

# Avalon and LG Energy Solution Sign Memorandum of Understanding to Accelerate Ontario's Lithium Battery Materials Supply Chain

written by Raj Shah | September 23, 2022

September 22, 2022 ([Source](#)) – [Avalon Advanced Materials Inc.](#) ([TSX:](#) AVL and [OTCQB:](#) AVLNF) (“Avalon” or the “Company”) “) is pleased to announce that it has signed a non-binding memorandum of understanding (the “MOU”) with LG Energy Solution (LGES; KRX: 373220) to supply LGES with a battery-grade lithium hydroxide starting in 2025.

Avalon plans to establish a regional lithium battery materials supply chain in Ontario to serve the needs of future electric vehicle and lithium-ion battery manufacturers in southern Ontario and elsewhere.

The MOU was signed during the visit of South Korea's President, Yoon Suk Yeol to Canada, at a ceremony supported by the Korea Mine Rehabilitation and Mineral Resources Corporation (KOMIR), Natural Resources Canada (NRCAN) and other partners.

LGES is a leading global manufacturer of lithium-ion batteries for electric vehicles and energy storage systems. Avalon is accelerating its plans for establishing a lithium battery materials processing facility in Thunder Bay, Ontario and the agreement today helps advance the Company's vision to develop a sustainable and secure domestic lithium supply chain. Entering into a commercial relationship with a proven manufacturing

leader like LGES will help enable that vision.

Under the terms of the MOU, Avalon would commit, for five years initially, to provide LGES with at least 50% of its planned initial lithium hydroxide production from its Thunder Bay facility, with the potential to increase production as demand grows. LGES recognizes the strategic value of Avalon's planned lithium processing facility as a bridge to connect downstream users with the lithium battery material required to meet production targets.

Pursuant to the MOU, the parties will continue discussions to enter into a definitive supply agreement, which is intended to be finalized in no later than 6 weeks.

Demand for lithium hydroxide and lithium carbonate continues to grow in North America as new electric vehicle and battery manufacturing capacity is established both in the U.S. and in Canada. Ontario is now well positioned to take advantage of the rapid growth with the announcement in March, 2022 of Ontario's first-ever Critical Minerals Strategy, which Premier Doug Ford described as "the 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."

Most importantly, Ontario's rich endowment in critical minerals in the North positions Ontario well to create the full supply chains and take advantage of the demand for critical minerals in the emerging new advanced technology manufacturing sector of the economy. It will also help expand the economy in the North and provide many remote First Nation communities with new economic development opportunities.

"As we have recently announced our mid-to long-term strategy to focus on North America, the fastest growing EV market, this

partnership serves as a crucial step towards securing a stable key raw material supply chain in the region,” said Youngsoo Kwon, CEO of LG Energy Solution. “By constantly investing in upstream suppliers and establishing strategic partnerships with major suppliers of critical minerals, LGES will continue to ensure the steady delivery of our top-quality products, thereby further advancing the global transition to EV’s and ultimately to a sustainable future.”

Avalon President Don Bubar commented, “We are delighted to enter into this agreement with LGES to support our aspirations of establishing the mid-stream processing capacity in Thunder Bay to take advantage of the many lithium resources that occur in northwestern Ontario to create the supply chain for the emerging lithium-ion battery manufacturing capacity in southern Ontario. As was noted by Premier Ford, this creates a win-win for Ontario’s economy in both the south and the north and will also create many new economic development opportunities for remote Indigenous communities.”

The MOU builds on growing Canada-South Korea bilateral economic ties and supports clean energy and foreign direct investment objectives.

About Avalon Advanced Materials Inc.

Avalon Advanced Materials Inc. 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.

For questions and feedback, please e-mail the Company at [ir@AvalonAM.com](mailto:ir@AvalonAM.com), or phone Don Bubar, President & CEO, directly at 416-364-4938 ext. 222.

*This news release contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements that Avalon plans to establish a regional lithium battery materials supply chain, that the agreement helps advance the Company’s vision to develop a sustainable and secure domestic lithium supply chain, that entering into a commercial relationship with a proven manufacturing leader like LGES will help enable that vision, statements related to the terms of the MOU, that the parties will continue discussions to enter into a definitive supply agreement, which is intended to be finalized in no later than 6 weeks, and statements related to Ontario’s critical mineral strategy and opportunities. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “potential”, “scheduled”, “anticipates”, “continues”, “expects” or “does not expect”, “is expected”, “scheduled”, “targeted”, “planned”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be” or “will not be” taken, reached or result, “will occur” or “be achieved”. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Avalon to be materially different from those expressed or implied by such forward-looking statements. Forward-looking statements are based on assumptions management believes to be reasonable at the time such statements are made. Although Avalon has attempted to identify important factors that*

could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Factors that may cause actual results to differ materially from expected results described in forward-looking statements include, but are not limited to market conditions, and the possibility of cost overruns or unanticipated costs and expenses as well as those risk factors set out in the Company's current Annual Information Form, Management's Discussion and Analysis and other disclosure documents available under the Company's profile at [www.SEDAR.com](http://www.SEDAR.com). There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Such forward-looking statements have been provided for the purpose of assisting investors in understanding the Company's plans and objectives and may not be appropriate for other purposes. Accordingly, readers should not place undue reliance on forward-looking statements. Avalon does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.