

Avalon and Sibelco Establish Joint Venture to Develop Flagship Lithium Mine in Ontario

Toronto, Ontario--(Newsfile Corp. - November 9, 2023) - Following previous announcements made on June 15 and November 2, 2023, [Avalon Advanced Materials Inc.](#) (TSX: AVL) (OTCQB: AVLNF) ("Avalon") and [SCR-Sibelco NV](#) ("Sibelco") are pleased to announce the closing of their joint venture transaction. The new joint venture company, Separation Rapids Ltd. ("SRL"), has a mandate to advance mining activities at the flagship Separation Rapids deposit near Kenora, ON, as well as at the Lilypad Project located near Fort Hope, ON.

SRL is jointly owned by Sibelco (60%) and Avalon (40%) and is well positioned with a unique dual-market strategy to supply petalite-lithium to both the global glass & ceramics industry, as well as to the North American EV battery manufacturing market.

Agreement Highlights

- SRL, the new joint venture company, will own and work to commercialize the mineral assets at Separation Rapids and Lilypad.
- Sibelco has the sole funding responsibility for the first €34.8 million (approximately C\$50 million) of joint venture operations expenditures.
- Mineral output of petalite-lithium at Separation Rapids is expected to be sufficient to supply both the global glass & ceramics and North American EV battery markets.
- For Avalon, this transaction represents an exciting new path towards generating revenue from long held assets and unlocking real value for shareholders.

"Establishing this exciting new joint venture achieves a significant objective in our evolution as a clean energy company and enables the unique petalite deposit at Separation Rapids to be commercialized at a pace that will help position Canada in important international markets," said Scott Monteith, Avalon CEO. "We are unlocking the potential of Separation Rapids and other projects, and in so doing, taking another key step in establishing the end-to-end lithium supply chain we envision for Ontario."

Separation Rapids

Located 70 kilometers north of Kenora, ON, Separation Rapids is a flagship deposit of petalite-lithium which in addition to its traditional uses in the glass & ceramics markets can, using new innovative technology processes, also economically yield EV battery-grade lithium at scale. On August 10, 2023, Avalon released an updated Mineral Resource Estimate ("MRE") for Separation Rapids, conducted by SLR Consulting (Canada) Ltd., an independent global mining advisory and consulting firm. The MRE revealed a measured and indicated deposit 20% larger than earlier estimates. The MRE, compliant with NI 43-101, showed a measured and indicated resource of 10.08 million tonnes (Mt) of petalite, grading on average 1.35% Li₂O. The resource is primarily from an open pit, while a smaller amount is from an underground resource. A new \$3.6 million drilling program commenced on September 26, 2023, which will seek to upgrade the amount of inferred ore to indicated, and add more resource to the deposit as well as perform geotechnical drilling within the pit area. The drill program is expected to be completed by February 2024.

Antwerp-based Sibelco is an international leader in the glass & ceramics market, with deep expertise in the mining, processing and recycling of specialty industrial minerals.

"Separation Rapids represents a unique opportunity for Sibelco to enhance a core business we know extremely well, while at the same time, provides us with an entry into the promising North American EV battery market," said Ian Sedgman, Sibelco's Chief Strategy and Business Development Officer. "It is a dual-market strategy we are confident will create long-term value for all stakeholders."

Lilypad Project

Located near Fort Hope, ON the Lilypad Project consists of claims totaling over 3,299 hectares (8,152 acres) of lithium, tantalum and caesium mineralized pegmatites. Lithium pegmatite occurrences have been discovered in the area as spodumene and lepidolite. Encouraging for the future development of the Project is the fact that significant mineral discoveries to the north (Ring of Fire) have prompted the development of road access. This will greatly enhance the economic viability of any mineral deposits in the region, including Lilypad. Economic resources of caesium are very rare and Lilypad represents one of the very few known significant occurrences of this mineral in the world. With declining production from traditional sources, new producers are needed for this scarce advanced material to meet growing demand.

About Avalon Advanced Materials Inc.

Avalon Advanced Materials Inc. is a Canadian mineral development company focused on vertically integrating the Ontario lithium supply chain. The Company, through its new joint venture with SCR Sibelco NV, is currently developing its Separation Rapids lithium deposit and Snowbank project both near Kenora, ON, and its Lilypad lithium-caesium project located near Fort Hope, ON. 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 processing facility in Thunder Bay, ON, a vital link bridging the lithium resources of Ontario's northwest with downstream EV battery markets and manufacturing customers in the south. Social responsibility and environmental stewardship are corporate cornerstones. Avalon is listed on the (TSX: AVL) and (OTCQB: AVLNF).

About SCR-Sibelco NV

Headquartered in Antwerp, Belgium, SCR-Sibelco NV is a global leader in material solutions. Sibelco mines, processes and sells specialty industrial minerals – particularly silica, clays, feldspathics 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.

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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, information with respect to the development of the Company's material lithium projects, including the construction of the Company's lithium processing facility, success of the joint venture, expected capital expenditures, operations outlook, expected benefits from the facility, the transition to a green economy, job creation, successful development of a lithium supply chain, governmental support, sustainable processing practices, environmental benefits, requirements for additional capital, the Company's capital allocation, and government regulation of mining operations. 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, 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, 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, 2022, (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.



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