

Avalon ignites interest with high-purity lithium

NY based asset firm Lind: "the time is right to invest in Avalon"...

A project in the making since Clinton was president, Separation Rapids has had a difficult upbringing, but like a failing college student graduating with surprise honours, the site recently revealed its long-concealed potential, reigniting development and attracting considerable interest.

100% owned by Avalon Advanced Materials Inc. (TSX: AVL |OTCQX: AVLNF) ("Avalon"), Separation Rapids is one of the largest lithium-cesium-tantalum pegmatite deposits in the world, including an unusual density of the rare crystal-like mineral petalite, a source of high-purity lithium.

Since the results of a 2016 preliminary economic assessment ("PEA") confirmed that battery-grade lithium hydroxide could be reasonably and economically extracted from the resource, the project has gathered much more steam. More recently, major Australian processor Lepidico Ltd. have issued a letter of intent suggesting that they would purchase a minimum of 15,000 tpa for processing in their planned commercial facility. Additionally, Avalon have purchased a further 1,008 hectares of property from a neighbouring gold company.

According to the existing PEA, the mine has the potential to produce 14,600 tpa of lithium hydroxide for ten years, and another 100,000 tpa of feldspar mineral concentrates over twenty years. The discounted cash flow ("DCF") analysis yields a 19% internal rate of return ("IRR") on a pre-tax basis and a 16% IRR on an after-tax basis, assuming 100% equity financing. The Project's net present value ("NPV") at an 8% discount rate is CAD\$343 million pre-tax and CAD\$228 million after-tax.

Total Project construction capital costs are estimated at \$514 million, which is inclusive of \$86 million in contingencies and \$7 million in sustaining capital.

Lithium hydroxide is to be in increasing demand for its use in battery cathode chemistries, and with half of the world seemingly digging for the stuff, it's never going to be bad news to find that you're sitting on a fair amount of it already.

Petalite and lepidolite are not the only minerals of interest at the Separation Rapids project. Highly fractionated pegmatites, like the Separation Rapids deposit, contain many minerals of economic importance. The deposit has the potential for recovery of several valuable by-products including high purity silica, feldspar, rubidium, cesium and tantalum. By-product recovery offers the possibility of significant increases to both revenue and efficiency.

Petalite is also the preferred lithium mineral feedstock for certain specialty glass-ceramic products precisely because of its consistently low impurity levels. This is essential if you want to serve the needs of lithium ion rechargeable battery manufacturers. Growing demand for rechargeable batteries in electric vehicles and home energy storage is expected to result in continued rapid growth in global consumption of lithium. Many industry analysts are predicting that the demand for lithium will double over the next 5-10 years, creating a supply deficit, as existing producers struggle to meet the new demand.

No surprise, then, that Avalon scored C\$2.5m in a private placement deal earlier this month from New York based asset firm Lind; Phillip Valliere, Managing Director at Lind, had this to say:

"We have been following Avalon's progress for several years and, having developed confidence in the management team, we

*feel **the time is right to invest in Avalon** as it advances both its clean-tech materials business at its Separation Rapids Lithium Project as well as its East Kemptville Tin-Indium Project which is expected to be in a position to generate cash flow within the next two years."*