Biden-Harris Administration's $3.5 Billion Investment in U.S. Battery Manufacturing and Clean Energy Transition

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On November 15, 2023, the Biden-Harris Administration announced a significant investment of $3.5 billion to enhance domestic battery manufacturing in the United States. This funding is a part of President Biden's Investing in America agenda and is allocated from the Bipartisan Infrastructure Law. The U.S. Department of Energy (DOE) will oversee this investment, aimed at increasing the production of advanced batteries and related materials across the nation. The initiative is a key element in supporting the clean energy industries of the future, including renewable energy and electric vehicles.

The investment focuses on creating and retrofitting facilities for various components of battery production, such as battery-grade processed critical minerals, precursor materials, battery components, and cell and pack manufacturing. A significant aspect of this funding is its emphasis on job creation, specifically good-paying union jobs, and its contribution to the goal of achieving a net-zero emissions economy by 2050. Additionally, the investment aims to ensure that half of all new light-duty vehicle sales are electric vehicles by 2030 and to establish a robust domestic supply chain.

U.S. Secretary of Energy Jennifer M. Granholm highlighted the importance of this initiative in boosting global competitiveness, creating jobs, and strengthening the clean energy economy. The investment is seen as pivotal in positioning

the United States as a leader in the advanced battery market, which is crucial for a range of applications including grid storage, home and business resilience, and transportation electrification. With the expected significant growth in the lithium battery market driven by the demand for electric vehicles (EVs) and stationary storage, the U.S. aims to accelerate the development of a resilient battery supply chain, including the exploration of non-lithium battery technologies.

This $3.5 billion funding is the second phase of a total $6 billion provided by the Bipartisan Infrastructure Law. The first phase saw the DOE awarding projects that catalyzed over $5.8 billion in combined public and private investment. The second phase continues this momentum by expanding domestic battery manufacturing and supply chains. Key objectives include enhancing the U.S. competitive stance in battery materials processing, advancing battery manufacturing capabilities, reducing dependency on foreign critical minerals and technologies, and supporting underserved communities through the Justice40 Initiative.

The funding opportunity is also set to prioritize next-generation technologies and battery chemistries beyond lithium-based technologies. It includes an emphasis on projects that increase the production of critical materials, expand production facilities for cathode and anode materials, and enhance battery component manufacturing. The DOE plans to update the focus areas of this program every six months to keep pace with market and technology developments, with concept papers due by January 9, 2024, and full applications by March 19, 2024.

Tracy Weslosky, Executive Director of the Critical Minerals Institute, often referred to as the CMI, stated that substantial funding is essential to develop competitive North American critical mineral operations that can match China’s pricing.

However, she emphasized that finding professionals with the necessary skills, knowledge, and practical experience is even more crucial than the minerals themselves for establishing sustainable supply chains in North America. Weslosky also expressed eagerness for future updates on leadership and support strategies in this endeavor.

The Executive Director for Critical Metals PLC (LSE: CRTM) Russell Fryer adds: “The current dynamics of cobalt supply for battery production raise significant questions. Notably, sources such as Idaho and Canada are not major contributors in this realm. This situation underscores the need for a comprehensive understanding of global supply chains and their implications for sustainable and ethical resource procurement.”

The DOE’s Office of Manufacturing and Energy Supply Chains (MESC) is tasked with managing this initiative, aligning it with broader efforts to modernize national energy infrastructure and promote a clean and equitable energy transition.

The Dean’s List – Part 4: What copper company could benefit from Canada’s commitment to critical minerals?

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Part 4: Foran Mining Corporation

It's time for another installment in our series that looks at Canadian companies in the mining sector that could be impacted by Federal and Provincial government announcements with respect to critical materials, supply chain, EV battery manufacturing, etc. As a reminder the province of Ontario first announced in March its strategy for 'critical minerals' followed shortly by a C$4.9 billion electric vehicle battery plant in Windsor, Ontario. In April the Federal Government got on board with it's Budget 2022 proposing up to C$3.8 billion in support over eight years to implement Canada's first Critical Minerals Strategy. The Fed's followed this up in late June with a House of Commons Standing Committee on Industry and Technology report entitled: Positioning Canada as a Leader in the Supply and Processing of Critical Minerals. And then in mid-July, a new C$1.5 billion battery materials facility was announced for eastern Ontario in a deal that sees Umicore, a Belgium multinational corporation, planning to transform metals such as nickel, cobalt and lithium into cathode active battery materials.

With announcements like this coming fast and furious one can hope that there is follow through on all of this potential and numerous Canadian mining companies can take advantage of this positive momentum. On top of all this, there was some big news out of the U.S. this weekend that could also have a trickle down affect to Canadian miners. With the Senate passing the Inflation Reduction Act, the Bill includes requirements for domestic manufacturing of EVs and their battery components to qualify for tax credits. As written, the law requires that 40% of battery components be sourced from factories in the U.S. or its free trade agreement partners (that would definitely include Canada), and that Chinese components and minerals be phased out beginning in 2024. The landscape is beginning to look outright bullish for North American purveyors of all these critical minerals.

Up to this point in this series, I had been focused on Ontario-based companies, simply because that province appears (to me) to have the best critical minerals plan and is also the heart of vehicle manufacturing in Canada. However, in light of the latest U.S. development and another piece of news out yesterday, I've decided to venture into Saskatchewan for today's offering. Foran Mining Corporation (TSXV: FOM | OTCQX: FMCXF) just announced it has entered into a non-binding term sheet with Ontario Teachers' Pension Plan Board (Ontario Teachers), which contemplates a transaction that could see Ontario Teachers' invest up to C$200 million in the 100%-owned McIlvenna Bay copper project.

McIlvenna Bay is a copper-zinc-gold-silver rich volcanic-hosted massive sulphide (VHMS) deposit intended to be the center of a new mining camp in a prolific district that has already been producing for 100 years. McIlvenna Bay sits just 65km West of Flin Flon, Manitoba, is located entirely within the traditional territory of the Peter Ballantyne Cree Nation and is the largest undeveloped VHMS deposit in the region. The Company announced the results from its Feasibility Study on February 28, 2022, outlining an 18-year mine life producing an average of 65 million pounds of copper equivalent annually. That Feasibility Study indicates an initial capital cost of C$368 million, which means it appears they are already over half way there as far as financing this domestic copper supply.

Over and above all the generally bullish news currently out there regarding critical minerals, Foran Mining has a couple of unique characteristics that make it stand out to me. First is location. Saskatchewan is one of the world's top mining jurisdictions and with the property being entirely located on the Peter Ballantyne Cree Nation, it triggers one priority found in the House of Commons Standing Committee on Industry and Technology report which recommends that the government provide incentives to ensure that the development of a new mine also

establishes a value-added industry in the region where it is located and introduces initiatives to encourage Indigenous peoples to fully participate in the mining sector. Perhaps it's a bit of a reach but I suspect Foran could tap into some funding from the Federal government if they play their cards right.

The other interesting aspect of the McIlvenna Bay project is Foran's objective to build the mine based on the Company's carbon neutrality goals and initiatives, part of a broader mission to create a blueprint for responsible mining that is upheld as leading practice globally. To show they are serious about this undertaking, Foran has already announced an agreement with Sandvik to supply initial underground equipment for development at its McIlvenna Bay project. The initial equipment order includes battery electric underground drills, trucks, and loaders that will be used for the mine's development and production activities. Clean power is provided by two nearby hydroelectric dams to reduce operational emissions and a state-of-the-art tailings storage facility and paste backfill operation will reduce the carbon footprint and greatly reduce environmental impact. I have to believe that as the push for domestic supply chains of critical minerals evolves, the potential source's carbon footprint will also play a role in who signs the best supply or offtake agreements.

I'm not sure if the phasing out of anything Chinese in battery components by 2024 was a late add to the US Inflation Reduction Act as a result of China's military response to US House speaker Pelosi's visit to Taiwan (likely not, but it's fun to speculate). Regardless, there appears to be increasing tensions globally as the rest of the world figures out how far behind China they are when it comes to the resources and facilities required to combat climate change and reduce emissions without being mostly reliant on China. In the near term that appears to be good news for North American resource companies.

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