

## Avalon enters purchase and sale agreement to transfer the Separation Rapids and Lilypad Projects into Joint Venture with Sibelco

TORONTO, ON (Nov. 2, 2023)— Further to its news release dated June 15, 2023, and consistent with its strategic objective to build Ontario’s first vertically integrated lithium supply chain serving the North American EV battery market, [Avalon Advanced Materials Inc.](http://Avalon Advanced Materials Inc.) (TSX: [AVL](http://AVL) and OTCQB: [AVLNF](http://AVLNF)) (“Avalon” or the “Company”) is pleased to announce that it has entered into a definitive Tripartite Purchase and Sale Agreement (the “Purchase and Sale Agreement”) with SCR-Sibelco NV (“Sibelco”) and Separation Rapids Ltd. (“SRL”), to provide for the transfer of the Company’s Separation Rapids and Lilypad projects to SRL. SRL will be a joint venture entity co-owned by Sibelco (60%) and Avalon (40%). Sibelco will be the operator of SRL.

Closing of the sale remains subject to a number of conditions, including but not limited to, the execution of a definitive Joint Venture Company Shareholders Agreement (the “JV Agreement”) between Avalon, Sibelco and SRL.

Pursuant to the terms of the Purchase and Sale Agreement, Avalon agreed to transfer the Separation Rapids and Lilypad properties to SRL, including all personal property, assumed contracts, permits, books and records in consideration for approximately €23.2 million (C\$34.1 million), representing a 40% interest in the joint venture entity together with reimbursements of approximately C\$903,000 plus HST in funds expended by Avalon on the joint venture properties since the signing of a binding joint venture term sheet in June 2023. Sibelco’s original commitment to the joint venture of €35.0 million was reduced by approximately €134,000 in connection with an additional subscription of common shares of Avalon by Sibelco for this same amount in July 2023. As agreed between Avalon and Sibelco, Avalon used the amount raised from the additional subscription to fund expenditures on the joint venture properties.

Closing of the transaction, signing the JV Agreement and the establishment of SRL as the joint venture company is expected to occur on or about November 9, 2023.

“We are very pleased with the dynamic working relationship that exists between Avalon and Sibelco as we continue to advance this exciting joint venture towards completion. This partnership will unlock tremendous value for Avalon shareholders and accelerate our vision to build Ontario’s first vertically integrated lithium supply chain”, said Scott Monteith – Avalon CEO.

**About Avalon Advanced Materials Inc.**

Avalon Advanced Materials Inc. is a Canadian mineral development company focused on vertically integrating the Ontario lithium supply chain. The Company, through its joint venture with SCR Sibelco NV, is currently developing its Separation Rapids lithium deposit near Kenora, ON, while also continuing to advance the Snowbank lithium project nearby, and its Lilypad lithium-caesium project located near Fort Hope, ON. Avalon is also working to develop its Nechalacho rare earths and zirconium project located in the Northwest Territories. This deposit contains critical minerals for use in advanced technologies in the communications and defense industries among other sectors.

In addition to these upstream activities, Avalon is executing on a key initiative to develop Ontario's first midstream lithium hydroxide processing facility in Thunder Bay, ON, a vital link bridging the lithium resources of the north with downstream EV battery manufacturing customers and markets in the south. Social responsibility and environmental stewardship are corporate cornerstones. Avalon is listed on the TSX: AVL and OTCQB: AVLNF.

### **About SCR-Sibelco NV**

Headquartered in Antwerp, Belgium, SCR-Sibelco NV is a global leader in material solutions. Sibelco mines, processes and sells specialty industrial minerals – particularly silica, clays, feldspaths and olivine – and is a leader in glass recycling. Sibelco's solutions serve a diverse range of industries including semi-conductors, solar photovoltaic, glass, ceramics, construction, coatings, polymers and water purification. The Sibelco Group has production facilities in more than 30 countries and a team of more than 5,000 people worldwide.

**For more information and media inquiries, please contact Jim Jaques, Chief Administrative Officer, Avalon Advanced Materials at [IR@AvalonAM.com](mailto:IR@AvalonAM.com).**

### **Forward-Looking Information**

*This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the closing of the purchase and sale and establishment of the formal joint venture, the development of the Company's material lithium projects, including the construction of the Company's lithium processing facility, expected capital expenditures, operations outlook, expected benefits from the facility, the transition to a green economy, job creation, successful development of a lithium supply chain, governmental support, sustainable processing practices, environmental benefits, requirements for additional capital, the Company's capital allocation, and government regulation of mining operations. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "add" or "additional", "advancing", "anticipates" or "does not anticipate", "appears", "believes", "can be", "conceptual", "confidence", "continue", "convert" or "conversion", "deliver", "demonstrating", "estimates", "encouraging", "expand" or "expanding" or "expansion", "expect" or "expectations", "forecasts", "forward", "goal", "improves", "increase", "intends", "justification", "plans", "potential" or "potentially", "promise", "prospective", "prioritize", "reflects", "robust", "scheduled", "suggesting", "support", "top-tier", "updating", "upside", "will be" or "will consider", "work towards", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved".*

*Forward-looking information is 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 information, including risks associated with mineral exploration and development operations such as: environmental hazards and economic factors as they affect the cost and success of the Company's capital expenditures, the ability of the Company to obtain required permits and approvals, the ability of the Company to obtain financing, uncertainty in the estimation of mineral resources, uncertainty with respect to the ability to successfully construct and develop the Company's lithium processing facility, the price of lithium, no operating history, no operating revenue and negative cash flow, land title risk, the market price of the Company's securities, the economic feasibility of the Company's mineral resources and the Company's commercial viability, inflation and uncertain global economic conditions, uncertain geo-political shifts and risks, successful collaboration with indigenous communities, future pandemics and other health crises, dependence on management and other highly skilled personnel, title to the Company's mineral properties, the ongoing war in Ukraine, extensive government and environmental regulation, reliance on artificial intelligence technology to influence mining operations, volatility in the financial markets, uninsured risks, climate change, threat of legal proceedings, as well as those risk factors discussed or referred to in the annual information form of the Company dated November 28, 2022 (the "AIF") under the heading "Description of the Business – Risk Factors". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions identified in the AIF, assumptions have been made regarding, among other things: management of certain of the Company's assets by other companies or joint venture partners, the Company's ability to carry on its exploration and development activities without undue delays or unbudgeted costs, the ability of the Company to obtain sufficient qualified personnel, equipment and services in a timely and cost-effective manner, the ability of the Company to operate in a safe, efficient and effective manner, the ability of the Company to obtain all necessary financing on acceptable terms and when needed, the accuracy of the Company's resource estimates and geological, operational and price assumptions on which these are based and the continuance of the regulatory framework regarding environmental matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

