

General Motors Transaction Conference Call January 31, 2023

CORPORATE PARTICIPANTS

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- Sham Kunjur, Executive Director for EV Raw Material Center of Excellence, General Motors
- Virginia Morgan, Senior Director, IR & ESG, Lithium Americas Corp.

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- Whale MacMurry, Analyst, Cormark
- David Deckelaum, Analyst, Cowen
- Stephen Richardson, Senior Managing Director, Evercore
- Ben Isaacson, Managing Director, Scotiabank
- Noel Parks, Analyst, Tuohy Brothers Investment Research
- Santhosh Seshadri, Analyst, HSBC
- Craig Hutchinson, Analyst, TD

OPERATOR

Good morning and welcome to Lithium America's General Motors Transactions Conference Call. (Operator Instructions) Thank you. I will now turn the call over to Virginia Morgan, Senior Director of Investor Relations and ESG. Please go ahead.

VIRGINIA MORGAN

Senior Director, IR & ESG, Lithium Americas

Thank you, Operator, and thank you everyone for joining the call this morning. Before we begin, I would like to remind you that we will be making forward-looking statements during the call. Please refer to the cautionary statements included in the presentation and news release.

Our news release issued this morning detailed the highlights for the GM investment and supply agreement, an update on the Thacker Pass construction plan. You'll find a copy of this news release on our website. It has also been filed on SEDAR and EDGAR.

Please also know any amounts discussed today will be in U.S. dollars. After the prepared remarks, we will open the call for Q&A. At that time, we will invite analysts to queue for questions. I will now turn the call over to Jonathan Evans, Lithium America's President, and CEO.

JONATHAN EVANS

President & CEO, Lithium Americas

Thank you, Ginny, and thank you everyone for joining us this morning. We're really excited to have Sham Kunjur, GMs Executive Director for EV Raw Material Center of Excellence joining us today as well.

We're pleased to announce investment and supply agreement with General Motors. This is a major milestone for Lithium Americas and moving our Thacker Pass project towards production. Today's announcement also sets the foundation for the company as we transition from a developer to a producer and pursue the strategic separation of our U.S. and Argentine businesses.

Together with General Motors, we are committed to responsibly developing Thacker Pass to power “Made in America” electric vehicles and help the United States meet its carbon reduction goals with secure domestic supply of critical battery raw materials. Before we go through the details of the transaction, I'd like to hand over to Sham to say a few words on today's announcement.

SHAM KUNJUR

Executive Director for EV Raw Material Center of Excellence, General Motors

Thank you, Jon, and good morning everybody. GM is very pleased to have announced this investment and supply agreements with Lithium Americas. We believe that it's a win-win not only for GM and Lithium Americas but also for the domestic battery industry.

According to our advisors, this investment represents the largest ever made by an automaker to produce battery raw materials. We are excited to be working with Lithium Americas to supply lithium in the U.S. for our Ultium battery cells, which is helping power a broad portfolio of EV trucks, SUVs, luxury vehicles, and light commercial vehicles from GM's Ultium's platform.

Importantly, today's announcement builds on the fact that we have already secured all the raw materials we need to build more than 1 million EVs annually in North America. Direct sourcing of EV critical raw materials and components from suppliers in North America and free trade agreement countries, helps make our supply chain more secure, sustainable, and it helps us manage cell costs, and it creates jobs.

It is all part of our long-term strategy to invest in and create a robust North America focused supply chain for EV raw materials, processed material and components to support our EV growth. Moving forward, future production will increasingly draw from domestic resources like Thacker Pass. So, thank you, Jon, for having me join you today and look forward to working with you and the entire team from Lithium Americas. With that I hand it back to you, Jon.

JONATHAN EVANS

Thank you, Sham. We likewise look forward to working closely with General Motors and your team to help build the domestic supply chain. For those following along the webcast presentation we'll start with **slide 3 [Transaction Highlights]**.

We view GM \$650 million investment in Lithium Americas as a transformative transaction in the battery raw materials industry, forging a partnership between GM, a leading global auto OEM in the U.S. and LAC, owner of the largest known lithium resource in the U.S. We expect the investment to meaningfully accelerate the development of Thacker Pass which once in production will spearhead the U.S. EV transition and building a domestic EV supply chain.

Along with the investment GM will have exclusive rights for Thacker Pass stage one production designed for 40,000 tons per annum of battery quality lithium carbonate for 10 years, with an option by GM to extend for an additional five years. GM will also have a right of first offer on Phase 2 uptake. We expect Thacker Pass to be one of the largest sources of Lithium in the United States and this is just the next step to moving this project towards production.

With this investment, GM will become the largest shareholder of Lithium Americas. As we continue to advance towards the separation of our U.S. and Argentina business units, GM's investment will help set a strong foundation for the development of an independent business focused on Thacker Pass and North American supply chain of battery raw materials.

Lithium produced from Thacker Pass is uniquely positioned to help support EV eligibility for consumer incentives under the clean energy tax credits. The investment has demonstrated a clear pathway to fund Thacker Pass. GM is a very strong offtake partner and we continue to advance our ATVM loan application process with the U.S. Department of Energy.

Moving to the next slide **[Transaction Summary]**. GMs total investment is broken into two tranches. In tranche one, GM will invest \$330 million at a subscription price of \$21.34 per share into LAC. This initial investment will result in GM holding 9.999% ownership in LAC. The second tranche of 320 million is expected to occur following separation into the U.S. focused business, the price for the second tranche will be based on the market.

Following tranche two, GM is expected to hold a significant interest up to 30% of the U.S. business and will hold certain investor rights including entitlement to a seat on our board. We expect the first tranche to close by mid-2023 once we receive a ruling on the record of decision appeal that supports our ability to start construction. With GMs investment, GM will have exclusive rights to Thacker Pass Phase 1 production, the pricing structure is based on a price formula that reflects market prices.

Next slide please **['Made in America' Lithium]**. Thacker Pass is eligible for the inflation Reduction Act credits both at the manufacturing level and at the consumer level. I will get into project economics in a few slides. But economics incorporates the 10% advanced manufacturing production credit for the first 10 years of operations. Currently, almost 80% of the world's lithium production comes from Australia or South America with the majority of chemical processes in Asia. Lithium carbonate from Thacker Pass will be made in America with both the extraction and processing in the USA.

Next slide **[Lithium Supply Risk Requires Action]**. As you can see from this slide, the supply-demand deficit for lithium remains a major challenge globally. Prices have increased rapidly in recent years as suppliers failed to keep up with demand driven by EVs. The market needs to take action now, as it easily can take over 10 years to build new mines and processing facilities in North America.

Current forecasts predict a supply deficit of over 3 million tons by 2040. That's equivalent to 75 Caucharí-Olaroz' which is the largest lithium carbonate project to be built in over 20 years, which is our joint venture in Argentina. Today's announcement, the largest investment by an automaker, is an important step in addressing this global supply chain risk for EVs.

Moving on to slide 6 **[Developing America's Next Lithium Producer]**. This slide shows the scale of Thacker Pass and the importance of this project in supporting America's long-term EV to make battery demands. Thacker Pass is the largest known resource in the U.S. with a measured and indicated resource of 16.1 million tons, 10 times the size of Silver Peak, which is the only producing lithium asset in the U.S. currently. Based on a feasibility study, which is based on less than 25% of our defined resources, we expect the lithium produced from Phase 1 at Thacker Pass to support up to 1 million EVs per year for 40 years.

Next slide please **[Thacker Pass Highlights]**. Just a quick overview of the Thacker Pass project. Thacker Pass is 100% owned project located in northern Nevada. It's the only project in the U.S. with a Record of Decision and all state permits to start construction. The plan is to produce 80,000 tons per annum in two phases of 40,000 tons per annum.

This includes an integrated lithium production facility including both extraction and processing all at the same site. The regional scale of Thacker Pass presents an opportunity for future expansion providing a near-term, organic growth pipeline. The work our team has done in Nevada at our technical development center is world class. We are producing battery grade lithium carbonate samples from Thacker Pass ore.

Next slide please [**Respecting Our Environment**]. We've always been committed to going beyond regulatory requirements and all aspects of how we do business including how we designed and will operate Thacker Pass. Lithium carbonate from Thacker Pass supports the production of EVs and reduces carbon intensity downstream. Production from Thacker Pass is expected to have approximately 40% lower CO2 emissions than competing hard rock mines and conversion facilities. The project benefits from our co-located sulfuric acid plant, which generates steam as a natural byproduct to provide carbon free power.

From a water perspective, we designed our process to be a closed loop, zero liquid discharge system. We converted existing water rights from agricultural to mining uses. The result is less water pumped from the aquifer for our processing uses compared to agricultural uses. Another way to put it, our water-draw in Phase 1 operations is equivalent to approximately four to five alfalfa pivots. For reference, you can see alfalfa pivots in the background of the image on this slide.

Overall, at full capacity Thacker Pass will draw less than 2% of the total water pumped from wells in Humboldt County. Other aspects, we've adopted to minimize environmental impacts include filter stack, clay tailings, a best-in-class emissions control system to minimize impact air quality, and we'll be actively backfilling and reclaiming the site.

Next slide please [**Actively Engaging with Local Tribal and Community Members**]. Lithium Americas is committed to actively engaging with our neighbors and local communities. We're proud to have a community benefits agreement signed with the Fort McDermitt Paiute and Shoshone tribe, the closest Native American tribes at Thacker Pass at only 40 miles away.

We've been actively engaging with Fort McDermitt Paiute tribe for years and the community benefits agreement establishes a formal framework to continue this collaboration and define long term benefits for the tribe. We're committed to being good neighbors, we hire locally where possible and provide job retraining for construction of Thacker Pass.

The project is expected to hire up to 1,000 people for construction and up to 500 permanent jobs during operations. The community benefits agreement includes building a new community center for the tribe that will include a daycare facility that will enable both parents to be able to work outside the home.

We're working with the community of Orovada, as well, the school district and the Bureau of Land Management to fund and construct a new kindergarten to grade eight school. In consultation with the community, the BLM is identified a parcel of federal land, completed the federal permitting, and are in the process of transferring the land to school district. We're working to finalize the design and prepare for the start of the construction of that school.

Next slide [**Lithium Technical Development Center**], please. In July of 2022, we held an inauguration for the Lithium Technical Development Center in Reno. The Tech Center is a state-of-the-art analytical lab capable of producing and analyzing pure lithium compounds. Since commissioning last summer, the tech center has been making battery grade lithium carbonate samples from Thacker Pass ore using our integrated process.

For the Thacker Pass flow sheet, we are utilizing processing steps that are commonly used in various other industrial and mineral extraction applications. The process is designed for lower water consumption to minimize environmental impact and to achieve a lower carbon footprint than alternative lithium mining processes currently used. The front end of the flow sheet is identical to the phosphate industry. We then add sulfuric acid to get a lithium sulfate. From there, it's the same process as what is currently being done for spodumene conversion in Australia and Asia.

Now, onto the results of the feasibility study [**Thacker Pass Feasibility Study Highlights**]. Thacker Pass is a large-scale lithium chemical project integrating both the extraction and processing all on the same site. The project is designed to be built in two stages, Phase 1 for 40,000 tons per annum and Phase 2 for a total capacity of 80,000 tons per annum over a 40 year mine life. The production capacity for Thacker Pass will be able to support over 1 million EVs per year are approximately 40 million EVs over the course of its mine life.

These first years are much more representative of the project operating and economic performance. They incorporate the optimizations in blending different ways to improve leaching and extraction rates, increasing sulfuric acid utilization, and the result is producing more with the same footprint and without expanding the sulfuric acid plant operation.

The capital cost for Phase 1 is approximately 2.3 billion, including a 13% contingency and based on costs are updated in the third quarter of 2022. For the second phase, the initial cost is roughly 1.7 billion.

From an economic perspective using Wood Mackenzie's long-term forecasts, we get an after-tax net present value of 8% discount of approximately 5.7 billion and with an unlevered 21.4% IRR.

Operating costs are approximately \$6,700 per ton, which is largely tied to the cost of sulfur which is decreased substantially over the past year. We also note that in the initial 10 years once ramped up, we expect operating costs to be less than \$6,000 per ton when including the 10% tax credit from the Inflation Reduction Act. And I'll add that that tax credit does not sunset.

Over the life of the project, we expect the asset to generate over \$1 billion of EBITDA per year on average. On the bottom half the page we've broken out EBITDA over the life of mine and show a sensitivity analysis across a range of prices. At \$12,000 pricing, we're still making health EBITDA.

Next slide [**Proposed Thacker Pass Processing Facilities**]. Here's a visualization of the processing facilities that we will build at Thacker Pass, based on the process we've proven at our tech center. We'll be running the same process as the tech center but on a larger scale. For processing steps that are new to the lithium industry, we tested the process on commercial scale equipment.

Next slide please [**Industry Leading Team with Construction and Operating Experience**]. Here we have a subset of the North American executive team that will help lead Thacker Pass into construction. As announced in late 2022 with the news of the strategic separation, I will remain CEO of the North American business. To the other folks on the page, Alexi Zawadzki has done a tremendous job for the last six years working with both our team and with the local communities to move the project to the construction stage. Going forward, he will continue to lead sustainability and exploration efforts for the North American company.

Richard Gerspacher joined our team in early 2022, was previously at Fluor leading large capital projects globally to include construction of lithium projects in Western Australia. Over the past year, he has built up the LAC construction and execution teams. Richard will be central to overseeing the construction at Thacker Pass. Additionally, we've recently engaged Bechtel, a trusted industry leading EPCM contractor, to lead the construction process for Thacker Pass.

Next slide [**Execution Readiness**]. I won't read this late slide out in detail, but here we have outlined the execution and construction team for both LAC and Bechtel. The key takeaway is that we've assembled a very experienced team with the expertise to build Thacker Pass. We are excited about our partnership with Bechtel. I look forward to working with them to bring Thacker Pass into production.

Next slide [**Thacker Pass Construction Timeline and Capital Costs**]. We expect to commence construction by mid-2023, once we have a ruling on the record of decision appeal. The construction timeline is a conservative three years, we expect Phase 1 ramp up and first production to occur on the second half of 2026. The website version of this presentation has more slides on the feasibility study results in the appendix for your reference.

Next slide [**Summary**]. In summary, putting the GM transaction and Thacker Pass construction plan in context of where Lithium Americas is today, we see many exciting potential catalysts in the near future that will drive value for our shareholders.

Starting with the transformative transaction we announced today, we're excited to have GM as our largest investor and offtake customer to jointly advance the development of Thacker Pass. Together we are helping onshore America's transition to an electric economy and generate much needed job growth and economic development.

As announced earlier, we're expecting a record of decision appeal ruling in the coming months. A favorable appeal outcome will be the next step in advancing the project towards production. We've also been working closely with the Department of Energy to secure funding under the ATVM loan programs and pleased to have a supply agreement and investment supporting the development of the North American supply chain.

Also, we've been working towards the separation of our U.S. and Argentine businesses and expect separation to occur in Q3 2023. As standalone business units, the U.S. and Argentina businesses will have the flexibility to pursue independent strategies and focus each business's respective leadership teams on the successful execution of business strategies in their own geographic areas.

We expect to unlock additional value for shareholders through this separation process. With that, will open the line to analyst for Q&A. Operator if you can please key the first question. **[Q&A]**

QUESTION AND ANSWER SECTION

OPERATOR

Thank you. Your first question comes from MacMurray Whale from Cormark. Please go ahead.

MACMURRAY WHALE

Analyst, Cormark

Hi, good morning. Congratulations, obviously a lot of combinational a lot of work. First question is around the process itself. Can you speak to how robust the process was, in terms of perhaps, other companies that were interested? And what made you choose this particular investor?

JONATHAN EVANS

Thanks, Mac, and thanks for joining us. It was a long process, we started early last spring. And we've talked to a variety of parties, probably more than 50. Right from the very beginning, GMs vision has been aligned with ours on advancing this project.

They've done a great amount of due diligence. Their strategies and alignments, in terms of where we want to go and what the possibilities are with Thacker Pass, resonated with us. Additionally, from a cultural and corporate perspective, it was just really a great match right from the very beginning.

So, we're really proud that that we chose GM and they chose us as well. It's going to be a hugely fruitful partnership, we're really proud to be able to work with them closely to develop the product that they need. And there's future potential opportunities here for us to continue to modify our business model to supply General Motors as they grow in the North American and global EV market.

MACMURRAY WHALE

And just to follow on that, was the process limited to Thacker Pass? Or is there any impact here on potential partnerships of similar nature with Argentina?

JONATHAN EVANS

We kept this process focused on Thacker Pass. This being the next project that we needed to partner, wanted to ensure we have it fully funded. So, the processes are limited to Thacker Pass.

MACMURRAY WHALE

And my second question was around the CapEx in the project. Did you explore the ability to bring in other partners for things that you wouldn't really say are core to making lithium carbonate for instance, the acid plant or (inaudible) plants or whether there's logistics or rail, that type of thing in the CapEx? Is there a possibility that you could bring in partners that you would use to build that and really enter into a sort of an agreement to purchase those services or chemicals for instance?

JONATHAN EVANS

Yes, we looked at a variety of different models. There were other partners or investors that were interested in, in particular parts of the flow sheet. General Motors was much more of a holistic solution where it gets more complicated when you get into separate parties deploying capex within the operating areas, the model. And I think that the breadth of investment that GM offered in exchange for the Phase 1 offtake, for the least 10 years of the option to grow to five more, with a lot cleaner.

There were parties that were interested, particularly in -- we already have a party on the mining side, that's a long-term service contract that we have with Sawtooth Mining, which is a division of North American Coal. But, it became a little bit more complicated when you start carving out, say, just the irrigation plant or transloading facility and things of that nature.

So, this was the cleanest and most efficient structure was with having a holistic model like this. That was with one partner.

MACMURRAY WHALE

I have more questions. I'll jump back in the queue. And maybe have a second go round later. Thanks.

JONATHAN EVANS

While you preface a little bit, I'll keep going on the capex here. I know, we're going to get a lot of questions on this. And I think what I'll preface before the questions.

I think this group should get used to this type of capex intensity, which really, you can draw parallels, and there are already many projects in Australia that represent what you see right here in terms of the [inaudible] low cost. For a fully integrated project from mine through processing, you can look no further than Australia and projects that are very similar size to this with this type of price tag.

So, I know there's lots of feasibility studies that are out there, of course, the publishing time between our prefeasibility and our final DFS year was over the course of five years, there was a lot of work done in between, a lot of modifications down the process to reflect things that we've learned, things that we have integrated here to go above and beyond from a permitting standpoint, that come out with this final project structure that we have here and costs associated with it.

OPERATOR

Your next question comes from David Deckelbaum from Cowen. Please go ahead.

DAVID DECKELBAUM

Analyst, Cowen

Good morning, Jon. Thanks for taking my questions. And congratulations to you and your team, the GM team.

JONATHAN EVANS

Thank you.

DAVID DECKELBAUM

I want to -- I was hoping that you could maybe illustrate a bit more for us how you're thinking about the unfunded capex at this point. You've talked about the ATVM loan process, shall we envision the potential for pre-paid off take coming from GM in the future?

And it seems like the timing for obviously Phase 2 would be coinciding with full production, I guess with Phase 1. So, if we think about that, that upfront Phase 1 capex of \$2.3 billion from now until I suppose 2026, how do you conceptually think about bridging that with other sources of cash flow right now?

JONATHAN EVANS

I look at the loan being a major component of the remaining capital stack that we have here. To mention in the earlier part of the conference call, we're very advanced with ATVM and the loan office itself.

Were at the penultimate step where they would issue a letter of substantial completion. We were very thoughtful about who we picked as a partner, in terms of who the party was, and where this material was going, but also the quantum of investment. That was the final piece that we've needed to move the ATVM process into the final stage.

I think, folks can also look at General Motors has already worked with ATVM loan office to get a loan for their Ultium factories in the Midwest, I think the quantum of that loan was \$2.5 billion dollars. And I think you can look at the example of, where depending upon how much uptake is accounted for. In this case, we have 100% of our offtake accounted for, for the first 10 years but option to go five more. The loan office generally targets between 55 to 75%, of the capex that they'll consider for a loan.

So, looking at that range, on high end, even in the mid-range. And, also considering we have cash on our balance sheet, and the investment that GM will be investing in in the two tranches in the company which will be all dedicated towards advancing this project. You can do the math where we can come up with a funding solution here.

We'll look potentially if we have to add in other sources in the in the outside market, but what we have here really close the last gap that we need to move the loan for process to the final steps, and we'll be working closely with GM to ensure that that alone gets in place. And there's on the higher quantum, which I'm very confident it'll be just given what this represents and what this project will support, which is three of the largest battery factories that are going into the Midwest that GM is actively building with LG. Does that answer your question?

DAVID DECKELBAUM

Yes, yes, certainly to the extent that you can right now, but I appreciate that. And, as a quick follow up the feasibility, one, it wasn't entirely clear to me at the economics, we're including IRA benefits. And is the

final flow sheet at this point to produce the lithium carbonate products or would there also be flexibility to get to hydroxide?

JONATHAN EVANS

We are permitted to make hydroxide but the flow sheet and the feasibility study to support it as for battery-grade carbonate. We will work with GM, potentially beyond this, if that type of capacity is needed for them. I would say it's probably better not to do it on the site here.

And maybe do it at a brownfield site somewhere else that I'm prefacing myself in terms of future discussions with GM going down the road, but we have the ability to do both here. We could add that conversion capacity on site if we if we wanted to. But as a feasibility study, and the flow sheet is designed today, it's to make lithium carbonate.

DAVID DECKELBAUM

Thank you.

OPERATOR

Your next question comes from Stephen Richardson from Evercore. Please go ahead.

STEPHEN RICHARDSON

Senior Managing Director, Evercore

Thank you. Jon has wanted to talk a little bit about the pricing mechanism in place here in terms of, mentioned, market prices, how should we think about that, spot carbonate, kind of on the screen or index price, or, what an alternative contract would be with somebody else. I just wonder if you could kind of talk about that. And if there's any kind of floor ceilings that you envision in that commercial agreement?

JONATHAN EVANS

Yes, we have to be careful here not to get into too much detail, because a lot of that is confidential, but the pricing formula does reference a market index, and then there's a discount formula that's applied to that. And then a lot of experience with offtake agreements, I'll say that this agreement meets GMs needs, and it certainly meets our need, as well as a very equitable and very good compared to what I've seen in the industry in the past.

STEPHEN RICHARDSON

Understood, you're somewhat limited, but thanks for helping clarify. Maybe as a follow up, another question is, can you just talk about GMs involvement in the project as you hit into the construction phase. So, one of the things that strikes us is that, the involvement of the off taker from the beginning here, will likely, speed your time in terms of qualifying the product and, and getting the product into a cathode. So, in order to you could talk about that, and then how that's kind of structured, as you move forward with the partner.

JONATHAN EVANS

Yes, we'll work close with, with General Motors to ensure that the quality of the product here meets, whatever the requirements they have with cathode chemistries, and I think that can change over time as well. So, this will be an ongoing relationship where we're talking frequently and they're communicating any needs that they see changing in terms of what the requirements are to, to see their cathode and battery operations.

In terms of being involved in the construction itself, I don't envision that. We have an EPCM and we have an owner, operator team in house. General Motors certainly will be very helpful in ensuring that the DOE funding is close, as well. And then no going forward, as I mentioned before, there's an opportunity here.

That this type of design and when you look at the industry in general, carbonate is sort of the Swiss Army knife of the lithium in history and that it's easily transported easily stored and it's very easily converted into lithium hydroxide, a conversion facility for converting carbonate hydroxide is much simpler than doing a fully integrated plant like this from (inaudible) all the way through to hydroxide which are typically single use.

So that's an opportunity in the future here as well, if that's something that GM is interested in or needs that we can collaborate on, potentially tap further government funding, whether that's DOD or DOE funding, or even contemplate or consider doing something like this in Canada, given there's available funding in Canada as well for those types of facilities.

And of course, GM has a partnership with POSCO and it's a large assembly plant in Ontario. There's a lot of things that we can work on together in the future for us being a key supplier of them and helping to meet the material needs that they're going to need as their business grows and potentially changes in terms of chemistries needed over the coming years.

STEPHEN RICHARDSON

Thanks so much for the clarifications. Congratulations.

OPERATOR

Your next question comes from Ben Isaacson from Scotiabank. Please go ahead.

BEN ISAACSON

Managing Director, Scotiabank

Thank you very much. And good morning and congrats on the deal. Is GM able to take a question?

SHAM KUNJUR

Yes, sure.

BEN ISAACSON

Great. I just wanted to understand the process. But on your side, can you talk about what made Lithium Americas stand out? First of all. And then second of all, can you put this deal in the context of what your needs are going to be in terms of supply security? How much lithium do you envision that you'll need over time, et cetera? Thank you.

SHAM KUNJUR

Yes, so thanks for the question. So, like Jon said, for us, fundamentally, a lot of alignment on our core values and principles was the biggest factor in choosing our partners. And we've been extremely selective in who we work with.

And Lithium Americas, their entire team, and like I said, the onset, we did an extensive due diligence process, including, from a legal standpoint, from a technical standpoint, as well as from a commercial standpoint. So, the process was quite intensive. So finally, we ended up choosing to work with Lithium Americas.

And as far as our needs, this would be first tranche here represents probably about, I'd say, 20% of what we need by 2030. And like I said, in my opening comments, we've already secured enough to produce 1 million EVs annually, this would be on top of it.

BEN ISAACSON

Great, thank you very much.

OPERATOR

Your next question comes from Noel Parks from Tuohy Brothers Investment Research. Please go ahead.

NOEL PARKS

Analyst, Touhy Brothers Investment Research

All right, can you hear me?

JONATHAN EVANS

Yes, I hear you.

NOEL PARKS

Okay, great. Just trying to get a little bit of a sense of the terms of the arrangement, I guess, when it comes down to the marketing, and I was trying to get a sense of is GM going to be involved in the processing economics. For instance, if Lithium Americas' in the processing stages, achieves greater efficiencies over time, does GM share in that or is basically the entire cost side, sort of, on both the America side and the market prices is really GMs the main exposure there.

JONATHAN EVANS

The way the pricing structure is in pricing formula was not contemplated to be a cost share or profit share. We're responsible for the operating costs of the facility itself, I don't expect GM to be involved in the day-to-day processing of the material itself.

The offtake agreement contemplates the entire annual production, as we get into Phase 1, to be earmarked for General Motors. If they don't need some of that production, then we can sell it into the marketplace. But knowing the numbers and the growth numbers that Sham talked about, and their global needs, and our aim is to be all this product to be to be used as a General Motors that they need.

NOEL PARKS

Great, thanks. And yes, is there any timeframe or time window as far as the record of decision and the agreement or is it essentially open ended for whenever that finally gets finalized?

JONATHAN EVANS

We expect to have the record of decision or the appeal results anytime. The judge said a couple of months. So, I would expect in the near term. I don't think it's going to take six months, but I'm not going to debate that. And we expect to have tranche one done this year prior to separation, and as, as mentioned before, tranche two done post separation into the North American business.

NOEL PARKS

Great. I don't know if this is something that you really position to discuss. But can you -- I'm just thinking about the chances of consolidation and growth in the industry on the EV side on lithium side.

Are there any change of control type provisions, GM spins off its EV business into another entity or anything that affects the terms of the deal, I mean, can kind of be assigned to, a successive entity? Or is it -- does that set me any condition in motion that would, that could change the terms?

JONATHAN EVANS

The contract is with General Motors, however, they have the ability to have us direct the material to a third party, which I assume would be one of their suppliers, as well under the same pricing conditions in

terms that the General Motors would be paying us directly or under the same contract. So, I can't comment on whether GM has spin this business off but I'm sure this would survive as well, but the agreement as is with GM holdings, so.

NOEL PARKS

Great, thanks a lot.

OPERATOR

Your next question comes from Santhosh Seshadri from HSBC. Please go ahead.

SANTHOSH SESHADRI

Analyst, HSBC

Hi, thanks for taking my questions. And first of all, congratulations for the partnerships. So basically, I have a couple of questions. Firstly, is that any sort of takeout paid terms included in this agreement? Or that any penalty clause for any possible project delays?

So that's my first question. And my second question is on the capex side. So basically, if you could break down how much of the capex is something flow sheet specific due to the use of sulfur as a raw material, and how much of this is to meet the GM specific product requirements? Thank you.

JONATHAN EVANS

Yes, so let's start with the with the second one. We had several flow sheet changes here, but we also did have some changes that were made due to quality. As you know, battery grade requirements have changed over the last five to six years, when the first pre-feasibility study was published.

The facility is also bigger, we were able to grow the facility while keeping the size of the sulfuric acid plant, more in line with what it was conceived for 30,000-tonne plant is because a lot of work that we've done over the last couple of years to increase efficiencies, and reduce acid consumption. All of that also helps to reduce the amount of sulfur that's needed.

So additionally, on top of this, there's things that we've done here, like de-watering, zero liquid discharge, and so forth, that are all aimed around either maximizing water recycling, going above and beyond what the environmental regulations are, or our thought maybe could go in the future, trying to build a lot of this into the project upfront, which all working reflected itself in a bigger project, a larger scale, a higher cost, of course, but also with a very robust process that develops a really pure lithium compound at the end of the day.

We've replicated this process externally. We've also done it internally of folks who've been out to our tech center, which the scale there is as larger than what a company would use if they were a sizing equipment. We're at a higher scale than that.

We also have a really high-end analytical lab, which is even better than the local university, to be able to do our own standards and testing. We also hired a third-party to come in prior to our process here to look for and select a partner, where we had a third-party actually come in and audit all of our work, almost like a feasibility study, if you will, and sign off and agree as well, that they believe the process works is well.

So, and that process was repeated as folks have come in and hired their own folks, as Sham said, folks have hired their own engineering companies to kick the tires. We've been through many, many tests with all this stuff. I'm proud to say when we got this center built and actually started it up, we were making battery grade lithium carbonate within 48 hours, and this is material that's 99.7 plus percent pure right off the line.

Some of the processes were tested at a larger scale, especially the front-end process, which is the beneficiation process with the crushing attrition scrubbing in separation, the process prior to de-watering, that was done in Florida for almost a six-month period with [inaudible]. And that was actually run with a production scale cyclone, that that equipment all been moved under our roof is we can continue to use it now at our tech center in Nevada.

So long winded way to say this, as we've looked at this from every angle, we've learned a lot along the way, we've integrated a lot of improvements here to increase efficiency, as well as to improve and ensure that we have the highest ESG and sustainability standards around this as well. It's a flow sheet that we stand behind. And it's passed several tests from many external folks that have come in including General Motors who have put a lot of time and effort into doing a very thorough due diligence.

And so, we feel really confident and I was going to speak for GM, but I think they do as well. They're very well educated in this business, we talked to a lot of OEMs, and a lot of battery companies, and again GM a lot of credit and that their team were really highly educated and understand the sector very well.

They know what they need. And they also understand the processes very well here too. So, it's been a long process, but I think a good one as well. And that you're required to have to prove yourself, even as you've brought other folks in on our own, to ensure that we were doing the right things here. And the process is very robust.

And it's actually quite simple. We're borrowing from stuff that's already existing here. And actually, the processing plant for is something that's practiced every single day and the spodumene. So, it's kind of going back to basic engineering, utilizing what's tried and trued. It's been proven in industry for a lot of cases here. Now, this equipment here is new. So, I hope that answers your question on the flow sheet changes side. That's how we came about.

SANTHOSH SESHADRI

Yes, thank you. Sorry, before, just a follow up on that. So, are you sort of touched upon this? But I'm just to confirm if this is the level of capex intensity that you see as a benchmark for other similar projects in U.S. and possibly North America, irrespective of flow sheet? So, if the answer is yes, do you think the industry generally about this (inaudible)?

JONATHAN EVANS

Yes, you can see it in Australia, like we're under different disclosure standards, being a Canadian listed company with 43-101. There are other public companies that don't have to disclose like this.

But there's enough numbers out there that I think you can start seeing costs that are approaching \$2 billion or over \$2 billion for projects of this scale that are in Australia, that use spodumene. The benefit here, for our project is that the footprints a lot lower, the CO2 footprint, especially water utilizations and so forth. And it's all integrated into one site.

So, I mentioned earlier in the call with, with Mac, when he answered the question, this is realistic. This was not a spodumene mine that's making SC6 and exporting it someplace else. This is all in one place. It's mined to [inaudible] refined product, all in the same footprint. And again, there's precedent of this in Australia. And I think you'll see the same types of things in Canada for projects that are integrated, as well as in the U.S. and even in Europe. So, this is reality.

OPERATOR

Your next question comes from Craig Hutchinson from TD. Please go ahead.

CRAIG HUTCHINSON

Analyst, TD

Hey, good morning, guys. And congrats on the deal. It seems like just Jon like the value here and the separation of business, everything kind of hinges on getting a positive ruling and record decision. And there's also I guess, one of the conditions here the investment is related to water rights transfers for Thacker Pass.

But just considering the federal judge had flag a connection with Rosemont case where you need to in order to have a valid claim there has to be a valuable mineral deposit underneath your tailings dam, or waste, waste rock disposal. How much of a risk is that to the record decision process in your view? And then maybe could you just give some context with respect to the condition of the water rights transmission? Thanks.

JONATHAN EVANS

Yes. Thanks, Craig. And so, the Rosemont case was very specific. And actually, I think it's a little misunderstood as well on that the question of mineralization or mineral rights with a waste rock was going for Rosemont was never a question. There was never any mineral rights under where that waste rock was supposed to go. We believe and our external attorneys believe in that the likelihood of permits being pulled here is extremely low.

We do have mineralization all around the site. We placed our waste rock fit in a certain place, just because there's some basalt underneath it. But our legal opinion on this and we believe in the court that will either be allowed to move forward unfettered, or if there is any sort of remedy that's imposed, that we'll be able to actually move forward with our construction activities while the remedy is being put in place.

So, I mean, we've looked at this from every angle. We also have to remember here that are projects on BLM land and Department of Interior land, so, this isn't forester USDA, and there are major differences between permitting and other rules and regulations that you have to follow depending on what federal jurisdiction you're under. So, we're very confident that we're going to be able to move forward.

And then the water rights that we expect to have those within the first half of this year. We can move forward with construction, even if that's delayed, but the likelihood of that I think, is low. The state office has been slow on that just due to manpower and being backed up. Actually, spoke to the new NDP director in Nevada two weeks ago. So, we're very confident that we'll be able to get all the water rights that we need for Phase 1.

CRAIG HUTCHINSON

Okay, great. Thank you.

OPERATOR

And there are no further questions at this time. I will turn the call back over to Jon for closing remarks.

JONATHAN EVANS

Well, I really appreciate everyone joining us. And I'm really, I've never been more excited about Lithium Americas our future, our alignment, joint efforts with General Motors to move this project forward. Thank you for joining us today.

OPERATOR

This concludes today's conference call. You may now disconnect.