Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Avalon Ventures Ltd. (the "Issuer")
111 Richmond Street West, Suite 1005
Toronto, Ontario M5H 2G4
Telephone: (416) 364-4938

Item 2 Date of Material Change

January 20 and 23, 2006

Item 3 News Release

A press release disclosing the material change was issued in Toronto, Ontario on January 20, 2006 and was disseminated through the facilities of Canada News Wire to its full distribution list and a copy was filed with the TSX Venture Exchange, as well as the B.C., Ontario and Alberta Securities Commissions.

Item 4 Summary of Material Change

Closing of Private Placement of Units and Exercise of Share Purchase Warrants.

The Issuer received proceeds of $1,575,000 from the issuance of 3,500,000 units priced at $0.45 per unit and a further $1,173,100 following the exercise of 3,969,000 share purchase warrants bringing the Company's issued capital to 47,027,598 shares as at the date of this report and its working capital position to approximately $3 million.

Item 5 Full Description of Material Change

On January 20, the Issuer closed a non-brokered private placement of 3,500,000 non-flow-through units at a price of $0.45 per unit for total proceeds of $1,575,000. Each unit consisted of one common share and one-half of one common share purchase warrant. One whole warrant will entitle the holder to purchase one additional common share at a price of $0.55 for a two year period expiring on January 21, 2008. No commissions or finders fees were paid in connection with this financing. The securities issued and any shares issuable upon exercise of the warrants are subject to a four-month hold period expiring on May 21, 2006.

Most of the previously-unexercised common share purchase warrants expiring on January 3 ($0.20), January 9, 2006 ($0.29) and January 23, 2006 ($0.30) were exercised prior to expiry resulting in additional proceeds to the treasury of $1,173,100. As at the date of this report, the Issuer's issued and outstanding shares totalled 47,027,598 and the Issuer had working capital totalling approximately $3 million.

The proceeds from the private placement and exercise of warrants will be used to fund work programs in 2006 on the Issuer's Thor Lake and Separation Rapids rare metals projects, the Red Hill copper-zinc-silver project, the U6 Savant Gold Project and for general corporate purposes.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

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

Item 9 Date of Report

January 27, 2006.