

2018

LITHIUM ENERGY PRODUCTS INC.

REPORT TO SHAREHOLDERS - MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

STATED IN CANADIAN DOLLARS

THIS REPORT PROVIDES A MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION
AND RESULTS OF OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2018

DATE: 17 JANUARY 2019





LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

TO OUR SHAREHOLDERS

This Management Discussion and Analysis (“MD&A”) supplements - but does not form part of – the Consolidated Financial Statements for the year ended 30 September 2018. Consequently, the following discussion and analysis of the financial condition and results of operations for Lithium Energy Products Inc. (“LEP” or the “Company”), should be read in conjunction with the Consolidated Financial Statements for the year ended 30 September 2018, and the related notes therein, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”), consistently applied.

Discussion of the Company, its operations and associated risks are further described in the Company’s filings, available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD-LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein. Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the SEDAR website at www.sedar.com.

The table below sets forth the significant forward-looking information included in this MD&A:

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing operations	LEP has the resources to fund their ongoing operations and the ability to raise funds for further operations exceeding current resources.	LEP has disclosed that this may be difficult and failure to raise these funds will materially impact the Company's ability to continue as a going concern.
Proving LEP deposits' economic viability.	Deposits are either economically viable or LEP can obtain new sources of lithium for exploitation, trading or offtake agreements.	Lack of information to assess corporate and mining strategy for the existing assets.
Proving LEP deposits' process ability.	LEP deposit compositions are favourable towards economically recovering lithium.	Lack of information to assess asset grade.
LEP intends to acquire further properties to expand their mining and supply operations.	Properties demonstrating economic potential and have existing supportive infrastructure can be located and acquired.	Prospective acquisitions do not demonstrate sufficient potential and viability to justify acquisition.
LEP intends to enter into MOUs with several customers to ensure a customer base exists for LEP products. LEP intends to explore non-conventional methods of obtaining lithium external to conventional mining sources	Potential customers are willing to commit to mineral acquisition from LEP prior to exploration completion and exploitation. Economic amounts of lithium are recoverable from non-conventional sources and extractive technologies exist and are sufficient to obtain the lithium	Potential LEP customers may overstate the quantities they intend to purchase as they are currently predictive. LEP investigative and research expenditure might conclude that there is no economic benefit and be unable to recoup expenditure.
LEP intends to arrange financing for the development of its current properties	The company and its properties can prove economic potential and attract investment.	LEP is unable to attract investment and must investigate alternate strategies.
LEP intends to acquire operational projects to improve its cashflow	The company will have the resources and/or means to acquire such projects.	LEP is unable to acquire the necessary investment and must investigate alternate strategies.



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

LEP is currently in negotiations to acquire an operational mining project. The company is exploring alternative means of financing and familiarising itself with the targeted industry and the equipment necessary to be sourced to ensure the project's success.

LEP intends to drill and sample the highly concentrated brines located using the electro-magnetic analysis results on the Jackpot Lake property. The drilling and sampling program will determine the mineralogy of the brine and help to determine LEP's strategic direction for the Jackpot Lake project.

LEP is exploring alternative sources of lithium through non-traditional sources. If proven economically viable these prospects will present LEP with a readily available supply of lithium that will provide an income stream almost immediately and in enormous supply.

LEP will retain its Griffith iron ore mine until the project can be commenced with profitable returns. The iron ore spot price is currently increasing and when suitable LEP will approach its prospective industry partners in North America to provide expertise and capital to advance the project. LEP is also undertaking an investigation to ascertain whether the Griffith Mine's quarried rock can be sold to produce an income stream for LEP.

LEP intends to acquire operational mining or quarry projects, which are able to create a cashflow for the company, and help the Company finance its exploration ambitions.

GENERAL

LEP – formerly Northern Iron Corp - is a publicly traded junior mining company whose principal business is identifying the most promising mineral deposits to purchase, progress and exploit. Currently, the Company is focusing on progressing its lithium projects towards exploitation, production and supplying lithium to the markets. LEP acquired 3 highly prospective lithium properties in Nevada and Arizona in August 2016. The decision to acquire these sites was based on grade, accessibility and serviceability. The company examined other sites in South America and the U.S. but decided against these because of inaccessibility, uncertain political climates and poor local infrastructure

LEP's projects are in their exploration stages, and LEP has the financial resources available to undertake the technical work to further progress the lithium projects. At LEP's disposal are geologists, geophysicists, mining engineers and market experts that are responsible for developing the project towards production. Once this work is underway - and a greater appreciation of the deposits has been obtained - the company intends to seek partnership and further investment to advance the deposit towards exploitation.

The business is managed by specialist staff and experts with diverse experience across the entire mineral resource industry. The company has a proven track record of identifying viable mineral deposits and progressing these discoveries to operation and sale. LEP is listed on the TSX Venture Exchange and commenced trading on 26 August 2011.

SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

On 10th July 2018, the Company announced the signing of a minority partnership agreement with Argentum Silver Corporation on the Vanadium Ridge property. LEP signed an agreement with Argentum on 2 July, 2018, agreeing the sale of 80% interest in the Vanadium Ridge Property to Argentum. In exchange Argentum agreed to pay LEP \$150,000 and issue LEP 1.25MM Argentum shares. LEP will also retain a carried interest of 20% interest in the project 2 years from the date of the agreement.

On 27th April 2018, the Company announced the closing of the transaction to purchase 100% of the Vanadium Ridge project from the original vendors. Under the terms of the agreement, the Company acquires 100% of the project,



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

consisting of 20 mining claims, covering over 5,200 acres, situated 40 minutes by road from Kamloops, British Columbia, in exchange for the issuance of 2,500,000 common shares of the Company and \$135,000 in cash payment.

On 30th July 2018, the Company announced that it has completed its 100% acquisition of the Willcox Playa lithium property in Arizona, and has fulfilled its penultimate payment on the Jackpot Lake lithium project in Nevada.

On 27th March 2018, LEP announced consolidation of its share capital based on 20 existing common shares for one new common share. The share consolidation received shareholder approval at the company's annual general meeting and a special general meeting of shareholders held 26 July 2017. Prior to the consolidation, 172,377,875 common shares in the capital of the company were issued and outstanding. Upon completion of the share consolidation, a total of approximately 8,618,894 common shares in the capital of the company are issued and outstanding. No fractional shares are issued in connection with the share consolidation. The consolidation remain subject to approval by the TSX venture exchange.

On 28th November 2017, 19,048,000 warrants expired. The warrants were granted on 28 November 2014 and had an exercise price in the amount of \$0.05.

EVENTS SUBSEQUENT TO 30 SEPTEMBER 2018

On 11 January 2019, LEP accelerated its final payment on the Jackpot Lake Property to acquire the full 100% of the project. The Company was required to make a final payment of \$205,000 by 26 July, 2018 to acquire a 100% of the Jackpot Lake Property. However, the vendor agreed to immediately transfer a 100% interest in the Jackpot Lake Property for a payment of \$102,500 in LEP shares at 10 January, 2019 closing price of \$0.135 for a total of 759,259. The balance, \$102,500 to be paid within 6 months of the transfer of the Jackpot Lake Property. Completion of the acquisition are subject to TSX Venture Exchange approval.

RESULTS OF OPERATIONS

The comprehensive loss reported during the year ended 30 September 2018 was \$1,013,482 compared to \$2,176,027 in the comparative year. The main fluctuations in costs are as follows:

Consulting fees (rounded to the nearest '000)	12 months 2018	12 months 2017
	\$ 247,000	\$ 367,000
Variance decrease	\$ (120,000)	

During the year ended 30 September 2018, the Company's consulting fees decreased due to reorganization efforts designed to preserve cash and reduce overhead.

Stock-based payments (rounded to the nearest '000)	12 months 2018	12 months 2017
	\$ 120,000	\$ 191,000
Variance increase (decrease)	\$ (71,000)	

During the year ended 30 September 2018, The Company issued 150,000 common shares for an agreement with Raquel Fernandez, and 150,000 common shares for an agreement with Golden Hammer for consulting fees.

Impairment of deposit (rounded to the nearest '000)	12 months 2018	12 months 2017
	\$ -	\$ 212,000
Variance decrease	\$ (212,000)	



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

In the prior year, the Company impaired a deposit made to a drilling contractor as it became clear that neither delivery of the service or refund of the amount was reasonable.

Shareholder relations (rounded to the nearest '000)	12 months 2018	12 months 2017
	\$ 334,000	\$ 104,000
Variance increase	\$ 230,000	

During the year ended 30 September 2018, the Company's Shareholder relations increased due to the settlement of debt owing to Josephine Deacon.

SUMMARY OF ANNUAL RESULTS

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards and Canadian generally accepted accounting principles as applicable.

Fiscal Year Ended	Sep-18	Sep-17	Sep-16
Total Revenues	\$ -	\$ -	-
Loss and Comprehensive Loss for the Year	\$ 1,013,482	\$ 2,176,027	\$ 10,295,345
Loss per Share (Basic and Diluted)	\$ (0.10)	\$ (0.26)	\$ (0.09)
Total Assets	\$ 2,237,901	\$ 769,659	\$ 1,496,900

SUMMARY OF QUARTERLY RESULTS

Three months ended	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Profit (loss) for the period	(874,255)	(596,707)	548,477	(88,983)	(1,111,683)	(269,880)	(589,961)	(204,504)
Profit (loss) per share	(0.10)	0.03	0.06	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	2,237,901	1,466,553	1,463,718	684,454	769,658	1,909,376	2,150,812	2,557,640
Working capital surplus (deficiency)	(24,000)	(169,000)	(2,000)	87,000	177,000	331,000	897,185	1,164,005

During year ended 30 September 2018, the company recognized impairment on the exploration properties in Canada, and USA. One of the exploration properties were later recovered in the year ended 30 September 2018. This resulted in a significant fluctuation in total assets and a simultaneous increase in loss for the period.



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

EXPLORATION AND EVALUATION ASSETS

	Vanadium Ridge	Jackpot Lake	Willcox Playa	Little Rock	Ontario Properties	Total
ACQUISITION						
Balance as at 1 October 2016	\$ -	\$ 547,934	\$ 379,803	\$ 80,635	\$ 5	\$ 1,008,377
Additions	-	56,628	67,075	-	-	123,703
Impairment	-	(604,561)	-	(80,635)	(1)	(685,197)
Balance as at 30 September 2017	\$ -	\$ 1	\$ 446,878	\$ -	\$ 4	\$ 446,883
Additions	1,560,000	317,560	153,710	-	-	2,031,270
Dispositions	(1,248,000)	-	-	-	-	(1,248,000)
Recovery	-	637,397	-	-	-	637,397
Balance as at 30 September 2018	\$ 312,000	\$ 954,958	\$ 600,588	\$ -	\$ 4	\$ 1,867,550

EXPLORATION EXPENDITURES

Balance as at 1 October 2016	\$ -	\$ 32,836	\$ 3,384	\$ -	\$ -	\$ 36,220
Geological and consulting	-	164,092	7,050	-	-	171,142
Staking and claiming	-	-	1,882	-	-	1,882
Assaying	-	6,606	3,682	-	-	10,288
Admin and camp	-	2,983	4,355	-	-	7,338
Transportation	-	610	-	-	-	610
Impairment	-	(207,127)	-	-	-	(207,127)
Balance as at 30 September 2017	\$ -	\$ -	\$ 20,353	\$ -	\$ -	\$ 20,353
Staking and claiming	-	-	22,950	-	-	22,950
Balance as at 30 September 2018	\$ -	\$ -	\$ 43,303	\$ -	\$ -	\$ 43,303

CARRYING AMOUNTS

Balance as at 30 September 2017	\$ -	\$ 1	\$ 467,231	\$ -	\$ 4	\$ 467,236
Balance as at 30 September 2018	\$ 312,000	\$ 954,958	\$ 643,891	\$ -	\$ 4	\$ 1,910,853

OUTSTANDING SHARES

As at 30 September 2018 and as at the date of this report, the Company had 12,804,116 common shares issued and outstanding. The fully diluted amount of 14,575,366 includes options of 271,250 and warrants of 1,500,000.



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION AND LIQUIDITY

As at 30 September 2018, the Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

The following discussion relates to the year ended in fiscal 2018 and compares that to the same year in fiscal 2017:

As at 30 September 2018, the Company had a working capital deficit of \$24,000 compared to a working capital surplus of \$177,000 as at 30 September 2017.

Cash used in operating activities during the year ended 30 September 2018 totalled \$145,894 (2017: \$901,029 of cash used). This is consistent with expectations of management.

Cash used in investing activities during the year ended 30 September 2018 totalled \$7,950 (2017: \$336,663 of cash used).

Cash raised in financing activities during the year ended 30 September 2018 is \$ nil (2017: \$1,275,469). During the year ended 30 September 2018, there was an equity placement and there was no such placement in the current year.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the condensed interim consolidated statement of financial position are carried at amortized cost. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 September 2018 and 2017. There have been no changes in levels during the year.

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, and accounts payable and accrued liabilities. As at 30 September 2018 and 2017, the carrying value of cash is at fair value. Amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada, accordingly the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk. As at 30 September 2018, the Company held currency totalling the following:

Currency	30 September 2018	30 September 2017
Canadian (Dollars)	\$ 1,884	\$ 30,927
US (Dollars)	\$ 364	\$ 100,376

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 September 2018, the Company had a cash balance of \$2,356, to settle current liabilities of \$273,400 that are due within one year. The Company is exposed to a significant liquidity risk as there is a shortfall in the cash balance to settle any immediate current liabilities that may fall due.

CAPITAL RESOURCES

LEP has no recent history of profitable operations. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of adequate revenues.

It will be necessary for LEP to arrange for additional financing to meet its on-going exploration and overhead requirements.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although LEP successfully completed financing during the year ended 30 September 2017, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

CAPITAL MANAGEMENT

The Company's capital consists of cash and shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its



REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at 30 September 2018 and as at the date hereof.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based awards	Amounts Payable	Prepaid expenses
Basil Botha – President and Director, consulting fees	2018	\$ 35,200	\$ -	\$ 13,883	-
	2017	\$ 136,000	\$ 24,133	\$ 3,273	10,080
Clearline CPA – a company of which the CFO is a director, professional fees	2018	\$ 58,203	\$ -	\$ 25,200	-
	2017	\$ 48,000	\$ 15,083	\$ 8,437	-
Michael Hepworth, VP Corporate Development	2018	\$ -	\$ -	-	-
	2017	\$ 72,000	\$ 24,133	-	-
Paul Sarjeant, Director	2018	\$ -	\$ -	-	-
	2017	\$ 1,500	\$ 19,833	\$ 1,000	8,400
James Walker – CEO	2018	\$ 96,000	\$ -	\$ 36,222	-
	2017	\$ 87,000	\$ 21,117	-	-
Annie Storey, Director	2018	\$ 1,788	\$ -	-	-
	2017	\$ 1,000	\$ 15,083	\$ 500	-
Alberto Hassan, Director	2018	\$ -	\$ -	\$ 2,500	-
	2017	\$ 1,750	\$ 20,333	\$ 1,000	-

(i) For the year ended 30 September 2018 and 2017.

(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties.

On 27 April 2018, the Company entered into a loan agreement with Alpha Resource Management Inc., a company owned by the president and the director. Pursuant to the terms of the agreement, an interest bearing loan of \$35,000 at 1% a month compounded was issued. The loan was fully paid as at 30 September 2018.



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Consistent with other companies in the mineral exploration industry, LEP has no source of operating revenue. The Condensed Interim Consolidated Financial Statements for the year ended 30 September 2018 provide a breakdown of the general and administrative expenses for the year under review and an analysis of the capitalized and expensed exploration and development costs incurred on its mineral properties.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

MANAGEMENT

LEP is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of LEP could result, and other persons would be required to manage and operate the Company.

RISK FACTORS

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

At present the principal activity of the Company is the exploration and development of lithium resource properties. The feasible development of such properties is highly dependent upon the price of lithium commodities. A sustained and substantial decline in these commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect these commodity prices in order to assess the feasibility of its resource projects.



LITHIUM ENERGY PRODUCTS INC.

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Canadian Dollars

REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in the Management Discussion and Analysis.

A CAUTIONARY TALE

This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted on behalf of the Board of Directors,

“James Walker”

James Walker

CEO