

Avalon Announces \$3.5M Financing from JV Partner and Major Shareholder Sibelco

Toronto, Ontario--(Newsfile Corp. - November 18, 2024) - [Avalon Advanced Materials Inc.](#) (TSX: AVL) (OTCQB: AVLNF) ("**Avalon**" or the "**Company**") is pleased to announce that it has completed CAD \$3,500,000 in convertible debenture financing from its significant shareholder, SCR-Sibelco NV ("**Sibelco**"), a global leader in material solutions and a leader in the mining and processing of high purity quartz. The proceeds will be used to fund the advancement of its Lake Superior Lithium Project in Thunder Bay, the Nechalacho REE and Zirconium Project in the Northwest Territories, and for working capital and general and administrative expenses.

Sibelco has provided an additional funding of CAD \$3.5 million to Avalon by way of an amended and restated debenture (the "Debenture"). The Debenture replaced the Company's existing CAD \$3.0 million convertible secured debenture (dated 14 June 2023 and amended on 9 November 2023) and have a principal amount of CAD \$6.5 million.

Scott Monteith, CEO and Director of Avalon commented, "We are very pleased to have secured this new \$3.5 million financing from our JV partner Sibelco. We are preparing our new Mineral Resource Estimate at the Separation Rapids JV project, and this new funding will enable us to accelerate the technical studies on our Lake Superior Lithium Project."

Avalon has applied for both provincial and federal funding in support of the Lake Superior Lithium Project in Thunder Bay. Avalon also recently published the results of a Preliminary Economic Assessment (PEA) on September 3, 2024 showing positive results, including an after-tax net present value (NPV) of CAD \$4.1 billion at an 8% discount rate and Capex of CAD \$1.3 billion.

The Debenture bears interest at 7.5% per annum, with the principal and accrued interest payable on maturity, which will be November 18, 2026. Should the Debenture not be repaid by Avalon at maturity, Sibelco has the right to (a) convert the outstanding principal and accrued interest into additional common shares of Avalon at a price equal to the greater of (i) the 15-day volume-weighted average price of the Company's common shares on the TSX immediately prior to the exercise of this right and (ii) the minimum price allowed by the Toronto Stock Exchange ("TSX") or (b) convert the outstanding principal and interest into additional common shares of the Avalon-Sibelco joint venture company, Separation Rapids Ltd. ("SRL"), based on a pro-rated formula.

If the entire amount of the Debenture and accrued interest is converted at maturity, then Sibelco's JV interest in SRL will be increased by 30%. This would result in a change in the participating interests of Sibelco and Avalon in SRL to 90% and 10%, respectively. Sibelco will also have the right to exercise its conversion rights prior to maturity if Avalon does not make certain reductions in its corporate and administrative costs. The Debenture will continue to be secured by a pledge of Avalon's shares in SRL.

About Avalon Advanced Materials Inc.

Avalon Advanced Materials Inc. is a Canadian advanced manufacturing company focused on vertically integrating the Ontario lithium supply chain. The Company, through its joint venture with SCR-Sibelco NV, is currently developing its Separation Rapids lithium deposit near Kenora, ON, while also continuing to advance the Snowbank lithium and Lilypad lithium-caesium projects. 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 hydroxide processing facility in Thunder Bay, ON, a vital link bridging the lithium resources of the north with the downstream EV battery manufacturing base in the south.

About SCR-Sibelco NV

Founded in 1872, Sibelco is a global leader in material solutions. Sibelco mines, processes and sells specialty industrial minerals - particularly high purity quartz, silica, clays, feldspatics and olivine - and is a leader in glass recycling. Sibelco's solutions support the progress of modern life and serve industries as diverse as glass, ceramics, construction, coatings, polymers and water purification. With global headquarters in Antwerp, Belgium, the Sibelco Group has production facilities in more than 30 countries and a team of some 5,000 people. Learn more at www.sibelco.com.

Media Inquiries

Avalon: Ms. Rachel Naji, Investor Relations Associate: IR@AvalonAM.com or 416-364-4938

Sibelco: press@sibelco.com

Cautionary Statement Regarding 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 statements about the expected use of proceeds, and that we are preparing our new Mineral Resource Estimate at the Separation Rapids JV project and will be advancing studies on our Lake Superior Lithium Project. 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 project development 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, , the ability to source feedstock for the Company's proposed lithium processing facility at reasonable prices or at all, the price of lithium hydroxide, no operating history, no operating revenue and negative cash flow, land title risk, the market price of the Company's securities, 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, , 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, 2023 (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 project 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 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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