

Market applauds Avalon Advanced Materials' lithium battery materials refinery news

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Governments around the world are starting to figure out what China realized 20 (or more) years ago, if you want to be at the leading edge of a technology you need to secure and support the resources that facilitate it. Unfortunately, it took a global pandemic followed by a war on European soil to disrupt supply chains and impact resource availability, for developed nations to begin to figure this out. But perhaps the light switch has been turned on and the politicians of the world have finally recognized that simply saying something repeatedly doesn't necessarily make it happen. I will spare readers from another rant from me, even though it's like shooting fish in a barrel, but let's just hope that rumblings out of Ottawa, with respect to the next Canadian budget are accurate. It's anticipated that Canada's federal budget will include [an investment of at least \\$2 billion](#) for a strategy to accelerate the production and processing of critical minerals needed for the electric vehicle battery supply chain. Specifically, the investment would be focused on critical minerals including nickel, lithium, cobalt and magnesium.

What a novel concept. I wonder how they managed to come up with such a creative idea? (I really need to find an emoticon or something that expresses when I am being sarcastic). Nevertheless, it's progress so we should all be happy that an encouraging step is being made by politicians. This progress

follows on the heels of another supportive announcement, this time from the provincial government of Ontario, where they defined their own first-ever [Critical Minerals Strategy](#). Premier Doug Ford is quoted as saying “The Critical Minerals Strategy is our government’s blueprint to connect industries, resources and workers in our province’s north to the future of manufacturing in the south as we build up home-grown supply chains.”

The timing of these announcements couldn’t dovetail any better with news from [Avalon Advanced Materials Inc.](#) (TSX: AVL | OTCQB: AVLNF) on Monday that it has signed a binding [letter of intent](#) to establish Ontario’s first regional lithium battery materials refinery in Thunder Bay, Ontario. I can state with confidence that their timing was excellent because the market rewarded Avalon shareholders handsomely, rallying the stock by 48% on the day. So let’s have a little closer look at why investors got so excited about this particular press release.



Avalon is a Canadian mineral development company specializing in sustainably-produced materials for clean technology. The Company now has four advanced stage projects, providing investors with exposure to lithium, tin and indium, as well as rare earth elements, tantalum, cesium and zirconium. Avalon is currently focusing on developing its [Separation Rapids Lithium Project](#) near Kenora, Ontario while continuing to advance other projects, including its 100%-owned [Lilypad Cesium-Tantalum-Lithium Project](#) located near Fort Hope, Ontario. Social responsibility and environmental stewardship are corporate cornerstones as witnessed by the fact that the Company recently reported its [tenth](#) (yes, they have been doing this for 10 years) annual comprehensive [sustainability report](#). In a nutshell, Avalon Advanced Materials is an ESG focused company at the forefront of sustainable best practices in cleantech mineral development.

Find me a box that doesn't tick.

Timing of all this coming together is somewhat fortuitous for the Company, given they weren't waiting around for any government support. They recognized a long time ago what their roadmap to success would include. Simply finding critical materials wasn't going to be enough, Avalon identified that to control their destiny, they had to control their destiny. To get production started another key step is to have a centrally located lithium refinery that could purchase concentrates produced locally to make the battery material products. Avalon had a much bigger vision whereby a lithium refiner would be designed to accept lithium minerals concentrates, not only from Avalon's Separation Rapids Lithium Project, but also from other aspiring new producers from the many lithium pegmatite resources that occur in northwestern Ontario. Monday's announcement states this refinery will operate as a separate private business, called Avalon Lithium Inc., a newly established Avalon subsidiary.

Avalon's do-it-yourself (sustainably and responsibly) mantra has resulted in fantastic timing as both Provincial and Federal governments have only just realized what needs to be done at the same time as Avalon is actually doing it. Combine that with an exemplary ESG track record and you have yourself a pretty exciting investment opportunity. Even after the recent run-up, Avalon's market cap is sitting at roughly C\$77.5 million. Is that a fair price for a company doing the right things, in the right way, at the right time?