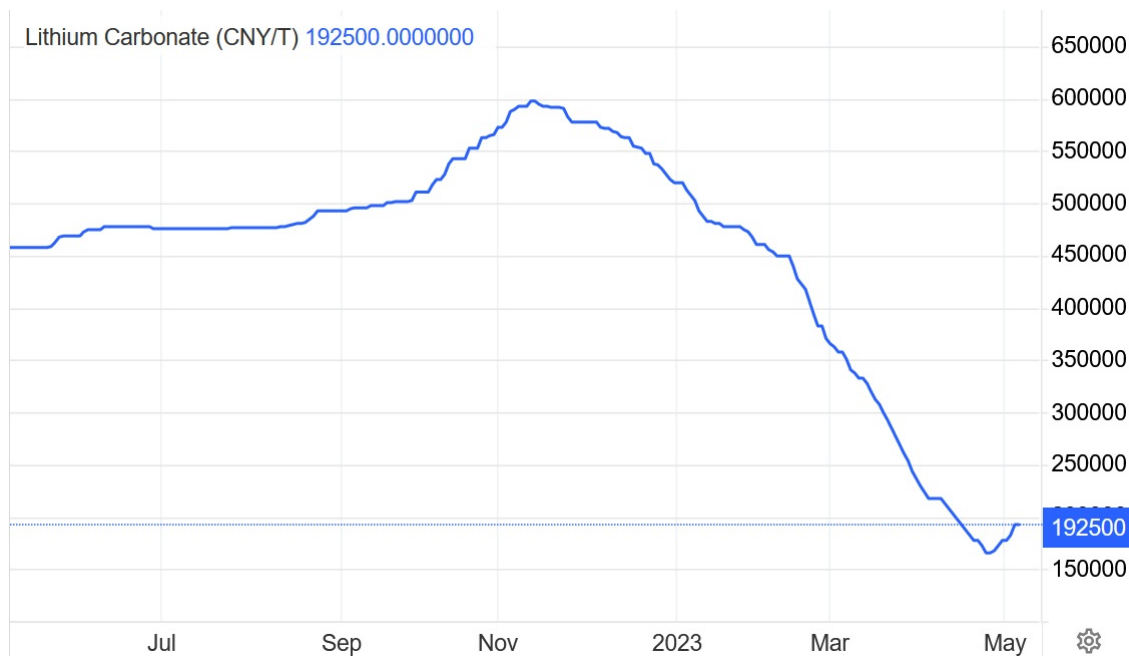


Lithium Prices Recover as China EV Sales Rebound Reigniting Investor Interest in Albemarle & Tesla

written by Matt Bohlsen | May 10, 2023

The first quarter in 2023 was a rough period for lithium stocks as the China lithium carbonate spot price crashed lower. However, the second quarter is looking a lot better.

FIGURE 1: China lithium carbonate spot prices appear to be rebounding after hitting a low in late April 2023



Source: [Trading Economics](#)

Global and China EV sales recovered

strongly in March and April 2023

March 2023 global plugin electric car sales were [over the 1 million mark](#) and were the 'second best month ever'. This was due to very strong sales in China and Europe, with the USA also contributing. It is already looking like the panic sell-off in lithium stocks has been overdone with stocks rebounding higher in the past 3 weeks.

Reports have it that Chinese lithium consumers are buying again after running down inventories in Q1/2023. Certainly, China plugin electric car sales have rebounded very strongly with over 500,000 sales in March and approximately 600,000 in April 2023. Those sales numbers are a huge increase over China's January sales which fell 8% Year-over-Year to [343,000](#) as new energy vehicle ("NEV") subsidies expired.

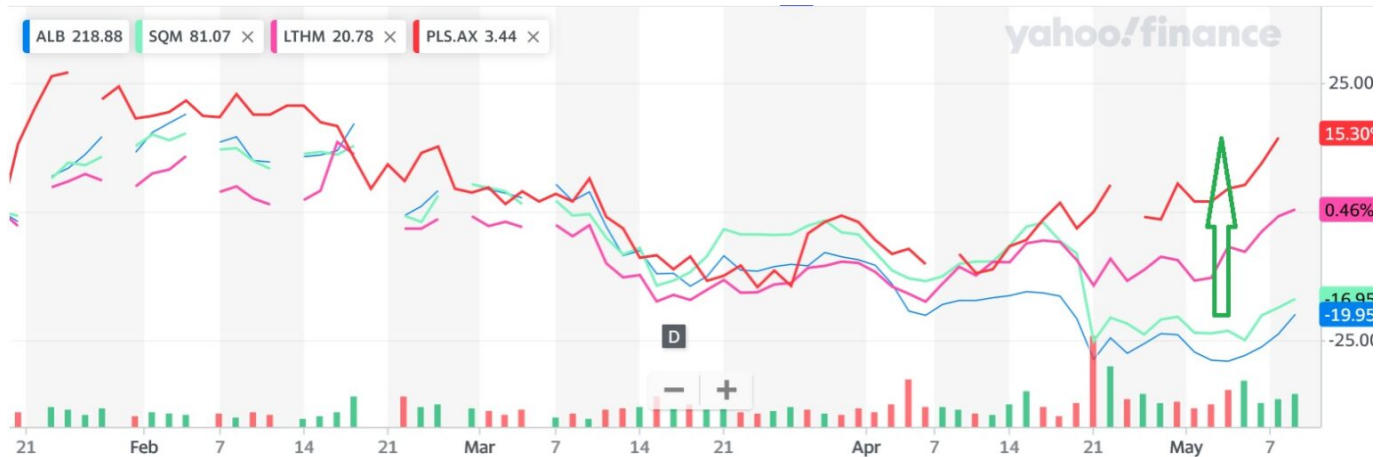
Lithium stocks rallying again

Strong EV sales in China are leading to early signs of a China lithium price recovery. Lithium contract prices remain much higher than spot prices reflecting the past lithium price rise and the strong outlook for lithium demand in 2023 and beyond.

As shown on the chart below, February, March, and April saw the leading lithium stocks (Albemarle Corporation (NYSE: ALB), Sociedad Química y Minera de Chile S.A. (NYSE: SQM), Livent Corporation (NYSE: LTHM), and Pilbara Minerals Limited (ASX: PLS)) follow spot prices lower; however, in May we can see a potential price recovery starting (green arrow in chart below).

FIGURE 2: Leading lithium stocks have been moving higher in May buoyed by improving EV sales and lithium prices (NYSE: ALB, NYSE: SQM, NYSE: LTHM,

ASX: PLS)



Source: [Yahoo Finance](https://finance.yahoo.com)

Albemarle remains very positive on the lithium market with takeover offers and expansion plans

During the lithium price collapse of early 2023, [Albemarle](https://www.albemarle.com) was moving in the opposite direction as it made several key announcements that indicated its strong belief that the lithium market would rebound. Below is a brief summary:

- March 27, 2023 – Albemarle [announced a takeover offer for Liontown Resources at a 69% premium](#) to the 30-day VWAP.
- May 3, 2023 – Albemarle [announced plans to double lithium hydroxide output in Australia](#), effectively adding 50,000 tonnes per year of lithium refining capacity at their Kemerton plant.

Furthermore, Albemarle announced on May 3, a [net sales increase of 129% for Q1/2023](#). Albemarle CEO Kent Masters [commented](#):

“Compared to last year, first quarter net sales more than doubled, adjusted diluted earnings per share more than quadrupled providing a robust start to the year. ... We see

strong sales volume growth for the rest of the year but have modified our guidance to reflect softening lithium market pricing. We remain confident in the underlying market strength of our world-class asset base and our long-term growth strategy.”

Albemarle knows the lithium market better than most, especially given it has been the industry leader for over a decade. Currently, they have numerous expansion plans globally including:

- The Salar Yield Improvement Project in Chile;
- The above-mentioned Kemerton trains III & IV lithium hydroxide production expansion in Australia;
- An under-construction lithium conversion facility in Meishan China; and,
- The Kings Mountain mine development in the USA that will eventually feed their planned new South Carolina lithium processing facility.

Added to these items is the attempted takeover of [Liontown Resources Limited](#) (ASX: LTR) for A\$2.50 or US\$1.66 per share in cash, which values Liontown at A\$5.2 billion or US\$3.4 billion on an enterprise basis, at the time of the offer.

Both Bank of America and Scotiabank have recently upgraded Albemarle. The latter assigned a [US\\$250 price target](#), which is well above the current price of US\$195 at the time of writing.

Closing remarks

Several negative events in early 2023 caused a dramatic fall in China spot lithium carbonate prices. The lithium price had increased over 10x and was due for a fall, with Q1 typically

being a weak quarter due to seasonal impacts causing lower EV sales.

Discussions about sodium-ion batteries did not help either. As it turns out, market participants are now realizing that lithium demand is still very strong, despite some short-term volatility. Sodium-ion batteries, at best, will have limited use cases in energy storage, and cheap, small EVs, mostly sold in China, due to inferior volumetric energy density.

For investors, the recent market dip in lithium stocks may prove to be a good time to go shopping. The long-term demand wave for lithium is a supercycle with 2037 demand forecast to be [35x higher](#) (according to [Trend Investing](#)) than 2020 levels.

Certainly, Albemarle, the lithium leader, remains extremely bullish on the lithium sector with a multi-billion dollar takeover offer and expansion plans.

The EV and stationary energy storage booms are here and will only grow stronger this decade. The [Tesla Inc.](#) (NASDAQ: TSLA) [Master Plan 3](#) reports that we need 240 TWh (240,000 GWh) of energy storage for the world to run on 100% renewable energy, most from lithium-ion batteries. Given global lithium-ion battery production in 2022 was only about 700 GWh you can draw your own conclusions. Albemarle and Tesla already have shown us what they think. The latter is [breaking ground on a new billion-dollar lithium refinery](#) in Texas this week.

Mixed Signals for the Lithium Market as China Spot Prices Decline but M&A Paints a Bullish Picture

written by Matt Bohlsen | May 10, 2023

So far in 2023, the lithium sector is a mix of good news and bad news.

The bad news relates to the China lithium carbonate spot price collapsing, [now down ~65%](#) (see chart below) from its crazy high of CNY 600,000/t (US\$87,272/t) in late 2022. Contract prices remain strong and lithium hydroxide ([~US40,000/t](#)) and spodumene ([US\\$3,810/t](#)) spot prices have been less impacted, but have still fallen about 1/3 to 1/2 from their recent highs.

The good news relates to the fact that the leading lithium companies and [most analysts](#) remain very bullish on lithium in the mid to long term. We saw this very recently with [Albemarle Corporation](#)'s (NYSE: ALB) A\$5.2 billion (US\$3.4 billion) [takeover offer](#), at a 69% premium, for [Liontown Resources Limited](#) (ASX: LTR). Little wonder investors seem confused. Is the lithium boom over, or is it just getting started?

China lithium carbonate spot price collapsing

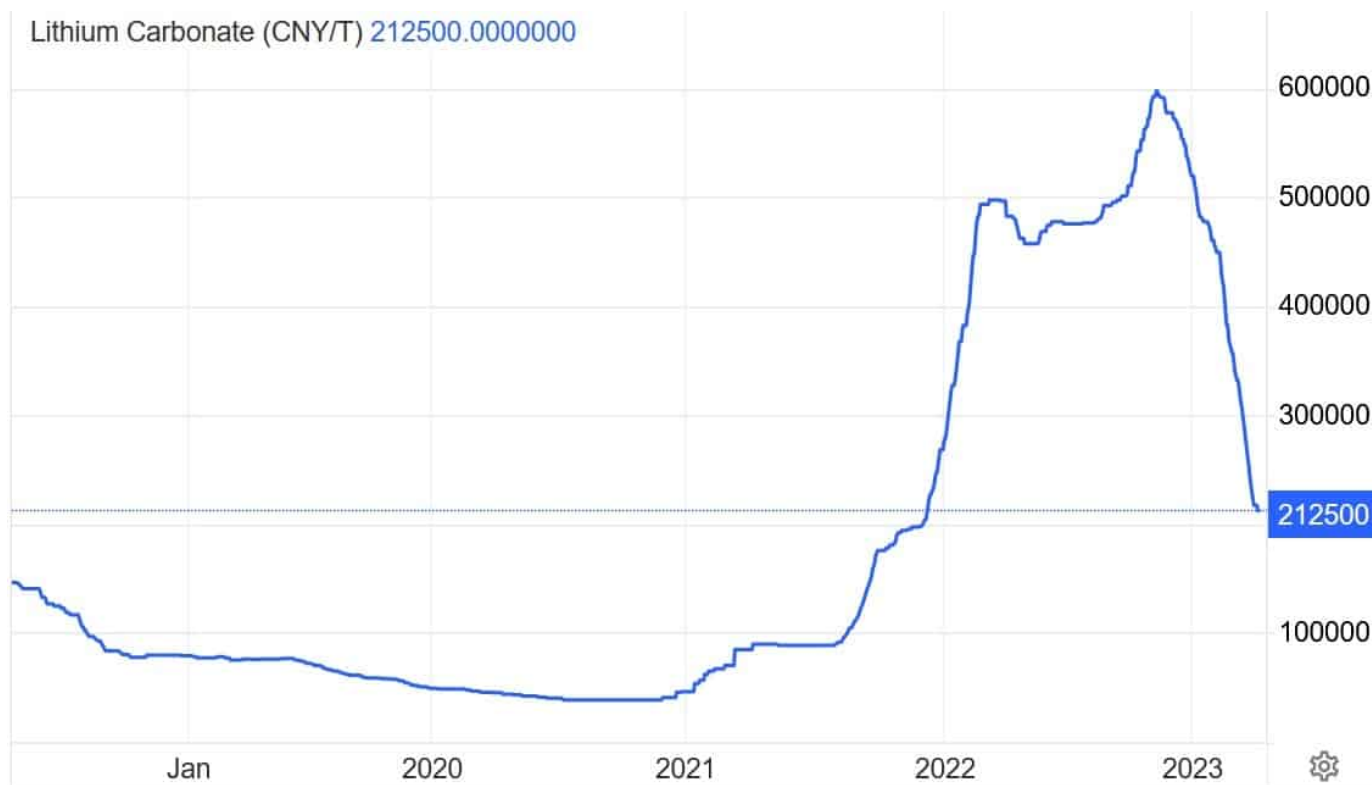
As shown in the chart below, the China lithium carbonate spot price had a meteoric rise in 2022 and is now collapsing in 2023. The main reasons for the downturn in price are a slowdown in China's new energy vehicle ("NEV") sales growth in 2023 and the Chinese cathode and battery suppliers running down inventory

thereby delaying lithium purchases in order to get a lower price. Also, liquidity in the China spot market has been rather low in Q1/2023.

China NEV sales in January 2023 saw [an 8% year-over-year \("YoY"\) fall](#), due to the China federal NEV subsidies ending, Covid-19 impacts, and the Chinese New Year falling in January. February saw China NEV sales recover and [rise by 56% YoY](#), and March saw sales [rise by 34.8% YoY](#). As a result, in Q1/2023, China saw NEV sales [rise 26.1% YoY](#) and reach a total of nearly [1.59 million](#) units. The first quarter is always the slowest month for NEV sales in China, so the seasonal slowdown from Q4/2022 to Q1/2023 was also a significant factor.

The Q1/2023 26.1% growth is not bad considering the poor January; however to keep the lithium market in balance between supply and demand, Trend Investing forecasts we need global plugin electric car growth to be at [36% YoY](#). In other words, China's NEV sales growth rate in Q1/2023 of 26.1% is lagging below the 36% global growth rate needed in 2023.

China lithium carbonate spot price – 5-year chart



Source: Trading Economics

Albemarle's A\$5.2 billion (US\$3.4 billion) takeover offer for Lontown Resources

If we are in a lithium bear market, why is the lithium leader, Albemarle, offering to buy Lontown Resources at a [69% premium](#) to its 30-day volume weighted average price ("VWAP")? And willing to outlay A\$5.2 billion (US\$3.4 billion)?

The short answer is that Albemarle sees the longer-term picture, that is lithium demand is set to [grow ~35x from 2020 to 2037](#) according to Trend Investing, or [13-42x](#) from 2020 to 2040 according to the IEA.

Also, the fact that tier 1 lithium assets are rare. Lontown Resources 100% owned Kathleen Valley Project is a tier 1 global resource, one of the top 5 largest lithium spodumene resources globally. The resource estimate is a massive [156MT @ 1.4% Li₂O](#). The project is at the advanced stage with production set to

begin in [mid-2024](#) and initially ramp up to about 600,000 tonnes per annum (“tpa”) of spodumene.

Albemarle is playing the long game and understands the lithium market better than most. They want to secure another tier 1 long-life mine in Australia just as they did when they bought Rockwood Holdings Inc. (former owner of the [Greenbushes Mine](#)) for [US\\$6.2 billion](#) in 2014. The reason then was “[to capture the upside potential from the electrification of automobiles](#) that’s likely to occur over the next several years”. The reason to buy Liontown Resources is the same today.

Lithium demand should surge in 2024 and 2025 as new EV segments hit the market

The second half of 2023 should see the Cybertruck from Tesla (Nasdaq: TSLA) finally begin production and a [rapid ramp-up in 2024](#). We will also see in 2024 a strong ramp-up in sales of other pickup trucks in the USA from Ford, GM, Ram (Stellantis), and others. With reportedly [over 1.6 million reservations](#) for Tesla Cybertruck and a battery size twice that of a Model 3 RWD, the Cybertruck alone will cause a bump in lithium demand.

Then in late 2024 or 2025, we should see Tesla potentially start production of their compact car, with plans ‘reportedly’ to produce [4 million per year](#). BYD is already producing great value compact cars (Dolphin, Seagull, etc) in China at very affordable prices [well under US\\$20,000](#). BYD plans to sell “[at least 3 million](#)” plugin electric cars in 2023. It looks like by 2025, Tesla and BYD alone could be selling 10 million electric cars per year combined, which would be almost the same as the entire market in 2022 of [10.522 million](#). That’s how fast things are changing! Global electric car sales are forecast to almost double in just 2 years from 10.5 million in 2022 to [~20 million](#) in 2024, according to Trend Investing.

The limiting factor for auto OEMs will be securing batteries and their limiting factor is lithium.

Electric pickup trucks will soon be as popular as Tesla Model 3 in the USA, after that will be millions of compact electric cars potentially in 2025



Source: [iStock](#)

Closing remarks

So far in 2023, it has been a year of contradictions in the lithium market. Collapsing China spot lithium carbonate price paints a bearish picture, yet a multi-billion dollar takeover offer at a 69% premium price paints a bullish picture.

The conclusion is rather simple. Short-term lithium price action is a result of a China Q1/2023 NEV slowdown in growth, just as a wave of new lithium supply is hitting the markets. Chinese

cathode and battery makers winding down inventory has helped them achieve lower pricing, but cannot go on too much longer. New emissions rules in China come into effect from July 1, 2023 which should boost NEV sales. Combined with strong demand from the USA boosted by the IRA incentives, and Europe embracing EVs, means that H2, 2023 should start to see some strong recovery in global EV sales and hence lithium prices. This assumes we are not in a severe global recession by then.

Looking out to the rest of the decade and it continues to look like lithium supply is the limiting factor for the EV boom, which means quality lithium miners should be the long term winners. But remember as is usual in the mining sector, expect to see large price swings up and down, even in a lithium supercycle.

Will Technology Metals' Supply Meet the Demand for EVs?

written by Jack Lifton | May 10, 2023

Since market economics' common sense was codified by Adam Smith in the 18th century, people have been aware of the fact that the price for a good or service is what a willing buyer will pay a willing seller. Of course, the seller must be able to get the good or perform the service and the buyer must have or be able to get the money. These last requirements seem to have escaped the notice or understanding of the market manipulators also known as Western politicians.

The global OEM transportation vehicle market is really not free.

It is being politically manipulated by climate change politics, based on the belief that eliminating the carbon dioxide output from the use of fossil fuels in vehicle powertrains, based on internal combustion engines (ICEs) and replacing them with onboard stored electricity in batteries driving electric motors (BEVs) will have a significant “positive” effect for humans on the earth’s climate. Whether or not this cause-and-effect hypothesis is true the total conversion of the world’s transportation fleet to battery electric power is not possible for the size of the present fleet and its projected growth. This is because the (battery) technology metals necessary to effect this change simply do not exist in sufficient quantities that are accessible to mankind’s engineering abilities, willingness to deploy capital, and the real global energy economy.

This supply limit will not become apparent until after 2025, so it is being ignored as a problem easily solved by the “efficient” market, whose actual strictures the political class does not understand.

One clue about structural limitations, which politicians either do not understand or do not believe, is that the current Western commodity price inflation is driven by efficient market supply shortages, which will automatically correct from infinite supply resources, not by free market excess (unsatisfiable) demand. Another, perhaps more insidious, supply limitation is simply the price ceiling, the maximum amount that the consumer can/will pay for a metal, before that metal becomes too expensive for the intended use. This is happening now, for aluminum, as soaring energy costs in Europe, for example, force the shutdown of aluminum electrolytic smelters, the production cost from which has become more than the market price of aluminum. This was caused by an entirely man-made shortage of electricity through sheer political short-sightedness, not by the aluminum marketplace.

The politically driven demand pull for BEVs has already skewed the lithium market by driving lithium prices high enough to allow mines and sources, that would have been marginal or worse, to appear to be economical and to develop. But lithium prices are already too high for the continuing decline in battery costs to achieve par with fossil-fueled engines in the near term, if ever. The politicians' answer to this is to restrict fossil fuel production and make it more costly. Thus a (n inflationary) price spiral has begun that could price BEVs as well as reduced production, thus more expensive, ICEs and their fossil fuels "out of the mass market!"

The structural metals and materials used to make vehicles used for the transportation of people and freight can be, and mostly are, recycled. This is driven by the fact that it takes less energy to recycle structural metals than to produce new material from mines. A significantly large proportion of the iron, aluminum, copper, zinc, and lead used to construct new vehicles is recovered each year from the recycling of end-of-life scrapped vehicles. Cars in North America, have average useful lives of 12 -17 years. The North American car "fleet" is over 300 million vehicles and each year about 5% of the fleet is scrapped. This means that enough iron, copper, aluminum, and lead is recycled each year to build 15 million new vehicles if 100% perfect recycling is assumed. It is noteworthy that the recycling efficiency of the American scrap, iron & steel, aluminum, copper and lead industries is very high and that most American steel for automotive use is made from scrap in, reliable, fossil or nuclear fueled (electrical) baseload requiring, electric arc furnaces. The North American OEM automotive industry considers 17 million vehicles produced and sold to represent a good year, so it does not have a problem sourcing structural metals for components. In fact, enough new vehicles are imported into North America that the need for

structural metals for just domestic production by the OEM American automotive industry is met by just the metals produced from recycling.

So far, so good.

Now comes the not-so-good news about the technology metals required for manufacturing automobiles. Today's internal combustion engine powered motor vehicles use, on average, about 0.5kg of rare earth permanent magnets (REPMs), so the annual need for such by the domestic OEM industry is between 6,000 and 8,500 tons of REPMs (here I assume that of the 17 million units sold each year up to 5 million are imports from another country (including Mexico and Canada besides China, Japan, Korea, Germany, France and the UK).

And, a Tesla Model 3, electric vehicle (EV) with the range required by American buyers uses up to 5kg of REPMs, and 6-8 kg of lithium, measured as the metal, in its lithium-ion rechargeable battery-based powertrain.

How many Gigawatt hours of lithium-ion battery storage for use in EVs and stationary storage can be produced with the earth's known physically and economically accessible deposits of the necessary critical materials? I was going to submit that question as an abstract to a coming battery conference, but I realized that the academics and bureaucrats, and corporate researchers who attend the conference don't have enough background in industrial mineral economics to understand what I want to say, and, in any case, don't want to hear it.

Below is Bloomberg's guesstimate of the demand growth for the supply of all of the metals necessary to build (projected levels of) EVs through 2030. It is very important to understand that the only increased demand for metals for building EVs that matters are for those metals that are non-structural, **the EV**

Technology Metals. EVs will use no more of structural metals in the aggregate than ICEs do, so that as the ICEs are replaced by EVs, there will be no increased demand for iron, aluminum, or zinc, and a marked decline in the demand for lead as starter lead-acid batteries are phased out.



[Source](#)

But those technology metals specifically required for an EV's powertrain, the battery and the electric motors will see a dramatic increase in demand if and when EVs achieve a significant market penetration.

For some reason, which I think is just ignorance, the major news media "predictors" pay no attention to the distinctions between the demand for structural metals, which will simply be the same total, with the exception of that for copper, as is used today unless the annual global total production of motor vehicles increases dramatically, which is very unlikely. Mature Western (and Japanese and Korean) domestic markets will decline in demand as longer lived vehicles become necessities due to price. This may well have a negative effect on recycling efficiency for all metals as the scrap market re-adjusts to lower supply and lower annual demand for new vehicles.

EVs, however, as they replace ICEs will not increase the demand for structural metals per unit, but it is the demand for EV technology metals that could skyrocket, if that much supply were possible.

To reiterate: The above chart is wrong with regard to iron and aluminum demand for vehicles; they are a function of the total number of vehicles built in a year, and, since Western markets are mature in transportation vehicles, the demand for new iron and aluminum for that use is unlikely to increase more than 25%,

if that, to add new vehicle production, perhaps mostly for the Indian and African home markets.

For EV Technology Metals the story is very different. An EV uses about 50 kg of copper for its wiring harness, electric motor windings, and lithium-ion battery internal circuitry. This represents a 50% increase over the demand for copper in an average ICE, so that the demand for copper for EVs could add fifty percent to the overall demand for copper by the OEM automotive industry today if and only if ICEs are completely replaced by EVs. Thus, the factor for copper in the above chart, 10X, should be 1.5X.

The potential demand growth for the most critical EV Technology Metal, lithium, is the limiting factor in the projected transformation of power trains from fossil fuels to battery moderated electricity. Today BEV sales are reported to be 3% of the global total vehicle sales. This is projected to reach 10% by 2025, so that by 2025 at least three times as much lithium will be needed to satisfy the demand for batteries.

In 2021 some 86,000 tons of lithium, measured as metal, were produced. 60% of that total was used to manufacture lithium-ion batteries. Let's call that 50,000 tons for batteries in 2021. The 36,000 tons of lithium used for non-battery uses is unlikely to grow, so the necessary supply increase to satisfy the needs for producing 10% BEVs in 2025 is 3x, for a total demand in 2025 of 150,000 tons of lithium, measured as the metal. Adding the 36,000 tpa of lithium demand for other uses we get a total lithium demand of 186,000 tons for 2025, which is essentially 2X 2021 total demand for lithium. This is most likely do-able by the lithium mining industry, but the downstream supply chain to turn 150,000 tons of lithium into fine chemicals and battery electrodes does not now exist, and although capacity increases may be planned it cannot be determined how much will actually be

constructed in time. This is determined by the availability of capital, its proper allocation, the availability of engineering skills, and the availability of construction capacity. Although these can be quantified, government interference, also known as regulation, is the single largest time, and frequently capital, consuming impediment to mining and process engineering in the West.

The (mineral) economic illiterates who populate our universities and governmental bureaucracies live in a fantasy world of infinitely available natural resources and their unimpeded economic production. In that world, and only that world, is a green energy transition possible without an unacceptable decline in global standards of living, and the creation of a have and have-not society on a global scale. Let the UK's current

Production and processing of the EV Technology Metals are and will continue to be a good investment until a consensus is reached about a balanced energy economy, in which fossil fuels continue to be used for critical needs for which they are irreplaceable. Continued production of EV Technology Metals after that will be determined by price.

The Technology Metals Show with Neo Lithium's Waldo Perez on the state of the lithium

market

written by InvestorNews | May 10, 2023

Technology Metals Show hosts Jack Lifton and Peter Clausi interview Waldo Perez, President, CEO and Director of Neo Lithium Corp. (TSXV: NLC | OTCQX: NTTHF) on the state of the lithium market. “When it comes to lithium there are two places and two sources.” Waldo started. “First is the Puna plateau which is Chile, Bolivia and Argentina for brine resources. 60% of the lithium of the planet is located in an area that covers this plateau.” He continued, “The other source is a mineral called spodumene. This mineral is more common in the planet but the best spodumene is found in Australia.”

In this interview, which may also be viewed on YouTube ([click here to subscribe to the InvestorIntel Channel](#)), Waldo went on to say that CATL – largest battery producer in the world, is a strategic investor in Neo Lithium. He explained that Neo Lithium’s Tres Quebradas (3Q) Lithium Project was selected by CATL because it is the highest grade undeveloped project in the world and has low OPEX and CAPEX. The project has 50% IRR and payback of less than 2 years. To watch the full interview, [click here](#)

About Neo Lithium Corp.

Neo Lithium Corp. has quickly become a prominent new name in lithium brine exploration by virtue of its high quality 3Q Project and experienced team. Neo Lithium is rapidly advancing its recently discovered 3Q Project – a unique high-grade lithium brine lake and salar complex in Latin America’s “Lithium Triangle”. The 3Q Project is located in the Catamarca Province, the largest lithium producing area in Argentina covering approximately 35,000 ha including a salar complex of approximately 16,000 ha.

To learn more about Neo Lithium Corp., [click here](#)

***Disclaimer:** Neo Lithium Corp. is an advertorial member of InvestorIntel Corp.*

Wealth Minerals President on hitting the lithium market full force

written by InvestorNews | May 10, 2023

June 6, 2018 – “Every single brine asset in the world is visible from outer space. Everyone knows where they are. You are competing with everyone. There is no way you have a competitive advantage in terms of finding these things because everyone knows where they are. Your competitive advantage is in understanding the paradigm shift that is happening in the world first, picking a jurisdiction where you have competitive advantage and then basically hitting it with full force.” states Tim McCutcheon, President of [Wealth Minerals Ltd.](#) (TSXV: WML | OTCQX: WMLLF), in a recent presentation at the 7th Annual InvestorIntel Summit – Buds, Batteries & Blockchain 2018.

Tim McCutcheon: We will go through obviously the disclaimers and forward looking statements. The key thing about Wealth Minerals and, again, I think in the interest of time in having it be a little more focused, I have a tendency to skip around a little bit so please forgive me on that, but the idea really is to give you an understanding of what Wealth Minerals is and where we are going. The company has been around for a while obviously, but

its current form in terms of being involved in the lithium space, started about 2 years ago. Market cap, anywhere between \$150 and \$170 million dollars. As I am sure you are probably aware that the volatility in the lithium market right now is quite high, lithium equity market, so things are moving all over the place. In general we are well north of a \$100 million dollar market cap, which means that we are already getting interest from institutional investors and, sort of, out of the retail space and now into the institutional space. Four lithium projects, all of them in Chile. I think the key thing that we like to present about ourselves is, Chile as jurisdiction is a great place to be. It is a mining friendly place. It has a proven track record of over decades of being fair to investors, being stable, both on a macro level, on a fiscal level. It is not a country you go to wake up the next morning and find something horrible happened in newspapers. It is a fairly predictable place. As far as our team goes we have an unparalleled ability to operate within Chile in part because of the track record of the team. Our country manager is Marcelo Awad. He was the CEO at Antofagasta, one of the world's largest copper mining companies and he was an Executive Vice President at Codelco, which is a state mining company for Chile, obviously a major player in that country. There are a bunch of other reasons as well, but, again skipping on. As a timeline, as we just spoke about, about 2 years ago the company got started in the lithium space. Our basic idea was to put together a platform. That platform was put together in the beginning of 2016. Use that platform to acquire assets. Again, what I mentioned in the panel a little bit earlier, the lithium space, at least in where we are focused, which is South America a triangle for salars, brine assets. Every single brine asset in the world is visible from outer space. Everyone knows where they are. You are competing with everyone. There is no way you have a competitive advantage in terms of finding these things because

everyone knows where they are. Your competitive advantage is in understanding the paradigm shift that is happening in the world first, picking a jurisdiction where you have competitive advantage and then basically hitting it with full force...to access the complete presentation, [click here](#)

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Don Bubar on introducing Avalon's lithium products to the market

written by InvestorNews | May 10, 2023

May 10, 2018 – “We have been making steady progress towards our goal of getting an initial Phase 1 production facility up and running within the next year so we can introduce our lithium products to the market. The approach we have taken to our lithium project is a little different from some of the other players in the industry...” starts Don Bubar, President, CEO and Director of [Avalon Advanced Materials Inc.](#) (TSX: AVL | OTCQX: AVLNF), in an interview with InvestorIntel's Andy Gaudry.

Andy Gaudry: That is wonderful. Can you give us an update about your Separation Rapids Project?

Don Bubar: Sure. We have been making steady progress towards our goal of getting an initial Phase 1 production facility up and running within the next year so we can introduce our lithium products to the market. The approach we have taken to our

lithium project is a little different from some of the other players in the industry in that our resource offers us multiple different possibilities on lithium products to offer the market – mineral concentrates or derivative products for the battery industry. We are looking at introducing a number of different possible products to the market and find the right mix for us to create a solid business case on which to build our business going forward. We are taking a staged development approach to lithium. We think that this is the ideal way to do it knowing that these are not really commodities in the traditional sense of the term. These are specialty chemical or mineral products that you really have to think of more as like a manufacture good where you need to define your market and then how you are going to make that efficiently to meet the requirements of the market, the product specifications, and deliver that at the best possible price. By starting with a relatively modest scale initial facility you give yourself the opportunity to define those products to get them exactly right, then you scale up after that. We want to build it at a scale that will allow us to create a small profitable business and then build on that profitable business to expand our product range and the size of the operation.

Andy Gaudry: What is the chitchat like at PDAC this year about the lithium market?

Don Bubar: There is pretty good buzz. I participated in an Investors Exchange forum session this morning that was all on lithium. It was much better attended than similar sessions I participated in the past so pretty good sign that investors are really interested in lithium and looking for new opportunities.

Andy Gaudry: For your shareholders, what can they expect in the next quarter or two from Avalon?

Don Bubar: We committed to that develop model I explained so the key for us is to get the commitments from potential customers for these products that will justify raising the capital to put this plant into production. We are in ongoing discussions with a number of players out there that have expressed interest in working with us on it. We are now, kind of, hopefully getting close to closing something that will allow us to then proceed with the next stages of development on the project...to access the complete interview, [click here](#)

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