

Nano One Streamlines Operations to Enhance Focus on LFP and Commercialization

written by Raj Shah | August 22, 2024

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Highlights:

- Accelerate path to revenue.
- Streamline operations and increase focus on LFP production and licensing.
- Validate product at existing facilities and plan for capacity expansion to meet demand.
- Develop, market and license LFP CAM packages.
- Leverage government support, strategic engagement and partnership channels.
- Maximize non-dilutive sources of capital and minimize further equity dilution.

Nano One[®] Materials Corp. (“Nano One” or the “Company”) is a clean technology company with patented processes for the production of lithium-ion battery cathode active materials (“CAM”) and is announcing the streamlining of its operations, allowing for increased focus on lithium iron phosphate (“LFP”), joint ventures, contracted projects, accelerated path to revenue generation, and growth through licensing.

Nano One’s CEO, Dan Blondal, highlighted, *“Our strategic plan has an increased focus on LFP with prioritization on third party product validation, future sales, and commercialization*

opportunities at our production facilities in Candiac, Québec. Government support and other non-dilutive sources of capital also play a key role in enhancing value for our partners and stakeholders. In parallel, we continue to build on our strategic relationships, advance our technology, plan for capacity expansion, and accelerate for long-term growth through LFP CAM package development and licensing. To align with these elements of our plan, and to accelerate near-term growth opportunities, we have also taken the necessary steps to streamline our operations and right-size our spending.”

As part of its broader strategic plan, the Company is committed to controlling costs and focusing on near-term commercialization targets. This includes streamlining operational and corporate costs, with a workforce reduction of approximately 20%.

Sharpened Focus on LFP and Commercial Operations in Candiac

Nano One prioritized LFP in Q4 2022 by acquiring a 10-year-old LFP production facility and integrating a team with a long LFP track record in Candiac, Québec. The plant was repurposed to pilot and demonstrate the Company’s One-Pot LFP process at a commercially valid scale. The waste handling systems at the facility were no longer needed and subsequently decommissioned, freeing up space for the installation and commissioning of the 200 tpa One-Pot reactors in Q4 2023 and for future capacity expansion.

The Candiac LFP pilot facility is the launch pad for Nano One’s growth strategy and a clear path to first revenue and larger offtakes. It is now being used to facilitate demonstration, sampling and evaluation while also informing FEL design studies and LFP CAM packages. There are plans to further expand the capacity of the existing facility up to 2,000 tpa, as demand for LFP takes hold, leveraging existing full-scale equipment and the balance of plant with further automation. It is expected that

production from Candiatic could bring in working capital while also supporting customer validation and offtakes for high volume LFP production with potential licensees.

Nano One continues to work on its 25,000 tpa LFP development project and is considering various paths forward including the project becoming a separate stand-alone operating company. As such, Nano One would significantly reduce its capital needs and could earn a license fee for the use of its One-Pot technology. This would be in addition to a development fee for its efforts on the 25,000 tpa project which could be settled by either an equity interest in the operating company, cash, or a combination thereof. The FEL3 engineering work-to-date on the 25,000 tpa plant has shown even lower capital costs and operating expenses than its earlier FEL2 pre-feasibility study. This further enhances the One-Pot value proposition, aligns with collaborators and supports the strategy to develop and license process engineering design packages for LFP (LFP CAM package).

A Robust Pipeline

Nano One has over 20 potential LFP customers at various stages of maturity including evaluations for LFP with two automotive EV manufacturers and others in the pipeline, a number of energy and stationary storage cell manufacturing companies, and several US government supply chain cell and pack contractors. Nano One is also in preliminary discussions with parties interested in LFP CAM package licensing. The Company's piloting facility in Candiatic provides a distinct advantage in North America as it is able to produce cathode materials at commercially relevant scale today with the capability of expanding capacity up to 2,000 tpa.

Protecting Shareholder Interests and Aligning with Shifting Markets

These initiatives are further complemented by recent injections of non-dilutive capital. This includes the recent agreement to

sell the vacant lot on its land in Candiac for \$5 million in gross proceeds, and last week's award of \$2.8 million by Next Generation Manufacturing Canada (NGen) through its Electric Vehicle Manufacturing Program (EVMP). The Company has additional non-dilutive initiatives underway that could bring significant accretive capital to support the Company's business objectives.

The global market has seen a decisive shift towards LFP technology, which offers significant advantages in terms of cost, safety, security of supply, and environmental impact compared to traditional lithium nickel manganese cobalt oxide ("NMC") cathode materials. LFP is suited to high-volume, heavy-duty applications in energy storage systems ("ESS") and electric vehicles ("EVs") and it has already reached 60-70% market share in China, leading other jurisdictions to prepare for similar levels of demand.

Nano One's patented One-Pot process for producing cathode active materials positions it favorably, with a more environmentally friendly and competitive production process, to meet the emerging demand for LFP in North America, Europe and the Indo-Pacific region. NMC remains important for applications in long range, energy dense batteries and Nano One will keep modest efforts on its One-Pot NMC program to support collaborators and stakeholders in developing sustainable process solutions for the future.

Going Global Through Licensing

Nano One has the goal of global technology adoption and licensing of its One-Pot LFP CAM packages. Licensing will be driven through business and technology development with EV manufacturers, battery producers and chemical companies for the EV and ESS markets. Shareholder value will be created with increased market penetration through the Company's partnership channels, with the low cost of capital from its licensees, and

by diversifying revenue exposure to include engineering and equipment procurement, along with licensing fees and revenues from its plant in Candiatic.

Mr. Blondal said, *“Nano One has a track record of anticipating market trends and by intentionally refocussing on the most important initiatives, we believe we can do it better and faster, while also enhancing our financial resilience and value to shareholders. We are excited by the robustness of our sales pipeline, we are steadfast in supporting our team and partners, and we are deeply committed to the success of the company’s business objectives.”*

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About Nano One®

Nano One Materials Corp. (Nano One) is a clean technology company with a patented, scalable and low carbon intensity industrial process for the low-cost production of high-performance lithium-ion battery cathode materials. With strategic collaborations and partnerships, including automotive OEMs and strategic industry supply chain companies like Sumitomo Metal Mining, BASF, Umicore and Rio Tinto. Nano One’s technology is applicable to electric vehicles, energy storage, and consumer electronics, reducing costs and carbon intensity while improving environmental impact. The Company is piloting its technology as turn-key production solutions for license, joint venture, and independent production opportunities, leveraging Canadian talent and critical minerals for emerging markets in North America, Europe, and the Indo-Pacific region. Nano One has received funding from SDTC and the Governments of Canada and British Columbia.

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Cautionary Notes and Forward-looking Statements

Certain information contained herein may constitute “forward-looking information” and “forward-looking statements” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking information in this news release includes but is not limited to: the success in the marketing and deployment of the LFP CAM package with customers; the project objectives for the receipt of the total NGEN grant monies; timely closing on the sale of the vacant Candiatic lot and the successful conclusion thereof; the FEL3 study and the Company’s ability to obtain funding and complete all the necessary steps to deliver on the study’s objectives; the development of technology, supply chains, and plans for construction and operation of cathode production facilities; the Company’s current and future business and strategies; estimated future working capital, potential revenues, funds available, and uses of funds, future capital expenditures and other expenses for commercial operations; industry demand; incurrence of costs; competitive conditions; general economic conditions; the intention to grow the business, operations and potential activities of the Company; the functions and intended benefits of Nano One’s technology and products; the development and optimization of the Company’s technology and products; prospective partnerships and the anticipated benefits of the Company’s partnerships; the Company’s licensing and the scalability of developed technology to meet expanded capacity; and the execution of the Company’s stated plans – which are contingent on access to capital and grants. Generally, forward-

looking information can be identified by the use of terminology such as 'believe', 'expect', 'anticipate', 'plan', 'intend', 'continue', 'estimate', 'may', 'will', 'should', 'ongoing', 'target', 'goal', 'potential' or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements are based on the current opinions and estimates of management as of the date such statements are made are not, and cannot be, a guarantee of future results or events. 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 the Company to be materially different from those expressed or implied by such forward-looking statements or forward-looking information, including but not limited to: achievement of the project objectives for the receipt of the total NGEN grant monies; timely closing on the sale of the vacant Candiatic lot and the successful conclusion thereof; results of the FEL3 study and the Company's ability to obtain funding and complete all the necessary steps to deliver on the study's objectives; general and global economic and regulatory changes; next steps and timely execution of the Company's business plans; the development of technology, supply chains, and plans for construction and operation of cathode production facilities; successful current or future collaborations that may happen with OEM's, miners or others; the execution of the Company's plans which are contingent on support and grants; the Company's ability to achieve its stated goals; the commercialization of the Company's technology and patents via license, joint venture and independent production; anticipated global demand and projected growth for LFP batteries; and other risk factors as identified in Nano One's MD&A and its Annual Information Form dated March 27, 2024, both for the year ended December 31, 2023, and in recent securities filings for the Company which are available at www.sedarplus.ca. Although

management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. 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. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company does not undertake any obligation to update any forward-looking statements or forward-looking information that is incorporated by reference herein, except as required by applicable securities laws. Investors should not place undue reliance on forward-looking statements.