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NEWS RELEASE

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Avalon Announces C\$63M Strategic Investment by Sibelco to Create a Vertically Integrated Lithium Strategic Partnership in Ontario

TORONTO, Ontario - As part of its strategic transformation to become a leading North American vertically integrated lithium producer, Avalon Advanced Materials Inc. (TSX: AVL) (OTCQB: AVLNF) ("Avalon" or the "Company") is pleased to announce the signing of a binding term sheet to create a new joint venture with SCR-Sibelco NV ("Sibelco"), a global leader in materials solutions. Avalon has issued to Sibelco, on a non-brokered private placement basis, 109,692,764 common shares of Avalon ("Common Shares") for aggregate proceeds of C\$10,000,000 and a secured convertible debenture in the principal amount of C\$3,000,000 (the "Debenture") (collectively, the "Private Placement").

The C\$63-million transaction results in Antwerp-based Sibelco owning approximately 19.9% of the issued and outstanding Common Shares, and provides Avalon with a first tranche of funding to advance the Company's lithium production and processing goals across its suite of lithium mineral assets, led by Separation Rapids in northwestern Ontario. This new joint venture is expected to accelerate Avalon's core business objective of building a mid-stream lithium-hydroxide processing facility in Ontario.

"This strategic partnership represents a significant step forward in scaling our business towards full vertical integration of our lithium production," said Scott Monteith, Chief Executive of Avalon. "Sibelco's investment is a major vote of confidence in our vision, resources and capabilities by a respected and established international operator-and now partner."

"Our partnership with Avalon will focus both on the clean energy growth agenda and the technical glass and ceramics markets in which Sibelco has deep and time-tested expertise" Hilmar Rode, Sibelco Chief Executive Officer, said. "This dual-market strategy combined with a cash-generative business plan will lay the foundation for accelerated growth, and ultimately the venture's sustained success going forward."

Overview of Transactions

Strategic Financing

Pursuant to the terms of the Private Placement, Sibelco purchased: (i) 109,692,764 Common Shares at a price of approximately \$0.091164 per Common Share (the "Per Share Price") for gross proceeds of C\$10,000,000 which resulted in Sibelco owning approximately 19.9% of the issued and outstanding Common Shares; and (ii) the Debenture, which is a secured convertible debenture, providing for two advances to Avalon: (i) C\$500,000 on the date hereof; and (ii) C\$2,500,000 subject to the satisfaction of certain conditions precedent. The Debenture bears interest at 7.115% per annum and the principal and interest are payable on maturity, being two years from the date of the Debenture (the "Maturity"). To the extent not repaid at Maturity by Avalon, Sibelco will have the right to convert the outstanding principal amount of the Debenture and all accrued and unpaid interest

thereon into either additional Common Shares at a conversion price equal to the Per Share Price, or an additional 5% interest in the joint venture corporation (the "JV Election"), as more particularly described below. The Debenture is a secured obligation, secured by a pledge of the shares of a subsidiary of Avalon subject to replacement security at defined milestones.

Avalon also granted to Sibelco, for so long as Sibelco holds not less than 10% of the issued and outstanding Common Shares on a non-diluted basis, the right to nominate one member to the board of directors of Avalon ("Board") (or up to two nominees if the size of the Board is increased to nine directors or more), and the right to participate in future equity offerings so that it can maintain its pro rata percentage ownership in Avalon. Sibelco also agreed to a 12-month standstill and certain resale restrictions placed on its holdings in Avalon.

The proceeds from the Private Placement will be used by Avalon to fund the acquisition of industrial land for a lithium-hydroxide processing facility in Thunder Bay, Ontario, and repayment of up to C\$1.9 million of existing debt, and for working capital and general corporate purposes.

Joint Venture

Subject to the terms and conditions of the binding joint venture term sheet, Avalon and Sibelco have agreed to establish a joint venture with respect to Avalon's lithium projects, including Separation Rapids and Lilypad in northwestern Ontario. Sibelco, which will act as operator of the joint venture, has committed to invest €35 million (approximately C\$50.4 million) into the joint venture. Of this amount, €5 million is to be advanced concurrently with the contribution by Avalon of its interests in the Separation Rapids and Lilypad projects, with an additional €30 million to be advanced in tranches to fund the development of the joint venture mineral projects, including facilities and related infrastructure. After total cash contributions of €35 million by Sibelco, each of the parties will make any further cash contributions on a pro-rata basis (with dilution to a non-contributing party's interest).

While the initial participating interests to be held on the formation date of the joint venture by Sibelco and Avalon will be 60% and 40%, respectively, such participating interests may change to 65% and 35%, respectively, if on the Maturity date of the Debenture Avalon fails to pay the full principal and accrued interest and Sibelco elects to exercise the JV Election.

The joint venture term sheet is binding on the parties. Avalon and Sibelco will work together to enter into a long-form joint venture agreement as soon as practicable with a view to execution on or before August 31, 2023, but in any event not later than September 30, 2023.

New Strategy, New Vision

Avalon's new strategic goals are focused on both organic growth of its lithium portfolio, consisting of a suite of critical-mineral mining projects across Canada, as well as developing new related opportunities. The Company's mission is to vertically integrate lithium processing in Ontario, positioning the province as an integral part of a North American supply chain for EV batteries.

"We are thrilled to execute on a plan to reliably produce a key resource required for North America's clean-energy transition-and, in so doing, deepen ties between Canada and the European Union in this geo-politically sensitive sector," noted Zeeshan Syed, President of Avalon. "We are keenly attuned to the strategic imperative among G7 economies to build domestic critical-mineral processing capacity, and we intend to do just that."

The joint venture will facilitate Phase 1 of Avalon's new strategic growth plan, which includes:

1. The purchase of industrial land for a lithium-hydroxide processing facility in Thunder Bay, Ontario.

2. Funding to advance upstream lithium production operations across Avalon's various projects, led by the Separation Rapids and Lilypad sites, as well as further the development of the promising Snowbank discovery.
3. Enabling the Avalon-Sibelco joint venture to execute on a dual-market strategy targeting significant growth in both the glass and ceramics market and the EV clean energy market.

"Avalon's vision for an integrated lithium play is exciting and will enable Sibelco to play an important role in this business segment" Ian Sedgman, Sibelco Chief Strategy and Business Development Officer, said. "We see a tremendous opportunity to complement our core business by partnering with a proven lithium asset holder led by an experienced management team."

About SCR-Sibelco NV

Headquartered in Antwerp, Belgium, Sibelco 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.

About Avalon Advanced Materials Inc.

Avalon Advanced Materials Inc. is a Canadian mineral development company aimed at vertically integrating North America's lithium supply chain. The Company is currently focusing on developing its Separation Rapids Lithium Project near Kenora, Ontario while continuing to advance other projects, including its 100%-owned Lilypad Spodumene-Cesium-Tantalum Project located near Fort Hope, Ontario. Social responsibility and environmental stewardship are corporate cornerstones.

For investor relations and media inquiries, please e-mail the Company at ir@AvalonAM.com, or phone Zeeshan Syed, President, at (647) 300-4706.

Forward-Looking Statements

Statements included in this news release, including any with respect to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, including statements in respect of the completion of the joint venture, the use of proceeds of the Private Placement, prospects and/or development of the Company's projects, other than statements of historical fact, constitute forward-looking information or forward-looking statements within the meaning of applicable securities laws (collectively referred to herein as "forward-looking statements") and such forward-looking statements are based on expectations, estimates and projections as of the date of this news release. Forward-looking statements in this news release include, but are not limited to, statements with respect to: the Company's strategic review of certain of its assets; the development of the Company's material lithium projects, the Company's plans with respect to the exploration and development of its properties, costs of production, expected capital expenditures, operations outlook, expected benefits from the joint venture, the expected receipt of permits; permitting timelines, the future price of commodities; foreign exchange rates and currency fluctuations; requirements for additional capital; the Company's capital allocation; the estimation of mineral reserves and mineral resources; the realization of mineral reserve and mineral resource estimates, and government regulation of mining operations. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Forward-looking statements are generally identifiable by the use of words such as "may", "will", "should", "continue", "expect", "budget", "forecast", "anticipate", "estimate", "believe", "intend", "plan", "schedule", "guidance", "outlook", "potential", "seek", "targets", "suspended", "strategy", or "project" or the negative of these words or other variations on these words or comparable terminology.

The Company cautions the reader that forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to

significant business, financial, operational and other risks, uncertainties, contingencies and other factors, including those described below, which could cause actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by such forward-looking statements and, as such, undue reliance must not be placed on them. Forward-looking statements are also based on numerous material factors and assumptions, including as described in this news release, including with respect to: the completion of the joint venture, use of proceeds from the Private Placement, the Company's present and future business strategies, operations performance within expected ranges, local and global economic conditions and the economic environment in which the Company will operate in the future, legal and political developments in the jurisdictions in which the Company operates, the price of lithium and other key commodities; projected mineral grades; international exchanges rates; anticipated capital and operating costs; the availability and timing of required governmental and other approvals for the Company's projects.

Risks, uncertainties, contingencies and other factors that could cause actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by such forward-looking statements include, without limitation: the Company's business strategies and its ability to execute thereon, including the ongoing strategic review of certain of the Company's assets; political and legal risks; risks associate with the estimation of mineral reserves and mineral resources; the ongoing impacts of the Ukraine war, the availability of labour and contractors; the volatility of the Company's securities; management of certain of the Company's assets by other companies or joint venture partners; the lack of availability of insurance covering all of the risks associated with a mining company's operations; business risks, including pandemics, adverse environmental conditions and hazards; unexpected geological conditions; potential shareholder dilution; increasing competition in the mining sector; changes in the global prices for lithium and certain other commodities; consolidation in the lithium mining industry; legal, litigation, legislative, political or economic risks; government actions taken in response to potential future public health emergencies and pandemics, including new variants of COVID-19, and any worsening thereof; changes in taxes, including mining tax regimes; the failure to obtain in a timely manner from authorities key permits, authorizations or approvals necessary for exploration, development or operations; the availability of capital; the level of liquidity and capital resources; access to capital markets and financing; the Company's level of indebtedness; the Company's ability to satisfy covenants under its outstanding debt instruments; changes in interest rates; the Company's choices in capital allocation; risks related to third-party contractors; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves; the fact that reserves and resources, expected metallurgical recoveries, capital and operating costs are estimates which may require revision; failure to meet operational targets; equipment malfunctions; laws and regulations governing the protection of the environment; physical and regulatory risks related to climate change; the potential direct or indirect operational impacts resulting from external factors, including infectious diseases, public health emergencies or pandemics, such as COVID-19, unpredictable weather patterns and challenging weather conditions; attraction and retention of key employees and other qualified personnel; availability and increasing costs associated with mining inputs and labour; the availability of qualified contractors and the ability of contractors to timely complete projects on acceptable terms; the relationship with the communities surrounding the Company's operations and projects; indigenous rights or claims; and the inherent risks involved in the exploration, development and mining industry generally. Please see the Company's current annual information form available on www.sedar.com or for a comprehensive discussion of the risks faced by the Company and which may cause actual results, performance or achievements of the Company to be materially different from results, performance or achievements expressed or implied by forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as required by applicable law.