

Did Nano One just enter a Cathode Evaluation Agreement with Tesla?

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[Nano One Materials Corp.](#) (TSXV: NNO | FF: LBMB | OTC: NNOMF) (“Nano One”) [announced](#) earlier today that they have entered “into a Cathode Evaluation Agreement with **Major Global Automotive Company**“. In the news release Nano One CEO Dan Blondal quotes “**major global EV leader**“. The release also quotes:

“Mr. Dan Blondal is pleased to announce that Nano One has entered into a cathode evaluation and benchmark agreement with **an American based multinational auto manufacturer** to jointly evaluate Nano One’s cathode materials for automotive lithium ion batteries.”

To my thinking this can only mean Tesla (TSLA). Now I could be wrong here as Tesla is not named in the news release; but there is only one “major global EV leader” that is “American based”. So as readers you can also draw your own conclusions.

Looking at the 2020 global electric vehicle sales table below the only American based companies I see in the top 20 are Tesla at number 1 and Ford at number 20. It should also be noted that GM is on the table at 6th with their SAIC China JV.

Global electric car sales by manufacturer for October 2020 and year to date (YTD)



[Source](#): EV-Sales Blogspot

Digging deeper into today's announcement from Nano One it [states](#):

"This agreement formalizes efforts that began earlier this year and aligns Nano One with its second major automotive company. These are formative steps in developing a long term relationship. We are confident that given economic viability it will lead to commercial opportunities and strategies to integrate Nano One's technologies into the electric vehicle value chain."

The first major automotive company was [Volkswagen](#). So if I am right that Nano One is now working with Tesla, it means Nano One is now in collaboration with the top two global electric vehicle (EV) manufacturers. By 2030 Tesla plans to be selling [20M EVs pa](#) and I would think Volkswagen would plan to at least match or beat that. Therefore all going particularly well, Nano One's cathode materials for automotive lithium ion batteries could potentially be used in ~40M new EVs pa by 2030. It is not yet known if all of the Tesla/Volkswagen EVs will necessarily use the Nano One cathode materials Intellectual property. Also at this point these deals are not yet finalized into commercial contracts, so for now this is only speculation on what might be possible down the road for Nano One.

Last month I wrote here on InvestorIntel an article titled: ["Nano One looks to be moving in the same direction as EV leader Tesla"](#), where I discussed Nano One's single crystal cathode proprietary one-pot process to develop a [low cost, cobalt-free](#) lithium nickel manganese (LNM) cathode active material. That news tied in perfectly to what Elon Musk was saying at Tesla Battery Day in September where he discussed using sulfate-free metals rather than hydroxides and making a nickel manganese battery.

Nano One stated in [today's news release](#):

“Nano One’s One-Pot process forms durable single crystal cathode powders and protective coatings simultaneously, directly from sulfate-free metal salts and lithium carbonate. It is an environmentally inspired process using limited water and produces no waste stream. The process eliminates intermediate products, additional coating steps and the costly requirements for metal-sulfates and lithium hydroxide feedstocks.”

Nano One process advantage



[Source](#)

Furthermore Nano One’s November 24 [announcement](#) on a breakthrough in battery longevity further strengthens their case for ultimately winning multiple EV manufacturer or battery/cathode manufacturer contracts. Nano One [stated](#): “Nano One’s proprietary LNM battery enables the benefits of increased voltage, elevated operating temperatures and fast charging.....We have also reached 1000 fast charge and discharge cycles at 25°C demonstrating that issues of excessive gassing, anode contamination and poor cycling may be overcome.”

Closing remarks

Nano One continues to talk to and form agreements with the very top tier EV companies. We know that they are already working with Volkswagen and Pulead Technology (a leading LFP cathode maker) and this latest agreement, in my view, is almost certain to be with Tesla (speculation on my part for now). Should success follow and a Tesla contract be forthcoming it would not be hard to imagine all the other EV manufacturers lining up at Nano One’s doorstep.

Nano One has a market cap of around C\$370M with the global cathode market forecast to be a [US\\$23 billion](#) market by 2025. Nano One is targeting about US\$1 billion in potential licensing opportunity within the cathode market and certainly looks well on track to potentially succeed at this stage.

Disclosure: The author is long Nano One (TSXV: NNO).