

Dear Fellow Shareholders,

I hope you are having a great start to 2017; a year that we are confident will be most prosperous for lithium companies.

Since my last letter in May of 2016, in which I gave you an overview of the "new" Rock Tech and a general outlook of our activities, we have made significant progress on several fronts. Driven by our clear and unwavering focus on creating shareholder value, we have focused our efforts on analyzing the upcoming and long-term developments and trends in the lithium and battery metals markets. To develop an even deeper understanding of our Georgia Lake property, we have started a further exploration program and engaged geological experts to analyze our exploration data, ensuring we can efficiently and effectively expand and develop this property. Further, we have begun cooperation discussions with both upstream and downstream industry participants including end-users in the automotive sector.

Additionally, we bolstered our financial position through two successful private placements; the first, closed in July, was priced at \$0.30 and the second, closed in December, was priced at \$0.90; raising close to C\$4 million and providing the basis for our near-term growth strategy. As you know, our share price increased significantly since the beginning of last year; however, we still see the current valuation as just a starting point.

An Exponential Growth Market

As we have seen, the lithium carbonate spot price has increased markedly from around US\$5,000 per tonne in 2015 to around US\$15,000 per tonne today; with prices in the Chinese markets reaching even higher levels. As we all watched Elon Musk at the unveiling of the Tesla Model 3 back in March last year, I was struck by his statement that in order to produce 500,000 electric vehicles, Tesla would need to double the world's lithium-ion cell production. At the time, predicting EV sales of 500,000 seemed aggressive; however, shortly after the unveiling, pre-orders of the Model 3 reached 300,000 and have since surpassed 400,000. Tesla alone has the potential to be disruptive to the lithium market and they are far from the only participant in the EV segment. Analysts and automakers are forecasting much higher production rates and sales of EVs, with minimum 10 million EV sales expected for 2025, and 2016 saw a flurry of announcements from incumbent automakers around the world including:

- Volkswagen announced plans for 2-3 million all-electric vehicles per year and its intention to unveil 30 new EV models by 2025 supported by up to US\$21 billion investments in battery cell and modular electric drive plants and technologies;
- Ford Motor Company announced it is investing an additional US\$4.5 billion in EV solutions by 2020 and its intention to have more than 40% of its nameplates electrified by the end of the decade;
- BMW announced intentions to increase EV sales to 15-25% of its worldwide volume by 2025;
- Toyota, previously favouring fuel-cell technology over EVs, announced intentions to begin mass production of EVs by 2020;
- Daimler announced its goal of having EVs comprise 25% of its worldwide sales supported by an US\$11 billion investment for the first series of EVs;

Supporting the mass rollout of EVs in Europe, BMW, Daimler, VW and Ford will together develop a fast-charging EV network starting in 2017. All of these announcements are in addition to the battery megafactories announced or commissioned by Tesla, LG Chem, Foxconn, BYD, Boston Power, Samsung and China's Contemporary Amperex Technology. Based on the sample of announcements I just mentioned, it is not hard to see why analysts and industry experts believe that lithium demand will grow at the fastest rate of any significant commodity over the past century; with expectations going as high as 30% growth per year.

My position remains that the lithium market will remain in a shortage for the coming years; and I am happy to see that more and more industry experts start to share that view. I urge all stakeholders in the lithium sector to understand the critical difference between lithium reserves and lithium production.

Outlook for Rock Tech

Based on these strong market fundamentals, we are confident in the outlook for lithium and believe our Georgia Lake lithium project is perfectly positioned to capitalize on this coming demand surge. Since acquiring the property in 2009, we have made significant investments in resource definition at the Georgia Lake project including trenching, drilling, bulk sampling and metallurgical testing. As a result of these investments, we completed the first-ever NI 43-101 compliant resource estimate on the property, details of which can be found on our webpage; www.rocktechlithium.com.

In the 2nd half of 2016, we continued exploration with trenching and channeling work on the property. The objective of this program was to better understand the lithium-bearing pegmatites on the property, trace lithium mineralization encountered in drill holes to the surface and to provide the basis for planning a new drill program and increasing resources. During this program, a new discovery was made as surface samples showed the presence of a previously unknown lithium-bearing

pegmatite. The next step on our way to bringing this property into production will be the completion of a drill program, the planning of which is already underway.

In addition to the organic growth that our Georgia Lake lithium property offers, we are in discussions to acquire additional lithium and battery metals assets to help us achieve our goal of being a leading supplier of raw materials for batteries.

Including the recently closed private placements, the company still has less than 30 million shares outstanding (35 million on a fully-diluted basis) with a market capitalization of around CAD\$25 million. Approximately 80% of our outstanding shares are held by cornerstone shareholders; management and supportive long-term retail and institutional investors. In addition to being listed on the TSX Venture Exchange in Canada, our shares are also tradable in Frankfurt, Stuttgart and at Tradegate Exchange in Berlin. Our shareholder base is now mostly German, Canadian and UK-based.

While there has been a rush to acquire lithium properties by both incumbents and the plethora of new entrants to the lithium exploration space, we are one of the few junior explorers that have made significant investment in exploration and published an NI 43-101 compliant resource estimate; and we believe that we are one of the few that will eventually get into production.

As a consequence, with the triumphal procession of electric vehicles just starting, lithium will remain in the spotlight for the foreseeable future, and Rock Tech is well positioned in the market. This year promises to be an exciting one for Rock Tech and you will receive more frequent communications from us as we move to more aggressive development and progress Rock Tech from an exploration company into a battery metals supplier.

Best,

"Martin Stephan"
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Statements included in this announcement, including statements concerning our plans, intentions and expectations, which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements". Forward-looking statements may be identified by words including "anticipates", "believes", "intends", "estimates", "expects" and similar expressions. The Company cautions readers that forward-looking statements, including without limitation those relating to the Company's future operations and business prospects, are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements.

SOURCE [Rock Tech Lithium Inc.](#)

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