



AVALON

ADVANCED MATERIALS

130 Adelaide St. West, Suite 2060, Toronto, ON M5H 3P5
Tel: (416) 364-4938 • Fax: (416) 364-5162
www.AvalonAdvancedMaterials.com • office@AvalonAM.com

March 18, 2024

Avalon enters into \$15,000,000 Convertible Security Funding Agreement to Accelerate Development of its Planned Lithium Processing Facility in Ontario

TORONTO, ON - [Avalon Advanced Materials Inc.](#) (TSX: [AVL](#) and OTCQB: [AVLNF](#)) (“Avalon” or the “Company”) is pleased to announce that it has entered into a \$15,000,000 convertible security funding agreement (the “Funding Agreement”) with Lind Global Fund II, LP, an entity managed by The Lind Partners, a New York based institutional fund manager (together “Lind”).

The first drawdown on the Funding Agreement will be for \$2,750,000, and is expected to close within the next two weeks. Subject to further agreement by the parties, additional drawdowns under the Funding Agreement can be made on satisfaction of certain conditions.

The proceeds from the first drawdown will be used to accelerate the work program for the Company’s planned lithium processing facility located in Thunder Bay, Ontario, including the initiation of a preliminary economic assessment, and cover near term working capital requirements.

Phillip Valliere, Managing Director at the Lind Partners said, “We are very pleased to continue our long-term relationship with Avalon, dating back to our first investment together in 2017, by making this new investment to support Avalon’s processing facility in Thunder Bay. We are optimistic of their Thunder Bay strategy and believe that Avalon has a unique opportunity to become a significant player in the lithium supply chain for EV battery manufacturers in Ontario.”

The convertible security to be issued pursuant to the first drawdown under the Funding Agreement will have a two-year term and will accrue a simple interest rate obligation of 10% per annum on the funded amount, which is prepaid and attributed to the face value of the convertible security upon issuance, resulting in a face value of \$3,300,000 (the “Face Value”). Lind will be entitled to convert the Face Value amount over a 24 month period, subject to certain limits, at a conversion price equal to 85% of the five-day trailing volume weighted average price of Avalon’s common shares prior to the date of conversion. The convertible security matures 24 months after closing. Commencing 30 days after the expiry of the 4-month statutory hold applicable to the convertible security, Avalon has the right to repurchase the convertible security, subject to Lind’s option to convert up to one third of the Face Value into Avalon common shares prior to such repurchase.

In conjunction with the closing of the first drawdown under the Funding Agreement, Lind will receive a closing fee of \$96,250, and 15,800,000 common share purchase warrants. Each warrant will entitle Lind

to purchase one common share of the Company at a price of \$0.13 per common share until 60 months after closing.

Pursuant to Canadian securities laws, the securities issuable under the first drawdown will be subject to a hold period which expires four months and one day after closing. The Company has received conditional approval of the TSX in connection with the first drawdown.

This news release is not an offer of securities for sale in the United States. The securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), and may not be offered or sold in the United States or to US persons (as defined in Regulation S under the US Securities Act) absent registration or an applicable exemption from registration. All currency reported in this release is in Canadian dollars.

About The Lind Partners

The Lind Partners manages institutional funds that are leaders in providing growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind's multi-strategy funds make direct investments ranging from US\$1 to US\$30 million, invest in syndicated equity placements and selectively buy on market. Having completed more than 200 direct investments totaling over US\$2 billion in transaction value, Lind's funds have been flexible and supportive capital partners to investee companies since 2011.

About Avalon Advanced Materials Inc.

Avalon Advanced Materials Inc. is a Canadian advanced manufacturing 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 and Lilypad lithium-caesium projects. 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 the downstream EV battery manufacturing base in the south.

For more information and media inquiries, contact Zeeshan Syed, President, Avalon Advanced Materials Inc., at 416-364-4938 or 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 statements related to issuance of the convertible security under the Funding Agreement, the availability of additional funding under the Funding Agreement beyond the first drawdown, how the Company plans to use the net proceeds from the funding, and completion of the Company's business objectives, and the timing, costs, and benefits thereof. 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, changes in technology and advancements in innovation may impact the development of the Company’s technology innovation centre and its lithium hydroxide processing facility, 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 and Israel, 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, 2023 (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.