FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

LSC Lithium Corporation (the "**Company**" or "**LSC**")
40 University Avenue, Suite 605
Toronto, Ontario
M5J 1T1
Canada

Item 2 Date of Material Change

January 14, 2019.

Item 3 News Release

A news release with respect to the material change referred to in this report was issued by LSC on January 15, 2019 through Global Newswire and concurrently filed on the System for Electronic Document Analysis and Retrieval.

Item 4 Summary of Material Change

LSC announced that further to its news release dated January 15, 2019, the Company and Pluspetrol Resources Corporation B.V. entered into a definitive arrangement agreement dated January 14, 2019, whereby Pluspetrol Resources Corporation B.V. has agreed to acquire all of the issued and outstanding common shares of the Company for C$0.6612 per share in cash for a total equity value of approximately C$111 million pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia).

Item 5 Full Description of Material Change

Item 5.1 <u>Full Description of Material Change</u>

The Company has entered into an arrangement agreement dated January 14, 2019, (the "Arrangement Agreement"), with Pluspetrol Resources Corporation B.V. ("Pluspetrol") under which Pluspetrol will acquire all of the Company's issued and outstanding common shares for C$0.6612 per share in cash for a total equity value of approximately C$111 million pursuant to a plan of arrangement (the "Arrangement") under the Business Corporations Act (*British Columbia*) ("BCBCA") (the "Transaction"). The Transaction represents a 30% premium to the Company's 30-day volume-weighted average share price on the TSX-V for the period ending January 14, 2019. The Transaction was unanimously approved at the meeting of the Board of Directors of the Company (the "Board") after consultation with financial and legal advisors, and the Board recommends that the Company's shareholders, as well as its optionholders and warrantholders, vote in favour of the Transaction. All directors and officers of the Company as well as shareholders who collectively control approximately 52% of the issued and outstanding common shares, have entered into voting and support agreements to vote their common shares, options and warrants in support of the Transaction.

Transaction Highlights:

- The Transaction is the result of the previously announced strategic review process conducted by BMO Capital Markets as lead banker and Haitong Securities of Hong Kong, which was focused on Asia.
- The strategic review process, while in place since August 2017, was accelerated upon the release of the Company's updated Resource Estimate on its Pozuelos Project in November 2018 and its robust Preliminary Economic Assessment on its Pozuelos-Pastos Grandes Project in December 2018, and recently Pluspetrol was granted exclusivity and has completed extensive due diligence.
- The C$0.6612 cash consideration offered for each LSC share represents a 30% premium to LSC's 30-day volume-weighted average share price on the TSX-V for the period ending January 14, 2019.
- The consideration is all cash and is not subject to a financing condition.
- The consideration secures immediate value for LSC shareholders, eliminating technical and financing risks involved in advancing LSC's development projects.
- Shareholders who collectively own approximately 52% of LSC's outstanding shares have entered into support agreements pursuant to which they have agreed to vote their shares in favour of the Transaction.
- LSC is entitled to terminate the Arrangement Agreement in order to enter into a definitive agreement with respect to a superior proposal, in which case Pluspetrol is entitled to a termination fee of C$4,486,000.
- Shareholders subject to the support agreements are released from the support agreements in the event LSC terminates the Arrangement Agreement to enter into a definitive agreement with respect to a superior proposal and such superior proposal provides for consideration of C$0.80 or higher.
- LSC, under the terms of the Arrangement, is not entitled to solicit third parties or provide access to data under NDA's or otherwise.

Transaction Details

The Transaction is subject to approval by Company shareholders, court approval and customary closing conditions. Full details of the Transaction will be set out in LSC's management information circular that LSC will prepare in respect of the meeting of shareholders to approve the Arrangement. LSC intends to mail the management information circular in mid-February 2019. The Arrangement is expected to close by the end of March 2019.

The Arrangement Agreement includes customary provisions, including non-solicitation of alternative transactions, a right to match superior proposals in favour of Pluspetrol and fiduciary-out provisions. LSC has agreed to pay a termination fee of approximately C$4,486,000 million to Pluspetrol upon the occurrence of certain termination events.

Directors and officers of LSC, along with certain other shareholders of LSC, have entered into support agreements with Pluspetrol pursuant to which they have agreed, among other things, to support the Arrangement and vote their LSC securities in favour of the Arrangement. In total, shareholders owning approximately 52% of the outstanding shares of LSC have entered into such support agreements.

Pursuant to the Arrangement, the Board has approved the issuance of 1 million bonus shares to Ian Stalker, President & CEO, issued at a deemed value of C$0.6612 per share.

LSC and Rincon Ltd. (formerly Enirgi Group Corporation) have entered into a termination agreement dated January 14, 2019, terminating the following agreements between the parties: (i) relationship agreement dated December 22, 2016, as amended February 14, 2017; (ii) head office management support agreement dated December 22, 2016, as amended February 14, 2017; (iii) mining management support agreement dated December 22, 2016, as amended February 14, 2017; and (iv) memorandum of understanding dated December 22, 2016.

Item 5.2 <u>Disclosure for Restructuring Transactions</u>

Not Applicable.

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

Not Applicable.

Item 7 Omitted Information

Not Applicable.

Item 8 Executive Officer

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this report:

Lincoln Greenidge
Chief Financial Officer
(416) 306 8380

Item 9 Date of Report

January 24, 2019.