With 7 Analysts on board and up almost 140% in the past twelve months this attractive water pure-play is a true ESG

On May 13, **H2O Innovations (TSXV: HEO | OTC: HEOFF | FSE: DB: H3O1)** announced fiscal third-quarter financial results for the month ending March 31, 2021.

The company started the year off strong with quarterly revenue up 8.6% year-over-year and net earnings hitting C$2.1 million in the quarter, up from a loss of C$3.1 million in the same fiscal period last year.

H2O beat analysts' consensus revenue and earnings estimates as revenue hit C$39.2 million in the quarter, up from C$36.1 million in the same quarter last year, with revenue increases coming from both organic growth and through acquisitions.

Gross profit margins remained strong at 28%, consistent with the margins last year, and adjusted EBITDA reached C$4.5 million or 11.5% of revenues, compared to C$3.8 million, or 10.5 % of revenues, for the same fiscal period last year.

Most importantly, operational cash flows hit a record C$10.2 million in the quarter up from C$0.9 million in the comparable quarter of the previous fiscal year.

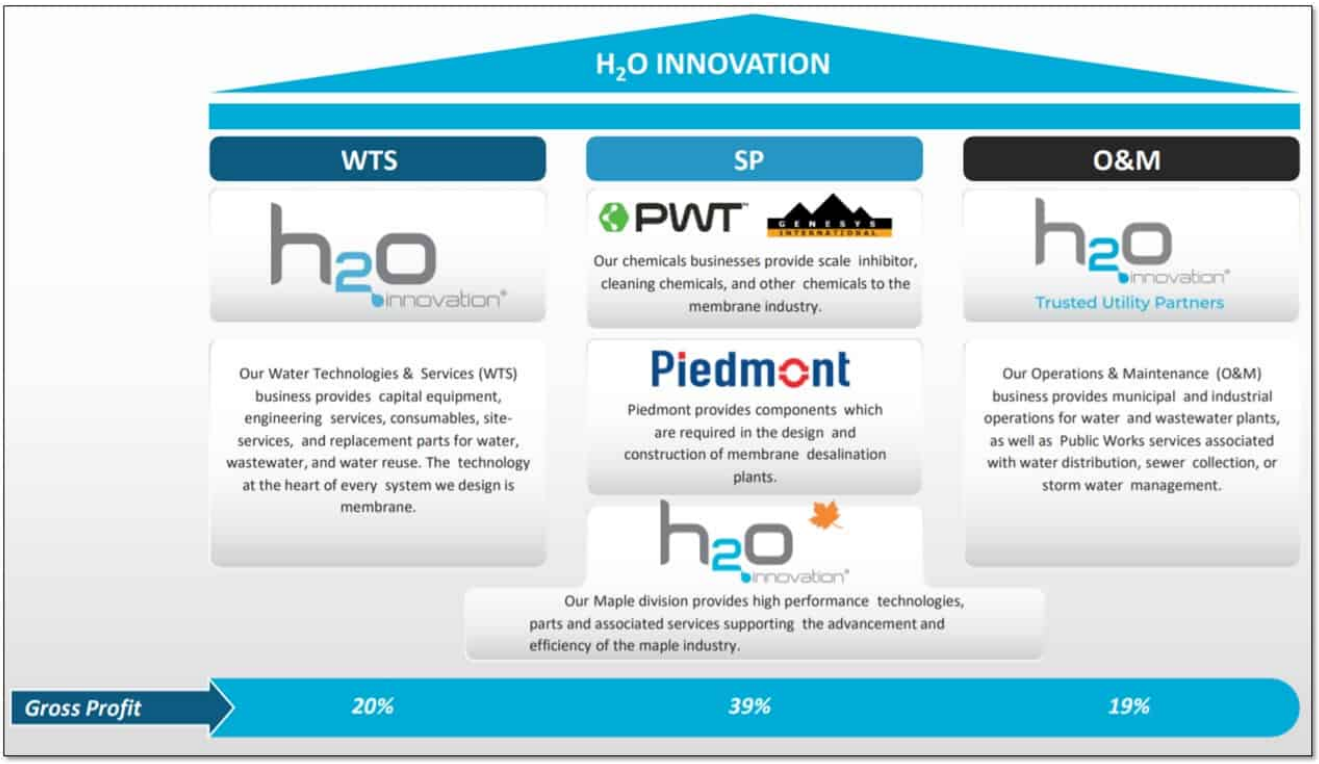
Understanding H2O

H2O is a Canadian wastewater treatment solutions company that designs, builds, and supports facilities based on membrane filtration technologies for municipal, industrial, energy, and natural resources end-users.

H2O operates through three main business segments:

1. *Water Technologies and Services (WTS)*, which designs and builds custom water, wastewater, and water reuse systems and treatment plants, with more than 750 systems installed in North America;
2. *Specialty Products (SP)*, which develops specialized chemicals and consumables from its subsidiaries, such as **Maple**, **PWT**, **Genesys**, and **Piedmont**, and distributes through a network of over 100 partners; and,
3. *Operation and Maintenance (O&M)*, which operates more than 275 facilities in 12 states in the U.S. and two Canadian provinces.

Figure 1: Three main business segments – Water Technologies and Services (WTS), Specialty Products (SP), and Operation and Maintenance (O&M)



Source:

Solid Pipeline of New Sales and Renewals

Earlier this month, **H2O** announced winning two new projects and renewed four operation and maintenance contracts in the O&M business segment, with a total value of C$3.3 million. With these contracts, the total O&M backlog increased to C$63.5 million.

The new contracts comprise the operation, maintenance, and management of a Municipal water treatment facility in Texas and the operation and maintenance of an effluent treatment facility at an agriculture-food processing plant in Alberta, Canada.

H2O also renewed four municipal O&M contracts in Vermont with the first contract renewed for over five years, the second and third contracts extended for five years, and the fourth contract was renewed until March 2022.

M&A Driving Growth

As part of its 3-year strategic plan announced in December 2020, **H2O** commented that it intended to complete between two to four acquisitions within the next 30 months.

In February 2021, the company closed the acquisition of the remaining 76% of **Genesys Membrane Products (GMP)** in Spain that it originally had taken a 24% ownership stake in through the acquisition of **Genesys** in the United Kingdom in 2019.

GMP reported revenue of approximately €5.00 million (C$7.75 million) in 2020 of which 24% was already accounted for in H2O financials.

GMP expands the company’s specialty chemical products and laboratory services to an international distributor network that focuses on Latin America, primarily within the mining industry.

In July 2020, **H2O** announced a C$3.7 million acquisition of **Gulf Utility Service (GUS)**, a U.S. water utilities company. **GUS** booked revenue of approximately US$5.0 million and EBITDA of US$0.6 million in 2019.

In the recent quarter, over 95% of the revenue growth was from its recent M&A activity; the **GUS** acquisition contributed C$1.3 million in additional revenue and the acquisition of **GMP** in February contributed an additional C$1.5 million in revenue.

Biden’s Infrastructure Plan Adding Billions to a Hundred-Billion-Dollar Market

In April, the U.S. legislators passed the “Drinking Water and Wastewater Infrastructure Act of 2021” that authorizes almost US$35 billion over five years to a variety of programs focused on safe drinking water, wastewater treatment, sewer overflows, and stormwater management.

This Act is only the first part of President Biden’s US$111 billion plan for water infrastructure improvements as a component of the American Jobs Plan.

In H2O’s recent quarterly conference call, CEO Frédéric Dugré stated, “*we want to reiterate that we welcome very positively the $30 billion water-related infrastructure plan announced earlier by President Biden at the end of April. We believe many opportunities will emerge from this stimulus plan, notably for new water reuse projects in order to fight back the growing water scarcity mode in Southern states*.”

Even without these new U.S. government funding initiatives, the global water market is expected to grow from US$854.0 billion this year to US$914.9 billion by 2023, according to the latest report published by **Global Water Intelligence (GWI)**.

GWI’s Global Water and Wastewater Treatment market consist of both operating and capital expenditures by utilities and industrial water users on water and wastewater.

The Water and Wastewater Treatment market experienced renewed activity and high growth due to declining water qualities and growing demand for cost-efficient and environmentally friendly water technologies and services.

However, several challenges hinder the Water and Wastewater Treatment market, including high capital costs for equipment, outdated and inefficient water infrastructures. Companies such as **H2O** benefit as governments look to reduce costs by shifting operations to third-party Water and Wastewater Treatment companies.

Final Thoughts

As Environmental, Social, and Governance (ESG) investing causes a shift towards finding long-term financial returns that are aligned with social values, H2O remains an attractive water pure-play with a strong balance sheet, a large sales backlog, and profits.

H2O's stock is currently trading at C$2.40 per share, up almost 140% in the past twelve months. Seven analysts cover the company, all with a "Buy" rating, and price targets ranging from C$3.25 to C$4.00. Currently, H2O has a market cap of C$197.4 million.

Developing critical materials for the green economy in a sustainable way is the Avalon Advanced Materials' highway

Avalon Advanced Materials Inc. (TSX: AVL | OTCQB: AVLNF) is a new breed of resource company that places environmental stewardship at the top of the list of priorities as opposed to it being an afterthought. The Company has embraced the principles of sustainability as core to its business practice and has made a strong commitment toward implementing corporate social responsibility best practices and recently secured a top 5% ESG Risk rating amongst its peer companies from Sustainalytics.

Avalon is a Canadian mineral development company that operates primarily in Canada with a focus on the metals and minerals for use in clean energy and new technology including lithium, rare earths, cesium, tin, indium, gallium, germanium, tantalum and zirconium. The Company is in various stages of developing three of its five mineral resource properties with particular emphasis on lithium, cesium and rare earths.

Avalon's most advanced project is the 100% owned Separation Rapids Lithium Project, located in the Paterson Lake Area of Ontario. The Separation Rapids deposit is a potential source of lithium minerals for use in the glass and ceramics industry as well as lithium compounds for the battery industry. The company completed a Pre-Feasibility Study in 1999 to produce petalite (the predominant lithium mineral at Separation Rapids) for glass-ceramics. A new Preliminary Economic Assessment model was created in 2016 to produce lithium battery materials, which was subsequently updated in 2018 based on new glass-ceramic markets. The simplified business model with initial focus on lithium mineral concentrates for glass and ceramics has an initial CAPEX of C$77.7 million (475,000 tpa mill capacity) for a 20 year operational life with average annual revenues of C$90 million and average annual costs of C$60 million for an NPV pre-tax (8% discount rate) of $156 million and an IRR (pre-tax) of 27.1%.

Building on the Separation Rapids opportunity, Avalon recently announced it has entered into a Letter of Intent (LOI) with Fort William First Nation (FWFN) to collaborate on the development of a lithium battery materials refinery located on industrial lands owned by FWFN in Thunder Bay, Ontario. This facility would be designed to accept lithium mineral concentrates from Avalon's Separation Rapids Lithium Project

(70 km north of Kenora) and Rock Tech’s Georgia Lake Lithium Project (145 km northeast of Thunder Bay), as well as potentially other emerging, new lithium mining operations in northern Ontario, to produce lithium hydroxide and other lithium battery materials.

Another example of what makes Avalon different than most resource companies is the binding LOI signed in February for four industrial minerals properties and a demonstration-scale processing plant located at Matheson, Ontario to process the tailings from a historic phosphate mining operation at the site. Work done has demonstrated that the tailings contain phosphate levels ranging from 15-20% P_2O_5 and can be sold “as is” for use in various agricultural fertilizer products. Additionally, analytical work done on the tailings indicates the presence of significant concentrations of rare earths, scandium and zirconium, which preliminary tests indicate will be recoverable through additional processing. The phosphate-rich tailings are already generating revenues and additional processing of the tailings could provide significant potential for future revenue growth. This is a great example of Avalon’s core values working in harmony. The company gets access to a closed mine site with potential to recover critical minerals like rare earths from the mine wastes, while remediating the long term environmental liability.

Avalon is a leader among mineral developers in adopting best practices to reduce its environmental footprint, prevent water contamination and engage with local communities. This focus gives Avalon a strategic advantage when it comes to securing grants, funding and partnerships with governments and First Nations, let alone the evolving investment community. Aligning the company with its stakeholders’ values reduces risk and creates opportunities like the Fort William First Nation LOI. Just remember, it’s not easy being green, but it can be profitable.

Smart buildings and smart cities the trend to Kontrol Energy

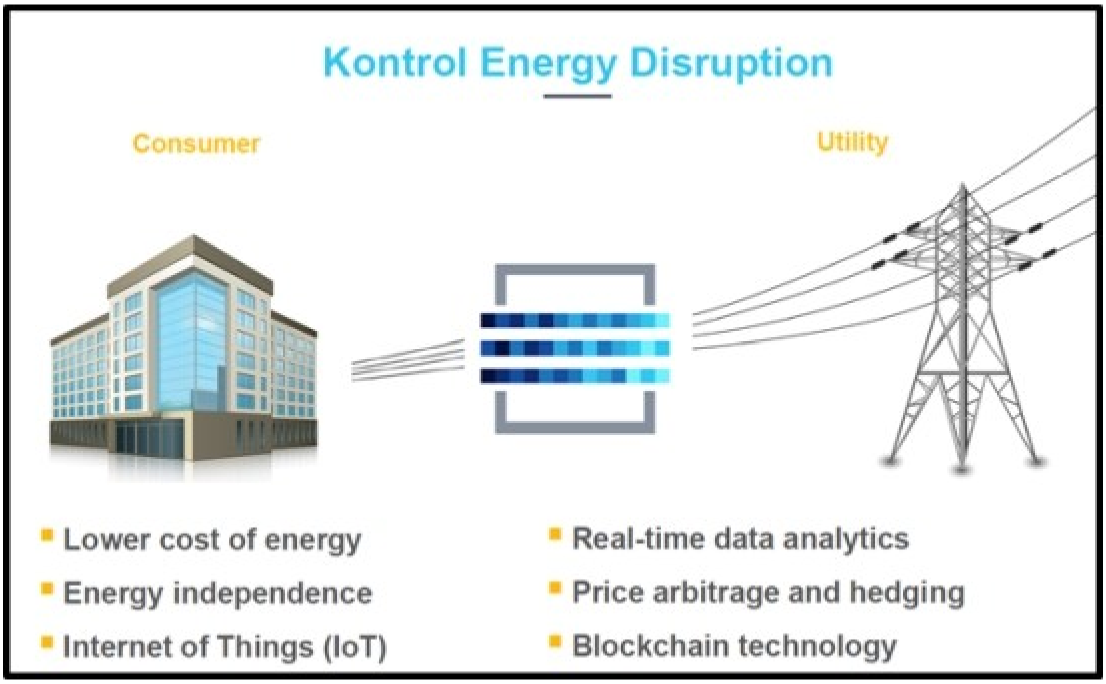
As the world's population increases so will the demand for energy and cost effective efficient energy production. In the US alone ~30% of energy is lost to inefficiencies. One of the key trends this decade is the move towards "smart buildings and smart cities" so as to use energy more efficiently. Another is to reduce CO2 emissions.

Kontrol Energy Corp. (CSE: KNR) is an energy efficiency technology company operating in the Internet of Things (IoTs), Cloud, and Blockchain space; with an aim to solve North Americas largest energy challenges. Kontrol Energy was formed in 2015 by a group of energy veterans who recognized that the energy efficiency industry would be a significant engine for the global economy over the coming decade.

A $60b market opportunity just in the US

The industry Kontrol serves is the $200 billion annual US energy industry. 30% of that energy which is wasted due to inefficiencies amounts to a $60 billion annual industry opportunity for Kontrol, just in the USA.

Kontrol's passion is to help you get control (hence the name) over your energy costs and achieve your sustainability goals. Kontrol is working with manufacturers, commercial and multi residential buildings, utilities, education and the cannabis industry. Kontrol also helps its clients reduce greenhouse emissions.



On November 21, 2018 Kontrol provided an update relating to progress of operations and strategic activities over the past four months. Kontrol has completed the acquisition of CEM Specialties Inc. ("CEMSI"), thus adding $6 Million of annual revenues and approximately $1 Million in annualized EBITDA. Kontrol has received two significant customer orders totaling over CAD$2.3 million, and have secured two contracts with licensed producers in the cannabis sector to provide energy efficiency services.

CEM Specialties Inc. (CEMSI) is an emission integrator focused on helping companies monitor and reduce emissions throughout the USA, Canada and abroad; serving more than 1,000 sites currently in operation across 3 continents.

Paul Ghezzi, CEO of Kontrol Energy stated: "We are very pleased with closing the acquisition of CEMSI. In the short time since the acquisition of CEMSI, the Company has received two significant orders, which includes a CAD$1.1 million order from a global cement company and a CAD$1.2 million order from a global mining company."

Having gone public on the CSE in 2016 and adding a few acquisitions in a vertical integration strategy, Kontrol's revenue growth has been off the charts and is expected to continue to grow. These impressive results have seen Kontrol Energy ranked number 7 on Canada's Top new growth companies for 2018.

Kontrol Energy is growing revenue very strongly

Kontrol entered 2016 with about $400,000 in revenue and finished the year at around $1.9 m. In 2017 the number reached about $6.9m with the expected amount for year end 2018 to be about $10.5 m. This is excellent growth, and it is expected that this will reach ~$30 million by the end of 2019.

Paul Ghezzi CEO of Kontrol Energy stated: "We have been delivering on our stated goals and objectives and seek to continue our strong growth through further accretive acquisitions and the expansion of our smart energy technologies."

Kontrol Energy should continue to see significant growth in the years to come as the world continues to focus on greater energy efficiency and lower CO_2 emissions. Very strong revenue growth and enormous market opportunities (energy efficiency/CO_2 emission reductions) makes Kontrol Energy one to watch closely.

Prophecy Development's Oosterman on becoming a major global supplier for vanadium

"We recently did a preliminary economic assessment on our Gibellini Project in Nevada, U.S.A and we had some key findings. Basically some of the numbers projecting over 13.5 year mine life. We anticipate an internal rate of return of 50.8%, a net present value of $338 million. This is using a base case price for vanadium of $12.73." States Danniel Oosterman, Vice President of Exploration at Prophecy Development Corp. (TSX: PCY | OTCQX: PRPCF), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: You have had so much news recently, but I think one of the most significant pieces of news is your PEA results. Can you talk to us about that?

Danniel Oosterman: Absolutely. We recently did a preliminary economic assessment on our Gibellini Project in Nevada, U.S.A and we had some key findings. Basically some of the numbers projecting over 13.5 year mine life. We anticipate an internal rate of return of 50.8%, a net present value of $338 million. This is using a base case price for vanadium of $12.73. Today's price of vanadium is $14.10. If you were to use today's price for vanadium the internal rate of return actually goes up to 57% and the net present value goes up to $415 million. Keep in mind that our capex or capital expenditure to move the mine into production is only $117 million dollars. That is one-third of the NPV. There are not a lot of projects out there that can boast these sorts of numbers.

Tracy Weslosky: When I look at your market cap and I look at what you are supplying and all of the present geopolitical issues at the forefront, I would think that many smart investors that are interested in sustainability would be looking at Prophecy.

Danniel Oosterman: Exactly. There are no primary vanadium producing mines in North America currently. We are the only project, not only in North America, but really in the world, that has a near-term production timeline. We are looking at production hopefully within 3 years. We already submitted our

Plan of Operation to the Bureau of Land Management in the United States. This basically over time kicks off for us the permitting schedule for us. We anticipate to get 38 permits over the next 2 years. We are also submitting our Engineering Procurement and Construction Management, which is basically going to cost the entire project with a contract mining outfit over the next year.

Tracy Weslosky: I think you told me previously that 99% of all the vanadium is imported in the United States. When you are actually producing you will then be providing 3½% of the world's supply. Did I read that correct?

Danniel Oosterman: That is correct. If you were to take out China as a player we would actually produce 15% of the world's supply. That makes us a major supplier. We will be producing 9.7 million pounds of vanadium annually with this project…to access the complete interview, click here

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Ebola virus to take centre stage in US-Chinese competition for African mineral resources

Today, 50 African Heads of State and Government will be gathering at the White House for an unprecedented US-Africa summit, the first of its kind ever held on U.S. soil. President Obama urged the summit after his 2013 African trip.

The crises in Ukraine and Gaza may overshadow the event coverage but the Ebola epidemic will likely occupy centre stage at the summit. President Obama has stated that his government is observing the epidemic with great concern. The summit may well result in the formation of an international coordination effort to confront the Ebola virus, which will trump such other African issues like Boko Haram attacks and kidnappings in northern Nigeria, the civil war in southern Sudan, al-Shebaab attacks in Kenya. The original agenda of the August 4-6th summit was an economic one, aimed at strengthening the relations of the U.S. with a region heavily courted by China and where growth prospects are higher than those the rest of the world (5.4% in 2014 and 5.8% in 2015, according to IMF estimates). Now, a microscopic creature has taken precedence, because it must be addressed in order to facilitate any economic initiative. The White House intends to promote initiatives such as 'Power Africa' to link 20 million households across sub-Saharan Africa to the power grid. It's not a secret that the United States is competing with China for influence and access to resources. China has invested generously in the continent especially where mineral resources are concerned.

The Ebola epidemic in West Africa poses has threatened the economy of the region and foreign mining companies with sound sustainability policies are the best equipped to continue operations and survive. West Africa has grown tremendously in the past decade thanks to oil and mineral resources. Nevertheless, many Africans diseases, whose proliferation and effects have been managed elsewhere – such as, AIDS, malaria, tuberculosis, and of course Ebola – continue to re-appear like a weed. Ebola is causing a veritable crisis: there is no vaccine, there is no test for diagnosis, there is no therapy, and there is a mortality rate of 90 percent. The valley of Ebola crossed by the river which flows into the Congo has given its name to the deadly virus identified here for the first time in 1976. And so far in Africa, the Ebola virus is akin to a biblical plague that resurfaces cyclically. The current manifestation is the worst epidemic in history. It started last January in Guinea from where it spread to Liberia, Sierra Leone and is now threatening Ivory Coast, Burkina Faso, Ghana and Nigeria to mention a few. Cultural attitudes contribute to its intractability. In Guinea, the population is terrified, suspicious, to the point that it prevents doctors from entering villages.

The discovery of valuable mineral deposits in Africa has driven mining firms into increasingly far-flung geographic regions. This expansion has been accompanied by new and often unanticipated environmental and social and health risks that have substantial implications for corporate competitiveness and profitability. The management of sustainability is especially important in Africa given that it is fast becoming a region whose primary exports consist of its non-renewable resources. In many, if not most, countries of the region, exports of fuels and raw materials are one of the primary sources of foreign exchange. A healthier community and one that is well equipped to deal with the inherent risks of any mining operations ensures a more favorable working environment, fewer lost hours due to health concerns and a greater sense of legitimacy and acceptance from the local population. In many ‘rich’ countries, governments establish a framework of rules and benefits that help businesses thrive thanks to widely available preventive and direct medical and safety rules and practices. In Africa, health and safety regulations are difficult to implement due to financial and sometimes cultural constraints. It is essential for private sector firms to invest in these areas in order to ensure the sustainability of their venture.

Africa is the global epicenter of at least three other pandemics: AIDS, malaria and tuberculosis, which have acted as a powerful obstacle to development. Mining companies have gradually equipped themselves to manage the spread AIDS through special programs. For the past two decades the main 'sustainability' focus of mining majors has been AIDS prevention. Poverty, scarce human and financial resources and the endemic problems of the continent have made the situation more alarming. Even malaria, practically extinct in the West, remains a major problem: every year there are about 300 million cases and 90% occur in sub-Saharan Africa, with an estimated cost of a few years ago at $ 12 billion. Tuberculosis offers an equally sad set of statistics. As for AIDS, one of the leading causes of death, it has prompted a massive reduction in the workforce – in some areas of southern Africa up to 30%. Resource companies operating in Africa cannot remain indifferent to these problems – not to mention instability, insecurity, economic marginalization.