

MATERIAL CHANGE REPORT

1. Reporting Issuer:

Avalon Works Corp. ("Avalon" or the "Corporation")
637 Roslyn Avenue
Westmount, Quebec
H3Y 2V1

2. Date of Material Change:

September 27, 2001

3. Press Releases:

A press release disclosing the details outlined in this material change report, a copy of which is attached hereto, was issued by the Corporation on September 27, 2001 and disseminated through the facilities of Canada NewsWire and would have been received by the Alberta Securities Commission, British Columbia Securities Commission and the Canadian Venture Exchange Inc. where the securities of the Corporation are listed and posted for trading, in the normal course of its dissemination.

4. Summary of Material Change:

On September 27, 2001, Avalon entered into an arm's length agreement (the "Purchase Agreement") to acquire all of the issued and outstanding shares of two private corporations operating under the name Information Gateway Services, which market internet connectivity services in Ontario, in exchange for 1,000,000 common shares of the Corporation at a deemed price of \$1.00 per common share and \$500,000 cash (the "Acquisition"). The closing of the Acquisition is subject to receipt of applicable regulatory approvals, including approval of the Acquisition by the Canadian Venture Exchange Inc. and satisfaction of certain other standard closing conditions.

5. Full Description of Material Change:

On September 27, 2001 Avalon entered into the arm's length Purchase Agreement wherein it has agreed to acquire all of the issued and outstanding shares of a private Ontario numbered company operating as Information Gateway Services ("IGS"), a marketer of internet connectivity services, in exchange for 1,000,000 common shares of the Corporation at a deemed price of \$1.00 per common share and \$500,000 cash (the "Acquisition").

The Acquisition of IGS, which operates throughout Ontario, including Ottawa, Kingston, Brockville, Toronto, Peterborough and Barrie areas, will add approximately 9,000 corporate accounts and 20,000 franchise accounts in an additional 8 regions to the Corporation's electronic service delivery network. For the unaudited eleven month period ended August 31, 2001, IGS revenues exceeded \$3 million with earnings before interest, depreciation and tax of approximately \$207,000, as compared to unaudited revenues of \$2.8 million and EBIDT of \$151,000 for the year ended September 30, 2000.

Jirka Danek, a director of Avalon, commented "This acquisition, once completed, will significantly strengthen the Corporation's SP works electronic service delivery network in Ontario, yield positive contributions to the Corporation's revenue streams and provide new delivery channels for the Corporation's other lines of business, namely IT works, Web works and Telco Works."

Manfred Kahle, President of IGS, stated "The combination of IGS with Avalon ISPs will serve to consolidate our current position as one of the principal non telco ISPs in Ontario. We look forward to extending additional services to our clients, while contributing new business opportunities to our franchisees".

The closing of the Acquisition, which includes the acquisition of a private company related to IGS which owns the building in which IGS' head office is located, will be completed by way of the exempt take-over of these private companies under applicable securities laws and will occur upon receipt of applicable regulatory approvals, including approval of the Acquisition by the Canadian Venture Exchange Inc. and satisfaction of certain other standard closing conditions.

Vitold Jordan, CEO of Avalon, stated "We are pleased to continue the advancement of our merger and acquisition program with this proposed acquisition of IGS which follows our recent acquisition of Warnetwork Telecom Inc. These acquisitions demonstrate management's commitment to building shareholder value through accretive acquisitions".

6. Reliance on Provision:

Not applicable.

7. Omitted Information:

Not applicable.

8. Senior Officer:

Vitold Jordan
Avalon Works Corp.
637 Roslyn Avenue
Westmount, Quebec
H3Y 2V1

Telephone: (514) 944-8058
Facsimile: (514) 485-7153

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

DATED at the City of Westmount, in the Province of Quebec, as of the 1st day of October, 2001.

AVALON WORKS CORP.

Per: (signed) "Vitold Jordan"

Vitold Jordan
President, Chief Executive Officer and
Chief Financial Officer

cc: Canadian Venture Exchange Inc.

MEDIA RELEASE

AVALON WORKS CORP. ANNOUNCES PROPOSED ACQUISITION TO EXPAND INTERNET CONNECTIVITY SERVICE NETWORK

Symbol: (CDNX: AWB)

September 27, 2001

Calgary, September 27, 2001 - Avalon Works Corp. ("Avalon" or the "Corporation") (CDNX: AWB) is pleased to announce that it has entered into an arm's length agreement (the "Purchase Agreement") to acquire all of the issued and outstanding shares of a private Ontario numbered company operating as Information Gateway Services ("IGS"), a marketer of internet connectivity services, in exchange for 1,000,000 common shares of the Corporation at a deemed price of \$1.00 per common share and \$500,000 cash (the "Acquisition").

The Acquisition of IGS, which operates throughout Ontario, including Ottawa, Kingston, Brockville, Toronto, Peterborough and Barrie areas, will add approximately 9,000 corporate accounts and 20,000 franchise accounts in an additional 8 regions to the Corporation's electronic service delivery network. For the unaudited eleven month period ended August 31, 2001, IGS revenues exceeded \$3 million with earnings before interest, depreciation and tax of approximately \$207,000, as compared to unaudited revenues of \$2.8 million and EBIDT of \$151,000 for the year ended September 30, 2000.

Jirka Danek, a director of Avalon, commented "This acquisition, once completed, will significantly strengthen the Corporation's SP works electronic service delivery network in Ontario, yield positive contributions to the Corporation's revenue streams and provide new delivery channels for the Corporation's other lines of business, namely IT works, Web works and Telco Works."

Manfred Kahle, President of IGS, stated "The combination of IGS with Avalon ISPs will serve to consolidate our current position as one of the principal non telco ISPs in Ontario. We look forward to extending additional services to our clients, while contributing new business opportunities to our franchisees".

The closing of the Acquisition, which includes the acquisition of a private company related to IGS which owns the building in which IGS' head office is located, will be completed by way of the exempt take-over of these private companies under applicable securities laws and will occur upon receipt of applicable regulatory approvals, including approval of the Acquisition by the Canadian Venture Exchange Inc. and satisfaction of certain other standard closing conditions.

Vitold Jordan, CEO of Avalon, stated "We are pleased to continue the advancement of our merger and acquisition program with this proposed acquisition of IGS which follows our recent acquisition of Warnetwork Telecom Inc. These acquisitions demonstrate management's commitment to building shareholder value through accretive acquisitions".

For further information, please contact Vitold Jordan, President, Chief Executive Officer, Chief Financial Officer and a Director of Avalon or Jirka V. Danek, Director of Avalon, at Phone: (613) 741-3673 or Fax: (613) 741-8473 or at www.avalonworks.com.

The Canadian Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.