

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Lithos Energy Ltd. (the “Company” or “Lithos”)
Suite 2380 - 1055 West Hastings Street
Vancouver, British Columbia, V6E 2E9

Item 2 Date of Material Change

September 13, 2023

Item 3 News Release

The news release dated September 13, 2023 was issued through Cision.

Item 4 Summary of Material Change

On September 13, 2023, the Company announced that Aqueous Resources LLC (“Aqueous”), a wholly-owned subsidiary of the Company, received a US\$1.3-million-dollar award to support its fully commissioned Denver Colorado pre-treatment and DLE processing facility over the next 18 months.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On September 13, 2023, the Company announced that Aqueous received a US\$1.3-million-dollar award to support its fully commissioned Denver Colorado pre-treatment and DLE processing facility over the next 18 months. The effective funding date commenced on July 10, 2023.

Aqueous’ award follows the U.S. Department of Energy’s (“DOE”) announcement on September 6, 2023, that it will provide **US\$150 million of additional grant funding opportunities to support U.S. critical metals projects with bench- and pilot-scale research, development, and demonstration processing plants to produce and refine critical minerals and materials in the United States.** According to the DOE, the funds, provided by the Bipartisan Infrastructure Law, will help to strengthen domestic critical material supply chains, and meet the growing demand for critical minerals and materials while reducing reliance on foreign sources.

The Company is also pleased to announce that Aqueous has pre-qualified and commenced its application for up to US\$30 Million in awards under area of interest 1B Phase II from the DOE funding opportunity announced on September 6, 2023. The application hopes to secure up to US\$30 million of total grant funding per awardee to support pilot scale facility development and construction of lithium hydroxide processing plants to produce and refine critical minerals and materials in the United States. This directly aligns with vision and goals of the previously announced with the Company’s September 6th announcement to scope and construct ‘Crimson Tide’ lithium hydroxide pilot production facility in Alabama. Aqueous has pre-qualified and registered with the DOE for this funding opportunity well before the deadline of November 10, 2023.

The Company will be disclosing cost and execution timeline to complete a Level 1 Front End Loading engineering report shortly on the ‘Crimson Tide’ lithium hydroxide pilot production facility.

Further, on August 31, 2023, the DOE announced a Notice of Intent to make available **\$3.5 billion in funding to bolster American battery manufacturing and strengthen domestic supply chains.**

This notice of intent-made possible by the President's Bipartisan Infrastructure Law-represents the second round of funding for battery materials processing and battery manufacturing grants which hopes to **support the creation of new, retrofitted, and expanded domestic commercial facilities for battery materials**, battery components, and cell manufacturing. The intent of the funding is to expand domestic manufacturing of batteries for electric vehicles and the nation's grid, as well for battery materials and components currently imported from other countries. The DOE hopes the funds enhance national security by building up the domestic supply chains. As stated by the DOE, this funding opportunity announcement ("FOA") through the Office of Manufacturing and Energy Supply Chains ("MESC") anticipates making approximately 19-41 awards in the form of grants. The MESC plans to set the FOA timelines in October 2023, at which time the Company shall seek to respond promptly by preparing and submitting its Crimson Tide lithium Hydroxide pilot production facility for this funding opportunity.

5.2 *Disclosure for Restructuring Transactions*

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Contact: Scott Taylor, CEO
Telephone: 604.908.1679

Item 9 Date of Report

September 13, 2023