

VSA Dispatch

North America - Part 2



Our Dear leader has spent this week in Vancouver on his two week road trip with Invinity Energy Systems# (**AIM and Aquis: IES**). Before he arrived, he spent the weekend in San Francisco where he enjoyed some of the sights such as the Golden Gate Bridge followed by a trip to Sanoma Valley for some wine tasting. He also took the opportunity to do some washing at a local laundrette (laundromat) as this was the halfway stage and he has been travelling hand luggage only.



He assures us that when he visited the laundrette, he didn't do a 'Levi 501's/Carling Black Label' for those that remember those two adverts!

This trip has given our Dear Leader a lot of time to discuss his views on the Transitional Energy Revolution with a wide range of market participants. This trip has reinforced his view that China wants to become the dominant player in the EV industry and, in similar ways to the solar industry, it will do this by simply out-pricing global competitors and take a huge market share. In China itself this is likely to be about 90% but in Europe he can see 50% market share and even in the USA, over 25%. The key reason for this is simply the ability to offer products at very low prices which are still of a Western quality. With the ICE (internal combustion engine) China could not compete against the German automotive industry. With an EV their advantage is dominance in the battery space which is so critical. The building of an EV is actually not so technical from an engineering point of view and so easier for China to build a quality EV.

This is one reason Andrew is very negative on Germany as it has had such a strong position in the automotive Industry globally, but he feels this is not going to be the case in the future. Germany has also relied heavily on cheap Russian energy and on manufacturing exports to China over the last 40 years; both of these are likely to end.

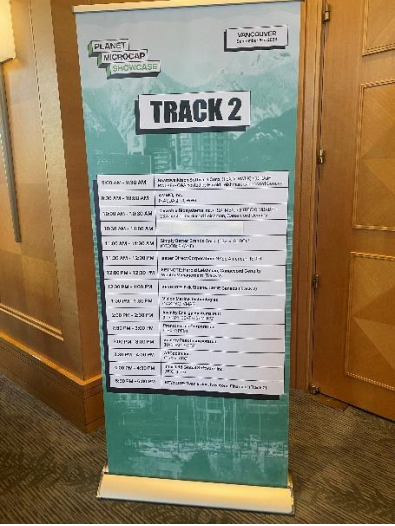
China has built a globally dominant position in lithium processing in order to be able to make the transition to EVs. The world has gone through the Agricultural and Industrial Revolutions over the last 500 years; the whole World is in the process of a new Revolution; being electrified. This is not because of global warming but very simply, economics. Just as coal (followed by oil) created the Industrial Revolution, renewable energy and SWB (solar wind batteries) will transform the planet and Andrew believes it is happening quicker than most people realise.

The secret is how to take advantage of this massive disruptive change. Playing the commodities market is one way but it's not always that simple and commodity prices will always have good years and bad years. Lithium, equities, for example, are down this year across the board. Working out when this will turn around is not easy and identifying which projects will buck the trend even harder. And of course, building a mining project can take 7-10 years which is longer than most investors can wait! The Lassonde Curve should always be pinned up above your desk if you are a mining investor! We all know that Robert Friedland, who has to be one of the smartest miners out there, has been saying for quite a few years that the copper price will surge next year due to a shortage of supply, but we've now had quite a few "next years" and there maybe a few more before it comes to pass.

For more of Andrew's thoughts it's probably best to talk to him directly or do listen to the weekly Tech & Transitional Energy podcasts where he often gives them. This week features a special Q&A with Larry Zulch, CEO of Invinity Energy Systems and can be found on this link [\[Tech and Trans podcast\]](#)

In Vancouver Andrew has been at the Planet Microcap conference with Invinity Energy Systems and also did a site visit for potential investors as well as a number of 1:1 meetings.

The Planet Microcap conference focuses on micro-cap OTC listed companies and Larry can be seen presenting to both a live in-person audience and an online audience across North America and Canada. As Andrew is fond of saying " "Build it and they will come", didn't work for Kevin Costner and it won't work for an OTC quote; you have to be out there telling people what you do". This is of course what Andrew has been doing for the last fortnight and it's a skill many brokers and investment bankers have forgotten as they just focus on deals. Looking after your client and helping them to grow all year long is what helps make successful companies.



The site visit took place at the new IES facility, and this is currently where the majority of the key component, - the Stack - is manufactured. The stack contains the IP whereas the balance of systems has little IP and can be outsourced (it's not tricky to supply a metal container). IES will maintain control of the stack even when Siemens Gamesa start to sell the new generation product next year. This does mean production capability will have to be increased many times over as demand grows exponentially but this will be a case of as they come, they will build it!



Vanadium electrolyte is also a key final component and very soon a lot will be needed and making a good quality electrolyte is not as easy as it sounds as impurities really do need to be removed but this is an area that has had a lot of thought and the solutions (excuse the pun) are being put in place and of course one of the real benefits of vanadium electrolyte over lithium is that after 25 years of use, you can just use it again as it doesn't degrade.

And finally, Andrew is actually flying back from Seattle rather than Vancouver to experience a very enjoyable and scenic train ride along the Pacific coast and likely to be certainly better than the Great Western Railway from Paddington to Bodmin Parkway! If any readers are in Seattle on Friday, then do ask Andrew over for a cup of coffee (after all it was where Starbucks all started).

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