

Rock Tech Lithium Inc. Letter to Shareholders

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VANCOUVER, April 10, 2019 - [Rock Tech Lithium Inc.](#) (the "Company" or "Rock Tech") (TSX-V: RCK; Frankfurt: RJIB) is pleased to provide a Letter to Shareholders from Chief Executive Officer, Martin Stephan:

"Volkswagen 'Breaks the Ice' in the Lithium World"

A few days ago, Volkswagen made a groundbreaking announcement of a long-term lithium supply agreement with a major lithium producer. This important development will have a ripple effect across the entire electric vehicle supply chain from junior lithium explorers to automotive OEMs.

This development by VW comes as no surprise to readers of my past letters as I have been expecting the automotive OEMs to get more directly involved in securing raw materials for some time now. I wanted to take this opportunity to share with you VW's recent announcement and provide some commentary on several key points.

"Lithium will in the near future be one of the most sought-after raw materials on earth."

This isn't new to investors and stakeholders in the lithium exploration and mining business but it illustrates a critical turning point in the mentality of the major automotive OEMs. In our discussions with the car makers, we have been impressing upon them the importance of securing supply of battery metals as there was a real risk that supply wouldn't allow them to realize their increasingly ambitious electrification goals. Just one year ago, the managers at these companies seemed rather naïve about the lithium supply challenges and didn't give much credence to our comments; however, this now starts to change. While risks to the supply-side still exist, this change in mindset is a strong positive for lithium companies.

"Lithium is currently regarded as an unrivalled charge carrier that will be irreplaceable for the foreseeable future, as no other element offers comparable properties for automotive battery applications."

One of the first questions I get when talking to potential investors or other interested parties is about the substitution of lithium. They say, "Yeah, but what's beyond lithium?" While I don't pretend to know what the future holds for battery technology, it is clear that lithium isn't going anywhere anytime soon. As it stands today, advancements are being made in cathode chemistry with the two main chemistries featuring increasing volumes of nickel and decreasing volumes of cobalt. Both of these chemistries rely on lithium, in increasing volumes, and the most likely post-lithium-ion battery, the solid-state battery, contains lithium in the anode as well. It's clear that lithium is here to stay for at least the next two decades and probably longer as VW's long-term supply agreement confirms.

"A distinction is made between extraction from salars [brine projects] and extraction from ore mining [hard rock projects]. Mining is considered the future-proof solution, both commercially and in terms of sustainability. Lithium extraction in salt lakes [salars] – predominantly in Chile, Argentina and Bolivia – is deemed difficult to calculate, since the evaporation process can be severely affected by rain, snow and natural contaminants in the material, and the impact on the environment (for example, on the groundwater level) can be potentially problematic."

This is a key point that I discussed with investors i.e. during our North American road show during the third

and fourth quarters of 2018. During these meetings, I highlighted two key risks for these salar projects in the “lithium triangle”: geopolitical risk and environmental risk. The first is related to the currency crisis in Argentina and the introduction of export taxes as one tool to attempt to address this. The second risk, environmental, is growing and potentially catastrophic for lithium explorers and miners. Extracting lithium from salars is water intensive and governments have become more stringent in the granting of these rights curbing or curtailing expansion plans. As the impacts on water are becoming better understood, we are seeing some communities in Argentina refuse to grant the “social license” required to allow these companies to operate in the area.

“Lithium extracted from mining for the future-relevant intermediate product “lithium hydroxide” is commercially more attractive (there is one less production step as compared to salar production), more stable to extract, easier to scale and generally more sustainable.”

You have heard me mention this several times before. As discussed above, the current cathode trajectory is towards higher nickel content at the expense of cobalt. While this increases energy density, it does present some stability challenges requiring a lower battery operating temperature. In order for the lithium to do its job in these cathodes at a lower temperature, lithium hydroxide is substituted for lithium carbonate. Hard rock lithium projects, such as our Georgia Lake lithium project, are the preferred source for lithium hydroxide due to the reasons mentioned by VW. In addition, should the shift to solid-state batteries occur, hard rock lithium projects may be the preferred choice for the lithium metal contained in the anodes.

This development is very positive for the lithium industry and hard rock lithium explorers and miners in stable legislations such as Canada, in particular. Our Georgia Lake lithium project, where we are currently working on permitting and other activities related to a Feasibility Study, is in an ideal position to benefit from this emerging trend.

From the desk of,

"Martin Stephan"
Martin Stephan
Director, Chief Executive Officer

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