QUESTION: What are your current views on the lithium industry, touching on lithium demand supply, pricing etc?

Demand
I believe the macro picture backdrop is very robust for demand. Anytime one sees government policies around the world pushing in similar directions along with the private sector, in this case OEM's (car companies), investing hundreds of billions of dollars to effect a change, it is only a matter of time. The private sector ultimately seeks a return on their investment, after all they have stakeholders too. Depending on where in the world you are, consumer acceptance of change is at various stages, but I don't think anyone can say the shift to electrification and clean energy storage is not happening. It is really the pace at which it happens which is the unknown. Today China is ahead of the curve, Europe is further behind but has support from multiple different avenues (government, OEM's, consumers to an extent) and North America seems a bit asleep at the wheel. North America will get there, but I don't know what the wake up call is. Perhaps the everyday person seeing more and more mass market electric vehicles in various forms hitting our streets and the charging infrastructure build-out across the old guard (fuel stations) will open our eyes up to the fact this is something beyond what has been a consumer driven appetite for cultural association (Tesla). The wake-up call just might be 2020/21 as the roll out of multiple models starts and has a strong lead into 2025.

Supply
I think we are in the midst of supply 'promises' causing some concern about whether supply is/will outmatch demand. When we have a rapidly growing demand picture (mid to long-term), but uncertainty of how quickly it will take hold (short-term), and a supply picture built on the assumption that 'promises' will be kept, or met, I believe investor sentiment is naturally weakened. Unfortunately, the realities of the business of taking a project from geological and engineering study stage, attracting the right piece of capital, building the project (and team) and achieving the production profile and the chemical qualities projected is a very challenging path. I can speak from experience both raising capital from the sidelines and being in the
trenches building a mine (a heap leach 100,000 ounce per annum gold mine). Gold is one thing, a commodity, lithium needed in batteries is a chemical with much stricter requirements to be considered the right high value product. There are so many factors that come into play, a specific set of skills required for each stage and a pool of resources that is limited, especially in the chemical space lithium sits. Added to this are a multitude of factors somewhat outside a company's control – permitting, environmental, social, etc. For now the market may believe supply 'promises' will be met, which will put a cap on equity investor sentiment in the short-term, but the realities are that without equity capital, project finance capital, industry specific skills and a 100% certainty the geological and engineering study work is flawless, I believe supply will ultimately fall short of current expectations.

Pricing
Pricing is a challenging one to predict. Given +90% of the battery grade lithium product market is a supply contract market, one needs to look to how the large producers have been contracting. Their prices have been fairly steady, in a range, actually increasing during 2018, coming off a little so far into 2019, but in a very controlled fashion. I believe they are widely anticipated to stay in the $12,000-$14,000/tonne lithium carbonate range. Unfortunately, we have a spot price reference in China, which represents a small percentage of the market, but has been the barometer of demand and as a result driven equity sentiment. It peaked in 2017 then had a significant drop to bottom out later in 2018 and has been more or less steady since. The look through to lithium equities has resulted in dismal performance with majority of lithium equities off approximately 50-60%. The supply contract market was no where near as volatile, so I encourage our investors to pay attention to the quarterly results of the large producers to gauge pricing and a sense of what is really happening on the demand side.

I believe the incentive price to bring on the needed supply is around US$10,000/tonne of lithium carbonate, and to fall below that would result in a significant supply deficit, to maintain a range of $12,000-$14,000/tonne of lithium carbonate would ensure there is a reasonable margin to encourage supply to keep up with anticipated demand.

For spodumene concentrate, an area Falchani is not in,
it appears the price has been dropping as a result of an increase in supply out of Australia combined with a lack of conversion capacity (primarily in China). I am interested to see how this plays out as once in operation, mines have real operating costs, interest payments, taxes, etc. to pay and if they are not under supply agreements, presumably they will be forced to dump the spodumene concentrate on the market. This will result in margin squeeze/compression and puts the operations under strain. This in part I believe is leading to the desire by spodumene projects to be fully integrated, in other words control the full value chain, build a conversion plant and maintain 100% of the product value versus approximately 50% today by selling a concentrate.

**Lithium Industry**

I believe that as the lithium industry evolves, the market will get to a size that other large players, such as diversified miners, will enter the market. This will bring competition to the existing concentrated group of producers. I believe the space gets a lot more competitive when the diversified miners can see a path to a billion dollar a year top line business opportunity at any one project. The current producers are interested in maintaining their dominance and market share as a natural function of being strategic in business. This should be interesting to watch and participate in. We likely haven't truly experienced the ‘frothiest’ part of the cycle. We've only seen the underlying price spike in the spot market.

I don't believe all projects will be built or meet their supply projections based on historical experience. I do think good projects with strong management teams will rise to the top, attract capital and generate returns for investors.

The lithium industry will grow and, as a raw material, be a significant contributor to the green revolution of transport and energy storage. The technological improvements in lithium-ion batteries will improve a number of factors (energy density, cost, chemistries, etc.) and help maintain its dominance for the foreseeable future as the go-to energy storage source. Constantly improving charging infrastructure, longer ranges and more vehicle options for consumers at different price points will only further solidify lithium-ion batteries’ leading edge in EV's today. Solid state batteries will take their time and eventually enter with a need for lithium metal, but will take time to commercialize with economies of scale. Other green transport technologies will be introduced into the consumer market, like hydrogen fuel cells, but it will be a small part of the consumer vehicle market I believe. For large, long haul transport, it certainly has its merits.

In addition, as the cost per kWh has come down by nearly 10-fold over the past 8-9 years, lithium-ion batteries are now much more economic for energy storage systems. They won't suit all installations, but smaller scale installations have very rapidly become more feasible. Think energy storage in every home and smaller renewable projects.

Overall my outlook is one with significant mid and long-term growth potential. I've never seen such robust growth forecasts of +20% CAGR for the next 10+ years as I am reading from battery supply chain experts. In the interim, while the world is waking up, I believe we will see continued growth, hiccups along the way to mass adoption, ultimately hitting an inflection point. This adoption curve is nothing new to us, we've seen it across the board in technology historically. I believe it is only a matter of time to change the current short-term sentiment.

**QUESTION:** With regards to your Falchani lithium tuft project in Peru how does it compare to the other lithium projects, in particular what do you see as your project’s positives and negatives? Any issues with Peru in terms of getting the project fully permitted, or site access and infrastructure (water, electricity, labor)?

Falchani is an interesting beast and we appreciate the opportunity to help educate people. It’s different in many ways, but also very similar. It is not a soft rock project (clay), it is a volcanic hosted deposit with the lithium-rich rock being a volcanic tuff (hardened volcanic ash). It was a grass roots discovery, completely greenfield, which is extremely exciting from a geological point of view. It is the only one we are aware of today.
Volcanic rocks, including tuffs, are believed to be the lithium source rocks (volcanic rocks) for brine projects. Lithium brine projects are formed from groundwater leaching through volcanic ash and volcanic rocks, and then the lithium-rich aqueous solution ultimately flows into the basins under salars and concentrates over time with solution additions and evaporation. The rocks we are working with are relatively young and have not been leached, the lithium is interpreted to be within the volcanic glass forming the bulk of the tuff matrix. We refer to our lithium project as a ‘solid brine’ – it behaves geochemically more like a brine, but is hard rock.

Being a different style of deposit, we knew immediately that we needed to exhaustively test the lithium-rich material. In January 2018, we started working with a local Peruvian metallurgical group to test every possible method of recovery. We have tested tank/vat leaching, roasting, baking, and heap leaching. We extracted lithium through testing all the methods and we are in the process of deciding what will be the ultimate process route for us to take. Thousands of tests have been run to date. In 2018, shortly after positive test work on one of these routes (simple sulfuric acid leaching), we engaged with ANSTO Mineral Labs out of Australia – ANSTO has deep experience in lithium metallurgy and processing and has since run additional tests on multiple routes, not only supporting the work done in Peru, but enhancing and optimizing it too. Thus far we have demonstrated through various routes we can extract the lithium and in one route thus far precipitate a high quality battery grade lithium product. The work in 2018 demonstrated that a battery grade lithium carbonate of 99.74% could be precipitated via sulfuric acid leaching, and the impurities were all on spec with a FMC (now Livent) lithium carbonate product. This is very positive and was the catalyst for us to move to phase II of the test work preparing the project for a PEA (targeted end of the first half of 2019).

Another positive is that as a ‘solid brine’, we are not looking to produce a concentrate like a spodumene project. Of all the work we've
completed, we know every process route is to lithium solution followed by crystallization and we don't have the same steps in process of a spodumene. Most spodumene producers are not vertically integrated, meaning by selling a concentrate, they retain half (or even less than half) of the value chain – the balance being captured by a conversion facility, most of which are in China today. We see a trend towards vertical integration of spodumene projects which also means higher capex down the road. Being able to capture the entire value chain by producing a battery grade product is a big plus.

In addition, as a hard rock project, following a commercially used processing route, we see our project as being very scalable on top of a potential long mine life given its current resource base. Our goal is to scope out a reasonable size project (capex and production) followed by one or more expansions in time which will mean the asset can be a significant contributor to the overall market.

On the negative side, as it is a new style of deposit, we know we need to go the extra mile on the metallurgical test work and process engineering side. From lab scale to bench scale and ultimately a pilot plant. To date it would be reasonable to state that the level of metallurgical testing we've done for a project at this stage is significant. We recognize the depth of technical insights and analysis required to mitigate this risk.

From the perspective of “can this project become a mine” – a lens everyone should look through – we anticipate permitting a lithium project in Peru will be relatively straightforward. Lithium is a non-metal, considered industrial and is included in the current general mining code. There is a process to follow and it starts with a baseline study, which we have completed and accepted, followed by the Environmental Impact Assessment (EIA) process leading to an Environmental permit. At this time, we don't anticipate anything particularly special for our lithium project. There definitely seems to be some confusion out there as Peru is talking about a uranium-lithium legal framework that they have been working on. It’s actually just a uranium legal framework which is specific to the transport and export of finished product (yellowcake). It’s about the secure supply chain from site to port and port to enrichment facility. Unfortunately, the government has on a couple of occasions in the press referred to it as a uranium-lithium law. Having met with the government recently we have been ensuring that it is clear this is an addendum to the mining code as it relates to uranium.

Road access, power, ports and water are great. We almost couldn't ask for better infrastructure. A two-lane paved highway (Interoceanic) runs past our site, the San Gaban hyrdo power project (largest in Peru) is up the highway by about 90 kilometers and the high voltage powerline from that project runs past our site on the other side of the highway. Water is plentiful in the region and three ports are connected to this highway and approximately 400 kilometers away. We have been working with the communities in the region for over ten years and through our efforts, and their support, have built up some strong ties and goodwill. Community support and central government support are critical to any project in Peru, and our team has been working hard on all fronts.

**QUESTION:** What is Plateau Energy Metals currently working on (PEA, metallurgy, EIS, permitting)?

We are close to wrapping up phase II of the metallurgical work with ANSTO. Our team, together with ANSTO and DRA (our PEA lead) have been focusing on optimizing process routes in advance of the PEA. We have already demonstrated the metallurgical options based on test work, now it is about determining optimal processes in each case, running trade-off studies, selecting one route for the PEA and completing the PEA.

The next few months will be about phase II metallurgy, optimal/preferred process route for the PEA and the PEA. Following that will be additional exploration to the west of Falchani in an area we call Tres Hermanas, process model refinement and bench scale process/metallurgical testing. Along our path to PFS, we will also evaluate potential by-product revenue streams from Falchani for their economic value.
**QUESTION:** What do you see as the main catalysts for Plateau Energy Metals going forward (and when?), and where do you see your company being in one year?

I think the primary catalyst will be the PEA. Investors and others are watching to see how our project stacks up economically. As it's different, the unknowns we are in the process of answering for everyone are economic parameters - primarily operating costs, capital costs, production profile, net present value and returns.

In one year I think we are on the path to PFS and have grown the resource. Falchani, by our review of public information, ranks 6th largest in the world for a hard rock project in lithium carbonate equivalent terms and we already know where and how we plan to grow it from here.

**QUESTION:** Do you think Plateau Energy Metals is currently fairly valued, undervalued or overvalued by the market? Where do you see your company and the stock price being in 5 years?

I think most junior resource companies will say they are undervalued. In reality, if markets are efficient, then one's current market value is fair value. However, markets aren't always efficient. I think in our case there is a disconnect. I think there is a mispricing of risk currently, perhaps because we're different in part and also because investors don't know how to value us as we don't have direct peers. We made the discovery and were the new entrant just as spot prices in China were falling off a cliff. We probably couldn't have mistimed the discovery better. If you look at the broader peer group and simply looked at trading multiples on a resource basis, then one would quickly determine that we are undervalued relatively speaking. It isn't the greatest metric in the world as its simplistic and isn't an apples-to-apples comparison. However, as a general guide, it supports this disconnect.

Our PEA should be a big moment for the company, the project and investors as it will have several metrics on which to benchmark Falchani to the other development lithium projects out there.

A lot can happen in 5 years. I think in 5 years we will either be in production with a great lithium mine as Plateau Energy Metals or as a result of the strategic nature of Falchani will have been acquired. I'm not one to predict our share price 5 years out, but I believe we are on to an asset of strategic merit and will leave the rest to you to fill in.

**QUESTION:** Would you like to add anything that you think investors should know about Plateau Energy Metals? Perhaps you can touch on your uranium potential and updated plans for that.

I think investors should watch closely in anticipation of our upcoming catalysts on Falchani. We are getting little to no value today for our uranium project and two key catalysts are on the horizon – the legal framework which is in the works as the government of Peru has publicly stated and new term contracts from utilities post a Section 232 decision should kickstart a new contracting period. New term contracts will drive term uranium prices and ultimately equity sentiment. What we get very little value for today should turn around and be reflected in our share price. In the meantime, we are evaluating optimization opportunities for our uranium project that are low capital, high potential return work programmes. In addition, one of the many strategic options we are considering is separating the projects to enable capital to focus on either lithium or uranium once these two key uranium catalysts take place. One possible scenario may include an equity spin-out to existing shareholders. However, at this point, there is no assurance this will be the case as we are evaluating all potential outcomes to create the most value for our shareholders. We still have a lot of work ahead of us to continue to de-risk our projects and as a result put value on the table for our shareholders.