the reserve account.

8. Related party transactions

Related party balances

The following amounts are due to related parties:

	September 30, 2018	December 31, 2017
Directors and officers of the Company and its subsidiaries	\$ 28,106	\$ 21,866
Management fees included in Prepaid expenses	\$ -	\$ 15,000

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The Group incurred the following transactions with directors and officers of the Company.

	Nine months ended September 30,	
	2018	2017
Director fees	\$ 12,000	\$ -
Management fees	279,000	90,000
Salaries	139,500	45,000
	\$ 430,500	\$ 135,000

9. Financial risk and capital management

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's primary exposure to credit risk is on its cash held in

9. Financial risk and capital management

bank accounts. The majority of cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Group's secondary exposure to risk is on its other receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has a planning and budgeting process in place to help determine the funds required to support the Group's normal operating requirements on an ongoing basis. The Group ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Group's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Group's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Group believes it has adequate cash at June 30, 2018 to reduce its risk to low.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Group is not materially exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would not have a material impact on the Group's net loss.

Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Group consists of working and share capital. There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

9. Financial risk and capital management (continued)

Classification of financial instruments

a) Categories of financial instruments

	September 30, 2018	December 31, 2017
FINANCIAL ASSETS		
Available-for-sale investments	\$ -	\$ -
Loans and receivables, at amortized cost		
Cash	1,901,693	2,897,532
Receivables	7,397	19,388
Total financial assets	\$ 1,909,090	\$ 2,916,920
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	\$ 293,086	\$ 321,783
Due to related parties	28,106	21,866
Total financial liabilities	\$ 321,192	\$ 343,649

Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Group considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and available-for-sale securities are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the six months ended September 30, 2018.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at September 30, 2018, the Group does not have any Level 3 financial instruments.

10. Supplemental non-cash transactions

During the nine months ended September 30, 2018, the Company incurred the following non-cash transactions:

- Under the terms of a shares-for-services agreement with Arriva Management Inc., the Company issued 15,663 shares with a fair value of \$1.66 per share.
- Under the terms of a shares-for-services agreement with Arriva Management Inc., the Company issued 10,400 shares with a fair value of \$1.25 per share.

10. Supplemental non-cash transactions (continued)

- c. Under the terms of a shares-for-services agreement with Arriva Management Inc., the Company issued 25,490 shares with a fair value of \$1.02 per share.

During the year ended December 31, 2017, the Company incurred the following non-cash transactions:

- d. The Company entered into a shares-for-services agreement with Arriva Management Inc. Under the terms of this agreement, the Company issued 43,332 shares with a fair value of \$0.90 per share and 9,286 shares with a fair value of \$1.40 per share.

During the year ended December 31, 2016, the Company incurred the following non-cash transactions:

- a. The Company entered into a shares-for-debt agreement with BTI with respect to a loan payable whereby the Company issued 3,022,096 common shares with a fair value of \$0.05 per share in full settlement of the amount outstanding (\$151,105);
- b. The Company entered into a shares-for-services agreement with Arriva Management Inc. Under the terms of this agreement, the Company issued 16,981 shares with a fair value of \$0.53 per share and 15,000 shares with a fair value of \$0.90 per share.

11. Subsequent Events

On October 31, 2018, the Company issued 13,685 common shares with respect to a shares-for-services agreement with Arriva Management Inc. The common shares were issued with a fair value of \$0.95 per share.