

The Nechalacho Rare Earths Project moves a step closer to production

On January 24 it was announced that the Cheetah Resources' Nechalacho Rare Earths Project in the North West Territories (NWT) of Canada is moving toward small-scale production of rare earths including neodymium and praseodymium, and that a local firm will run operations. This is thought to be a first for the NWT in Canada. Mining is guided to begin this year at the Project, subject to approval at the Mackenzie Valley Land and Water Board. Given that the Project will be locally run, this should help ensure its success.

Apart from Cheetah Resources, this is also good news for Avalon Advanced Materials Inc. (TSX: AVL | OTCQB: AVLNF), as they own a 3% NSR (royalty) on the Nechalacho Project, and retain 100% ownership of Basal Zone HREE Deposit. According to Avalon: "Ultimately, the parties (Avalon & Cheetah) contemplate forming a true joint venture if larger scale development was to proceed on the property."

Avalon's projects

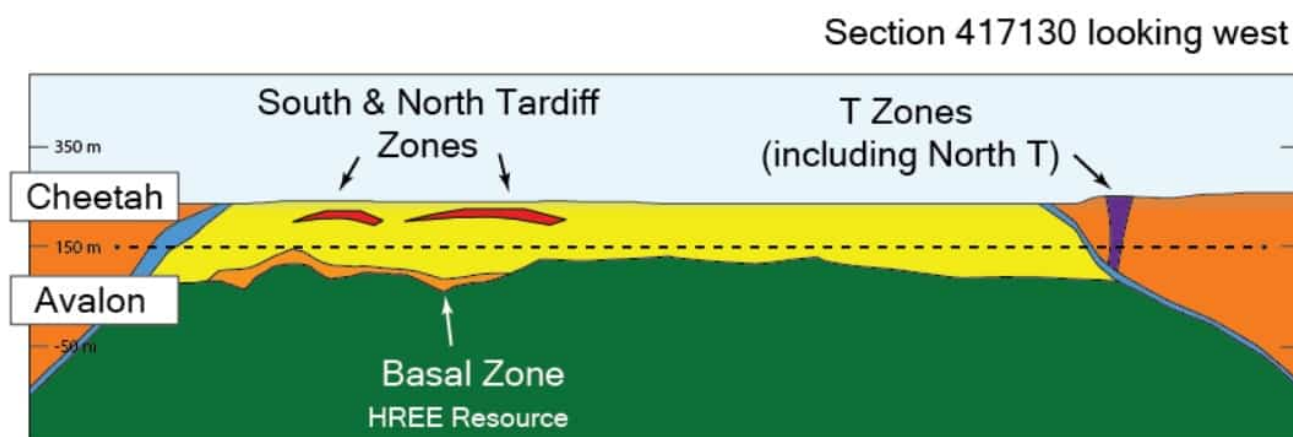
- **Nechalacho Rare Earth Elements Property** (Thor Lake, Northwest Territories, Canada) (3% NSR on T-Zone and Tardiff Zone, and 100% own the HREE Basal Zone). A rich polymetallic rare metals resource, with potential for economic recovery of the heavy rare earth elements, neodymium, praseodymium, lithium, zirconium, beryllium, niobium and tantalum. A Feasibility Study was completed in 2013 on the Basal Zone resulting in a NPV10% of \$1.35 billion.

Note: that in June 2019, Cheetah Resources signed a purchase and sale agreement under which Cheetah acquires ownership of

the near surface T-Zone and Tardiff Zone resources for C\$5 million cash. Once the rare earths material is mined and processed, it would likely be sold to companies like Australia-based Lynas Corporation or to Europe and Japan for further processing.

Nechalacho – Cheetah owns the near surface T-Zone and Tardiff Zone, Avalon retains 100% of the HREE Basal Zone and a 3% NSR on T-Zone and Tardiff Zone

The Nechalacho Property hosts multiple polymetallic deposits

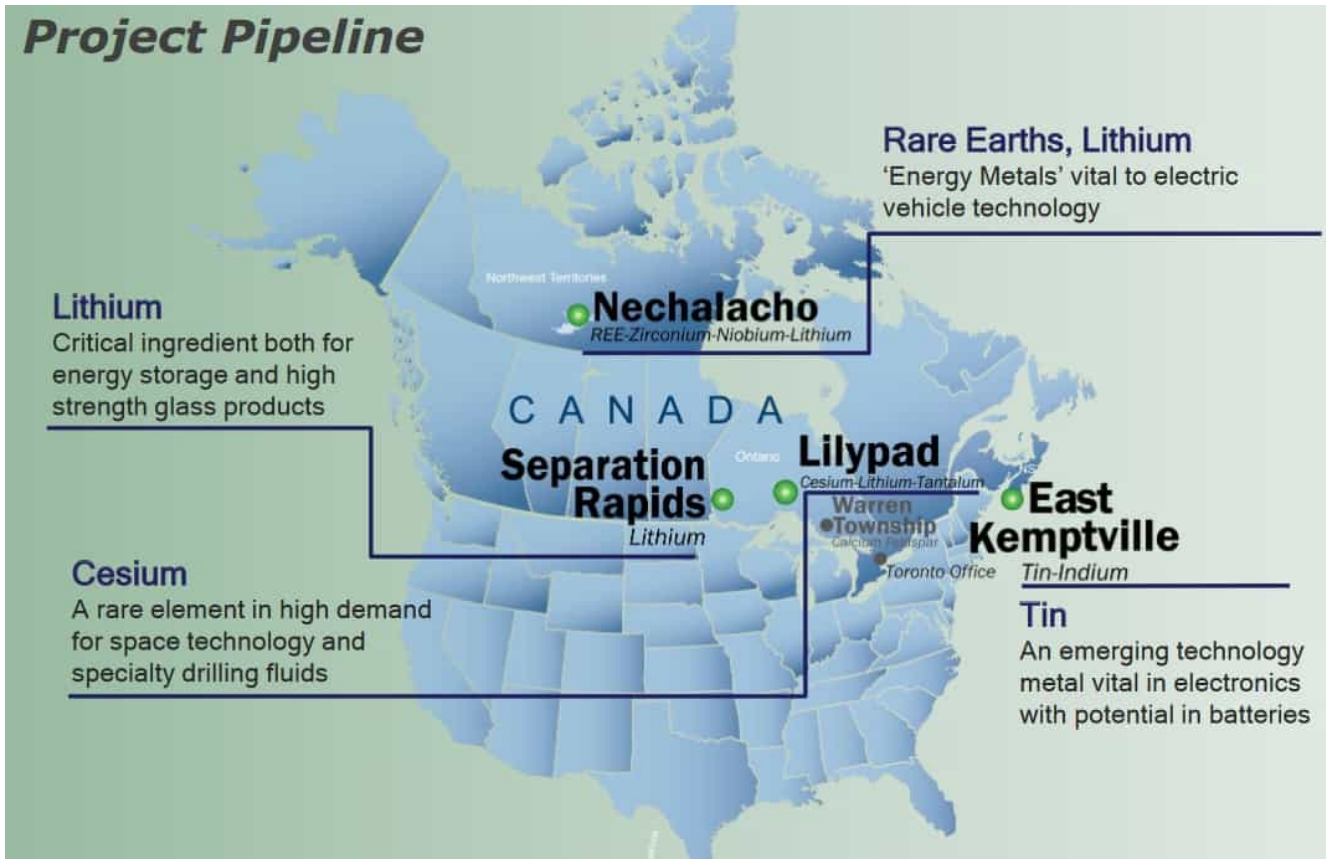


- **Separation Rapids Lithium Project** (70 km by road north of Kenora, Ontario). The Separation Rapids deposit is one of the largest “complex-type” lithium-cesium-tantalum pegmatite deposits in the world, unusual in its enrichment in the rare, high purity lithium mineral petalite. A PEA was completed in 2018 resulting in a pre-tax NPV8% of \$156m, post tax IRR of 22.7%, CapEx C\$77.7m with a 20 year mine life.
- **Lilypad Cesium Property** (150 km northeast of Pickle Lake, Ontario). Exploration stage with cesium-lithium-tantalum mineralization.
- **Warren Township Anorthosite Project** (100 km west of Timmins, Ontario). The tenement hosts a significant resource of high purity anorthosite, consisting of up to

98% high calcium plagioclase feldspar. The PFS was completed in 2003.

- **East Kemptville Tin-Indium Project** (45 km northeast of Yarmouth, Nova Scotia). PEA completed in 2018.

Avalon Advanced Materials Projects summary



For investors wanting exposure to several advanced materials projects (rare earths, lithium, tantalum, and tin), all in the safe jurisdiction of Canada, then Avalon Advanced Materials is worth a look. Especially given they are cashed up and will hopefully soon be achieving a 3% royalty payment from the Nechalacho Rare Earths Project.