

Electra and LG Energy Solution Sign Three-year Cobalt Supply Agreement

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Marks Electra's first commercial agreement in EV supply chain

TORONTO, Sept. 22, 2022 - [Electra Battery Materials Corp.](#) (NASDAQ: ELBM) (TSXV: ELBM) ("Electra") today announced the signing of a three-year agreement to supply battery grade cobalt to LG Energy Solution (LGES; KRX: 373220), a leading manufacturer of lithium-ion batteries for electric vehicles. Electra has agreed to supply LGES with 7,000 tonnes of battery grade cobalt from 2023 to 2025. The material will be supplied from the only cobalt sulfate refinery in North America, located in Toronto, Ontario.

Electra will supply 1,000 tonnes of cobalt contained in a cobalt sulfate product in 2023 and a further 3,000 tonnes in each of 2024 and 2025 under an agreed pricing mechanism. In addition to the supply agreement, Electra and LG Energy Solution have agreed to cooperate and explore ways to advance opportunities across North America's EV supply chain, including, but not limited to, securing of sustainable sources of raw materials. Financial terms of the supply agreement were not disclosed.

"LG Energy Solution is a global leader in the electric vehicle supply chain, and we are delighted to sign our first strategic partnership agreement with such an important player in the lithium-ion battery market," said Trent Mell, CEO of Electra. "This is only the beginning of a larger strategic relationship with LG Energy Solution involving our other assets and growth initiatives in the North American battery supply chain."

"As we have recently announced our mid- to long-term strategy to focus on North America, the fastest growing EV market, these partnerships serve as a crucial step towards securing a stable key raw material supply chain in the region," said Young Hoon Kim, CEO of LG Energy Solution. "By establishing a strategic partnership with Electra, a key critical material supplier and owner of the only cobalt sulfate refinery in North America, LGES will continue to ensure the steady delivery of our top-quality products, thereby further accelerating the global transition to EVs and ultimately to a sustainable future."

"Today's announcement is great news for Canada," said the Hon. Francois-Philippe Champagne, Minister of Innovation, Science and Industry. "This agreement between Electra and LG Energy Solution will see Canadian critical mineral resources and workers helping to build the car of the future. Through partnerships like this one, Canada is cementing its position as the green supplier of choice in the auto industry and beyond."

"A key part of our government's plan to build Ontario is supporting partnerships like this one between Electra and LG Energy Solution," said Vic Fedeli, Ontario's Minister of Economic Development, Job Creation and Trade. "With our critical mineral strategy, cutting-edge technology and world-class workforce, Ontario has what it takes to build the cars of the future, and we are proud to see more and more companies come to Ontario for exciting partnerships."

According to research by CRU, a leading provider of business intelligence on the global metals, mining, and fertilizer industry, China is currently responsible for 71% of refined cobalt, 76% of refined nickel and 93% of refined manganese used in EV batteries. Favourable public policy and growing EV adoption rates are accelerating the development of a North American refining and recycling ecosystem by Electra. The U.S. Inflation Reduction Act underscores the importance of creating a domestic EV supply chain by extending a \$7,500 tax credit for vehicles that do not contain critical minerals sourced from China and India.

Electra's low-carbon hydrometallurgical refinery complex is located in Temiskaming Shores, near the Sudbury Nickel Belt. The refinery is in the late stages of commissioning and is expected to commence operations in the spring of 2023. Cobalt supplied under the term of the contract with LGES will be sufficient to supply up to 1.5 million full electric vehicles.

At full capacity, Electra's facility will produce enough cobalt to supply up to 1.5 million electric vehicles per year.

To meet growing customer demand, the Company announced on June 22, 2022 that it is evaluating a second refinery in Ontario.

province of Quebec by 2025-26, which could source cobalt from Electra's Idaho cobalt and copper project. There are no cobalt sulfate producers in North America today.

The Company is also developing black mass battery recycling capabilities to recover lithium, nickel, cobalt, graphite, and a demonstration plant will be commissioned in the fall of 2022 to validate the Company's proprietary flow sheet, with commercialization anticipated in 2023-24. Electra's other growth projects include the construction of a battery grade nickel and a manganese refinery, to establish a fully integrated battery materials park with a third-party cathode precursor (pC) manufacturer. Electra announced the highlights of an engineering scoping study related to development of an integrated facility on September 8, 2022 that outlined a path to growing nickel sulfate refining capacity in North America.

LGES and Electra will hold a formal ceremony today, September 22, in Toronto, celebrating the signing of a term sheet that commits the parties to key commercial terms. Final legal documentation and signing of the definitive agreement is expected to be concluded in the coming months.

CIBC Capital Markets acted as exclusive financial advisor to Electra.

About Electra Battery Materials

Electra is a processor of low-carbon, ethically-sourced battery materials. Currently commissioning North America's only nickel sulfate refinery, Electra is executing a multipronged strategy focused on onshoring the electric vehicle supply chain. Key strategy areas are integrating black mass recycling and nickel sulfate production at Electra's refinery located north of Toronto at Iron Creek, its cobalt-copper exploration-stage project in the Idaho Cobalt Belt, and expanding cobalt sulfate processing in Bécancour, Quebec. For more information visit www.ElectraBMC.com.

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