

Avalon's CEO on the achieving the latest Separation Rapids Lithium Project milestone

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Tracy Weslosky: You just put out your announcement on the completed PEA for the Separation Rapids Lithium Project. Talk to us about your results Don.

Don Bubar: Obviously we are pretty pleased with the results and the market reaction to it. It is an important milestone for the project. Ironically we are, sort of, going back to the original thesis we had for that project 20 years ago, which was to focus on producing a lithium mineral product for applications and specialty glass and ceramic product. We are seeing that as a logical thing for us to do now, at least to get started in business. We see it as, kind of, phase one, get into production at a relatively modest scale and build scalability into it to allow us to add in lithium battery

material product at a later date as a future scale-up of the operation.

Tracy Weslosky: Don you have an offtake agreement already with Lepidico. Do you want to talk about that and where you are going to take it next, how you plan on doing this say in the next couple of quarters?

Don Bubar: Because of Lepidico's interest in the lepidolite product at Separation Rapids, which is a relatively minor byproduct, and the fact that they were building a process plant in Ontario, it makes sense for us to recover that as a byproduct from the Separation Rapids ore and serve their needs as well. Their initial needs fit with the amount of product. It looks like we can deliver at this early stage in the development. It is a good fit for us, but the primary focus will be on the petalite for the glass industry. That is the main mineral in the resource. As the PEA shows, we can do that at a relatively modest capital expenditure compared to what is costing to bring new lithium battery materials supply to the market. That is an attractive feature at \$70 to \$80 million dollars in capital to get started. Given how lithium has been repriced, it allows for very attractive returns on investment there with IRRs above 20%.

Tracy Weslosky: You mentioned \$70 to \$80 million. Your news release I think indicated \$77 million, but then the revenue looks quite good. Do you want to speak to us about that and what we are looking for as shareholders?

Don Bubar: That is based on the model we have there now. We think you have to anticipate how much product you think you can sell in the marketplace. We have got lots of expressions of interest out there, some from some large players, some from some smaller players. We think the scale we have conceived us at is reasonable given the demand in the marketplace. That is what governs the size of the operation at this stage. Of course, thanks to all the demand for lithium, lithium has been

repriced from what it used to be to make a more attractive return on investment...to access the complete interview, click [here](#)

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