NEO Battery Materials moves another step forward in the EV Battery market race

written by InvestorNews | December 16, 2022

The EV battery race is heating up, and there seems to be a decided ABC (anyone but China) theme to the progression of this race, at least in the West. With that said, China likely isn't all that worried at present given the advantage they currently have in various necessary commodities (via outright ownership or purchasing control) and the subsequent upgrading and/or refining of those commodities into some of the most important end-use products. Nevertheless, the rest of the world is doing their best to work together, get along and advance the green revolution as quickly as possible.

One part of the world that is "playing nice" with the West is Southeast Asia, with many EV battery deals of late in both the U.S. and Canada being announced with joint venture partners including Panasonic (Japan), LG Energy Solution (South Korea), Posco Chemical (South Korea) to name a few. Not to mention all the actual car manufacturers from the region, like Honda, Toyota, Hyundai, etc. getting in on the act. It has become pretty obvious who these nations want to align themselves with, or perhaps it's more of a tale of who they don't want to partner with and potentially have all their IP put at risk. Maybe I'm being a little unfair, I'm sure there are plenty of reasons behind the trends we are seeing of late, but it's always fun to stir the pot a little bit.

Before I sink any deeper into speculative conspiracy theories, let's circle back to something with a more investable theme. A company looking to advance the next generation of EV batteries.

NEO Battery Materials Ltd. (TSXV: NBM | OTCQB: NBMFF) is developing lithium-ion battery materials for electric vehicle and energy storage applications. NEO has a focus on producing silicon anode materials through its proprietary single-step nanocoating process, which provides improvements in capacity and efficiency over lithium-ion batteries using graphite in their anode materials. The Company intends to become a silicon anode active materials supplier to the electric vehicle industry with their management and technical advisory team cherry picked from LG Chem, Samsung and various renowned universities.

This Vancouver-based company has strong ties to South Korea, where on January 26, 2022, the Company received approval from Gyeonggi-do, the largest Economic Province in South Korea, to build its commercial plant on a 10-year lease term. The site is located in Oseong Foreign Investment Zone in Gyeonggi-do and is approximately 106,700 square feet (or 2.5 acres). NEO Battery Materials will initially invest, over the next 5 years, 24 billion KRW or approximately C$25 million to support the construction and expansion of the silicon anode commercial plant. NEO Battery Materials aims to transform the region into an essential manufacturing and R&D hub of silicon anode materials. The first phase of the commercial plant will possess an initial annual production capacity of 240 tons of NBMSiDE™, and the facility will be with additional space that can accommodate production expansion to 1,800 tons annually of the Company's anode material.

NEO is making solid progress towards this goal on numerous fronts, having announced in October that it had successfully installed additional production equipment into the R&D Scale-Up Centre to step-up efforts in incrementally optimizing the all-in-one mass production process for NEO's silicon anode materials, NBMSiDE™. This scale-up milestone will enable product development as the series of NBMSiDE™ material characteristics

and manufacturing costs can be evaluated and adjusted to meet the various specifications of downstream customers. Additionally, on the commercial front, the Company signed NDAs with 3 European companies and 1 U.S.-based company, and a European company is scheduled to visit the R&D Scale-Up Centre to discuss practical cooperative initiatives such as a joint development agreement.

Keeping the ball rolling, at the end of November NEO reported that following the announcement of the late stage in architectural design, NBM Korea, NEO's South Korean subsidiary, has submitted the construction permit application for the Silicon Anode Commercial Plant to Pyeongtaek City, Gyeonggi Province. With a processing period of 1 month, the construction permit is expected to be obtained at the end of December 2022. Upon the approval of the construction permit, the initial construction process from site clearance to basic civil engineering work will be carried out sequentially.

It would appear shovels are about to start digging and NEO will take another step forward from concept to reality. NEO has a market cap of less than C$22 million with roughly a little over C$2 million in cash at the end of August. Keep an eye on this situation to see if someone steps up to help NEO fund the build out of the silicon anode commercial plant. After all, Twitter is so yesterday for Elon Musk, I'm sure he's gotta be looking for the next big thing by now.