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These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States except in compliance with an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Offering Document does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the benefit of, U.S. persons or persons in the United States. "United States" and "U.S. person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

Offering Document under the Listed Issuer Financing Exemption

October 14, 2025



AVALON ADVANCED MATERIALS INC. (the "Company" or "Avalon")

PART 1

SUMMARY OF THE OFFERING

What are we offering?

Securities:	Up to 181,818,182 units ("Non-FT Units") of the Company, with each Non-FT Unit being comprised of one common share of the Company (a "Common Share") and one common share purchase warrant (a "Warrant") for gross proceeds of up to \$20,000,000 (the "Non-FT Offering"). Each Warrant will be exercisable to acquire one additional Common Share at an exercise price of \$0.17 per Common share for a period of 36 months following the Closing Date (as defined herein). In addition, up to 30,769,231 flow-through units of the Company (each a "FT Unit", and together with the Non-FT Units, the "Units") at a price of \$0.13 per FT Unit for gross additional proceeds of up to approximately \$4,000,000 (the "FT Offering" together with the Non-FT Offering, the "Offering"). Each FT Unit will consist of (i) one Common Share, each of which will qualify as a "flow-through share" within the meaning of subsection 66(15) of the Income Tax Act (Canada) (the "Tax Act"), and (ii) one Warrant.
Offering Price:	\$0.11 per Non-FT Unit and \$0.13 per FT Unit (the "Issue Price").
Offering Amount:	A minimum of 154,545,454 Non-FT Units for a minimum gross proceeds of \$17,000,000. A maximum of 181,818,182 Non-FT Units for a maximum gross proceeds of \$20,000,000. In addition, 30,769,231 FT Units for a gross proceeds of \$4,000,000.
Closing Date:	On or about October 24, 2025 (the "Closing Date").

Exchange:	The Company's common shares are listed on the Toronto Stock Exchange under the trading symbol AVL and on the OTCQB market under the symbol AVLNF.
Last Closing Price:	The last closing price of the Company's common shares on the Toronto Stock Exchange on October 10, 2025 was \$0.135.

All references to "\$" in this Offering Document are to Canadian dollars.

Avalon Advanced Materials Inc. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 *Prospectus Exemptions* as amended by Coordinated Blanket Order 45-935 – *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption*, in the provinces of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan. In connection with this Offering, the Company represents the following is true:

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this Offering Document, will not exceed \$25,000,000.**
- **The Company will not close this Offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Company seeks security holder approval.**

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Offering Document contains “forward-looking information” within the meaning of the United States Private Securities Litigation Reform Act of 1995 applicable Canadian securities laws, which is based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking information included in this Offering Document is made only as of the date of this Offering Document. Such forward-looking statements and forward-looking information include, but are not limited to, statements concerning future prices of commodities including lithium and nickel, the accuracy of mineral or resource exploration activity, reserves or resources, the accuracy of cash flow forecasts, projected capital and operating costs, metal processing recoveries, mine life, production rates, regulatory or government requirements or approvals including approvals of title and mining rights or licenses and environmental, local community or indigenous community approvals, the reliability of third party information, continued access to mineral properties or infrastructure or water, changes in laws, rules and regulations including in the United States, Nevada or California or any other jurisdiction which may impact upon the Company or its properties or the commercial exploitation of those properties, currency risks including the exchange rate of USD\$ for Cdn\$ or other currencies, fluctuations in the market for lithium related products, changes in exploration costs and government royalties, export policies or taxes in the United States or any other jurisdiction and other factors or information, the Company’s expectations with respect to the use of proceeds and the use of available funds following completion of the Offering, the completion of the Offering, and the expected Closing Date.

Forward-looking statements or forward-looking information relate to future events and future performance and include statements regarding the expectations and beliefs of management based on information currently available to the Company. Such forward-looking statements and forward-looking information often, but not always, can be identified by the use of words such as “plans”, “expects”, “potential”, “is expected”, “anticipated”, “intends”, “anticipates”, “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements or forward-looking information are subject to significant business, economic, competitive, political, environmental (including endangered species, habitat preservation and water-related risks) and social risks, contingencies, and uncertainties, which could cause actual events or results to differ from those reflected in such forward-looking statements and forward-looking information, including, without limitation, risks with respect to: the potential of the Company’s mineral properties; the estimation of capital requirements; the estimation of operating costs; the timing and amount of future business expenditures; and

the availability of necessary financing. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize. Such factors include but are not limited to: changes in economic conditions or financial markets; increases in costs; litigation; legislative, environmental and other judicial, regulatory, political and competitive developments; and exploration or operational difficulties. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements or forward-looking information. Forward-looking information includes statements about the future and are inherently uncertain. The Company's actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors, including without limitation, those referred to in the Company's other public filings available at www.sedarplus.ca.

The Company provides no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The forward-looking information included in this Offering Document is made as of the date hereof, and the Company undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.

PART 2

SUMMARY DESCRIPTION OF BUSINESS

What is our business?

Avalon is a Canadian critical mineral development and exploration company that is well-positioned to play a meaningful role in strengthening the foundation of a resilient North American critical minerals supply chain through advancing its Nechalacho Rare Earths and Zirconium Project in the Northwest Territories, among the largest rare earths resources in North America, and the development of its Thunder Bay Lithium Processing Facility in Ontario, Canada, a planned midstream lithium hydroxide refinery advancing at a time when governments are seeking to establish more secure lithium supply chains, and Canada faces a significant projected shortage of lithium refining capacity.

The Company's Nechalacho deposit contains all light and heavy rare earth elements, as well as yttrium, zirconium, tantalum, and niobium—critical minerals used in advanced technologies across the communications, defense, clean tech, and energy sectors. The Company's planned Thunder Bay facility would serve the growing electric vehicle battery market and other vital industries dependent on lithium hydroxide.

In May 2023, the Company commenced a fundamental transformation in its mission and corporate strategy. The Company's management team is focused on pivoting toward commercializing the high-quality critical mineral assets acquired over the past three decades. In 2023, Avalon forged a joint venture with Belgium-based SCR-Sibelco NV ("Sibelco"), a global leader in materials solutions, to develop the Company's flagship lithium deposit at the Separation Rapids Lithium Project ("Separation Rapids"). A strategic partnership was also signed with Metso Corp. of Finland, a market leader in sustainable lithium processing. In addition, in June 2023, the Company acquired a 377-acre industrial property on Strathcona Avenue in Thunder Bay, Ontario, Canada that is supplied by hydro power, gas and water, and is accessible by road, rail and water via a deep-water port. As described below, Avalon intends to develop the Strathcona property into a full-service lithium conversion and processing facility.

Recent developments

There are no material recent developments in respect of the Company that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering Document.

Certain recent developments relating to the Company and its business include:

- On October 9, 2025 the Company announced the successful production of lithium hydroxide and analcime, a byproduct that can be used in the aggregate business, using Metso's proprietary Alkaline Leach Process (ALP). This achievement represents a significant milestone in Avalon's strategy to establish a sustainable, low-impact processing solution for North America's emerging lithium supply chain at its Thunder Bay Lithium Processing Facility in Ontario, Canada.
- On October 6, 2025 the Company announced that its special meeting of shareholders (the "Special Meeting") scheduled for October 7, 2025 had been canceled. The decision followed the Company's determination that quorum requirements (i.e., not less than 20% of the issued and outstanding shares of the Company carrying voting rights) for the Special Meeting had not been met by the extended proxy voting deadline of October 6, 2025, at 4:00 p.m. Eastern Time. The Board of Directors expects that the matter originally scheduled for shareholder consideration at the Special Meeting — adoption of a shareholder rights plan — will be considered for approval at a later date.
- On September 9, 2025 the Company reported that a forest fire occurred in the vicinity of the Company's Nechalacho property, located at Thor Lake in the Northwest Territories, Canada and that it was working closely with local partners to monitor conditions and investigate the situation. The Company continues coordinating with Vital Metals on situational updates and will provide a market update if there is any material impact to timelines or costs once a full risk assessment has been conducted.
- On August 21, 2025 the Company announced the appointment of Mr. Lorin Crenshaw as Chief Financial Officer as part of senior management changes aimed at accelerating its value creation strategy. Mr. Crenshaw brings 28 years of diversified financial experience, with expertise in capital markets, investor relations, and strategic leadership in the lithium and broader critical minerals industry. He most recently served as CFO of Compass Minerals International, Inc. (NYSE: CMP), a leading global provider of essential minerals, and previously as CFO of Orion S.A. (NYSE: OEC), a global supplier of specialty and high-performance carbon black.
- On July 25, 2025 the Company announced that it had closed the \$1,300,000 second drawdown of its up to \$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 company's stated focus was to allocate the funds toward advancing its strategic projects - including byproduct innovation through its subsidiary Lake Superior Lithium Inc., as well as supporting general corporate initiatives.
- On February 27, 2025 the Company, in partnership with its joint venture partner SCR-Sibelco NV ("Sibelco"), announced the results of an updated Mineral Resource Estimate (MRE) for the Separation Rapids Project in Kenora, Ontario. The updated MRE for the Separation Rapids Project was prepared by SLR Consulting (Canada) Ltd., is supported by 29 new drill holes, and shows an increase of 28% in Measured + Indicated Mineral Resource tonnage and a decrease of 13% in Inferred Mineral Resource tonnage compared to the 2023 MRE.
- On February 25, 2025 the Company announced the appointment of Mark N.J. Ashcroft, P.Eng., a seasoned mining executive with extensive experience in operations and corporate finance, as a Strategic Consultant to Avalon's wholly owned subsidiary, Lake Superior Lithium Inc. ("LSLi"). LSLi has been formed to progress the development of the proposed 30,000 tonne lithium processing facility in Thunder Bay, Ontario.

Material Facts

There are no material facts about the securities being distributed that have not been disclosed in this Offering Document or in any other document filed by the Company in the 12 months preceding the date of this Offering.

What are the business objectives that we expect to accomplish using the available funds?

The business objective the Company expects to accomplish using the available funds following completion of the Offering is to fund the Company's advancement of its rare earth and lithium assets in Canada, in alignment with its strategic objective of playing a meaningful role in strengthening the foundation of a resilient North American critical minerals supply chain.

The Company anticipates completing the following to achieve this objective:

Event	Anticipated Timeline	Anticipated Cost Assuming 100% of the Offering (Including Flow-Through)
The preparation of an updated feasibility study for the Nechalacho Rare Earths & Zirconium project to advance project readiness and support ongoing strategic partnership discussions;	Up to 12 months	\$3,000,000
The preparation of a Feasibility Study related to the Company's planned Thunder Bay lithium refinery to advance project readiness and support ongoing strategic partnership discussions;	Up to 12 months	\$3,000,000
The repayment of outstanding convertible note payables;	Up to 1 month	\$2,700,000
Working capital and general corporate purposes; and	NA	\$11,300,000
Exploration and definition drilling predominantly focused upon, but not limited to, advancing the Nechalacho rare earth deposit.	Up to 12 months	\$4,000,000
Total		\$24,000,000

Disclaimer Regarding Use of Proceeds

The actual allocation of the net proceeds of the Offering may vary depending on the Company's evolving priorities, results of ongoing programs, regulatory requirements, and market conditions. The Company's management will have broad discretion in the application of the net proceeds of the Offering, and investors may not agree with the manner in which the Company uses such proceeds. Certain statements herein regarding the intended use of proceeds constitute "forward-looking information" within the meaning of applicable securities laws. Such information is based on assumptions and subject to risks and uncertainties that could cause actual results to differ materially from current expectations, including risks related to permitting, project financing, technical outcomes, and market conditions. The inclusion of specific initiatives such as feasibility studies, debt repayment, or exploration programs does not imply that such activities will proceed as currently planned or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information except as required by law.

PART 3
USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

The expected total available funds to the Company following completion of the Offering is estimated to be \$16,830,000 if the minimum Offering is completed, or \$19,650,000 if the maximum Offering is completed.

		Assuming Minimum Offering Only Including Flow-Through	Assuming Maximum Offering Including Flow- Through
A	Amount to be raised by this Offering	\$21,000,000	\$24,000,000
B	Selling commissions and fees	\$1,260,000	\$1,440,000
C	Estimated Offering costs (e.g., legal, accounting, audit)	\$150,000	\$150,000
D	Net proceeds of Offering: $D = A - (B+C)$ offering: $D = A - (B+C)$	\$19,590,000	\$22,410,000
E	Working capital as at most recent month end	\$1,000,000	\$1,000,000
F	Additional sources of funding	\$Nil	\$Nil
G	Total available funds: $G = D+E+F$	\$20,590,000	\$23,410,000

How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering only	Assuming Maximum Offering (Including Flow-Through)
The preparation of an updated feasibility study for the Nechalacho Rare Earths & Zirconium project to advance project readiness and support ongoing strategic partnership discussions;	\$3,000,000	\$3,000,000

The repayment of outstanding convertible note payables;	\$2,700,000	\$2,700,000
The preparation of a Feasibility Study related to the Company's planned Thunder Bay lithium refinery to advance project readiness and support ongoing strategic partnership discussions;	\$3,000,000	\$3,000,000
Exploration and definition drilling predominantly focused upon, but not limited to, advancing the Nechalacho rare earth deposit	\$4,000,000	\$4,000,000
Working capital and general corporate purposes.	\$8,300,000	\$11,300,000
Total	\$21,000,000	\$24,000,000

The above noted allocation of capital and anticipated timing represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. Although the Company intends to expend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spend will depend on a number of factors, including the Company's ability to execute on its business plan. See "Cautionary Statement Regarding Forward-Looking Information" above.

The most recent audited annual financial statements and interim financial report of the Company included a going concern note. The Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. The Offering is intended to permit the Company to achieve the business objectives set out herein and is not expected to address any uncertainties that affect the decision to include a going-concern note in the next annual financial statements of the Company. *It is expected that a going concern note will remain in the next annual financial statements.*

How have we used the other funds we have raised in the past 12 months?

Previous Financing	Intended Use of Funds	Use of Funds to Date	Variance and Impact on Business Objectives and Milestones
July 25, 2025: \$1.3M second drawdown of Company's up to \$15.0M convertible security funding agreement (the "Funding Agreement") with Lind Global Fund II, LP,	Advancing strategic projects and supporting general corporate initiatives	Approximately \$0.5M of funds have been used to date.	Funds used as initially intended
November 18, 2024: \$3.5M Financing from JV partner Sibelco	Advancing strategic projects and supporting general corporate initiatives	Full amount of funds have been used to date.	Funds used as initially intended

PART 4
FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?

Dealers:	Canaccord Genuity Corp. ("Canaccord") SCP Resource Finance LP ("SCP")
Cash Commission:	The Company shall pay to the Agents, at the closing of the Offering, a cash fee equal to 6.0% of the gross proceeds raised in the Offering. As additional consideration for their services, the Agents shall be issued that number of broker warrants (each, a "Broker Warrant"), in such manner as directed by the Agents, equal to 6.0% of the number of Units sold under the Offering. Each Broker Warrant shall entitle the holder thereof to acquire one Common Share (a "Broker Warrant Share") at an exercise price of \$0.11 per Broker Warrant Share for a period of 36 months following the Closing Date.

Do the Dealers have a conflict of interest?

The Company is not a "related issuer" or "connected issuer" of or to Canaccord Genuity Corp. or SCP Resource Finance LP, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*.

PART 5
PURCHASERS' RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- (a) to rescind your purchase of these securities with the Company, or
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

PART 6
ADDITIONAL INFORMATION

Where can you find more information about us?

Securityholders can access the Company's continuous disclosure filings on SEDAR+ at www.sedarplus.ca under the Company's profile.

For further information regarding the Company, visit the Company's website at www.avalonadvancedmaterials.com.

Investors should read this Offering Document and consult their own professional advisors to assess the income tax, legal, risks factors and other aspects of their investment in the Units.

PART 7
CERTIFICATE OF THE COMPANY

This amended and restated Offering Document, together with any document filed under Canadian securities legislation on or after October 14, 2025, contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

October 14, 2025

By: (signed) "Scott Monteith"

Name: Scott Monteith
Title: Chief Executive Officer

By: (signed) "Lorin Crenshaw"

Name: Lorin Crenshaw
Title: Chief Financial Officer