



Rock Tech Lithium Inc.

Management Discussion and Analysis

MD&A
December 31, 2018

PREPARED BY MANAGEMENT

ROCK TECH LITHIUM INC.

Management Discussion and Analysis

For the year ended December 31, 2018

This Management Discussion and Analysis ("MD&A") of Rock Tech Lithium Inc. (the "Company") provides analysis of the Company's financial results for year ended December 31, 2018, and incorporates certain information from prior fiscal years. This MD&A should be read in conjunction with the annual audited consolidated financial statements of the Company for the years ended December 31, 2018 and 2017. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains statements that constitute "forward-looking" statements and other cautionary notices (refer to "Forward-Looking Statements and Estimates" in this MD&A).

Date of Report

March 15, 2019

Overall Performance

The Company, a Tier 2 Listed Issuer on the TSX Venture Exchange, is a Canadian exploration company holding a 100% interest in the Georgia Lake lithium project in the Thunder Bay Mining District of Ontario.

The Georgia Lake project consists of forty-one leases and 283 claim units covering 5,762 hectares. The project is located in an area underlain by metasediments and metavolcanics of Archaen age. These metasediments were invaded by large masses of Algoman granitic rocks and by numerous sills and dykes of genetically related porphyry, pegmatites and aplite. The Georgia Lake pegmatites contain lithium-bearing spodumene and have demonstrated the potential for beryl, columbite, molybdenite, amblygonite, apatite and bityite. Since acquiring the project in 2009, the Company has completed several exploration programs including prospecting, channel sampling and over 12,000 metres of drilling. As of the date of this report, the property has a National Instrument 43-101 compliant resource estimate including a measured resource estimate of 1.89 million tonnes grading 1.04% lithium oxide, an indicated resource estimate of 4.68 million tonnes grading 1.00% lithium oxide and an inferred resource estimate of 6.72 million tonnes at 1.16% lithium oxide.

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 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 on the first anniversary;
- Payment of US\$20,000 and issuance of 40,000 common shares on the second anniversary;
- Payment of US\$50,000 and issuance of 160,000 common shares on the third anniversary;
- Spend a minimum of US\$500,000 in exploration expenditures by the third anniversary.

As of the date of this report, the Mining Concessions have not yet been granted by the relevant authorities. Payments made to the property vendors with respect to the property option are included in prepaid expenses and are fully refundable should the concessions not be granted.

The Nogalito property is located in a Tertiary age geologic basin with favourable felsic volcanics, sandstones and siltstones in a volcanoclastic and tuff basinal sequence comprised of lithium-bearing clay horizons, volcanoclastic sediments, clayey sandstones and sandy and calcareous sediments. These are in a fault-bounded graben that contains the known lithium in a basin of approximately 16 kilometers long by 5 kilometers wide. The region is geologically similar in nature to deposits in Chile, Argentina and Nevada with lithium in volcanic rocks around the basin presenting the potential for brine-based lithium discoveries.

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 December 31, 2018, the Company has no source of revenue, has an accumulated deficit of \$33,438,319 and expects to incur further losses in the exploration and development of its mineral properties.

Property Details and Results to Date

Georgia Lake Lithium Property, Northwest Ontario

The Georgia Lake lithium project was the subject of significant historical exploration work conducted by past operators. Over 33,000 metres of drilling had been completed on the original claim blocks acquired by the Company, providing Rock Tech with an historical resource estimate. The Nama Creek claim block, located in the northeast corner of the Georgia Lake properties, was poised to go into production in the late 1950s, with a 4-compartment mine shaft being built to a depth of 153 metres.

During the year ended December 31, 2018, the Company conducted a field program consisting of prospecting and channel sampling. The Company did not recognize any impairment on the property during the period. During the year ended December 31, 2018, the Company completed an updated resource estimated and a Preliminary Economic Assessment, in accordance with NI 43-101, on its Georgia Lake property.

Exploration expenditures incurred:

Georgia Lake, Ontario	Total for year ended:	
	December 31, 2018	December 31, 2017
Property acquisition costs		
Balance, beginning of year	\$ 1,419,525	\$ 1,419,204
Acquisitions	-	321
Balance, end of year	1,419,525	1,419,525
Exploration and evaluation expenditures		
Balance, beginning of year	1,558,321	575,505
Costs incurred during year:		
Administration	-	47,929
Assaying	8,765	16,760
Camp and field costs	25,317	155,647
Drilling	-	398,732
Geological consulting	223,853	294,012
Labour	11,579	52,700
Permitting and land holding costs	8,520	2,140
Reports and maps	267,636	1,680
Transportation	9,560	13,216
	555,230	982,816
Balance, end of year	2,113,551	1,558,321
Total	\$ 3,533,076	\$ 2,977,846

Applicable Regulations and Permits

The Province of Ontario, in which the Company's property is located, has a history of being an excellent jurisdiction in which to conduct mineral exploration. As a result, Management doesn't anticipate encountering difficulties in obtaining the necessary work, environmental and regulatory permits for any planned exploration programs.

The Company's mineral exploration activities expose it to potential responsibilities related to the identification and protection of First Nations' archaeological and cultural sites and artefacts that may be located within the boundaries

of the Company's claims. Management works closely with the First Nations peoples and leaderships involved in these areas to protect their interests. The costs of conducting any required archaeological studies are treated as an exploration expense. Management is not aware of any such interests that would unduly restrict its exploration activities. In July 2011, the Company entered into a Memorandum of Understanding ("MOU") with the Bingwi Neyaashi Anishinaabek ("BNA"), Biinjitiwaabik Zaaging Anishinaabek ("BZA"), and Animbiigoo Zaagi'igan Anishinaabek ("AZA") First Nations in regards to the development of the Georgia Lake lithium project in the Thunder Bay Mining District of northwest Ontario.

Capital Expenditures and Exploration Programs

The Company had working capital of \$1,006,426 as of December 31, 2018 (2017: \$2,615,733), including \$1,226,703 of cash (2017: \$2,897,532).

Selected Annual Information

Fiscal Year	2018 (\$) IFRS	2017 (\$) IFRS	2016 (\$) IFRS	2015 (\$) IFRS
Total revenue	-	-	-	-
Income/(Loss)	3,444,621	3,277,052	1,188,081	163,216
Basic and diluted income/(loss) per share	(0.10)	(0.12)	(0.06)	(0.01)
Total assets	4,840,758	5,948,183	5,249,933	1,797,082
Long term financial liabilities	n/a	n/a	n/a	n/a
Cash dividends declared	n/a	n/a	n/a	n/a

The Company's financial statements are expressed in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The losses, year-over-year, reflect the current stage of development of the Company and, more specifically, general administration expenses and the impairment of exploration properties that the Company has decided to abandon. The level of expenditures varies based on available funds and the exploration and promotion programs planned.

In 2018, the Company incurred \$555,229 in net exploration expenditures related to the Georgia Lake property and did not recognize any impairment losses.

In 2017, the Company incurred \$983,137 in net exploration expenditures related to the Georgia Lake property and did not recognize any impairment losses.

In 2016, the Company incurred \$461,294 in net exploration expenditures related to the Georgia Lake property and did not recognize any impairment losses.

In 2015, the Company incurred \$10,915 in expenditures for related to the Georgia Lake property and did not recognize any impairment losses.

In 2014, the Company incurred \$3,673 in expenditures, net of tax recoveries, and recognized an impairment of \$653,673 for the Lochaber and Georgia Lake properties to reduce the carrying values to estimated recoverable value.

Results of Operations for the year ended December 31, 2018 and 2017

The Company had working capital of \$1,006,426 as of December 31, 2018 (2017: \$2,615,733), including \$1,226,703 of cash (2017: \$2,897,532). The most significant expenses were:

- General administration expenses of \$47,790 (2017: \$48,627) related to office rent, commercial liability and directors' and officers' insurance policies and other overhead.
- Management fees of \$378,000 (2017: \$360,000) related to fees charged by the executive chairman and chief executive officer;
- Salaries and wages of \$189,000 (2017: \$180,000) related to the chief financial officer;
- Professional fees of \$43,021 (2017: \$40,295) related to assurance and general legal expenses.
- Stock-based payments of \$1,801,184 (2017: \$2,009,801) related to the value of stock options granted to directors, officers, employees and consultants;
- Consulting fees of \$76,158 (2017: \$11,440) related to the establishment of an advisory board and the engagement of technical consultants
- Project investigation expenses of \$270,857 (2017: \$254,645);
- Travel and promotion expenses of \$613,884 (2017: \$347,225) related to increased exploration, corporate development, marketing and investor relations activities during the year;
- Transfer agent and filing fees of \$22,536 (2017: \$24,155) related personal information forms, shares-for-services and other regulatory filings.

The Company expects losses to continue unless and until it finds a commercially viable ore body or deposit and commences commercial production thereon and further expects that its loss will be greater in succeeding years as it expends funds on exploration and development.

Summary of Quarterly Results

	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Income/(Loss)	(1,023,340)	(1,641,213)	(439,802)	(340,267)	(2,327,366)	(372,926)	(323,804)	(251,936)
Basic and Diluted Earnings/ (Loss) per share	(0.03)	(0.05)	(0.01)	(0.01)	(0.08)	(0.01)	(0.01)	(0.01)
Net Income/(Loss)	(1,023,340)	(1,641,213)	(439,802)	(340,267)	(2,327,366)	(372,926)	(323,804)	(252,957)
Basic and diluted earnings/(loss) per share	(0.03)	(0.05)	(0.01)	(0.01)	(0.08)	(0.01)	(0.01)	(0.01)

Fluctuations in the quarter-to-quarter performance are largely the result of financing and investing activities and share-based payments related to the granting of stock options to directors, officer, employees and consultants. Periods in which financings are completed tend to be accompanied by higher than average filing fees and legal expenses while periods in which investing activities are undertaken (ie – exploration programs) tend to be accompanied by higher than average general and administrative costs and other overheads necessary to support such investing activities. Fluctuations in the quarter-to-quarter performance are also due to fluctuations in the business cycle.

Results of Operations for the quarter ended December 31, 2018 and 2017

The Company's comprehensive loss for the quarter ended December 31, 2018, was \$1,023,340 (2017: \$2,327,366). The most significant expenses were:

- General administration expenses of \$3,727 (2017: \$7,423) related to office rent, insurance, project investigations and other overhead.
- Stock-based payments of \$456,695 (2017: \$1,960,582) related to the granting of stock options to directors, officers, employees and consultants;
- Management fees of \$99,000 (2017: \$90,000) related to the executive chairman and the chief executive officer;
- Salaries and wages of \$48,500 (2017: \$45,000) related to the chief financial officer;
- Professional fees of \$24,021 (2017: \$31,361) related to assurance, general legal expenses and the incorporation of Canadian and Mexican subsidiaries;
- Consulting fees of \$15,000 (2017: \$5,000);
- Project investigation expenses of \$151,001 (2017: \$85,501) related to research and due diligence conducted on potential property acquisition targets;
- Travel, promotion and business development expenses of \$221,747 (2017: \$95,871) related to corporate development, investor relations and shareholder communications activities during the quarter;

Liquidity

The Company's comprehensive loss for the three months ended December 31, 2018, was \$1,023,340 (2017: \$2,327,366).

The Company had working capital of \$1,006,426 as of December 31, 2018 (2017: \$2,615,733), including \$1,226,703 of cash (2017: \$2,897,532).

Capital Resources

The Company has not generated any revenue and no revenue is anticipated until the Company begins extracting and selling minerals. Accordingly, the Company must continually raise funds from sources other than the sale of minerals found on its properties.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet transactions.

Related Party Balances

The following amounts due to related parties:

	December 31, 2018	December 31, 2017
Directors of the Company and of its subsidiaries	\$ 4,720	\$ 21,866

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

Related Party Transactions

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

	For the years ended December 31,	
	2017	2017
Management fees	\$ 378,000	\$ 360,000
Salaries	189,000	180,000
Directors' Fees	16,000	4,000
	\$ 583,000	\$ 544,000

During the three months ended December 31, 2018, the Company incurred management fees of \$49,500 (2017: \$45,000) payable to the CEO of the Company. During the year ended December 31, 2018, the Company incurred management fees of \$189,000 (2017: \$180,000) payable to the CEO of the Company.

During the three months ended December 31, 2018, the Company incurred management fees of \$49,500 (2017: \$45,000) payable to the Chairman of the Company. During the year ended December 31, 2018, the Company incurred management fees of \$189,000 (2017: \$180,000) payable to the Chairman of the Company.

During the three months ended December 31, 2018, the Company incurred salary expenses of \$49,500 (2017: \$45,000) payable to the CFO of the Company. During the year ended December 31, 2018, the Company incurred salary expenses of \$189,000 (2017: \$180,000) payable to the CFO of the Company.

Intercompany balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Related party fees and expenses were incurred in the normal course of operations in connection with the companies owned by key management and directors. The amounts allocated to exploration consulting were capitalized to exploration and evaluation assets during the period. Expenses have been measured at the exchange amount.

Critical Accounting Estimates

Material accounting estimates usually disclosed by resource issuers such as assumptions regarding depletion, resource and production values and capital write downs are not applicable to the Company as it is at the exploration and development stage. The Company utilises certain estimates as more fully described in Note 2 to the financial statements. There have been no changes to the Company's existing estimates.

Changes in Accounting Policies including Initial Adoption

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended December 31, 2018 and have been consistently followed in the preparation of the audited financial statements of the Company.

Financial Instruments and Other Risks

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's arms-length financial assets and liabilities are estimated by Management to approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

The fair value of amounts due to related parties is assumed to equal its stated value. Comparable arms-length risk profiles, terms and interest rates are not available for Management to determine if any fair value adjustments are required.

The Company's functional currency is the Canadian dollar. Currently, the Company does not use any hedging or derivative instruments to reduce its exposure to foreign currency risk.

By its very nature, the business of mineral exploration and extraction involves a high degree of risk. The Company competes with other mining enterprises, some of which have greater financial resources, for the acquisition of mineral concessions.

The Company is at risk to fluctuations in precious metal prices, the interest of investors and the availability of contractors. These factors impact upon the Company's ability to finance its programs and to carry on operations.

Mineral development involves a high degree of risk as very few properties warrant the considerable expenditures required to initially substantiate their reserves and then to develop them into production. Consequently, very few properties are ever developed into producing mines. At present, none of the Company's properties has a known body of commercial ore and the Company has no mineral reserves.

The recoverability of amounts capitalized for the Company's properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange economically appropriate financing to complete the development of its properties, relevant metal prices, sufficient global and regional demand, and future profitable production or proceeds from sale.

The Company is at risk for environmental issues. Management is not aware of and does not anticipate significant environmental remediation costs or liabilities in respect of its current operations.

The Company's mineral exploration activities expose it to potential responsibilities related to the identification and protection of First Nations' archaeological and cultural sites and artefacts and traditional grounds that may be located within the boundaries of the Company's leases and claims. The Company works closely with the First Nations peoples and leaderships involved in these areas to protect their interests. Costs of conducting any required archaeological studies are treated as an exploration expense. Management is not aware of any such interests that would unduly restrict its exploration activities.

The Company is not exposed to significant credit concentration or interest rate risk.

Internal Controls

The Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Share Capitalization

At December 31, 2018, there were 34,398,588 common shares issued and outstanding (2017 – 33,365,016).

During the year ended December 31, 2018, the Company issued 500,000 common shares related to the exercise of stock options. The options had a weighted average exercise price of \$0.55 per share.

During the year ended December 31, 2018, the Company issued 468,334 common shares related to the exercise of warrants. The warrants had a weighted average exercise price of \$0.50 per share.

During the year ended December 31, 2018, the Company issued 65,238 common shares related to a shares-for-services consulting agreement. The shares were issued with a weighted average fair value of \$1.20 per share, or \$78,000.

During the year ended December 31, 2017, the Company issued 260,000 common shares related to the exercise of stock options. The options had a weighted average exercise price of \$0.56 per share.

During the year ended December 31, 2017, the Company issued 6,018,978 common shares related to the exercise of warrants. The warrants had a weighted average exercise price of \$0.29 per share.

During the year ended December 31, 2017, the Company issued 52,618 common shares related to a shares-for-services consulting agreement. The shares were issued with a weighted average fair value of \$0.99 per share, or \$52,000.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2018 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 Shares at the time of the grant, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit.

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 December 31, 2018, the expiry date of these stock options was extended to December 31, 2021 and an additional \$471,389 of share-based compensation was recorded based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.85%; volatility of 108%; dividend rate 0%; forfeiture rate 0%; and expected life of 3 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 \$6,751, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.71%; volatility of 85%; dividend rate 0%; forfeiture rate 0%; and expected life of 1.5 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 \$11,870, based on the Black-Scholes Option Pricing Model, with the following assumptions: risk free rate 1.98%; volatility of 72%; dividend rate 0%; forfeiture rate 0%; and expected life of 1.50 years.

On August 6, 2018, the Company granted 1,505,000 stock options to a directors, officers, employees 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 \$1,311,174, 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 3 years.

The changes in options during the years ended December 31, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 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	1,405,000	1.48
Options exercised	(500,000)	0.55	(260,000)	0.56
Options expired	(550,000)	0.55		
Options outstanding, ending	3,435,000	\$ 1.67	2,945,000	\$ 0.91

Details of options outstanding at December 31, 2018 are as follows:

Number outstanding	Price	Remaining Life	Weighted average grant date fair value
500,000	\$0.05	1.41 years	\$0.046
1,505,000	\$0.88	3.60 years	\$0.871
45,000	\$0.93	0.54 years	\$0.895
25,000	\$1.36	1.39 years	\$0.475
1,350,000	\$1.50	3.00 years	\$1.452
10,000	\$1.66	1.03 years	\$0.675

Warrants

The changes in warrants during the years ended December 31, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 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	(6,018,978)	0.29
Warrants outstanding, ending	1,445,556	\$ 1.45	1,913,890	\$ 1.22

Details of warrants outstanding as at December 31, 2018 are as follows:

Number outstanding	Price	Remaining Life
1,445,556	\$1.45	2.00 years

Events After the Reporting Period

Subsequent Events

There were no events after the reporting period.

Management and Board of Directors

The current directors and officers are:

Dirk Harbecke – Director, Chairman

Dr. Peter Kausch - Director

Martin Stephan – Director, CEO

Brad Barnett – Director, CFO, Corporate Secretary

Website

The Company maintains a website at www.rocktechlithium.com which serves as an information source for its investors.

Cautionary Note on Forward-looking statements

Some of the statements contained in this report are forward-looking statements, such as estimates and statements that describe the Company's future plans, expectations, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "intends", "expects", "estimates", "may", "could", "could", "will", or "plan". Since forward-looking statements are based on assumptions and address future events or conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to, among other things, results of exploration, reclamation, capital cost, and the Company's financial condition and prospects could differ materially from those currently anticipated in such statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include those described under the heading "Other Risks" elsewhere in this MD&A. Therefore, the reader is cautioned not to place undue reliance on forward-looking statements. Further, the Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, future events, or otherwise except as may be required under applicable securities legislation.

The information contained within this discussion, by its very nature, is not a thorough summary of all matters and developments concerning the Company. This information should be considered with all of the disclosure documents of the Company. The information contained herein is not a substitute for a detailed investigation or an analysis of any issue related to the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.