

# Investment-Ready Project Submission Form

## *Coordinated Identification of Investment-Ready Projects for Global Capital Attraction*

The Government of Canada has set an ambitious objective to catalyze \$1 trillion in total investment in Canada over the next five years, with \$500 billion from the private sector. To support this, Invest in Canada is developing an Investment-Ready Assets and Project Pipeline — a credible and consolidated portfolio of large-scale projects to present to global investors.

Federal departments and provincial and territorial partners are asked to complete this form to identify and assess projects within their networks.

### Priority sectors include:

- Energy (including clean and conventional)
- Infrastructure (ports, airports, etc.)
- Critical minerals
- New Technology/Artificial Intelligence

### Projects of interest should ideally demonstrate:

- Minimum capital requirement of approximately \$200 million
- Advanced stage of development, including key milestones achieved
- A clear path to Final Investment Decision (FID)
- Demonstrated financial viability and planning
- Visibility on supply chains and offtake arrangements
- Meaningful regulatory progress, with realistic timelines
- Strong management teams and governance structures

## GENERAL INFORMATION

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| <b>Project Proponent</b><br><i>Full legal name of the company</i>                        | Avalon Advanced Materials                                                                                                                                                          |
| <b>Headquarters Location</b><br><i>City, Province/Territory</i>                          | Toronto, Ontario                                                                                                                                                                   |
| <b>Primary Sector</b>                                                                    | Natural Resources                                                                                                                                                                  |
| <b>Secondary Sector (if applicable)</b><br><i>Describe secondary sector of focus</i>     | Rare earth extraction and processing                                                                                                                                               |
| <b>Company Profile</b><br><i>1-2 sentence overview of the company<br/>(max 50 words)</i> | Avalon Advanced Materials is developing the Nechalacho Rare Earth & Zirconium Project in the Northwest Territories (the focus of this submission) and advancing a proposed lithium |

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|                                                           | hydroxide refinery in Thunder Bay, Ontario as part of its Canadian critical minerals strategy. |
| <b>Established In</b><br><i>Year (e.g. 2005)</i>          | 1991                                                                                           |
| <b>Number of Employees</b><br><i>Full-time equivalent</i> | 10                                                                                             |
| <b>Annual Revenue</b><br><i>e.g. \$50M CAD</i>            | \$0                                                                                            |

## PROJECT INFORMATION

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| <b>Project Name</b><br><i>Official project name</i>                                               | Nechalacho REE & Zirconium Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Project Site</b><br><i>Municipality, Province/Territory</i>                                    | Thor Lake, Northwest Territories                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Project Stage</b>                                                                              | Pre-construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>High-Level Description</b><br><i>Provide a concise overview of the project (max 250 words)</i> | <p>The Nechalacho Rare Earths &amp; Zirconium Project is Avalon Advanced Materials' flagship critical minerals asset, located at Thor Lake in the Northwest Territories, approximately 100 km southeast of Yellowknife. Avalon holds 100% ownership of the mineral resources located below 150 metres above sea level and is advancing the project as a strategically important domestic source of rare earth elements and zirconium for North American supply chains.</p> <p>The project is supported by a Definitive Feasibility Study completed in 2013 and approved environmental assessment, with early works permits already in place. In 2026, Avalon initiated an updated Preliminary Economic Assessment to incorporate advances in processing technologies, revised capital and operating cost assumptions, and evolving market conditions. This work is intended to strengthen the project's development pathway while aligning it with current technical, commercial, and geopolitical priorities.</p> |

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|                                                                                                                                                                | <p>Nechalacho contains the full suite of light and heavy rare earth elements, as well as yttrium, zirconium, tantalum, and niobium, providing the potential to supply multiple critical mineral markets from a single Canadian project. Avalon views Nechalacho as a cornerstone asset in building a secure, resilient North American critical minerals supply chain.</p> <p>The project is also being advanced through meaningful engagement with Indigenous communities and regional stakeholders, with a focus on creating long-term employment, business participation, and sustainable economic development. As global demand for critical minerals continues to grow, Avalon is positioning Nechalacho to become a reliable, long-term source of strategically important materials while contributing to Canada's leadership in responsible resource development and supply chain security.</p>                                                                                                                                                                                                                                                                   |
| <p><b>Benefits / Alignment with Government Priorities</b><br/> <i>Describe alignment with policies, incentives, or national strategies (max 250 words)</i></p> | <p>Avalon's Nechalacho Rare Earths &amp; Zirconium Project is closely aligned with Canada's Critical Minerals Strategy and the federal government's objective of building secure, resilient domestic supply chains for strategically important minerals. As one of Canada's most advanced rare earth projects, Nechalacho supports Canada's efforts to reduce dependence on foreign sources of critical minerals while strengthening North American economic and national security.</p> <p>The project is particularly relevant in today's geopolitical environment. China continues to dominate global rare earth production and has increasingly used export controls and trade restrictions to influence global supply chains, highlighting the strategic importance of establishing secure domestic sources of rare earth materials. Nechalacho provides Canada with an opportunity to develop a reliable domestic supply of these critical minerals while supporting downstream value-added industries.</p> <p>The project also aligns directly with Canada's new defence industrial policy, which recognizes that economic security and national security are</p> |

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|  | <p>inseparable. The policy emphasizes strengthening domestic industrial capacity, securing critical supply chains, reducing dependence on geopolitical adversaries, and ensuring Canadian industry can support defence, aerospace, advanced manufacturing, and allied security needs. Rare earth elements are essential inputs for many of these strategic sectors, making Nechalacho an important contributor to Canada’s long-term industrial and defence resilience.</p> <p>The project supports the development of an integrated Canadian critical minerals ecosystem, positioning Canada as a trusted supplier of strategic materials while advancing economic growth, supply chain security, and national resilience.</p> |
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## TIMELINE OF EXECUTION

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| <b>Phase 1</b><br><i>Description, start date – end date</i>                 | <p>Phase 1 — Evolution &amp; Feasibility (2026 to 2027) This phase covers the Scoping Study (PEA), environmental and social baseline work (ESIA), permitting submissions, and completion of the Feasibility Study. It runs from early 2026 through 2027, culminating in the Final Investment Decision (FID) in 2027.</p>      |
| <b>Phase 2</b><br><i>Description, start date – end date</i>                 | <p>Phase 2 — Financing &amp; Final Approvals (2027 to 2028) Following FID, the project moves into securing project finance (debt and equity), finalizing offtake agreements with buyers, and obtaining construction and operational permits. This phase runs from 2027 through 2028, ending with financial close in 2028.</p> |
| <b>Phase 3 (if applicable)</b><br><i>Description, start date – end date</i> | <p>Phase 3 — Development, Construction &amp; Production (2028 to 2031) This phase includes site infrastructure buildout, plant construction, underground mine development, and commissioning through 2028–2029. First ore is produced around 2029–2030, with ramp-up to full commercial production achieved by 2031.</p>      |

**Final Investment Decision (FID) Date**  
*Expected date (Month, Year)*

December 2027

## KEY PARTNERSHIPS

### Key Partnerships

*List major investors, offtake or technology partners – include type, partner name, and role (max 150 words)*

Avalon is engaged in active, non-binding discussions with several potential public-sector, strategic, and project-finance counterparties for Nechalacho. In May 2026, the Company held discussions with the Chief Banking Officer of the U.S. EXIM Bank regarding potential support under its Supply Chain Resiliency Initiative. Avalon was encouraged to apply following completion of the updated PEA and understands that EXIM has the capacity to fund up to 60% of project debt needs tied to offtake commitments. Avalon has also been encouraged to apply to the Canada Infrastructure Bank and Canada Growth Fund following completion of the updated PEA and intends to pursue those opportunities. The Company is also in active dialogue with Natural Resources Canada regarding potential offtake-related support. In addition, Appian Capital Advisory and Orion Resource Partners have encouraged Avalon to re-engage as the project approaches FID.

## KEY MILESTONES TO DATE

### Key Milestones

*List milestones achieved, (feasibility study, permitting, agreements, etc.) – include date and status (max 150 words)*

Avalon has achieved several key milestones supporting advancement of the Nechalacho Rare Earths & Zirconium Project. The project received federal environmental assessment approval in 2013 and has a substantial permitting foundation, including active Type A land-use permits covering mine-site, exploration, infrastructure, camp, road, trail and airstrip activities, with authorizations extending to November 2027 and May 2030. Nechalacho also holds a Type B water licence authorizing water use, discharge and monitoring for mining and site activities through November 2027, and maintains a

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|  | <p>current Explosives Management Plan. Avalon has an Indigenous Accommodation Agreement with Deninu K’ue First Nation, providing a baseline consent and benefit-sharing framework. A positive Definitive Feasibility Study (2013) supports the project, and Avalon is now undertaking an updated PEA expected in Fall 2026. Avalon has also established a Yellowknife office and appointed Burl Joseph as Project Director to support regional execution.</p> |
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## MARKET & COMMERCIAL

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| <p><b>Market Need</b><br/> <i>Data and trends supporting demand; target market (max 250 words)</i></p> | <p>Rare earth elements are critical minerals used in permanent magnets, electric vehicles, wind turbines, defense systems, industrial automation, electronics, communications equipment, catalysts, glass, ceramics and specialty materials. For Avalon, the most strategically important rare earths are the magnet-related elements, including neodymium, praseodymium, dysprosium and terbium, which are essential to high-performance permanent magnets. The rare earth market is not homogeneous. Individual elements have different demand profiles, pricing dynamics and supply risks. While cerium and lanthanum represent significant market volume, magnet-related rare earths account for the overwhelming majority of market value. According to Argus, magnet-related rare earths represented approximately 95% of rare earth market value in 2026 and are forecast to represent approximately 98% by 2040. Demand growth is expected to be driven primarily by permanent magnets. Argus forecasts total rare earth demand to increase from approximately 222.5 thousand tonnes of rare earth oxides in 2026 to nearly 345 thousand tonnes by 2040, with magnet-related rare earth demand increasing approximately 115% over the same period. Key drivers include electric vehicles, offshore wind,</p> |
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|                                                                                                                                              | <p>industrial automation and advanced robotics. Supply remains highly concentrated, with China dominant across mining, separation, processing and magnet manufacturing. Export controls and licensing requirements have increased market fragmentation, particularly for heavy rare earths, creating premiums in Western markets. This creates a strategic opportunity for non-Chinese projects in allied jurisdictions. Nechalacho is relevant because it contains light and heavy rare earths, including magnet-related elements, and is located in Canada, supporting North American and allied objectives for secure, transparent and diversified critical minerals supply.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>Other Investor Requirements</b><br/> <i>Offtake agreements, ESG, commitments, co-investment expectations, etc. (max 150 words)</i></p> | <p>Potential investor requirements are expected to include evidence of credible offtake pathways, clear ESG and Indigenous engagement commitments, and alignment of public-sector funding with private-sector capital. Avalon does not currently have binding offtake agreements or definitive co-investment commitments for Nechalacho. However, the Company is actively advancing discussions with potential government, strategic, offtake and project-finance counterparties. Avalon expects future investors and lenders to require a clear commercialization plan, including potential offtake or downstream processing arrangements, updated technical and economic studies, permitting readiness, and a defined project execution plan. ESG considerations are also expected to be central, including Indigenous engagement, environmental stewardship, responsible sourcing, transparent governance and alignment with North American critical minerals supply-chain objectives. Avalon anticipates that any major financing package would likely require coordinated participation from strategic investors, government funding agencies, lenders and/or offtake partners, but no definitive structure has been agreed.</p> |

## PROJECT FINANCIAL SNAPSHOT

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| <b>Total CAPEX (\$)</b><br><i>Total capital expenditure (CAD or USD – specify)</i>         | <p>Approximately \$3B CAD</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Investment Ask (\$)</b><br><i>Amount sought; specify debt / equity and phase</i>        | <p>Avalon is seeking a multi-phase financing package for the Nechalacho Rare Earths &amp; Zirconium Project, combining equity, strategic investment, offtake-linked financing and infrastructure debt. Near-term funding is sought to complete the updated PEA / feasibility update, advance engineering, permitting, Indigenous and community engagement, and prepare the project for FID. At FID / construction readiness, Avalon expects the project to require a larger financing package that could include approximately C\$400–500 million of infrastructure debt, C\$200–400 million of project-level strategic equity, and potential parent-level equity of C\$5–10 million, alongside offtake or allocation-rights arrangements. The current NRCan indicative term sheet would enable us to “crowd in” these components, including a government infrastructure loan facility, parent-level equity, project-level strategic investment, and strategic offtake/allocation rights, all subject to further diligence, approvals, definitive documentation and satisfaction of conditions.</p> |
| <b>Investment Committed to Date (\$)</b><br><i>Amount committed by the company to date</i> | <p>Approximately C\$100 million has been invested in Nechalacho to date, primarily during the 2011–2013 period, supporting drilling, engineering, environmental assessment, permitting and feasibility-level development work. Assuming approximately 3% annual inflation, this represents roughly C\$145–150 million in current-dollar terms. Avalon has also recently committed approximately C\$500,000 toward the updated PEA now underway.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| <b>Funding Committed by Governments / FIs (\$)</b><br><i>Amount and % of total committed by public/financial bodies</i> | <p>No government funding has been formally committed to Nechalacho to date. However, Avalon is actively pursuing several government funding and support opportunities. However, Avalon has submitted an application for approximately C\$20 million to support the Nechalacho rare earth PEA, feasibility study work and related infrastructure precursors through the Critical Minerals R&amp;D and Demonstration Program and the Global Partnerships Initiative. The Company has submitted an application for approximately C\$2 million in support of marine infrastructure through the First and Last Mile Fund. In addition, Avalon is in discussions with Natural Resources Canada regarding a potential offtake or strategic allocation arrangement related to Nechalacho. These applications and discussions remain subject to government review, approval, definitive documentation and applicable funding conditions.</p> |
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## IDEAL INVESTOR PROFILE

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| <b>Investor Type</b>                                                                                  | Mixed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Investment Horizon</b>                                                                             | Long-term (over 10 years)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Sector Expertise</b><br><i>Preferred expertise of investor</i>                                     | <p>Critical minerals, rare earths, specialty metals, mining, mineral processing, infrastructure, project finance and strategic industrial supply chains. Preferred investors would bring experience financing or developing complex resource projects, particularly in northern or remote jurisdictions, and familiarity with rare earth separation, magnet materials, defense, clean energy and government-supported critical minerals supply chains. Investors able to support offtake, processing partnerships, infrastructure financing or co-investment alongside government agencies would be especially well aligned.</p> |
| <b>Other Preferences</b><br><i>Offtake, technology partnership, ESG/sustainability criteria, etc.</i> | NA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## LATEST UPDATES / UPCOMING MILESTONES

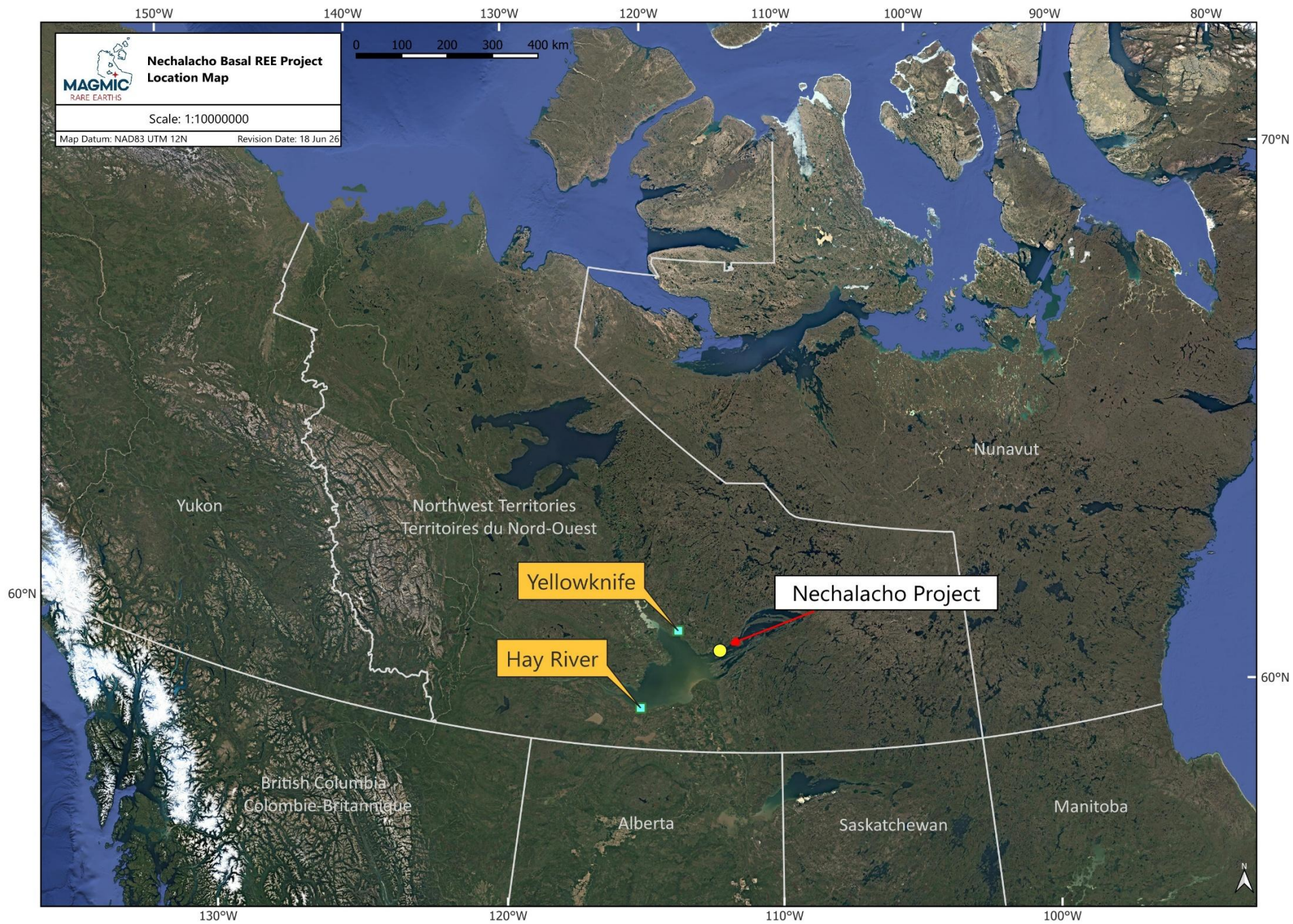
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| <b>Latest Updates</b><br><i>Describe most recent developments and upcoming key milestones (max 250 words)</i> | <p>Recent developments at Nechalacho reflect a renewed focus on advancing one of North America's most technically advanced rare earth projects toward modernized economics,</p> |
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strategic funding and eventual development readiness. Avalon has initiated an updated PEA in collaboration with Wood Canada Ltd. to modernize the 2013 Definitive Feasibility Study, incorporating a cleaner, more cost-effective processing pathway and updated economic assumptions. The project remains differentiated by its exposure to both light and heavy rare earth elements, including magnet-critical neodymium, praseodymium, dysprosium and terbium, as well as zirconium, tantalum and niobium. Avalon has also highlighted preliminary bench-scale test work with Engina Corporation, which demonstrated recovery of 15 rare earth elements from Nechalacho concentrate with greater than 90% total recovery using a novel CO<sub>2</sub>-based extraction process designed to reduce chemical use, waste and environmental impact. Upcoming milestones include completion of the updated PEA, targeted for Fall 2026, followed by additional feasibility work to refresh the project’s technical, economic, processing and development plan. Avalon is also advancing a diversified funding strategy, including government-backed financing, strategic partnerships, potential offtake or supply arrangements, and project-level investment. Key next steps include further engineering evaluation and process optimization by Wood Canada Ltd., continued validation of the cleaner processing flowsheet, engagement with potential strategic and funding partners, and advancement of the remaining workstreams required to position Nechalacho for future FID and construction readiness. This is based on the June 2026 corporate presentation, including the Nechalacho project overview, PEA update, processing test work, funding strategy and stated development milestones.

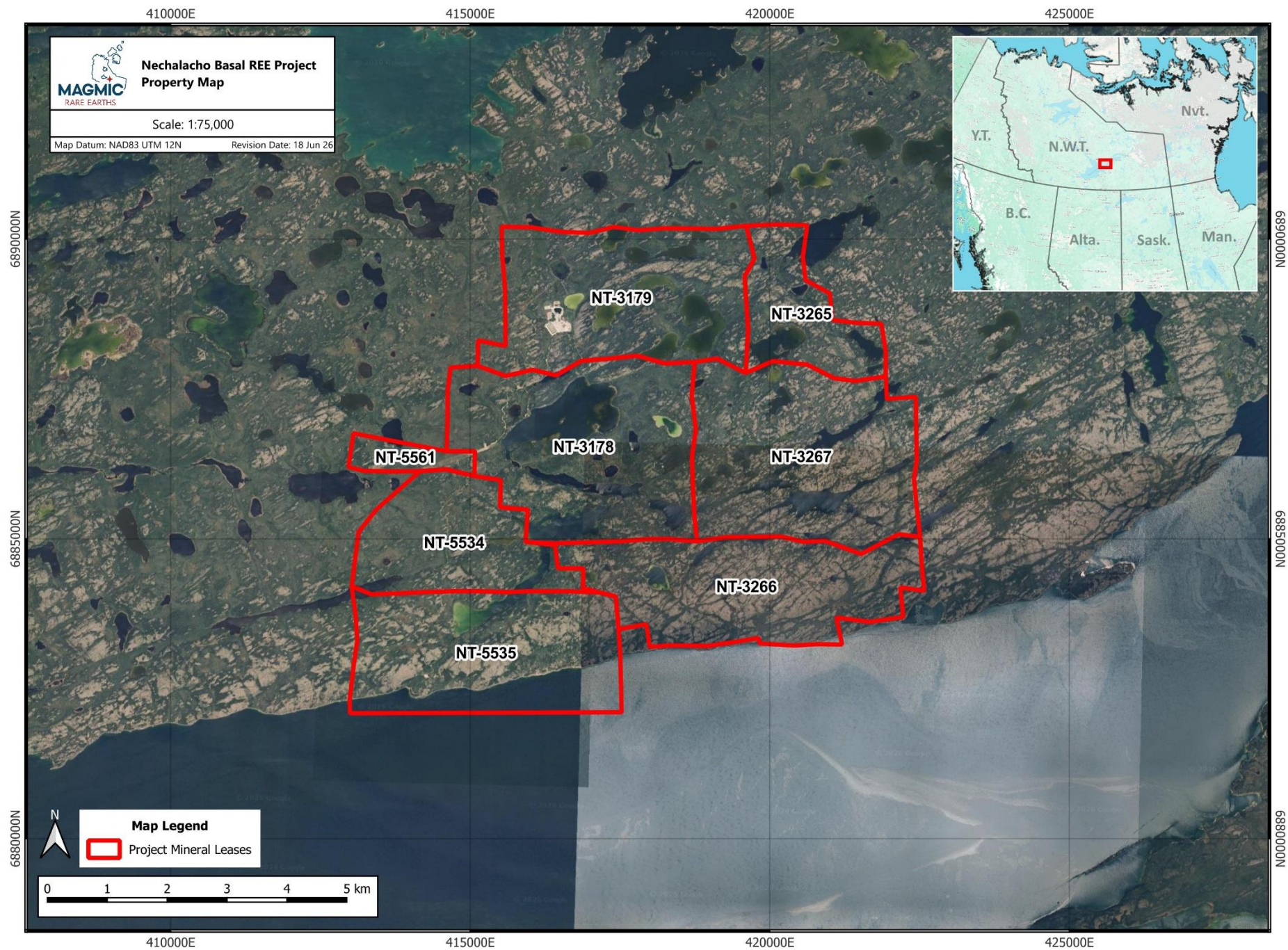
## VISUALS / PROJECT MAP

|                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <b>Do you have project images / visuals to share?</b>                                                   | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Image Description / Details</b><br><i>If yes, briefly describe the visuals available</i>             | 01 – Nechalacho Location Map – Site location in the Territories in reference to Yellowknife and Hay River. 02 – Nechalacho Mineral Lease – Mineral lease area at project location. 03 – Nechalacho Camp Area – Camp site adjacent to airstrip. 04 – Nechalacho – Camp & airstrip – showing airstrip and camp location. 05 – Nechalacho – Airstrip, Fuel storage & ice road – showing airstrip, fuel storage, ice road and road access way to other locations. |
| <b>Project URL / Link to Visuals</b><br><i>Provide a URL where visuals or the project can be viewed</i> | <a href="https://avalonadvancedmaterials.com/nechalacho/">https://avalonadvancedmaterials.com/nechalacho/</a>                                                                                                                                                                                                                                                                                                                                                 |

*Information is confidential and proprietary and is provided solely for the intended recipient for the purpose of evaluation of project activities.*



**Figure 1: Nechalacho Location Map in reference to Yellowknife and Hay River NT**



*Figure 2: Nechalacho Mineral Lease Map showing the project mineral lease area.*



*Figure 3: Nechalacho Camp area from airstrip.*



*Figure 4: Nechalacho Camp & Airstrip locations at project site.*



*Figure 5: Nechalacho Airstrip, Fuel Storage Area, roadway to other locations and seasonal ice road for winter access.*