



Rock Tech Lithium Inc.
Consolidated Financial Statements
March 31, 2015

Expressed in Canadian Dollars

Unaudited - Prepared by Management

Consolidated Statements of Financial Position as at March 31, 2015 and December 31, 2014

Consolidated Statements of Comprehensive Loss for the 3 months ended March 31, 2015 and 2014

Consolidated Statements of Shareholders' Equity for the 3 months ended March 31, 2015 and 2014

Consolidated Statements of Cash Flows for the 3 months ended March 31, 2015 and 2014

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 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)

	Notes	March 31, 2015	December 31, 2014
ASSETS		\$	\$
Current assets			
Cash and cash equivalents	4	238,369	269,885
Receivables	5	54	4,001
Investments	3	508,837	221,812
Prepaid expenses and deposits		1,918	10
		749,177	495,708
Non-current assets			
Equipment	6	18,763	19,750
Exploration and evaluation assets	7	1,500,000	1,675,000
		1,518,763	1,694,750
TOTAL ASSETS		2,267,940	2,190,458
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	346,417	403,542
Convertible debt	9	455,554	590,602
Due to related parties	11	104,899	89,695
TOTAL LIABILITIES		906,870	1,083,839
SHAREHOLDERS' EQUITY			
Share capital	10	24,171,105	24,171,105
Reserves	10	2,627,296	2,627,296
Accumulated other comprehensive loss		127,374	(237,655)
Deficit		(25,564,707)	(25,454,127)
TOTAL SHAREHOLDERS' EQUITY		1,361,068	1,106,619
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,267,940	2,190,458

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
EVENTS AFTER THE REPORTING PERIOD (Note 15)

Approved on behalf of the Board:

"MARTIN STEPHAN"

Martin Stephan – Director

"DIRK HARBECKE"

Dirk Harbecke – Director

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

		Three months ended March 31,	
	Note	2015	2014
		\$	\$
Expenses			
Amortization	6	988	3,329
Consulting	11	-	-
General administration	11	41,226	69,245
Interest		21,967	20,759
Management fees	11	-	-
Professional fees	11	347	31,307
Reverse takeover costs	15	-	30,000
Transfer agent and filing fees		10,564	8,348
Travel and promotion		2,728	62
		(77,820)	(163,050)
Other items			
Tax credit recovery	7	9,658	-
Mineral property impairment	7	(30,263)	-
Gain/(loss) on disposition of equipment		-	3,111
Realized loss on investments		(12,155)	-
Loss for the year		(110,580)	(159,939)
Other comprehensive income that may be reclassified to net income:			
Unrealized gain on investments (Note 3)		365,029	-
Comprehensive income/(loss) for the year		254,449	(159,939)
Earnings/(loss) per share – basic and diluted		0.02	(0.02)
Weighted average number of common shares outstanding - basic and diluted		15,752,874	9,984,510

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, 2013		9,984,510	23,024,932	50,000	1,803,036	748,266	(24,024,857)	-	1,601,377
Shares issued for cash – private placement	10	750,000	150,000	-	-	-	-	-	150,000
Shares issued for finders' fee	10	37,500	7,500	-	-	-	-	-	7,500
Shares issued for debt settlements	10	4,980,864	996,173	-	-	-	-	-	996,173
Share issue costs		-	(7,500)	-	-	-	-	-	(7,500)
Equity portion of convertible debt	9	-	-	25,994	-	-	-	-	25,994
Loss and comprehensive loss for the year		-	-	-	-	-	(1,429,270)	(237,655)	(1,666,925)
Balance at December 31, 2014		15,752,874	24,171,105	75,994	1,803,036	748,266	(25,454,127)	(237,655)	1,106,619
Income/(loss) and comprehensive income/(loss) for the period		-	-	-	-	-	(110,580)	365,029	254,449
Balance at March 31, 2015		15,752,874	24,171,105	75,994	1,803,036	748,266	(25,564,707)	127,374	1,361,068

Balance at December 31, 2013		9,984,510	23,024,932	50,000	1,803,036	748,266	(24,024,857)	-	1,601,377
Equity portion of convertible debt		-	-	25,994	-	-	-	-	25,994
Loss and comprehensive loss for the period		-	-	-	-	-	(159,939)	-	(159,939)
Balance at March 31, 2014		9,984,510	23,024,932	75,994	1,803,036	748,266	(24,184,796)	-	1,467,432

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

	Three months ended March 31,	
	2015	2014
Operating activities		
Net loss for the period	\$(110,580)	\$(159,939)
Adjustments for non-cash items:		
Amortization	988	3,329
Accretion	-	19,226
Mineral property impairment	30,263	-
Write down of equipment	-	-
Gain on disposition of equipment	-	(3,111)
Gain on settlement of debt	-	-
Loss on sale of investments	12,155	-
Foreign exchange loss	-	2,564
Changes in non-cash working capital items:		
Receivables	3,947	427
Prepaid expenses and deposits	(1,908)	30,000
Accounts payables and accrued liabilities	(57,124)	27,228
Due to related parties	15,204	(2,104)
Net cash flows used in operating activities	(107,055)	(82,380)
Investing activities		
Disposition of investments	180,802	-
Disposition of equipment	-	11,650
Disposition of exploration and evaluation assets	-	-
Expenditures on exploration and evaluation assets	(5,263)	(10,250)
Net cash flows from (used in) investing activities	175,539	1,400
Financing activities		
Proceeds from convertible debt	(100,000)	100,000
Proceeds from equity issuance	-	-
Advances from related parties	-	-
Net cash flows from financing activities	(100,000)	100,000
Increase (decrease) in cash and cash equivalents	(31,516)	19,020
Cash and cash equivalents, beginning	269,885	6,819
Cash and cash equivalents, ending	\$ 238,369	\$ 25,839

See supplemental disclosure of non-cash transactions in Note 13.

1. Nature and continuance of operations

Rock Tech Lithium Inc. (the “Company”), incorporated in Alberta (“AB”) on June 14, 1996 and continued into British Columbia (“BC”) on May 12, 2010, 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 1021 West Hastings Street, Suite 900, Vancouver, BC, Canada, V6E 0C3. The Company’s registered address is Suite 1600, 609 Granville Street, Vancouver, BC V7Y 1C3. 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.

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 March 31, 2015, the Company had not advanced any of its properties to commercial production and is not able to finance its day-to-day activities through operations. 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 March 31, 2015, the Company has no source of revenue, has an accumulated deficit of \$25,564,707 and expects to incur further losses in the exploration and development of its mineral properties. While risk aversion prevails in equity markets, raising additional capital remains difficult. All of these factors cast significant doubt upon the Company’s ability to continue as a going concern.

On November 23, 2013, the Company entered into a Share Purchase Agreement (the “Agreement”) with Brainworks Capital Management (Private) Limited (“Brainworks”) whereby the Company would purchase all of the outstanding shares of Brainworks on the basis of one common share of the Company for every two common shares of Brainworks. Per the policies of the TSX-V, the transaction would result in a Reverse Takeover (“RTO”). On February 6, 2015, after consideration of the costs incurred and an assessment of the probability of obtaining regulatory approval in a reasonable time frame, management decided to terminate the Share Purchase Agreement with Brainworks. The terms of the Share Purchase Agreement did not impose a breakup fee on either party. The Company has no further rights or obligations under the Share Purchase Agreement (Note 14).

2. Significant accounting policies and basis of preparation

These financial statements were authorized for issue on June 1, 2015 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

These condensed interim consolidated 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, 2014. 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.

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

Basis of preparation

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

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	
		March 31, 2015	Dec. 31, 2014
James Bay Midarctic Developments Inc.	Ontario	100%	100%
0853998 B.C. Ltd.	BC	100%	100%
Brandon Exploration Inc.	BC	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 condensed interim 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 condensed interim 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 condensed interim 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

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

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Equipment

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

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

Exploration and evaluation expenditures

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

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

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

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

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 (cont'd)

Impairment of assets (con't)

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.

Convertible debt

The Company classifies the proceeds received from convertible debt into their liability and equity components using the residual approach. The carrying amount of the liability component is accreted over the life of the instrument using the effective interest rate method. Transaction costs are netted against the carrying value of the instrument to which they relate.

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

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 and cash equivalents.

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 (cont'd)

Financial Instruments (con't)

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 material 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.

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

New accounting standards, amendments and interpretations

(a) New accounting standards adopted:

The following standards, amendments and interpretations have been adopted by the Company as of January 1, 2014. There was no material impact on the financial statements as a result of the adoption of these standards, amendments and interpretations:

- (i) Amendment to IAS 32 *Financial Instruments: Presentation*; and
- (ii) IFRIC 21 *Levies*

(b) Issued but not yet effective:

The following standards, amendments and interpretations plan to be adopted in the future. The Company has not yet assessed the impact these standards, amendments and interpretations might have:

- (i) IFRS 7 *Financial Instruments: Disclosures* (Amendment): Standard amended to clarify requirements for mandatory effective dates and transition disclosures, effective for annual periods beginning on or after January 1, 2015; and
- (ii) IFRS 9 *Financial Instruments*: New standard that replaced IAS 39 for classification and measurement of financial assets, effective for annual periods beginning on or after January 1, 2018.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Investments

At March 31, 2015, the Company held the following investments, classified as available-for-sale:

Investee	Shares	Cost	Fair Value
Public Companies			
Great Lakes Graphite Inc.	6,784,476	\$381,462	\$508,837

Refer also to Note 7.

4. Cash and cash equivalents

	March 31, 2015	December 31, 2014
Cash at bank	\$ 238,369	\$ 269,885
Guaranteed investment certificates	-	-
	\$ 238,369	\$ 269,885

5. Accounts receivable

	March 31, 2015	December 31, 2014
GST tax receivable	\$ 54	\$ 4,001
Other	-	-
	\$ 54	\$ 4,001

6. Equipment

	Computer equipment and furniture	Field equipment	Total
Cost:			
At December 31, 2013	\$ 25,409	\$ 112,350	\$ 137,759
Additions	-	-	-
Dispositions	(21,662)	(67,281)	(88,943)
At December 31, 2014	3,747	45,069	48,816
Additions	-	-	-
Dispositions	-	-	-
At March 31, 2015	3,747	45,069	48,816
Accumulated Amortization:			
At December 31, 2013	(15,325)	(52,904)	(68,229)
Charge for the year	(1,344)	(8,256)	(9,600)
Accumulated amortization – disposed assets	12,922	35,841	48,763
At December 31, 2014	(3,747)	(25,319)	(29,066)
Charge for the period	-	(988)	(988)
At March 31, 2015	(3,747)	(26,307)	(30,054)
Net book value:			
At December 31, 2014	\$ -	\$ 19,750	\$ 19,750
At March 31, 2015	\$ -	\$ 18,762	\$ 18,762

Rock Tech Lithium Inc.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars)
For the three months ended March 31, 2015 and 2014

7. Exploration and evaluation assets

	Georgia Lake, Ontario	Lochaber, Quebec	Total for period ended:	
			March 31, 2015	December 31, 2014
Property acquisition costs				
Balance, beginning of year	\$ 1,411,806	\$ 380,360	\$ 1,792,166	\$ 1,792,166
Additions	-	-	-	-
Balance, end of year	1,411,806	380,360	1,792,166	1,792,166
Exploration and evaluation expenditures				
Balance, beginning of year	88,194	(205,360)	(117,166)	1,557,834
Costs incurred during year:				
Administration	-	-	-	11,431
Assaying	-	-	-	-
Camp and field costs	750	-	750	8,472
Geological consulting	-	-	-	-
Labour	-	-	-	-
Permitting and land holding costs	4,513	-	4,513	1,810
Reports and maps	-	-	-	-
Transportation	-	-	-	86
Other costs	-	-	-	(18,125)
	5,263	(205,360)	(111,903)	3,673
Property impairment	(5,263)	(25,000)	(30,263)	(653,673)
Property payments received	-	(150,000)	(150,000)	(1,025,000)
Balance, end of year	88,194	(380,360)	(292,166)	(117,166)
Total	\$ 1,500,000	\$ -	\$ 1,500,000	\$ 1,675,000

7. Exploration and evaluation assets (cont'd)

Georgia Lake, Ontario

The Company holds a 100% interest in the Georgia Lake lithium project, acquired in 2009, 2010 and 2011. During the three months ended March 31, 2015, the Company recognized an impairment charge of \$5,263 to recognize the estimated recoverable value. On November 3, 2014, the Company signed a Letter of Intent ("LOI") with Ultra Lithium Inc. ("ULI") regarding the sale of a 100% interest in the Georgia Lake project. Upon expiry on January 31, 2015, the LOI was extended to February 28, 2015. The parties were unable to complete a definitive agreement prior to the expiry of the LOI. The Company continues to seek partners to advance the property.

Lochaber Graphite Property, Quebec

On April 20, 2012, as amended May 6, 2013, the Company entered into an option agreement to acquire a 100% interest in a graphite property located in southwestern Quebec. Under the amended agreement, the Company was required to issue 2,200,000 shares (issued) and pay \$100,000 cash (paid) on execution of the amended agreement. The Company has exercised its option and acquired 100% ownership of the property. The property is subject to a 3% net smelter returns royalty of which the Company may purchase up to 2% for \$1 million per 1%.

On March 3, 2014, as amended September 22, 2014, the Company entered into an agreement with Great Lakes Graphite Inc. ("Great Lakes"), formerly Shield Gold Inc., to sell a 100% interest in the Lochaber graphite property. The terms of the agreement call for the following payments to be made by Great Lakes to acquire a 100% interest in the Lochaber graphite property:

- Upon execution, the payment of \$100,000 cash and the issuance of 3,831,737 common shares to the Company and the issuance of 1,168,262 common shares to an arm's length creditor of the Company (completed);
- By October 31, 2014, the payment of \$200,000 cash and the issuance of 3,831,737 common shares to the Company and the issuance of 1,168,262 common shares to an arm's length creditor of the Company (completed); and
- By January 31, 2015, the issuance of 3,831,739 common shares to the Company and the issuance of 1,168,263 common shares to an arm's length creditor of the Company (completed).

During the three months ended March 31, 2015, the Company recognized an impairment charge of \$25,000 to recognize the recoverable value. Recoverable value was based on the remaining share consideration received from Great Lakes Graphite Inc.

8. Accounts payable and accrued liabilities

	March 31, 2015	December 31, 2014
Trade payables	\$ 227,940	\$ 272,902
Accrued liabilities	118,477	130,640
	\$ 346,417	\$ 403,542

9. Convertible debt

	March 31, 2015	December 31, 2014
Opening balance	\$ 590,602	\$ 592,329
Proceeds received	-	160,000
Repayments	(100,000)	-
Equity portion of debt	-	(25,994)
Accretion	-	33,665
Shares received on Lochaber sale to be applied against loan	(35,048)	(169,398)
Ending balance	\$ 455,554	\$ 590,602

On February 25, 2013, the Company received a \$600,000 loan from BTI International ("BTI"). The loan is secured by way of a general security agreement over all of the Company's present and after-acquired personal property, bears interest at a rate of 10% per annum and was due and payable on February 25, 2014. The principal amount of the loan and interest accrued thereon may be converted at the Lender's option to acquire shares of the Company at a price of \$1.00 per share. Using the residual method, the Company recognized both a liability and an equity component of the convertible loan. The liability component (\$550,000) was calculated by discounting the future cash flows of the loan (interest and principal) at an effective interest rate of 20% (a rate of a similar debt instrument without a conversion option). The value of the equity component (\$50,000) is the difference between the present value of the liability component and the proceeds of the convertible loan (\$600,000). During the year ended December 31, 2013 the Company recorded accretion of \$42,329 on this debt, increasing the face value to \$592,329. During the year ended December 31, 2014, the Company recorded accretion of \$7,671 on this debt, increasing the face value to \$600,000 at maturity.

Upon maturity, the Company negotiated an extension of the convertible loan to December 31, 2014 and increased the principal to \$760,000 including \$60,000 of interest on the original loan. Using the residual method, the Company recognized both a liability and an equity component of the convertible loan. The liability component (\$734,006) was calculated by discounting the future cash flows of the loan (interest and principal) at an effective interest rate of 20% (a rate of a similar debt instrument without a conversion option). The value of the equity component (\$25,994) is the difference between the present value of the liability component and the proceeds of the convertible loan (\$760,000). During the year ended December 31, 2014, the Company recorded accretion of \$25,994 on this debt.

As mentioned in Note 7, the Company entered into an option agreement with Great Lakes regarding the sale of its Lochaber graphite property. The terms of the agreement called for the issuance of Great Lakes shares to BTI. BTI has received the aggregate amount of 3,504,787 shares of Great Lakes at March 31, 2015. The Company and BTI have agreed that the proceeds from the disposition of these shares will be used to offset interest and principal on the convertible debt. As a result, at December 31, 2014 the Company recorded an amount of \$169,398 against the balance of the loan, being the fair value of the shares of Great Lakes at the time. On January 6, 2015, the Company recorded an amount of \$35,048

9. Convertible debt (cont'd)

against the balance of the loan, being the fair value of the shares of Great Lakes at the time. On February 25, 2015, the Company and BTI International agreed to amend the terms of the convertible debt as follows:

- Immediate payment of \$100,000 (paid);
- Payment of \$20,000 per month commencing in April 2015;
- A reduction of the interest rate from 15% to 10% effective February 1, 2015; and
- A reduction of the interest rate from 10% to 5% once the balance of the loan is less than \$500,000.

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2015, there were 15,752,874 issued and fully paid common shares issued and outstanding (2014 – 9,984,510).

At December 31, 2014 there were 15,752,874 issued and fully paid common shares issued and outstanding (2013 – 9,984,510). On March 18, 2014, pursuant to a special resolution passed by shareholders on July 3, 2013, the Company consolidated its share capital on a 1:10 basis. All prior amounts shown have been revised to account for the consolidation.

During the year ended December 31, 2014:

On May 22, 2014, the Company issued 750,000 units for gross proceeds of \$150,000 in respect of a private placement at \$0.20 per unit. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional share at a price of \$0.20 to December 31, 2017. Related to the private placement, the Company issued 37,500 common shares with a fair value of \$7,500 as a finders' fee.

On December 2, 2014, the Company issued 4,955,864 common shares and 3,982,669 warrants with a combined fair value of \$991,173 in respect of shares-for-debt settlements with several creditors. On December 18, 2014, the Company issued an additional 25,000 common shares with a fair value of \$5,000 in respect of a shares-for-debt settlement.

During the year ended December 31, 2013:

On May 1, 2013, the Company issued 220,000 shares with a fair value of \$44,000 in respect to an option agreement for the acquisition of the Lochaber graphite property.

10. Share capital (cont'd)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2015 and 2014 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 optionee will not exceed five percent (5%) of the issued and outstanding common shares.

The changes in options during the three months ended March 31, 2015 and 2014 are as follows:

	March 31, 2015		March 31, 2014		
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Weighted average life (years)
Options outstanding, beginning	-	\$ -	26,500	\$ 2.50	0.39
Options expired and forfeited	-	-	-	-	-
Options outstanding, ending	-	\$ -	26,500	\$ 2.50	0.39

Warrants

The changes in warrants during the three months ended March 31, 2015 and 2014 are as follows:

	March 31, 2015		March 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	4,732,669	\$ 0.20	-	\$ -
Warrants issued	-	-	-	-
Warrants expired	-	-	-	-
Warrants outstanding, ending	4,732,669	\$ 0.20	-	\$ -

Details of warrants outstanding as at March 31, 2015 are as follows:

Price	Remaining Life	Number outstanding
\$0.20	2.76 years	4,732,669

10. Share capital (cont'd)

There were 4,732,669 warrants outstanding as at December 31, 2014.

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.

11. Related party transactions

Related party balances

The following amounts are due to related parties:

	March 31, 2015	December 31, 2014
Directors and officers of the Company and of its subsidiaries	\$ 104,899	\$ 89,695

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

Related party transactions

The Group incurred the following transactions with companies that are controlled by directors and officers of the Company.

	Three months ended March 31,	
	2015	2014
Management fees	\$ -	\$ -
Professional fees - accounting and consulting	-	-
Professional fees- exploration consulting capitalized	-	-
Salaries	30,000	15,000
	\$ 30,000	\$ 15,000

12. 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 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 and cash equivalents.

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.

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. There is minimal interest rate risk on the Company's convertible debt which has a fixed rate of interest.

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.

12. Financial risk and capital management (cont'd)

Classification of financial instruments

a) Categories of financial instruments

	March 31, 2015 \$	December 31, 2014 \$
FINANCIAL ASSETS		
Available-for-sale investments	508,837	221,812
Loans and receivables, at amortized cost		
Cash	238,369	269,885
Receivables	54	4,001
	<u>747,260</u>	<u>495,698</u>
FINANCIAL LIABILITIES		
Other liabilities, at amortized cost		
Trade payables	227,940	272,902
Convertible debt	455,554	590,602
Due to related parties	104,899	89,695
	<u>788,393</u>	<u>953,199</u>

b) Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Group considers that the carrying amounts of all its financial assets and financial liabilities recognized at amortized cost in these consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments. Cash and cash equivalents and available-for-sale securities are classified as Level 1 fair value. There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2015.

- 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. The equity conversion option of the convertible loan is classified as a Level 2 financial instrument in the Group's fair value hierarchy.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at March 31, 2015, the Group does not have any Level 3 financial instruments.

13. Supplemental non-cash transactions

During the three months ended March 31, 2015, the Company did not incur any non-cash transactions:

14. Reverse Takeover

On February 6, 2015, after consideration of the costs incurred and an assessment of the probability of obtaining regulatory approval in a reasonable time frame, management decided to terminate the RTO with Brainworks. The terms of the Share Purchase Agreement did not impose a breakup fee on either party. The Company has no further rights or obligations under the Share Purchase Agreement.

15. Events after the Reporting Period

There were no events after the reporting period.