AVALON
ADVANCED MATERIALS INC.
CRITICAL MATERIALS FOR A SUSTAINABLE FUTURE

Developing the Supply Chain for the Clean Economy in Canada

Avalon Advanced Materials is a Canadian company focused on sustainable production of clean technology materials. Avalon's mineral property assets are all 100% owned and located in Canada.

Avalon is establishing a diversified clean technology materials business, focusing initially on its **lithium**, **tin** and **rare earth elements** (REE) assets, and applying new process technology to increase efficiency, reduce costs and minimize environmental impacts. The company's staged development approach creates early revenue streams and a platform for growth by producing the best quality products at the lowest possible cost and expanding its production capacity over time with the growth in global demand for clean technology materials.

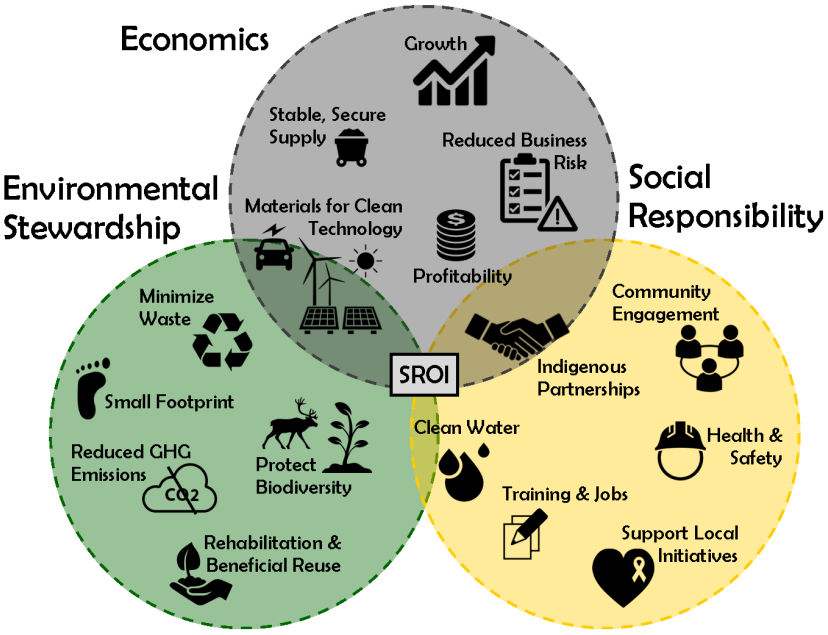
Avalon is a leader in adopting best practices and reporting on its performance in an annual sustainability report, which it has been producing for six years. This has earned the company recognition as one of *Corporate Knights' Future 40 Responsible Corporate Leaders in Canada* (2018, 2016, 2015).

www.AvalonAdvancedMaterials.com/Sustainability.

Corporate Knights 2018
FUTURE 40
Responsible Corporate Leaders in Canada

Avalon's Resource Development Strategy:

Sustainable Return on Investment



TSX: AVL / OTCQX: AVLNF

- Market Cap: USD$20-25 million
- Shares outstanding: 221.6 million (31/05/18)
- Fully diluted: 255.6 million
- Shareholders: Insiders (15%), Institutional (15%), Retail (70%)
- Over 20,000 shareholders worldwide

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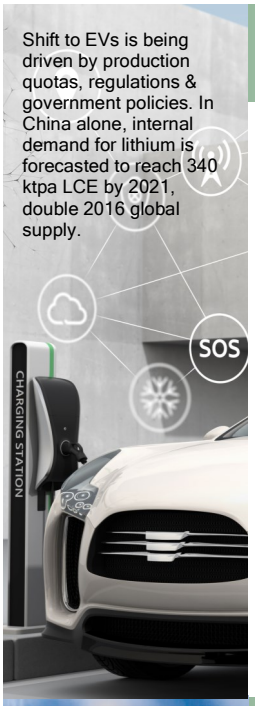


Shift to EVs is being driven by production quotas, regulations & government policies. In China alone, internal demand for lithium is forecasted to reach 340 ktpa LCE by 2021, double 2016 global supply.

Separation Rapids Lithium

Lithium is the critical ingredient in lithium ion batteries: the energy storage solution for both electric vehicles and renewable energy generation. It is also the critical ingredient in high strength glass products being developed as light weight automotive glass products. Separation Rapids is unusual in its enrichment in the lithium minerals petalite and lepidolite, which are amenable to the production of lithium battery materials and lithium minerals for glass applications. The property is situated close to road, rail and power infrastructure approximately 70 km north of Kenora, Ontario.

A positive Preliminary Economic Assessment (PEA) on the battery materials opportunity was completed in September 2016, with additional drilling and process testwork conducted in 2017/2018 to expand the resources and update the process flowsheet. The company has developed an innovative new process to make a high purity lithium hydroxide product from petalite that reduces waste and lowers cost. Construction of a Phase 1 demonstration scale production facility at a low CAPEX (targeting CAD$50-70 million) is planned for 2018-20 to introduce Avalon's lithium products to the market and initiate commercial production of its high purity petalite product for glass applications. An updated PEA reflecting the new staged development approach will be ready by June 30, 2018.

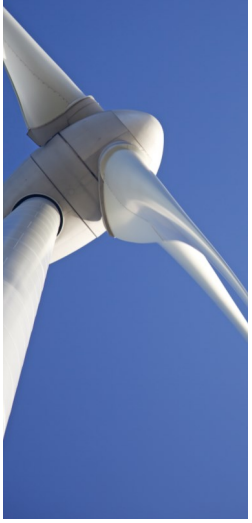
Avalon renewed its MOU with the Wabaseemoong Independent Nations (WIN) in 2013, first signed in 1999. The company is committed to maximizing business and partnership opportunities for WIN during operations and post closure. Separation Rapids will have a very small environmental footprint with as little as 10% of the ore ending up as waste, because of multiple by-product opportunities including feldspars and clean aggregate for road construction.

Tin is primarily used in lead-free solders for electronics. MIT declared tin will be the metal most impacted by new technology.

East Kemptville Tin

Tin is increasingly being recognized as a clean technology metal because its high conductivity gives it application in lithium ion battery technology and renewable energy applications, as well as its current use in lead-free solders for electronic circuit boards. Avalon is planning to recover conflict-free tin concentrates from waste materials left at the past-producing East Kemptville Mine in Nova Scotia. The company has developed an innovative approach to development that will also result in full rehabilitation of the long-term environmental liability at the site.

Large stockpiles of low-grade tin ore, that are a significant source of acid mine drainage, can now be processed economically utilizing new tin recovery technologies to produce saleable tin concentrates. Small-scale profitable production could begin as early as 2019-20 at a very low CAPEX in the order of CAD$30 million. Avalon is presently completing environmental studies, a closure plan and a PEA toward securing full tenure to the site under a mining lease. This is expected to be completed during the summer of 2018.



Rare earth magnets create efficiency in electric motors for EVs and generators for wind turbines.

Nechalacho Rare Earths

The rare earths are a group of elements all having emerging applications in clean technology. Foremost among these are neodymium, praseodymium and dysprosium, which are used to make high strength permanent magnets, key to making electric motors high efficiency and light weight. Located at Thor Lake, NWT, Nechalacho was explored from 2006-14 primarily for its potential to produce REE and is ready to be re-activated due to soaring demand and higher prices for magnet rare earths for electric vehicle technology.

Nechalacho hosts high grade, near surface neodymium-praseodymium (Nd -Pr) resources, with potential for near-term, small-scale development to produce Nd-Pr-rich concentrates for export, with a very small environmental footprint. In the short term, Avalon plans to conduct additional sampling and testwork toward producing an initial scoping study on the new small scale Nd-Pr development model, as well as resuming the permitting process and community engagement toward identifying local indigenous business partners.

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