

51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Lithium Energy Products Inc. (the “**Company**”)
Suite 1000 - 409 Granville Street
Vancouver, BC V6C 1T2

Item 2 Date of Material Change

April 1, 2019

Item 3 News Release

The news release dated April 3, 2019 was disseminated via Newswire.

Item 4 Summary of Material Change

The Company announced that, further to its news release of January 21, 2019, it has entered into a definitive amalgamation agreement dated effective April 1, 2019 (the “**Amalgamation Agreement**”) with American Strategic Minerals Inc. (“**ASM**”), an arm’s length British Columbia-based company engaged in an active fluorspar mining operation in Utah, pursuant to which the Company has agreed to acquire all of the shares of ASM by way of a three-cornered amalgamation (the “**Transaction**”) between the Company, ASM and a wholly-owned subsidiary of the Company formed for the purpose of completing the amalgamation. Pursuant to the terms of the Amalgamation Agreement, the shareholders of ASM will receive one common share of the Company and one half warrant at an exercise price of \$0.16 for each two shares of ASM. In connection with the completion of the Transaction, the Company intends to change its name to “Ares Mining” or such other name as may be agreed by the parties.

The Transaction will result in the reverse takeover of the Company by ASM. The Company and ASM are parties dealing at arm’s length, therefore the Transaction will not be a non-arms’ length transaction under the policies of the TSX Venture Exchange.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The material change is fully described in the attached news release which has been filed on SEDAR.

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

James Walker, Chief Executive Officer
Telephone: (604) 566-8570

Item 9 Date of Report

April 12, 2019



1001 - 409 Granville Street
Vancouver, British Columbia V6C 1T2

NEWS RELEASE

Lithium Energy Announces Entry into Definitive Agreement for proposed Qualifying Transaction with American Strategic Minerals Inc.

April 3, 2019 – Vancouver, BC – Lithium Energy Products Inc. (TSX-V: LEP) (FRANKFURT: N8I) (“LEP”) is pleased to announce that, further to its news release of January 21, 2019, it has entered into a definitive amalgamation agreement dated effective April 1, 2019 (the **“Amalgamation Agreement”**) with American Strategic Minerals Inc. (**“ASM”**), an arm’s length British Columbia-based company engaged in an active fluor spar mining operation in Utah, pursuant to which LEP has agreed to acquire all of the shares of ASM by way of a three-cornered amalgamation (the **“Transaction”**) between LEP, ASM and a wholly-owned subsidiary of LEP formed for the purpose of completing the amalgamation (**“Newco”**). Pursuant to the terms of the Amalgamation Agreement, the shareholders of ASM will receive one common share of LEP (each, a **“LEP Share”**) and one half warrant at an exercise price of \$0.16 (each, a **“LEP Warrant”**) for each two shares of ASM (each, an **“ASM Share”**). In connection with the completion of the Transaction, LEP intends to change its name to **“Ares Mining”** or such other name as may be agreed by the parties.

The Transaction will result in the reverse takeover of LEP by ASM. LEP and ASM are parties dealing at arm’s length, therefore the Transaction will not be a non-arms’ length transaction under the policies of the TSX Venture Exchange (the **“TSXV”**).

About American Strategic Minerals Inc.

ASM is a corporation incorporated pursuant to the laws of British Columbia. ASM possesses an active fluorite mining operation. A wholly owned Utah subsidiary of ASM currently possesses 51 U.S. federal mining claims in Juab County, Utah, and approximately 640 acres. Additional claims are actively being staked, which will also form part of the property acquired by LEP. ASM also indirectly holds certain mining equipment, an active plant, and an existing bagging and processing facility.

Pursuant to the audited financial statements of ASM for the year ended December 31, 2018, ASM’s working capital deficit is \$65,626. ASM has current assets of approximately \$151,000, and total assets of approximately \$2.15M. ASM holds \$2.0M in exploration and evaluation assets, property and equipment. ASM’s current liabilities are approximately \$217,000, and ASM’s total liabilities are approximately \$2.15M. ASM’s operations in Utah are currently subject to a revolving credit agreement with an arm’s length party for the provision of a revolving credit facility of up to a maximum of US\$50,000 in exchange for 20% of the net royalties of all sales of ore production from the Utah operations until repayment in full. As at December 31, 2018, ASM had drawn down \$27,510 from the credit facility. As at such date, ASM also had approximately \$105,000 in related party loans and associated accrued interest which are anticipated to remain on the books of ASM post-closing.

NAC Loan

Lithium Energy Products USA, a subsidiary of LEP, has received approval for a US\$2.6M loan (the “**NAC Loan**”) from North Avenue Capital (“**NAC**”), an arm’s length financing company, to assist in funding the Transaction. The NAC Loan is US government-backed, repayable over a term of 13 years, and will accrue interest at the prime rate plus 2.75%, adjusted quarterly. Lithium Energy Products USA is prohibited from obtaining a government-backed loan from any other financial institution for a period of 12 months. The NAC Loan is subject to certain annual renewal, guarantee fees, origination fees, and certain “break-up” fees in the event of non-performance or failing to adhere to exclusivity requirements. The NAC Loan has been guaranteed by an arm’s length third party (the “**Guarantor**”). In exchange for providing the guarantee, the Guarantor, upon the completion of the Transaction, will receive 10% of the profit of the mining operations to be acquired from ASM.

Terms of the Transaction

It is anticipated that the completion of the Transaction will involve, among other things, the following steps, but the parties may agree to a different structure based on tax efficiencies and the advice of legal and financial advisors:

- ASM and Newco will amalgamate, with the amalgamated company being a wholly-owned subsidiary of LEP; and
- in connection with the amalgamation the ASM Shares outstanding immediately prior to the amalgamation will be cancelled, and the holders of ASM Shares will receive one LEP Share and one LEP Warrant for each two ASM Shares held; and
- existing ASM option agreements reflecting the issuance of options exercisable into 600,000 ASM Shares will be terminated and the holders of the options will receive replacement options in LEP.

As at the date hereof, there are 13,563,375 LEP Shares issued and outstanding and an additional options to purchase up to 160,000 LEP Shares, and warrants exercisable into 1,500,000 LEP Shares. There are currently 28,369,600 ASM Shares issued and outstanding. Certain of the LEP Shares issuable pursuant to the Transaction will be subject to the escrow requirements of the TSXV or hold periods as required by applicable securities laws. It is not expected that approval of the LEP shareholders will be required for the Transaction under the policies of the TSXV.

Completion of the Transaction will be subject to certain conditions, including:

- LEP and ASM obtaining the consent of any parties from whom consent to the consummation of the Transaction is required, including the board and shareholders of each of ASM and Newco, the board of Lithium, the TSXV and other applicable regulatory authorities, if required;
- insiders of LEP entering into applicable escrow or pooling agreement as may be required by the TSXV;
- completion and submission of a Filing Statement prepared in accordance with TSXV Form 3D2 - “Information Required in a Filing Statement for a Reverse Takeover or Change of Business”;

- delivery by ASM of the appropriate accredited investor certificate for each U.S. shareholder;
- certain management services agreements (the “**Management Agreements**”) will be amended pursuant to which two officers of ASM will receive 300,000 LEP Shares in lieu of ASM Shares on the closing of the Transaction;
- delivery of all customary closing documentation as set out in the Amalgamation Agreement; and
- completion of all required exchange filings, and the approval of the TSXV;
- other standard closing conditions, including there being no material adverse change in relation to the business of LEP or ASM, the representations and warranties of the parties in the Amalgamation Agreement remaining true and accurate of at the closing of the Transaction, and there being no material action, claim, demand, investigation or other proceeding in progress, pending or threatened against LEP or ASM, which involve the reasonable likelihood of any judgment or liability against either party.

In connection with the Transaction, LEP intends to change its name to “Ares Mining”, which name change has previously been approved by the shareholders of LEP.

Directors, Officers and Insiders

Upon completion of the Transaction, it is expected that most of the existing directors and officers of LEP will continue in their current positions. James Walker will resign as a director but will continue to act as Chief Executive Officer and President of LEP, and Alberto Hassan will resign as director. Additional directors and officers, who are current directors and officers of ASM, will be appointed in accordance with the terms Amalgamation Agreement. Once identified, information with respect to the proposed directors and officers will be included in a subsequent news release.

Trading in LEP Shares

Trading in the LEP Shares has been halted in compliance with the policies of the TSXV, and will remain halted pending review by the TSXV and satisfaction of the conditions of the TSXV for resumption of trading. It is likely that trading in the LEP Shares will not resume prior to Closing.

General

Further details about the proposed Transaction and the resulting issuer will be provided in the disclosure document to be prepared and filed in connection with the Transaction. Investors are cautioned that, except as disclosed in such disclosure document, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

All of the information included in this news release with respect to ASM has been provided by management of ASM and has not been independently verified by LEP at this time.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSXV acceptance and if applicable, disinterested shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of LEP should be considered highly speculative.

The TSXV has in no way passed on the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

ON BEHALF OF THE BOARD OF DIRECTORS OF LITHIUM ENERGY PRODUCTS INC.

“James Walker”

James Walker
Director and Chief Executive Officer

For further information, please contact James Walker by phone at 604-566-8570 or by email at jwalker@lithiumenergyproducts.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Disclaimer for Forward-Looking Information

Certain statements in this release are forward-looking statements, which reflect the expectations of management regarding the Transaction. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Forward looking statements in this news release include statements relating to the Transaction; terms and of the Transaction; ability to obtain the necessary approvals; and ASM’s future site development plans. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including the risk that the TSXV may not approve the Transaction; that the Transaction may not be completed for any other reason; or that factors may occur which impede or prevent ASM’s future development plans. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits LEP will obtain from them. Readers are urged to consider these factors carefully in evaluating the forward-looking statements contained in this news release and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. These forward-looking statements are made as of the date hereof and LEP disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.