FORM 53-901.F
Securities Act

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

Item 1. Reporting Issuer

Avalon Ventures Ltd. (the "Company")
111 Richmond Street West, Suite 1116
Toronto, Ontario M5H 2G4
Telephone: (416) 364-4938

Item 2. Date of Material Change

August 1, 2003

Item 3. Press Releases

A press release disclosing the material change was issued in Toronto, Ontario on August 5, 2003 and was disseminated through CCN Matthews to its Canadian National Compliance distribution list and a copy was filed with the TSX Venture Exchange, The British Columbia Securities Commission and the Alberta Securities Commission.

Item 4. Summary of Material Change

Private Placement.
The Issuer has completed the private placement of an aggregate 210,000 flow-through units at the price of $0.75 per unit for total gross proceeds of $157,500.00

Item 5. Full Description of Material Change

On August 1, 2003, the Issuer completed a non-brokered private placement of an aggregate of 210,000 flow-through units at a price of $0.75 per unit for total gross proceeds of $157,500.00. Each flow-through unit consists of four flow-through common shares, one non flow-through common share and five non-transferable share purchase warrants. Each warrant entitles the holder to purchase one non flow-through common share at a price of $0.20 until August 1, 2005. The shares contained in the units and any shares issuable on exercise of the warrants are subject to a four month hold period expiring on December 1, 2003. A total of 1,050,000 common shares were issued at a price of $0.15 per share.

A list of the purchasers is as follows:

Full name of Purchaser and place of residence	Number of Flow-Through Units Purchased	Price per Flow-Through Unit (Canadian $)	Total Purchase Price (Canadian $)
Mr. Brian MacEachen, Halifax, Nova Scotia	35,000	$0.75	$ 26,250
Mr. J. William Ritchie, Halifax, Nova Scotia	35,000	$0.75	$ 26,250
Mr. Dennys Van Fleet, Unionville, Ontario	35,000	$0.75	$ 26,250
Mr. Stuart Rath, Truro, Nova Scotia	35,000	$0.75	$ 26,250
Ms. Victoria Ross, Vancouver, B.C.	70,000	$0.75	$ 52,500
TOTAL	**210,000**		**$157,500**

The flow-through portion of the proceeds of the private placement totalling $126,000 will be used to fund a first phase work program on the Company's Cobequid Mountains Gold Project located in northern Nova Scotia. This program will consist of prospecting, mapping, geochemical sampling and a compilation of historical data including re-logging and assaying of archived drill core samples. The non-flow-through portion of the proceeds totalling $31,500 will be used to cover the cost of the financing and other administrative costs.

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Item 6. **Reliance on Section 85(2) of the Act**

Not applicable.

Item 7. **Omitted Information**

Not applicable.

Item 8. **Senior Officers**

The Senior Officer of the Company who is knowledgeable about the material change and the report is Donald S. Bubar, President, (416) 364-4938.

Item 9. <u>Statement of Senior Officer</u>

The foregoing accurately discloses the material change referred to herein.

Dated this 7th day of August, 2003

AVALON VENTURES LTD.

By: *"Donald S. Bubar"*

President
(Official Capacity)

Donald S. Bubar
(Please print here name of individual whose signature appears above.)