

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Lithos Group Ltd. (the “**Company**”)
Suite 2380 – 1055 West Hastings Street
Vancouver, BC V6E 2E9

Item 2 Date of Material Change

April 15, 2024

Item 3 News Release

The news release dated April 15, 2024 was disseminated through Cision on April 15, 2024.

Item 4 Summary of Material Change

The Company announced that it has closed a second tranche (the “**Second Tranche**”) of its previously announced non-brokered private placement (the “**Offering**”), as described in its news release dated February 26, 2024, pursuant to which it issued an aggregate of 644,684 units (each, a “**Unit**”) at a price of \$0.70 per Unit raising gross proceeds of \$451,278.80. The Company expects to complete a third tranche of the Offering in the next few weeks.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Company completed the Second Tranche on April 15, 2024, whereby it issued an aggregate of 644,684 Units at a price of \$0.70 per Unit for gross proceeds of \$451,278.80. The Company expects to complete a third tranche of the Offering in the next few weeks.

Each Unit is comprised of one common share of the Company (each, a “**Share**”) and one common share purchase warrant (each, a “**Warrant**”), with each Warrant entitling the holder to purchase one Share at a price of \$0.90 per Share for a period of three years following the closing date of the Second Tranche.

The aggregate gross proceeds from the Second Tranche will be used for working capital, business development and for completion of customer pilot projects.

The Company paid cash finder’s fees of \$3,003 to one finder in connection with the Second Tranche.

Closing of the Second Tranche is subject to receipt of all necessary regulatory approvals, including from Cboe Canada Inc.

All securities issued in connection with the Second Tranche will be subject to a statutory hold period expiring four months and one day after the date of issuance.

An insider of the Company subscribed for a total of 100,000 Units under the Offering, which is a “related party transaction” within the meaning of Multilateral Instrument 61-101 – *Protection of*

Minority Security Holders in Special Transactions ("MI 61-101"). The issuances to the insider is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(a) as the Units purchased do not exceed more than 25% of the market capitalization of the Company and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(b) of MI 61-101 in that the fair market value of the securities distributed in the Initial Tranche is not more than \$2,500,000.

Disclosure Required by MI 61-101

Pursuant to MI 61-101, the Offering constituted a "related party transaction", in part, as a certain officer of the Company participated in the Offering.

The following supplementary information is provided in accordance with Section 5.2 of MI 61-101.

(a) *a description of the transaction and its material terms:*

See Item 5.1 above for a description of the Offering.

(b) *the purpose and business reasons for the transaction:*

See Item 5.1 above for the description of the use of proceeds.

(c) *the anticipated effect of the transaction on the issuer's business and affairs:*

The Company does not anticipate any material effect on the Company's business and affairs

(d) *a description of:*

(i) *the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:*

Martín Corredera Silván, a director of the Company, was issued 100,000 Units for proceeds of \$70,000.

(ii) *the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:*

The following table sets out the effect of the Offering on the percentage of securities of the Company beneficially owned or controlled by Mr. Corredera Silván:

Name and Position	Dollar Amount of Units Purchased	Number of Securities Purchased	No. of Shares Held prior to Closing of the Offering	Percentage of Issued and Outstanding Shares prior to Closing of the Offering	No. of Shares Held After Closing of the Offering	Percentage of Issued and Outstanding Shares After Closing of the Offering
Martín Corredera Silván <i>Director</i>	\$70,000	100,000 Shares and 100,000 Warrants	Undiluted: Nil	Undiluted: Nil	Undiluted: 100,000 ⁽³⁾	Undiluted: 0.11% ⁽⁴⁾
			Diluted: 365,000 ⁽¹⁾	Diluted: 0.43% ⁽²⁾	Diluted: 565,000 ⁽⁴⁾	Diluted: 0.66% ⁽⁵⁾

- (1) Comprised of: (i) 255,000 stock options, each of which is exercisable into one Share, at an exercise price of \$0.70 per Share until June 5, 2026 and (ii) 110,000 restricted share units, each of which is vested into one Share on January 29, 2025.
- (2) Based on 84,258,304 Shares comprised of: (i) 83,893,304 Shares outstanding prior to the completion of the Second Tranche, (ii) 255,000 Shares that may be issuable on exercise of stock options and (iii) 110,000 Shares that may be issued on vesting of restricted share units of the Company.
- (3) Based on 84,537,988 Shares outstanding following completion of the Second Tranche.
- (4) Comprised of: (i) 100,000 Shares, (ii) all of the convertible securities of the Company set out in footnote (1) above, and (iii) 100,000 Warrants exercisable at a price of \$0.90 per Warrant Share until April 15, 2027.
- (5) Based on 85,002,988 Shares comprised of: (i) 84,537,988 Shares outstanding after the completion of the Second Tranche, (ii) 255,000 Shares that may be issuable on exercise of stock options of the Company, (iii) 110,000 Shares that may be issued on vesting of restricted share units and (iv) 100,000 Shares that may be issued on exercise of Warrants.

- (e) *unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:*

Mr. Corredera Silvan abstained from voting on the resolution approving the Second Tranche with respect to his portion of the Offering. A special committee was not established in connection with the approval of the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (f) *a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:*

Not applicable.

- (g) *disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that related to the subject matter of or is otherwise relevant to the transaction:*

- (i) *that has been made in the 24 months before the date of the material change report:*

Not applicable.

- (ii) *the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:*

Not applicable.

- (h) *the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:*

The Company entered into a subscription agreement with Martín Corredera Silván pursuant to which Mr. Corredera Silván agreed to purchase 100,000 Units for gross proceeds of \$70,000.

- (i) *disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:*

The Offering is exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(a) as the Units purchased do not exceed more than 25% of the market capitalization of the Company and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(b) of MI 61-101 in that the fair market value of the securities distributed in the Initial Tranche is not more than \$2,500,000.

The Company did not file a material change report 21 days prior to closing of the Offering as the Company was not aware of all details of the insider participation in the Offering until just before closing.

5.2 Disclosure for Restructuring Transactions

Not Applicable

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

April 17, 2024