



AVALON
ADVANCED MATERIALS INC.

Corporate Fact Sheet

As at February 4, 2019

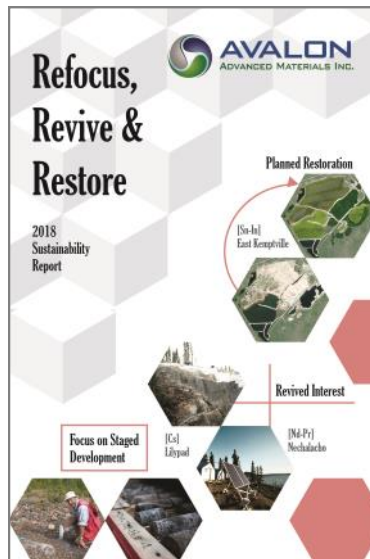
Corporate Profile

Avalon Advanced Materials is a Canadian mineral development company focused on **technology metals and minerals** with clean technology applications. Avalon's mineral property assets are all located in Canada.

Avalon is developing three advanced projects, providing investors with exposure to lithium, tin, neodymium, praseodymium, dysprosium and other rare earth elements. All projects offer opportunities to achieve **initial production in the near term**.

Avalon is a leader in adopting best practices and reporting on its performance in reducing its environmental footprint, engaging with local communities and protecting the health and safety of its people. **Prioritizing sustainability** aligns Avalon's operating philosophy with its cleantech customers and reduces social licence risk to investors.

- Among Corporate Knights' Future 40 Responsible Corporate Leaders in Canada (2015, 2016, 2018)
- Avalon's 7th annual Sustainability Report released November 2018, found online at www.AvalonAM.com



TSX: AVL & OTCQB: AVLNF

- Market Cap: C\$15 million
- Shares outstanding: 265 million; fully diluted: 310 million (08/01/19) (+650 convertible preferred shares)
- Shareholders: Insiders (15%), Institutional (15%), Retail (70%)
- Over 20,000 shareholders worldwide

Sustainable Resource Development Strategy

- ✓ Focus on materials relevant to clean technology
- ✓ Design operations to minimize environmental impacts and plan for productive use of the land post closure
- ✓ Focus on process efficiency, waste minimization and product design to meet customers' expectations
- ✓ Apply a staged development approach, starting at a modest scale, to minimize project footprint and potential risks to environment, while also reducing investment risk
- ✓ Engage early and often with local indigenous communities to create awareness about risks and the opportunities for business partnerships and job creation

Corporate Knights 2018
FUTURE40
Responsible Corporate Leaders in Canada

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Investment Highlights & Project Summaries

Avalon's **Separation Rapids Lithium** property is host to one of the largest "complex-type" lithium-cesium-tantalum (LCT) pegmatite deposits in the world, unusual in its enrichment in the lithium minerals **petalite** and **lepidolite**. Separation Rapids is a potential producer of lithium chemicals for lithium ion batteries and lithium minerals for glass applications. The property is situated close to road, rail and power infrastructure approximately 70 km north of Kenora, Ontario, Canada.

A PEA was updated in August 2018, reflecting a simplified business model that focuses on production of lithium mineral concentrates for high strength glass and ceramics, with potential for expansion into battery material production. Avalon is now planning a pilot program to finalize reagent recycling and water treatment processes, after which a Feasibility Study will be completed. This work is expected to proceed in 2019, once off-take agreements are concluded and financing is in place.

Global demand for lithium is growing rapidly in tandem with the demand for lithium ion rechargeable batteries: the energy storage solution of choice for electric vehicles, renewable energy and a host of other applications.

Avalon is working toward re-starting tin production at the past-producing **East Kemptville Tin** project in Nova Scotia, Canada. The property hosts large, low-grade tin stockpiles that can be processed to recover tin concentrates, while **fully rehabilitating the brownfield site**. Avalon could achieve initial production at a low CAPEX in the short term, utilizing the stockpiles as feed for a small-scale gravity concentrator.

Avalon finalized a PEA on the re-development model in July 2018 and is presently completing negotiations toward securing full tenure to the site under a mining lease.

In addition to its principle use in solders on electronic circuit boards, tin is increasingly being recognized as a technology metal with applications in **renewable energy** and lithium battery technology.

The **Nechalacho Rare Earth Elements** property, located at Thor Lake, NWT, Canada was explored from 2006-14 primarily for its potential to produce heavy REE from the Basel Zone, with a positive, comprehensive Feasibility Study released in April 2013. The project also hosts high grade, near surface neodymium-praseodymium-dysprosium resources. In September 2018, Avalon conducted additional sampling and testwork in the T-Zone area toward producing an initial scoping study on the new small scale Nd-Pr development model utilizing low-cost ore-sorting technology. In January 2019, Avalon and the private Australian company Cheetah Resources Pty Ltd. announced they would be collaborating to develop the T-Zone and Tardiff Zones of the project.

The unique mineral resources at Nechalacho are also enriched in beryllium, lithium, zirconium, tantalum, niobium and gallium.

PEAs are preliminary in nature, include Inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that a PEA will be realized.



The technical information contained in this document has been reviewed and approved by Donald Bubar, P.Geo. (ON), President and CEO of Avalon, the qualified person for the purposes of National Instrument 43-101. This document contains or incorporates by reference "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation, which may not be based on historical fact. Readers can identify many of these statements by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. Statements that are not based on historical fact contained in this presentation, including through documents incorporated by reference herein, are forward-looking statements that involve risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in the forward-looking statements. Such forward-looking statements reflect the Company's current views with respect to future events and include, among other things, statements regarding targets, estimates and/or assumptions in respect of reserves and/or resources, and are based on estimates and/or assumptions related to future economic, market and other conditions that, while considered reasonable by the Corporation, are inherently subject to risks and uncertainties, including significant business, economic, competitive, political and social uncertainties and contingencies. These estimates and/or assumptions include, but are not limited to: grade of ore, rare earth and by-product commodity prices; metallurgical recoveries; operating costs; achievement of current timetables for development; strength of the global economy; availability of additional capital; and availability of supplies, equipment and labour. Factors that could cause the Company's actual results, performance, achievements, developments or events to differ materially from those expressed or implied by forward-looking statements include, among others, but are not limited to, market

conditions, the possibility of cost overruns or unanticipated costs and expenses, the impact of proposed optimizations at the Company's projects, actual results of exploration activities, mineral reserves and mineral resources and metallurgical recoveries, discrepancies between actual and estimated production rate, mining operational and development risks and delays, regulatory restrictions (including environmental), activities by governmental authorities, financing delays, joint venture or strategic alliances risks, or other risks in the mining industry, as well as those risk factors discussed or referred to in the Company's annual Management's Discussion and Analysis and Annual Report filed with the securities regulatory authorities in all provinces and territories of Canada, other than Québec, and available at www.sedar.com. Most of the foregoing factors are beyond Avalon's ability to control or predict. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actual actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. The forward-looking statements contained herein are qualified in their entirety by this cautionary statement. Readers should not place undue reliance on the forward-looking statements, which reflect management's plans, estimates, projections and views only as of the date hereof. The forward looking statements contained herein are presented for the purpose of assisting readers in understanding the Corporation's expected financial and operating performance, and the Company's plans and objectives, and may not be appropriate for other purposes. Avalon does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities law.