FORM 51-102F3

MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF NATIONAL INSTRUMENT 51-102 – *CONTINUOUS DISCLOSURE OBLIGATIONS*

Item 1 Name and Address of Company

Avalon Advanced Materials Inc. ("**Avalon**" or the "**Company**")
Suite 2060 - 130 Adelaide Street West
Toronto, Ontario M5H 3P5

Item 2 Date of Material Change

April 2, 2026

Item 3 News Release

A news release relating to the material change described herein was disseminated on April 2, 2026 through the services of Newsfile Corp. and was subsequently filed on the System for Electronic Data Analysis and Retrieval ("**SEDAR+**") at www.sedarplus.ca.

Item 4 Summary of Material Change

On April 2, 2026, the Company completed the strategic reorganization of its Separation Rapids joint venture with SCR-Sibelco NV ("**Sibelco**") (the "**Transaction**").

Item 5.1 Full Description of Material Change

As part of the Transaction, the Company exited its 40% interest in Separation Rapids Ltd. ("**SRL**"). Sibelco increased its ownership of SRL from 60% to 100% and will retain the Separation Rapids project while the Company regained full ownership of the Lilypad cesium project.

The Company's outstanding convertible debenture (the "**Debenture**"), which was held by Sibelco, comprising approximately C$7.5 million in principal and accrued interest, was fully satisfied and extinguished with no cash consideration exchanged. The extinguished debenture previously carried conversion features that could have resulted in the Company issuing shares equal to approximately 15% dilution to satisfy the debt. In connection with the Transaction, the investor rights agreement entered into between Avalon and Sibelco on June 14, 2023 was terminated.

The Transaction was carried out pursuant to the terms of a reorganization agreement dated April 2, 2026 entered into between the Company and Sibelco (the "**Reorganization Agreement**"). In addition to the provisions to effect the components of the Transaction described in this report, the Reorganization Agreement included customary representations and warranties, conditions and covenants for a transaction of the nature of the Transaction.

This strategic portfolio realignment enables the Company to exit a petalite-based lithium asset that did not align with its current spodumene-based refinery strategy. The Company is now better positioned to focus on expanding its critical minerals operations in lithium and rare earths. As a result of the Transaction, the Company emerges debt-free with a streamlined capital structure. By regaining full control of the Lilypad project, the Company gains improved flexibility for near-term monetization or strategic transactions.

As a holder of more than 10% of the issued and outstanding common shares of Avalon, Sibelco is a related party of the Company and the Transaction constituted a "related party transaction" for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Sibelco was the only "interested party", as such term is defined in MI 61-101, of the Company involved in the Transaction.

The Company was exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 pursuant to Sections 5.5(a) and 5.7(1)(a), respectively, because neither the fair market value of the subject matter of the Transaction, nor the fair market value of the consideration for the Transaction, at the time the Transaction was agreed to exceeded 25% of the Company's market capitalization, as determined in accordance with MI 61-101.

The Transaction was unanimously approved by the board of directors of the Company, with no materially contrary view by any director and with Sibelco's nominee to the board abstaining from voting. The Company did not file a material change report more than 21 days before the expected closing date of the Transaction, which it considers reasonable in the circumstances, as the terms of the Transaction were not settled until shortly prior to the closing and the Company wished to close the Transaction on an expedited basis for sound business reasons.

Item 5.2 Disclosure of Restructuring Arrangements

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact Lorin Crenshaw, CFO, at (416) 364-4938 or via email at Lorin Crenshaw LCrenshaw@AvalonAM.com.

Item 9 Date of Report

April 10, 2026

Forward-Looking Statements

This material change report contains "forward-looking information" within the meaning of applicable Canadian securities legislation. 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 those risk factors discussed or referred to in the annual information form of the Company dated November 28, 2025 (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. 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.