

AVALON WORKS CORP.

Suite 100, 237 Argyle Avenue
Ottawa, Ontario
Canada, K2P 1B8

LISTING APPLICATION

*For listing of common shares of Avalon Works Corp. on the TSX Venture Exchange
Pursuant to Policy 2.3—Listing Procedures
of the TSX Venture Exchange*

Dated as of February 25, 2021

*No securities regulatory authority or the TSX Venture Exchange has expressed an opinion about the securities which are
the subject of this application.*

AVALON WORKS CORP.

TABLE OF CONTENTS

	<u>PAGE</u>
TABLE OF CONTENTS	i
GLOSSARY	1
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	8
SUMMARY OF LISTING APPLICATION	11
Avalon Works Corp.....	11
Reasons for the Property Acquisition	11
Elmtree Gold Project	11
The Transactions.....	12
Consolidation and Bridge Financing	12
Concurrent Financing	12
The Property Acquisition	12
Amalgamation	13
Interests of Insiders, Promoters and Control Persons	13
Arm's Length Transaction.....	13
Directors and Management.....	13
Approval of Directors	13
Shareholder Approval.....	13
Use of Available Funds	14
Selected <i>Pro Forma</i> Consolidated Financial Information	14
TSXV Listing	15
Market for Securities	15
Sponsorship	15
Conflicts of Interest	15
Interests of Experts	15
Risk Factors	15
Conditional Approval	15
CORPORATE STRUCTURE	16
Name, Address and Incorporation	16
Intercompany Relationships.....	16
The Transactions - Overview	16
Bridge Financing and Consolidation	17
Concurrent Financing	17
The Property Acquisition	17
DESCRIPTION OF THE BUSINESS	20
Business of Avalon	20
History	20

Issuers with mineral projects	21
FINANCINGS.....	21
Financings over the Past Six Months and Concurrent Financing	21
Use of Proceeds and Principal Purposes	22
Use of Proceeds	22
Principal Purposes	23
DIVIDENDS AND OTHER DISTRIBUTIONS	23
MANAGEMENT'S DISCUSSION AND ANALYSIS	24
Selected Consolidated Financial Information	24
Management's Discussion and Analysis	24
Summary of <i>Pro Forma</i> Financial Information	25
DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS.....	25
DESCRIPTION OF SECURITIES TO BE LISTED	25
Common Shares	26
Termination Warrants	26
Stock Options	26
Bridge Special Warrants	26
Bridge Warrants	26
Warrants	26
Brokers' Warrants	26
CONSOLIDATED CAPITALIZATION	27
STOCK OPTION PLAN.....	28
Stock Option Plan	28
Stock Options Granted	28
PRIOR SALES.....	28
Stock Exchange Price	29
ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESALE RESTRICTION ON TRANSFER.....	29
PRINCIPAL SECURITYHOLDERS	30
DIRECTORS AND EXECUTIVE OFFICERS	30
Name, Address, Occupation and Security Holding	30
Management	32
Promoter Consideration	33
Corporate Cease Trade Orders or Bankruptcies	33
Penalties or Sanctions	33
Personal Bankruptcies	33
Conflicts of Interest	33
Other Reporting Issuers Experience	34
EXECUTIVE COMPENSATION.....	35
Compensation Discussion and Analysis of Avalon	35
NEO Compensation Discussion and Analysis	35
Pro Forma Compensation Discussion and Analysis of the Resulting Issuer	38
Pro Forma Compensation Discussion and Analysis of the Resulting Issuer	38
INDEBTEDNESS OF DIRECTORS AND OFFICERS.....	40
AUDIT COMMITTEES AND CORPORATE GOVERNANCE.....	40
Audit Committee	40

Audit Committee Charter	40
Composition of the Audit Committee	40
Relevant Education and Experience	40
Audit Committee Oversight	40
Reliance on Certain Exemptions	40
Pre-Approval Policies and Procedures	40
External Auditor Fees (By Category)	41
Exemption 41	
Corporate Governance	41
Board of Directors	41
Directorships	41
Orientation and Continuing Education	41
Ethical Business Conduct	42
Nomination of Directors	42
Compensation	42
Other Board Committees	42
Assessments	42
AGENT, SPONSOR OR ADVISOR	42
RISK FACTORS	43
PROMOTERS	47
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	47
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	47
INVESTOR RELATIONS ARRANGEMENTS	48
AUDITORS, TRANSFER AGENT AND REGISTRAR	48
MATERIAL CONTRACTS	48
EXPERTS	48
OTHER MATERIAL FACTS	48
ADDITIONAL INFORMATION – MINING APPLICANTS	49
Current Technical Report	49
Elmtree Gold Project Description, Location and Access	49
Accessibility, Climate, Local Resources, Infrastructure and Physiography	56
History	60
Geological Setting, Mineralization and Deposit Types	87
Mineralization	93
Exploration	98
Drilling	98
Sampling, Analysis and Data Verification	98
Mineral Processing and Metallurgical Testing	105
Mineral Resources	105
Adjacent Properties	106
Other Relevant Data and Information	107
Conclusions and Recommendations	107

EXEMPTIONS	112
FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS	112
SIGNIFICANT ACQUISITIONS	112
SCHEDULE “A” - FINANCIAL STATEMENTS OF AVALON	113
SCHEDULE “B” - MANAGEMENT DISCUSSION AND ANALYSIS OF AVALON.....	114
SCHEDULE “C” - PRO FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER.....	115
SCHEDULE “D” – AUDIT COMMITTEE CHARTER	116
CERTIFICATES	117
ACKNOWLEDGEMENT – PERSONAL INFORMATION	118

GLOSSARY

“Acquisition Agreement” means the acquisition agreement dated November 17, 2020, as amended, among Avalon, Kevin Vienneau, Roy Bonnell, Nicholas Stajduhar, and John Williamson whereby Avalon has agreed to acquire 100% ownership of the Elmtree Gold Project.

“Affiliate” means a company that is affiliated with another company as described below.

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

“Amalco” means the company resulting from the Amalgamation of FinSub and Property Sub under the *Business Corporations Act (British Columbia)*.

“Amalgamation” means the three-cornered amalgamation of FinSub and Property Sub with Avalon in conjunction with the acquisition of the Elmtree Gold Project pursuant to the Acquisition Agreement.

“Applicant” means Avalon, as the applicant applying to the TSXV for listing of its Common Shares as described in this Listing Application.

“Application” means this Listing Application.

“Arm's Length Transaction” means a transaction which is not a Related Party Transaction.

“ASC” means the Alberta Securities Commission.

“Associate” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
 - (i) that Person's spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that person; but
- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“Avalon” means Avalon Works Corp., a corporation existing under the federal laws of Canada pursuant to the CBCA.

“BCBCA” means the *Business Corporations Act* (British Columbia), as amended from time to time.

“BCSC” means the British Columbia Securities Commission.

“Board” means the Board of Directors of Avalon or the Resulting Issuer, as applicable.

“Bridge Financing” means the non-brokered private placement offering of Bridge Special Warrants of Avalon, which closed on February 1, 2021 to raise gross proceeds of \$150,000 at a price of \$0.375 per Bridge Special Warrant, and each Bridge Special Warrant is exercisable for no additional consideration:

- (i) at any time, into a unit of Avalon (an **"Avalon Bridge Unit"**) comprised, on a post-Consolidation basis, of one Common Share and one-half common share purchase warrant of Avalon (each whole warrant, an **"Avalon Bridge Warrant"**) wherein each Avalon Bridge Warrant entitles the holder to acquire one Common Share at an exercise price of \$0.75 for a period of 12 months from the date of issuance; or
- (ii) automatically, upon Closing of the Transaction prior to February 28, 2021, into a unit of FinSub (a **"FinSub Bridge Unit"**) comprised, on a post-Consolidation basis, of one common share and one-half common share purchase warrant of FinSub (each whole warrant, a **"FinSub Bridge Warrant"**) wherein each FinSub Bridge Warrant entitles the holder to acquire one common share of FinSub at an exercise price of \$0.75 for a period of 12 months from the date of issuance, and the FinSub Bridge Units shall be exchanged immediately prior to Closing pursuant to the Amalgamation, on a one-for-one basis for like securities of the Resulting Issuer.

“Bridge Special Warrant” means a special warrant of Avalon issued under the Bridge Financing which entitles the holder thereof to acquire for no additional consideration: (i) at any time, an Avalon Bridge Unit; or (ii) automatically, upon Closing of the Transaction prior to February 28, 2021, a FinSub Bridge Unit which is exchanged immediately prior to Closing pursuant to the Amalgamation, on a one-for-one basis for like securities of the Resulting Issuer.

“Bridge Warrant” means a common share purchase warrant of the Resulting Issuer, each of which entitles the holder to acquire a common share of the Resulting Issuer at a post-Consolidation exercise price of \$0.75 per share before expiry on February 1, 2022.

“Broker's Warrant” means one whole common share purchase warrant entitling the holder to purchase one additional Common Share at a price of \$0.50 at any time on or before 5:00 pm (Vancouver Time) on the date that is two years from the date of issuance of the Broker's Warrant which was issued as a commission in respect of the Concurrent Financing.

“CBCA” means the *Canada Business Corporations Act*, as amended from time to time.

“Change of Control” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one Person holds a sufficient number of voting shares in the capital of Avalon or the Resulting Issuer, as applicable, to affect materially the control of Avalon or the Resulting Issuer, as applicable, or
- (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the voting shares in the capital of Avalon or the Resulting Issuer, as applicable, to affect materially the control of Avalon or the Resulting Issuer, as applicable;

where such Person or combination of Persons did not previously hold a sufficient number of voting shares in the capital of Avalon or the Resulting Issuer, as applicable, to affect materially the control of Avalon or the Resulting Issuer, as applicable. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding hold more than 20% of the voting shares in the capital of Avalon or the Resulting Issuer, as applicable, is deemed to materially affect control of Avalon or the Resulting Issuer, as applicable.

“Common Shares” means the common shares in the capital of Avalon and the Resulting Issuer.

“Completion of the Reverse Takeover” means the date the Final Exchange Bulletin is issued by the Exchange.

“Completion Date” means the date of the Final Exchange Bulletin.

“Concurrent Financing” means the non-brokered private placement offering of Concurrent Special Warrants for gross proceeds of a minimum of \$2,500,000 to a maximum of \$7,000,000 at a price of \$0.50 per Concurrent Special Warrant for a minimum of 5,000,000 Concurrent Special Warrants to a maximum of 14,000,000 Concurrent Special Warrants; provided, however, that up to \$3,000,000 of the Concurrent Financing may be completed by way of a private placement of common shares of the Company as "flow through shares" as defined in the *Income Tax Act* (Canada) at a price of \$0.55 per share (the **"Flow-Through Financing"**).

“Concurrent Special Warrants” means a special warrant of Avalon issued under the Concurrent Financing which entitles the holder thereof to acquire for no additional consideration automatically, upon completion of the Consolidation and concurrent upon completion of the Acquisition, a FinSub Concurrent Unit which is exchanged immediately prior to Closing pursuant to the Amalgamation, on a one-for-one basis for like securities of the Resulting Issuer.

“Concurrent Warrant” means a common share purchase warrant of the Resulting Issuer, each of which entitles the holder to acquire a common share of the Resulting Issuer at a post-Consolidation exercise price of \$0.75 per share before expiry 24 months after Closing.

“Consolidation” means the 4.9362 to 1 consolidation of all of the issued and outstanding securities of Avalon which will occur prior to Closing.

“Control Person” means any Person that holds or is one of a combination of Persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“Closing” means the closing of the Transactions.

“Closing Date” means the date on which Avalon completes the acquisition of the Elmtree Gold Project and the Concurrent Financing pursuant to the Acquisition Agreement.

“Elmtree Gold Project” means two adjacent mineral exploration properties respectively comprised of 24 and 25 contiguous mineral claims totaling 1,063.326 hectares in northeast New Brunswick, as further described in the Technical Report.

“Escrow Shares” means the Value Escrow Shares.

“Exchange” means the TSX Venture Exchange Inc.

“Listing Application” means this listing application as it may be amended, restated or supplemented from time to time and includes all schedules attached hereto.

“Finder's Fee Agreement” means the finder's fee agreement dated November 18, 2020 between Avalon and Redstone Concepts Inc. (the **“Finder”**) relating to the finder's fee in the amount of \$100,000 owing to be settled by issuance of 200,000 common shares of Property Sub at a price of \$0.50 per common share prior to Closing, and such shares shall be exchanged on closing on a 1-for-1 basis for 200,000 Common Shares of Avalon (on a post-Consolidation basis).

“Final Exchange Bulletin” means the Exchange Bulletin which is issued following closing of the Transaction and the submission of all Post-Approval Documents which evidences the final Exchange acceptance of the Transaction.

“FinSub” means the wholly owned subsidiary of Avalon which will issue securities under the Bridge Financing and the Concurrent Financing and will then amalgamate with Property Sub in a three-cornered amalgamation with Avalon under the Amalgamation in conjunction with the acquisition of the Elmtree Gold Project.

“FinSub Concurrent Units” means one common share and one common share purchase warrant of FinSub (each whole warrant, a **“FinSub Concurrent Warrant”**) wherein each FinSub Concurrent Warrant entitles the holder to acquire one common share of FinSub at an exercise price of \$0.75 for a period of 24 months from the date of issuance, and the FinSub Concurrent Units shall be exchanged immediately prior to Closing pursuant to the Amalgamation, on a post-Consolidation one-for-one basis for like securities of the Resulting Issuer.

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

“Maximum Concurrent Financing” means the minimum Concurrent Financing raising aggregate gross proceeds of a minimum of \$7,000,000.

“Minimum Concurrent Financing” means the Maximum Concurrent Financing raising aggregate gross proceeds of a minimum of \$2,500,000.

“Name Change” means a name change of the Company which may occur following closing of the Transactions to a name acceptable to the applicable regulatory authorities, as determined by the Board.

“NEX” means the NEX Board of the TSXV.

“NI 43-101” means National Instrument 43-101—*Standards of Disclosure for Mineral Projects*.

“Non-Arm’s Length Party” means in relation to a company, a promoter, officer, director, other insider or Control Person of that company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, insider or Control Person.

“Person” means a company or an individual.

“Principal” means, in respect of an issuer:

- (a) a Person who acted as a promoter of the issuer within the last two years before the Final Exchange Bulletin;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the Final Exchange Bulletin;
- (c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the Final Exchange Bulletin; and
- (d) a 10% holder – a Person that:
 - (i) holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the Final Exchange Bulletin; and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

“Property Acquisition” means the acquisition by Prosub of the Elmtree Gold Project pursuant to the Acquisition Agreement and the Transactions.

“Property Sub” means a wholly-owned subsidiary of Avalon incorporated under the Provincial laws of British Columbia pursuant to the BCBCA which shall acquire the Property under the Property Acquisition.

“Related Party Transaction” has the meaning ascribed to such term in TSXV Policy 5.9, and includes a related party transaction that is determined by the TSXV to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non Arms Length Parties, or other circumstances exist which may compromise the independence of the issuer with respect to the transaction.

“Resulting Issuer” means the issuer existing on the Completion Date. In this Listing Application the Resulting Issuer will be Avalon following completion of the Transactions and Concurrent Financing and issuance of the Final Exchange Bulletin.

“Resulting Issuer Shares” means the Common Shares of the Resulting Issuer.

“Reverse Takeover” means a transaction or series of transactions, involving acquisition by the issuer or of the issuer, and a securities issuance by an issuer that results in:

- (a) new shareholders holding more than 50% of the outstanding voting securities of the issuer, and
- (b) a Change of Control of the issuer. The Exchange may deem a transaction to have resulted in a Change of Control by aggregating the shares of a vendor group and/or incoming management group,

but does not include any transaction or series of transactions whereby the newly issued securities are to be issued to security holders of an issuer listed on the TSX or another senior exchange under a formal takeover bid made pursuant to applicable securities laws.

A transaction or series of transactions may include an acquisition of a business or assets, an amalgamation, arrangement or other reorganization.

Any securities issued pursuant to a private placement effected concurrently, contingent upon, or otherwise linked to a transaction or series of transactions, may be used in order to determine whether a transaction or series of transactions satisfies (a) and/or (b), above.

“**SEDAR**” means System for Electronic Document Analysis and Retrieval which is located at the website, www.sedar.com.

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by Avalon, together with any other concurrent transactions, would result in Avalon meeting the initial listing requirements of the Exchange.

“**Sponsor**” has the meaning specified in TSXV Policy 2.2.

“**Sponsorship Policy**” means Exchange *Policy 2.2 – Sponsorship and Sponsorship Requirements*.

“**Stock Option Plan**” means the 5% rolling stock option plan of Avalon.

“**Stock Options**” means stock options granted from time to time pursuant to the Stock Option Plan.

“**Target Assets**” means the Elmtree Gold Project being acquired by Avalon pursuant to the Acquisition Agreement in connection with the Transactions constituting a Reverse Takeover.

“**Technical Report**” means the geological technical report dated effective February 25, 2021 prepared by Roy Eccles, M.Sc., P.Geol. of Apex Geoscience Ltd. and Stefan Kruse, Ph.D., P.Geo. of Terrane Geoscience Inc. on the Elmtree Gold Project in accordance with NI 43-101.

“**Termination Letter**” means the letter agreement between Avalon and Leede Jones Gable Inc. (“**Leede**”) dated November 12, 2020 wherein Leede agreed to the termination of an exclusive agency engagement with Avalon in consideration for Avalon issuing 100,000 Termination Warrants to Leede.

“**Termination Warrant**” means one whole common share purchase warrant entitling the holder to purchase one additional Common Share at a post-Consolidation price of \$0.50 at any time on or before 5:00 pm (Vancouver Time) on the date that is on or before November 18, 2022.

“**Transactions**” means the transactions set forth in the Acquisition Agreement and which, together with the Concurrent Financing, will constitute a Reverse Takeover of Avalon.

“**TSXV**” means the TSX Venture Exchange Inc.

“**TSXV Approval**” means the conditional approval of the TSXV for the Transactions.

“**TSXV Listing**” means the listing of the Resulting Issuer Shares on the TSXV.

“**TSXV Policy 1.1**” means the TSXV Policy 1.1--*Interpretation*.

“**TSXV Policy 2.2**” means TSXV Policy 2.2—*Sponsorship and Sponsorship Requirements*.

“**TSXV Policy 5.2**” means TSXV Policy 5.2—*Changes of Business and Reverse Takeovers*.

“**Value Escrow Agreement**” means the agreement to be entered into before closing among the Resulting Issuer, AST Trust Company (Canada) and Value Escrow Security Holders.

“**Value Escrow Security Holders**” means the holders of the Value Escrow Shares.

“Value Escrow Shares” means the Common Shares to be held in escrow pursuant to the Value Escrow Agreement.

“Vendors” means the beneficial owners of the Target Assets, Kevin Vienneau, Roy Bonell, Nicholas Stajduhar, and John Williamson.

“Warrant” means one whole common share purchase warrant entitling the holder to purchase one additional Common Share at a price of \$0.75 at any time on or before 5:00 pm (Vancouver Time) on the date that is two years from the date of issuance of the Concurrent Warrant or 12 months from the date of a Bridge Warrant, as the case may be.

“Warrant Share” means the Common Share issuable upon exercise of a Warrant.

Words importing the singular, where the context requires, include the plural and vice versa, and words importing and gender include all genders.

In this Listing Application, references to "\$" are to the lawful currency of Canada, unless otherwise stated, and references to "US\$" are to the lawful currency of the United States of America.

GLOSSARY OR TECHNICAL TERMS

The following is a glossary of certain technical terms used in this Listing Application with respect to mineral projects:

Ag	silver
Au	gold
cm	centimetre
Cu	copper
°C	degrees Celsius
g	gram
ha	hectare
kg	kilogram
km	kilometre
lb	pound
m	metre
Ma	million years ago
mm	millimetre
Ni	nickel
oz	ounce
ppb	parts per billion
ppm	parts per million
QA	quality assurance
QC	quality control
t	tonne

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Listing Application contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. Forward-looking information is provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such forward-looking information may not be appropriate for other purposes. Forward-looking includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "*pro forma*", "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely", "goals", "milestones", or negative versions thereof, as applicable, and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would", and "could".

Forward-looking information in this Listing Application includes, but is not limited to, statements relating to:

- statements related to the completion of the Transactions and the events related thereto and contingent thereon;
- information with respect to the future financial and operating performance of Avalon or the Resulting Issuer, as applicable, and that of their Affiliates and subsidiaries;
- the proposed use of funds available to the Resulting Issuer;
- future exploration and development activities, and the costs and timing of those activities, and certain other information in respect of the Elmtree Gold Project;
- timing and receipt of approvals, consents and permits under applicable legislation;
- assessments regarding potential environmental liabilities and regulatory issues;
- results of future mineral exploration;
- metal prices;
- adequacy of financial resources;
- the proposed composition of the management of the Resulting Issuer and expected executive compensation; and
- escrow and resale restrictions that will be applicable to the securities of the Resulting Issuer.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is provided or made, but which may prove to be incorrect. Avalon believes that the assumptions and expectations reflected in such forward-looking information are reasonable. Assumptions have been made regarding, among other things: the ability of the Resulting Issuer to carry on exploration and development activities, the timely receipt of required approvals, the price of metals, the ability of Avalon or the Resulting Issuer, as applicable, to operate in a safe, efficient and effective manner, and the ability of Avalon or the Resulting Issuer, as applicable, to obtain financing as and when required and on reasonable terms, and general market conditions. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond the control of Avalon or the Resulting Issuer, as applicable, affect operations, business, financial condition, performance and results of Avalon or the Resulting Issuer, as applicable, that may be expressed or implied by such forward-looking information and could cause actual results differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors, many of which are beyond the control of Avalon or the Resulting Issuer, as applicable, that could influence actual results include, but are not limited to: substantial capital requirements and liquidity; limited operating history; speculative nature of activities; fluctuating minerals and metals prices; competition; conflicts of interest; uninsurable risks; exploration and mining risks; title risks; litigation; health and safety risks; dividends; price volatility; limited market for securities; general economic conditions; governmental relations; environmental risks; development and operating risks; reliance on a single property; reliance on management and dependence on key personnel; risks related to the conditions precedent to the closing of the Transactions; and other factors beyond the control of Avalon or the Resulting Issuer, as applicable. For a more detailed discussion of certain of these risk factors, see the section entitled, "*Risk Factors*" in this Listing Application.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking information. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of Avalon or the Resulting Issuer, as applicable, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking information. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information. Although the forward-looking information contained in this Listing Application is based upon what management of Avalon currently believes to be reasonable assumptions, actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits will be derived therefrom. This forward-looking information is given as of the date of this Listing Application and, other than as specifically required by applicable law, Avalon does not assume any obligation to update or revise any forward-looking to reflect events or circumstances after the date on which such forward-looking information is given, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Note to U.S. Shareholders

The information in this Listing Application has been produced by a Canadian issuer in accordance with Canadian corporate and securities laws. Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Listing Application has not been filed with or approved by the United States Securities and Exchange Commission (the "SEC") or the securities regulatory authority of any state within the United States. Likewise, information concerning Avalon, the Elmtree Gold Project, and the Resulting Issuer has been prepared in accordance with Canadian standards and may not be comparable to similar information for issuers organized in the United States.

The financial statements of Avalon and the *pro forma* consolidated financial statements of the Resulting Issuer included in this Listing Application have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board, and are subject to Canadian auditing and auditor independence standards, and this may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles.

Cautionary Note to Investors Concerning Estimates of Historical Resources

Information concerning the properties and operations of Avalon, the Elmtree Gold Project and the Resulting Issuer, which is contained herein and in certain publicly available disclosure filed on SEDAR (including the Technical Report) by Avalon and the Resulting Issuer, uses terms that comply with reporting standards in Canada. In particular, certain estimates of mineralized material are made in accordance with Canadian National Instrument 43-101—*Standards of Disclosure for Mineral Projects* ("**NI 43-101**") of the Canadian Securities Administrators under guidelines set out in the CIM Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Unless otherwise indicated, all reserve and resource estimates referred to or contained in this Listing Application and the Technical Report have been prepared in accordance with NI 43-101. **These NI 43-101 standards differ significantly from the requirements of the SEC, and such resource information may not be comparable to similar information disclosed by U.S. companies.** For example, while the terms "historical", "mineral resource", "measured Resource", "indicated resource", and "inferred resource" are recognized and required by Canadian regulations, they are not recognized by the SEC. It cannot be assumed that any part of the mineral deposits in these categories will ever be upgraded to a higher category. These terms have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. In particular, it cannot be assumed that any part of a historical or an inferred resource exists. In accordance with Canadian rules, estimates of "inferred resources" cannot form the basis of feasibility or pre-feasibility studies. In addition, under the requirements of the SEC, mineralization may not be classified as "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Finally, disclosure of contained ounces is permitted disclosure under Canadian regulations, however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. **Investors are cautioned not to assume that all or any part of historical, inferred or indicated resources will ever be converted into reserves and will become upgraded into an economically or legally minable deposit. The author of the Technical Report has not sufficient work to classify the historic estimates in the Technical Report as current mineral resources under current mineral resource or mineral reserve terminology and are not treating the historic estimates as current mineral resources. The historical estimates in the Technical Report should not be relied upon.**

SUMMARY OF LISTING APPLICATION

The following is a summary of the information relating to Avalon, the Elmtree Gold Project and the Resulting Issuer (assuming completion of the Transaction) and should be read together with more detailed information and financial data and statements contained elsewhere in this Listing Application.

*This Listing Application is dated February 25, 2021 (the “**Listing Application**”). All information contained in this Listing Application is as at February 25, 2021 unless otherwise specified.*

Avalon Works Corp.

Avalon is a company that exists under the federal laws of Canada and was incorporated on April 6, 2000 under the *Business Corporations Act* (Canada) as a capital pool company, as such term is defined in TSXV Policy 1.1. Avalon completed its qualifying transaction (as such term is defined in TSXV Policy 1.1) in a Reverse Takeover transaction on May 1, 2001 wherein it acquired all the issued and outstanding shares in the capital of Danek Associates Inc., which was an e-business facilitator providing electronic service delivery solutions to public and private sectors.

Avalon terminated its business operations on December 21, 2007. Since 2007, Avalon has ceased all active business operations and on July 31, 2009, Avalon's securities were delisted from the TSXV and are not currently trading on any securities exchange. On November 9, 2018, Avalon obtained its certificate of revival and its cease trade orders were revoked on September 24, 2019. Avalon currently has no active business or subsidiaries, but remains a reporting issuer in British Columbia, Alberta and Ontario. All of the issued and outstanding common shares of Avalon were consolidated on a 100-to-1 basis on August 4, 2020.

Avalon is domiciled in Canada, and its administrative and registered office address is located at Suite 100, 237 Argyle Avenue, Ottawa, Ontario, Canada, K2P 1B8.

See section entitled "*Corporate Structure*" and "*Description of the Business*" in this Listing Application for more information.

Reasons for the Property Acquisition

Avalon has been inactive for more than two years after it ceased all active business operations in 2007. After a thorough evaluation of the existing operations of Avalon and a review of strategic options for Avalon, generally, the board of directors of Avalon has determined that it is in the best interests of Avalon and its shareholders for Avalon to apply for listing as a "Tier 2 Mining Issuer" in accordance with the policies of the TSXV in connection with the acquisition of the Elmtree Gold Project.

Accordingly, the board of directors of Avalon proposes that Avalon complete the Transactions apply for listing on the TSXV in accordance with TSXV Policy 2.3.

The Property Acquisition will enable shareholders of the Resulting Issuer to participate in a company whose primary business is the exploration and development of the Elmtree Gold Project and managed by directors and officers who have experience in the mining industry or related capital markets.

Elmtree Gold Project

The Elmtree Gold Project consists of two adjacent gold mineral exploration properties defined as Tenure Block 7950 (520.934 ha) and Tenure Block 9419 (542.392 ha), respectively comprised of 24 and 25 contiguous mineral claims covering a combined area of 1,063.326 hectares in northeast New Brunswick.

The Elmtree Gold Project is approximately 20 km northwest of the City of Bathurst, New Brunswick and 10 km west of the village of Petit Rocher, New Brunswick and lies within the Canadian local service district of the Parish of Beresford in Gloucester County, New Brunswick. The Elmtree Gold Project is in National Topographic System Map Sheet 21P/13W within North American Datum 83, UTM Zone 20; or in UTM N83 Z20 coordinates, the center of the Elmtree Gold Project is: 286475 m Easting and 5296035 m Northing.

See section entitled, "*Additional Information – Mining Applicants*" in this Listing Application for more information.

The Transactions

The Transactions were agreed upon by Avalon and the Vendors pursuant to the Acquisition Agreement, and consists of the Bridge Financing, Consolidation, Concurrent Financing, Property Acquisition and Amalgamation.

Consolidation and Bridge Financing

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, prior to the Concurrent Financing and Property Acquisition, Avalon must complete (i) a Bridge Financing of up to \$150,000 by way of a non-brokered private placement offering of 400,000 Bridge Units at a post-Consolidation price of \$0.375 per Bridge Unit; and (ii) the Consolidation consolidating all of its issued and outstanding securities on the basis of 4.9362-to-1. The Consolidation is expected to be completed on February 25, 2021 immediately prior to the completion of the Concurrent Financing and Property Acquisition, which are expected to close on February 26, 2021. Each Bridge Special Warrant will entitle the holder thereof automatically upon completion of the Consolidation and concurrent with the Acquisition on a post-Consolidation basis, one FinSub Bridge Unit. Holders of the Fin Sub Bridge Units will exchange their securities of Fin Sub for like securities of Avalon on a one-for-one post-Consolidation basis under the Amalgamation.

Concurrent Financing

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, after completion of the Bridge Financing and Consolidation, and concurrently with completion of the Property Acquisition, Avalon will complete a non-brokered private placement of Concurrent Special Warrants at a price of \$0.50 per Concurrent Special Warrant to raise total gross aggregate proceeds of a minimum of \$2,500,000 to a maximum of \$7,000,000 through the issuance of a minimum of 5,000,000 Concurrent Special Warrants to a maximum of 14,000,000 Concurrent Special Warrants. Each Concurrent Special Warrant will entitle the holder thereof automatically upon completion of the Consolidation and concurrent with the Acquisition on a post-Consolidation basis, one FinSub Concurrent Unit. Holders of the Fin Sub Concurrent Units will exchange their securities of Fin Sub for like securities of Avalon on a one-for-one post-Consolidation basis under the Amalgamation. Avalon may also complete up to \$3,000,000 of the Concurrent Financing by way of a Flow Through Financing private placement of common shares of the Company as "flow through shares" as defined in the *Income Tax Act* (Canada) at a price of \$0.55 per share.

In connection with the Concurrent Financing, Avalon will pay commissions to Persons eligible under applicable securities laws and in accordance with applicable the policies of the TSXV of up to 8% cash on the gross proceeds and the number of Brokers Warrants equal to 8% of the number of FinSub Units issued pursuant to the Concurrent Financing. In conjunction with the Concurrent Financing and Property Acquisition, FinSub will amalgamate with Property Sub under the Amalgamation and both the FinSub Bridge Units issued under the Bridge Financing and the FinSub Units issued under the Concurrent Financing will be exchanged for securities on a one-for-one basis with like securities of Avalon on a post-Consolidation basis, which securities of Avalon will not be subject to resale restrictions under applicable securities laws.

The Property Acquisition

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, after completion of the Consolidation and Bridge Financing, Avalon, through its wholly owned subsidiary, Property Sub, will acquire 100% right, title and ownership of the Elmtree Gold Project by paying to the Vendors:

- (a) \$350,000 in cash to Kevin Vienneau or his corporate nominee;
- (b) 14,000,000 Common Shares (the "**Purchase Shares**") to be issued at a deemed price of \$0.50 per Common Share as follows:
 - (i) 2,400,000 Common Shares to Kevin Vienneau or his corporate nominee; and
 - (ii) 3,866,666 Common Shares to each of Roy Bonnell, Nicholas Stajduar, and John Williamson, or their respective corporate nominees.

In addition, on closing of the Property Acquisition:

- (c) the Resulting Issuer shall grant to Kevin Vienneau, or his corporate nominee, a 2% net smelter returns royalty in respect of the Elmtree Gold Project; and

- (d) a finder's fee in the amount of \$100,000 shall be paid to the Finder pursuant to the Finder's Fee Agreement in accordance with the policies of the TSXV, by issuance of 200,000 Common Shares (the "**Finder's Shares**") to the Finder at a deemed price of \$0.50 per Common Share.

The Purchase Shares are not expected to be subject to hold period following the issuance thereof pursuant to applicable securities laws and the policies of the TSXV but are expected to be subject to Value Escrow pursuant to the policies of the TSXV. The Finder's Shares will not be subject to resale restrictions under applicable securities laws.

Amalgamation

In connection with completion of the Transactions and pursuant to the Acquisition Agreement, Avalon will, immediately after completion of the Consolidation and as part of the Acquisition, complete a three-cornered amalgamation with FinSub and Property Sub, whereby: (i) Fin Sub and Property Sub will amalgamate; (ii) the shareholders of Property Sub, other than Avalon, will receive common shares of Avalon on a one-for-one basis in exchange for their common shares of Property Sub; and (iii) the Bridge Special Warrants and Concurrent Special Warrants will be automatically exercised and the security holders of Fin Sub, other than Avalon, will receive like securities of Avalon in exchange for their securities of Fin Sub on a one-for-one basis. As a consequence of the Amalgamation, FinSub and Property Sub will amalgamate under the *Business Corporations Act (British Columbia)* into Amalco as a wholly owned subsidiary of Avalon as the Resulting Issuer and Amalco shall own the Elmtree Gold Project.

Interests of Insiders, Promoters and Control Persons

No Insider, promoter or Control Person of Avalon and no Associates and Affiliates, before and after giving effect to the Transactions, has any interest in the Transactions other than that which arises from their holding of Common Shares as set out in "*Directors and Executive Officers*".

Arm's Length Transaction

The Transactions are Arm's Length Transactions.

Directors and Management

The management of Avalon presently consists of Michael Clemann as President, Chief Executive Officer, Chief Financial Officer and a director. The board of directors of Avalon presently consists of Michael Clemann, Andrew O'Neil, Sabrina Lesage, and Eric Latremouille. It is expected that upon completion of the Transactions, the current management and directors will resign upon the appointment of new management and directors of the Resulting Issuer. On Closing, the new management of the Resulting Issuer will consist of John Williamson as President and Chief Executive Officer, and Justin Bourassa as Chief Financial Officer and Corporate Secretary; and the board of directors of the Resulting Issuer will consist of John Williamson, Roy Bonnell, Nicholas Stajduhar, and Kevin Vienneau. See section entitled "*Directors and Officers*" in this Listing Application.

Approval of Directors

The directors of Avalon have reviewed and approved the terms and conditions of the Transactions and has concluded they are fair and reasonable and are in the best interests of Avalon and the shareholders of Avalon.

Shareholder Approval

Avalon has sought and obtained written approval for the Consolidation and the creation of a new Control Person pursuant to the Transactions by its controlling shareholders who holds more than 75% of the issued and outstanding Common Shares of Avalon. In addition, Avalon is seeking approval by its shareholders for a consolidation of up to 10-to-1, as determined by the board of directors of Avalon which will provide the authorization for the directors to approve the Consolidation on a 4.9362-to-1 basis on Closing.

Use of Available Funds

As of January 31, 2021, and after giving effect to the Transactions, Avalon expects that the Resulting Issuer will have an estimated working capital of approximately \$1,878,946 assuming completion of the minimum \$2,500,000 Concurrent Financing or \$6,018,946 assuming completion of the maximum \$7,000,000 Concurrent Financing. Avalon expects that the Resulting Issuer will use the funds as follows:

Use of Funds	Amount (\$) Assuming \$2,500,000 Minimum Concurrent Financing	Amount (\$) Assuming \$7,000,000 Maximum Concurrent Financing
Elmtree Gold Project – Phase 1 Recommended Work Program (plus 10% contingency)	\$665,500*	\$896,500*
Elmtree Gold Project purchase cash payment	\$350,000	\$350,000
Additional exploration for Phase 2 of Recommended Work Program (following successful completion of Phase 1)	nil	\$2,750,000*
12 months general and administrative	\$445,000	\$445,000
Unallocated and additional working capital	\$100,000	\$100,000
Additional working capital and other contingencies	\$318,446	\$1,477,446
Totals:	\$1,878,946	\$6,018,946

*Phase 1 and Phase 2 of the Recommended Work Program (including a 10% contingency) as stated in the Technical Report equals \$3,415,500 (\$665,500 for Phase 1 and \$2,750,000 for Phase 2).

Avalon believes that the Resulting Issuer's working capital will be sufficient to fund the planned operations of the Resulting Issuer for at least the next 12 month after completion of the Transactions, including funding for at least Phase 1 of the recommended work program contained in the current Technical Report.

Pending utilization of the available funds, the Resulting Issuer intends to invest the funds in short term, interest bearing instruments.

Avalon expects that the Resulting Issuer will use the available funds as indicated above. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. In addition, Avalon currently has negative operating cash flows and it is expected that a portion of the available funds may be used to fund such negative operating cash flows.

See section entitled, "*Financings* " in this Listing Application for more information.

Selected *Pro Forma* Consolidated Financial Information

The following table sets out certain consolidated financial information as at November 30, 2020. The information is derived from the unaudited interim financial statements of Avalon as at November 30, 2020 and the pro-forma financial statements of the Resulting Issuer as at November 30, 2020 and should be read in conjunction with such statements:

	Avalon November 30, 2020 (unaudited)	Pro Forma Adjustments ⁽¹⁾ (For Minimum and Maximum Concurrent Financing)		Resulting Issuer Pro Forma (For Minimum and Maximum Concurrent Financing)	
	(\$)	Minimum (\$)	Maximum (\$)	Minimum (\$)	Maximum (\$)
Working Capital (Deficit)	(15,586)	1,894,532	6,034,532	1,878,946	6,018,946
Current Assets	29,364	1,850,000	5,990,000	1,879,364	6,019,364
Total Assets	29,364	9,300,000	13,440,000	9,329,364	13,469,364
Current Liabilities	44,950	44,532	44,532	418	418
Total Liabilities	44,950	44,532	44,532	418	418
Shareholders' Equity (Deficit)	(15,586)	9,344,532	13,484,532	9,328,946	13,468,946

Note:

(1) See notes to the *pro forma* financial statements of the Resulting Issuer included as Schedule "C" of this Listing Application for details of the assumptions relied upon for these adjustments.

TSXV Listing

The Common Shares of Avalon are not currently listed on any stock exchange but were formerly listed on the TSXV under the trading symbol, "AWB" and were delisted on July 31, 2009. By filing this Listing Application, Avalon seeks to apply for listing of its Common Shares of the Resulting Issuer on the TSXV following completion of the Transactions, with the Resulting Issuer becoming a Tier 2 "Mining Issuer pursuant to the policies of the TSXV. The TSXV has reserved the ticker symbol "AWB" for the Common Shares of the Resulting Issuer for trading on the TSXV upon completion of the Transactions.

Market for Securities

The Common Shares of Avalon are not currently listed on any stock exchange and there is presently no market for its securities. The last trade of the Common Shares occurred prior to its delisting on July 31, 2009. See "*Corporate Structure*".

Sponsorship

Avalon is applying for an exemption to the requirement to engage a Sponsor (as defined in TSXV Policy 1.1), pursuant to TSXV Policy 2.2.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the CBCA to act at all times in good faith and the best interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. Conflicts, if any, will be subject to the procedures and remedies prescribed by the CBCA, the TSXV, and applicable securities laws, regulations and policies. As of the date of this Listing Application, to the best of its knowledge, Avalon is not aware of the existence of any conflicts of interest between Avalon or the proposed directors and officers of the Resulting Issuer, other than as set out herein.

Interests of Experts

To the best of Avalon's knowledge, no direct or indirect interest is held or will be received by any expert. See section entitled, "*Experts*" in this Listing Application for more information.

Risk Factors

An investment in Avalon or the Resulting Issuer immediately prior to, concurrent with, or following completion of the Transactions involves a substantial degree of risk and should be regarded as highly speculative due to the nature of Avalon and the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of Avalon and the Resulting Issuer, that could influence actual results include, but are not limited to risks relating to: fluctuating mineral prices; competition; conflicts of interest; uninsurable risks; exploration and mining risks; title risks; litigation; health and safety risks; dividends; price volatility; limited market for securities; general economic conditions; governmental regulations; environmental risks; development and operating risks; reliance on a single property; reliance on management and dependence on key personnel; risks related to conditions precedent to closing the Transactions; and other factors beyond the control of Avalon or the Resulting Issuer, as applicable. For a detailed description of certain risk factors relating to the Transactions and ownership of Common Shares of the Resulting Issuer, which should be carefully considered before making an investment decision, see the section entitled, "*Risk Factors*" in this Listing Application.

Conditional Approval

Avalon has applied to the Exchange for and has received conditional approval of the Transactions, subject to Avalon fulfilling all of the requirements of the Exchange in its conditional approval.

CORPORATE STRUCTURE

Name, Address and Incorporation

Avalon is a company existing under the CBCA. Avalon was incorporated on April 6, 2000 under the *Business Corporations Act* (Canada) as a capital pool company, as such term is defined in TSXV Policy 1.1 and completed its qualifying transaction (as such term is defined in TSXV Policy 1.1) in May 1, 2001 wherein it acquired all the issued and outstanding shares in the capital of a company called Danek Associates Inc., which was an e-business facilitator providing electronic service delivery solutions to public and private sectors.

Avalon terminated its business operations on December 21, 2007. Since 2007, Avalon has ceased all active business operations and on July 31, 2009, Avalon's securities were delisted from the TSXV and are not currently trading on any securities exchange. On November 9, 2018, Avalon obtained its certificate of revival and its cease trade orders were revoked on September 24, 2019. Avalon currently has no active business or subsidiaries, but remains a reporting issuer in British Columbia, Alberta and Ontario.

Avalon is domiciled in Canada and its administrative and registered office is located at Suite 100, 237 Argyle Avenue, Ottawa, Ontario, Canada, K2P 1B8. All relevant contact information for Avalon is available on SEDAR at www.sedar.com under Avalon's profile.

The Common Shares of Avalon are not listed any stock exchange as its Common Shares were de-listed from the TSXV on July 31, 2009. Since then, the Common Shares of Avalon have not publicly traded. All of the issued and outstanding common shares of Avalon were consolidated on a 100-to-1 basis on August 4, 2020.

It is expected that following the Closing, Avalon will carry on the business as the Resulting Issuer. Following the completion of the TSXV Listing, it is expected that the Common Shares of the Resulting Issuer will trade on the TSXV under the ticker symbol, "AWB".

The head office of the Resulting Issuer will be located at Suite 300, 10545 45 Avenue NW, Edmonton, Alberta, T6H 4M9. The registered and records office of the Resulting Issuer will be located at Suite 700, 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

Intercorporate Relationships

Avalon presently has no subsidiaries, but pursuant to the Transactions as agreed upon under the Acquisition Agreement it intends to incorporate FinSub and Property Sub as two separate wholly-owned subsidiaries of Avalon incorporated under the *Business Corporations Act* (British Columbia). The Transactions are described in further detail, below.

The Transactions - Overview

Avalon has been inactive for more than two years after it ceased its business activities on December 21, 2007 and its Common Shares were delisted from the TSXV. On November 9, 2018, Avalon obtained its certificate of revival and its cease trade orders were revoked on September 24, 2019. Avalon currently has no active business or subsidiaries, but remains a reporting issuer in British Columbia, Alberta and Ontario.

After a thorough evaluation of the existing operations of Avalon and a review of strategic options for Avalon, generally, the board of directors of Avalon has determined that it is in the best interests of Avalon and the shareholders of Avalon for Avalon to apply for listing of its Common Shares on the TSXV as "Tier 2 Mining Issuer" in accordance with the policies of the TSXV in connection with the acquisition of the Elmtree Gold Project.

Accordingly, the board of directors of Avalon proposes that Avalon complete the Transactions in accordance with the policies of the TSXV to reflect the new direction for the business of Avalon.

In connection with the Property Acquisition, the Transactions were agreed upon by Avalon and the Vendors pursuant to the Acquisition Agreement, and consists of the Bridge Financing and Consolidation, followed by the Property Acquisition, Concurrent Financing and Amalgamation.

The Property Acquisition will enable shareholders of the Resulting Issuer to participate in a company whose primary business is the exploration and development of the Elmtree Gold Project and managed by directors and officers who have experience in the mining industry or related capital markets.

Bridge Financing and Consolidation

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, prior to the Concurrent Financing and Property Acquisition, Avalon must complete (i) a Bridge Financing of up to \$150,000 by way of a non-brokered private placement offering of 400,000 Bridge Units at a post-Consolidation price of \$0.375 per Bridge Unit; and (ii) the Consolidation consolidating all of its issued and outstanding securities on the basis of 4.9362-to-1. The Consolidation is expected to be completed on February 25, 2021 immediately prior to the completion of the Concurrent Financing and Property Acquisition, which are expected to close on February 26, 2021. Each Bridge Special Warrant will entitle the holder thereof automatically upon completion of the Consolidation and concurrent with the Acquisition on a post-Consolidation basis, one FinSub Bridge Unit. Holders of the Fin Sub Bridge Units will exchange their securities of Fin Sub for like securities of Avalon on a one-for-one post-Consolidation basis under the Amalgamation.

Concurrent Financing

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, after completion of the Bridge Financing and Consolidation, and concurrently with completion of the Property Acquisition, Avalon will complete a non-brokered private placement of Concurrent Special Warrants at a price of \$0.50 per Concurrent Special Warrant to raise total gross aggregate proceeds of a minimum of \$2,500,000 to a maximum of \$7,000,000 through the issuance of a minimum of 5,000,000 Concurrent Special Warrants to a maximum of 14,000,000 Concurrent Special Warrants. Each Concurrent Special Warrant will entitle the holder thereof automatically upon completion of the Consolidation and concurrent with the Acquisition on a post-Consolidation basis, one FinSub Concurrent Unit. Holders of the Fin Sub Concurrent Units will exchange their securities of Fin Sub for like securities of Avalon on a one-for-one post-Consolidation basis under the Amalgamation. Avalon may also complete up to \$3,000,000 of the Concurrent Financing by way of a Flow Through Financing private placement of common shares of the Company as "flow through shares" as defined in the *Income Tax Act* (Canada) at a price of \$0.55 per share.

In connection with the Concurrent Financing, Avalon will pay commissions to Persons eligible under applicable securities laws and in accordance with applicable the policies of the TSXV of up to 8% cash on the gross proceeds and the number of Brokers Warrants equal to 8% of the number of FinSub Units issued pursuant to the Concurrent Financing. In conjunction with the Concurrent Financing and Property Acquisition, FinSub will amalgamate with Property Sub under the Amalgamation and both the FinSub Bridge Units issued under the Bridge Financing and the FinSub Units issued under the Concurrent Financing will be exchanged for securities on a one-for-one basis with like securities of Avalon on a post-Consolidation basis, which securities of Avalon will not be subject to resale restrictions under applicable securities laws.

The Property Acquisition

The Acquisition Agreement

Purchase of and Payment for Acquisition of the Elmtree Gold Project

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, after completion of the Consolidation and Bridge Financing, Avalon, through its wholly owned subsidiary, Property Sub, will acquire 100% right, title and ownership of the Elmtree Gold Project by paying to the Vendors:

- (a) \$350,000 in cash to Kevin Vienneau or his corporate nominee;
- (b) 14,000,000 Common Shares (the "**Purchase Shares**") to be issued at a deemed price of \$0.50 per Common Share as follows:
 - (i) 2,400,000 Common Shares to Kevin Vienneau or his corporate nominee; and
 - (ii) 3,866,666 Common Shares to each of Roy Bonnell, Nicholas Stajduar, and John Williamson, or their respective corporate nominee.

In addition, on closing of the Property Acquisition:

- (c) the Resulting Issuer shall grant to Kevin Vienneau, or his corporate nominee, a 2% net smelter returns royalty in respect of the Elmtree Gold Project; and

- (d) a finder's fee in the amount of \$100,000 shall be paid to the Finder pursuant to the Finder's Fee Agreement in accordance with the policies of the TSXV, by issuance from Avalon of 200,000 Common Shares (the "**Finder's Shares**") to the Finder at a deemed price of \$0.50 per Common Share.

The Purchase Shares are not expected to be subject to hold period following the issuance thereof pursuant to applicable securities laws and the policies of the TSXV but are expected to be subject to Value Escrow pursuant to the policies of the TSXV. The Finder's Shares will not be subject to resale restrictions under applicable securities laws.

Conditions to Closing

As a condition to closing the completion of the Property Acquisition, it is required pursuant to the Acquisition Agreement that Avalon complete:

- (a) the Bridge Financing and the Consolidation; and
- (b) the Concurrent Financing, concurrent with the Property Acquisition, followed by the Amalgamation in connection with the Property Acquisition.

Pursuant to the Acquisition Agreement, Avalon may complete the Bridge Financing at a price of \$0.375 per Bridge Special Warrant for aggregate gross proceeds of up to \$150,000.

The parties to the Acquisition Agreement also agreed that after giving effect to the Consolidation, Amalgamation, Property Acquisition and payment of Finder's Fees, the total number of issued and outstanding Common Shares would not exceed 16,000,000 Common Shares and there would be no convertible securities outstanding other than up to 91,163 management incentive stock options exercisable at \$0.50 per share for two years, 100,000 common share purchase warrants each of which entitles the holder to acquire a common share of Avalon (on a post-Consolidation basis) at a price of \$0.50 per share until November 12, 2022, and no liabilities at Closing, other than reasonable costs and expenses incurred in the ordinary course of business expected to be no more than approximately \$25,000 and other costs and expenses incurred in the ordinary course of business in connection with the Transactions, to any other party, including shareholders, directors and officers of Avalon.

Other conditions to the Property Acquisition include:

- (a) completion of the Technical Report and filing thereof on SEDAR;
- (b) satisfactory opinion as to title to the Elmtree Gold Property, which may be included in the Technical Report, confirming 100% ownership of the Elmtree Gold Project by the Vendors;
- (c) there being no legal proceedings against the Vendors at Closing which could have a material adverse effect on the Elmtree Gold Project or the business, assets or financial conditions of the Resulting Issuer on Closing;
- (d) having receipt of all required regulatory, corporate and third party consents and approvals, including conditional approval of the TSXV, and compliance with all regulatory requirements and conditions necessary to complete the Transactions;
- (e) no material adverse change in the business, assets, financial conditions of Avalon before the Closing, and there being no legal proceeding or regulatory actions against Avalon as at Closing, other than as disclosed to the Vendors, which may have a material adverse effect on the Resulting Issuer, its business, assets or financial condition; and
- (f) no material breaches of the representations, warranties and covenants of the Acquisition Agreement.

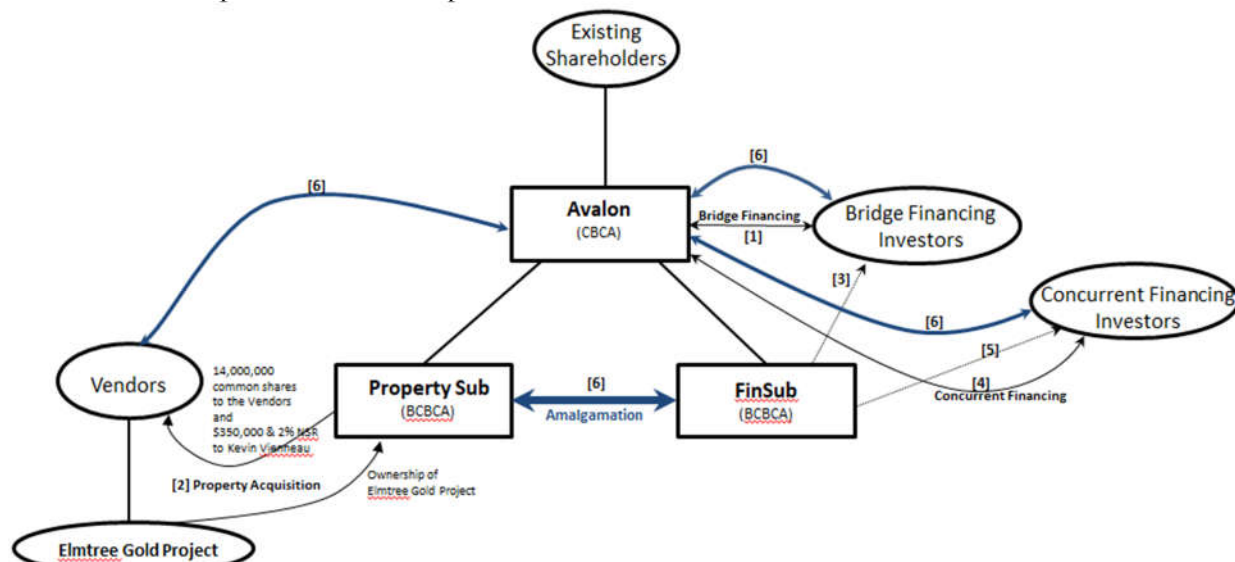
Under the Acquisition Agreement, each of the Vendors and Avalon agreed from the date thereof until the earlier of Closing or termination of the Acquisition Agreement, not to participate in activities in opposition to or competition with the Transactions or that would be in conflict with the Transactions. The parties agreed to provide each other with access to information for the purposes of their respective due diligence, and the parties agreed to continue to conduct business in a prudent business-like manner in the ordinary course of business, in a manner consistent with past practices.

Each party to the Acquisition Agreement is responsible for their own respective legal and other costs in respect of the Transactions. Avalon shall be responsible for its costs and expenses incurred with respect to the Transactions contemplated

herein, which are comprised of all legal fees and disbursements relating to the Transactions, and the TSXV filing fees. Avalon shall also be responsible for the costs and expenses of preparing the Technical Report, which shall satisfy the requirements for a Title Opinion. The parties to the Acquisition Agreement also agreed to proceed diligently and in good faith to complete the Transactions on or before February 28, 2021, unless otherwise agreed in writing by the parties.

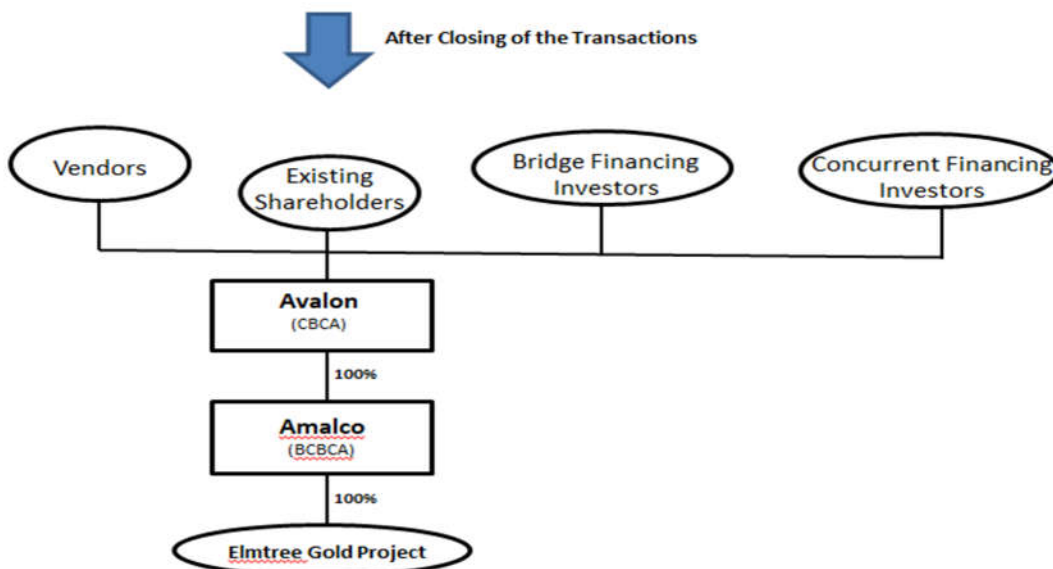
Amalgamation

In connection with completion of the Transactions and pursuant to the Acquisition Agreement, Avalon will, immediately after completion of the Consolidation and as part of the Acquisition, complete a three-cornered amalgamation with FinSub and Property Sub, whereby: (i) Fin Sub and Property Sub will amalgamate; (ii) the shareholders of Property Sub, other than Avalon, will receive common shares of Avalon on a one-for-one basis in exchange for their common shares of Property Sub; and (iii) the Bridge Special Warrants and Concurrent Special Warrants will be automatically exercised and the security holders of FinSub, other than Avalon, will receive like securities of Avalon in exchange for their securities of Fin Sub on a one-for-one basis. As a consequence of the Amalgamation, FinSub and Property Sub will amalgamate under the *Business Corporations Act (British Columbia)* into Amalco as a wholly owned subsidiary of Avalon as the Resulting Issuer and Amalco shall own the Elmtree Gold Project. The Transactions and effects of the Transactions are illustrated below to show before and after completion of the contemplated Transactions.



Notes:

1. Bridge Financing of 400,000 Bridge Special Warrants issued for \$150,000.
2. Property Acquisition occurs immediately after the Consolidation.
3. 400,000 FinSub Bridge Units on exercise of Bridge Special Warrants automatically after the Property Acquisition.
4. Concurrent Financing of min. 5,000,000 Concurrent Special Warrants to max. 14,000,000 Concurrent Special Warrants issued for min. \$2,500,000 to max. \$7,000,000 gross proceeds.
5. Min. 5,000,000 FinSub Concurrent Units to max. 14,000,000 FinSub Concurrent Units on exercise of Concurrent Special Warrants automatically after the Property Acquisition.
6. Amalgamation occurs immediately after the Property Acquisition and automatic exercise of Bridge Special Warrants and Concurrent Special Warrants and securities of Property Sub and FinSub are exchanged for like securities of Avalon on a one-for-one basis. If Avalon completes part of the Concurrent Financing (up to \$3,000,000 for up to 5,454,545 common shares of Avalon) by way of the Flow-Through Financing the common shares of Avalon issued under the Flow-Through Financing will be subject to a four month hold period under applicable securities law and the policies of the TSXV.



DESCRIPTION OF THE BUSINESS

Business of Avalon

Avalon has been inactive for more than two years after it ceased its business activities on December 21, 2007 and its Common Shares were delisted from the TSXV on July 31, 2009. Since then, the Common Shares of Avalon have not publicly traded. On November 9, 2018, Avalon obtained its certificate of revival and its cease trade orders were revoked on September 24, 2019. All of the issued and outstanding common shares of Avalon were consolidated on a 100-to-1 basis on August 4, 2020. Avalon currently has no active business or subsidiaries, but remains a reporting issuer in British Columbia, Alberta and Ontario. Avalon is seeking transactions to acquire a new business for itself.

After a thorough evaluation of the existing operations of Avalon and a review of strategic options for Avalon, generally, the board of directors of Avalon has determined that it is in the best interests of Avalon and the shareholders of Avalon for Avalon to apply for listing of its Common Shares on the TSXV as "Tier 2 Mining Issuer" in accordance with the policies of the TSXV in connection with the acquisition of the Elmtree Gold Project.

Accordingly, the board of directors of Avalon proposes that Avalon complete the Transactions in accordance with the policies of the TSXV to reflect the new direction for the business of Avalon.

In connection with the Property Acquisition, the Transactions were agreed upon by Avalon and the Vendors pursuant to the Acquisition Agreement, and consists of the Bridge Financing and Consolidation, followed by the Property Acquisition, Concurrent Financing and Amalgamation.

The Property Acquisition will enable shareholders of the Resulting Issuer to participate in a company whose primary business is the exploration and development of the Elmtree Gold Project and managed by directors and officers who have experience in the mining industry or related capital markets.

After Closing, the Resulting Issuer will be a mineral resource company engaged in the exploration, development and operation of mineral properties, with its focus on the Elmtree Gold Project. See section entitled, "*Additional Information – Mining Applicants*" in this Listing Application.

Avalon expects that the Resulting Issuer will be an exploration stage company with no producing properties and consequently no current operating income, cash flow, or revenues and will not provide any products or services to third parties. There is no assurance that a commercially viable mineral deposit exists at the Elmtree Gold Project.

History

Over the last two completed financial years and during the period since then, Avalon has sought to reposition itself financially to be in a better position to acquire a new business, as outlined below.

In 2019, Avalon closed a non-brokered private placement for aggregate gross proceed of \$125,000 On March 27 2019 and \$80,000 on June 17, 2019, both at a price of \$0.05 per share (on a post-First Consolidation basis), which is also \$0.247 per share on a subsequent post-Consolidation basis.

On August 4, 2020, Avalon consolidated all of its then issued and outstanding common shares on a 100-to-1 basis (the "**First Consolidation**").

On September 1, 2020, Avalon issued 4,087,750 common shares as payment in kind to pay invoices in the amount of \$204,387.50 (then due to related parties) at a price of \$0.05 per share (\$0.247 per share post-Consolidation). This issuance of shares for debt due to related parties was approved in a special resolution of disinterested shareholders at a shareholders meeting held on December 23, 2019.

On September 30, 2020 and November 1, 2020, Avalon completed a private placement issuing convertible debentures (the "**Debentures**") in the total aggregate amounts of \$25,000 (September 30, 2020) and \$50,000 (November 1, 2020) bearing interest at 10% per year with a maturity date of August 31, 2021.

On November 12, 2020, Avalon entered into the Termination Letter with Leede Jones Gable Inc. ("**Leede**") to terminate an exclusive agency agreement dated October 20, 2020 with Leede in consideration for Avalon issuing 100,000 Termination Warrants to Leede, which was issued to Leede on November 18, 2020.

On November 17, 2020, Avalon entered into the Acquisition Agreement to acquire 100% ownership of the Elmtree Gold Project pursuant to the contemplated Transactions.

On December 7, 2020, a Debenture in the principal amount of \$50,000 (of the \$75,000 Debentures above) was converted into a subscription for Bridge Special Warrants pursuant to the Bridge Financing.

On January 19, 2021, Avalon called a special shareholders meeting to authorize and approve the Consolidation, and on January 29, 2020, Avalon completed the Bridge Financing.

During January 21 – February 1, 2021, Avalon issued 500,000 common shares (pre-Consolidation) to convert debentures in the amount of \$25,000 at a price of \$0.05 per share (\$0.247 per share post-Consolidation).

On February 1, 2021, Avalon closed the Bridge Financing.

Issuers with mineral projects

Avalon does not currently own a mineral property, but intends to acquire the Elmtree Gold Project pursuant to the Acquisition Agreement. See "Additional Information—Mining Applicants", below.

FINANCINGS

Financings over the Past Six Months and Concurrent Financing

Over the past six months from the date of this Application, Avalon has completed the following financings:

On September 1, 2020, Avalon issued 4,087,750 common shares as payment in kind to pay invoices in the amount of \$204,387.50 (then due to related parties) at a price of \$0.05 per share (\$0.247 per share post-Consolidation). This issuance of shares for debt due to related parties and the share price thereof was approved in a special resolution of disinterested shareholders at a shareholders meeting held on December 23, 2019 to improve the working capital position of Avalon.

On September 30, 2020 and November 1, 2020, Avalon completed a non-brokered private placement to provide additional liquid resources as working capital for Avalon by issuing convertible debentures (the "**Debentures**") in the total aggregate amounts of \$25,000 (September 30, 2020) and \$50,000 (November 1, 2020) bearing interest at 10% per year with a maturity date of August 31, 2021. All of these Debentures have been satisfied and are no longer issued and outstanding by way of the following transactions, as was agreed under the terms of the Acquisition Agreement agreed on November 18, 2020:

- (a) during the period from January 21 to February 1, 2021, Debentures in the aggregate principal amount of \$25,000 were converted into 500,000 common shares of Avalon at a price of \$0.05 per share, which was the last share price for the issuance of shares; and

- (b) on February 1, 2021, a Debenture in the principal amount of \$50,000 was tendered for cancellation as consideration for a subscription in the same amount under the Bridge Financing.

On February 1, 2021, Avalon completed the non-brokered private placement Bridge Financing raising gross proceeds of \$150,000, including \$100,000 in cash from new subscribers plus the \$50,000 principal amount of the Debenture surrendered for cancellation. For additional details about the Bridge Financing, see "Corporate Structure—Intercorporate Relationships" above.

At Closing, immediately after the Consolidation and Property Acquisition and prior to the Amalgamation, Avalon intends to complete the Concurrent Financing. For additional details about the Concurrent Financing, see "Corporate Structure—Intercorporate Relationships" above.

Use of Proceeds and Principal Purposes

After Closing, the Resulting Issuer will be a mineral resource company engaged in the exploration, development and operation of mineral properties, with its focus on the Elmtree Gold Project. See section entitled, "*Information Concerning the Elmtree Gold Project*" in this Listing Application.

Avalon expects that the Resulting Issuer will be an exploration stage company with no producing properties and consequently no current operating income, cash flow, or revenues and will not provide any products or services to third parties. There is no assurance that a commercially viable mineral deposit exists at the Elmtree Gold Project.

Use of Proceeds

As of January 31, 2021, and after giving effect to the Transactions, Avalon expects that the Resulting Issuer will have an estimated working capital of approximately \$1,878,946 assuming completion of the minimum \$2,500,000 Concurrent Financing or \$6,018,946 assuming completion of the maximum \$7,000,000 Concurrent Financing.

Avalon expects that the Resulting Issuer will use the funds as follows:

Use of Funds	Amount (\$) Assuming \$2,500,000 Minimum Concurrent Financing	Amount (\$) Assuming \$7,000,000 Maximum Concurrent Financing
Elmtree Gold Project – Phase 1 Recommended Work Program (plus 10% contingency)	\$665,500*	\$896,500*
Elmtree Gold Project purchase cash payment	\$350,000	\$350,000
Additional exploration for Phase 2 of Recommended Work Program (following successful completion of Phase 1)	nil	\$2,750,000*
12 months general and administrative	\$445,000	\$445,000
Unallocated and additional working capital	\$100,000	\$100,000
Additional working capital and other contingencies	\$318,446	\$1,477,446
Totals:	\$1,878,946	\$6,018,946

*Phase 1 and Phase 2 of the Recommended Work Program (including a 10% contingency) as stated in the Technical Report equals \$3,415,500 (\$665,500 for Phase 1 and \$2,750,000 for Phase 2).

Avalon believes that the Resulting Issuer's working capital will be sufficient to fund the planned operations of the Resulting Issuer for at least the next 12 month after completion of the Transactions, including funding for at least Phase 1 of the recommended work program contained in the current Technical Report.

Pending utilization of the available funds, the Resulting Issuer intends to invest the funds in short term, interest bearing instruments.

The Resulting Issuer expects to incur approximately \$445,000 in general and administrative costs over the twelve months following the completion of the Transaction. A breakdown of the general and administrative costs for that period is as follows:

Description	Amount (\$)
Audit and Accounting Expenses	30,000
Legal Expenses	45,000
Exchange and Filing Fees	20,000
Management Expenses	200,000
Contingency for Additional Administrative and Other Expenses	150,000
Total	445,000

Avalon expects that the Resulting Issuer will use the available funds as indicated above. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. In addition, Avalon currently has negative operating cash flows and it is expected that a portion of the available funds may be used to fund such negative operating cash flows.

For additional detailed information, see "*Schedule C – Pro Forma Financial Statements of the Resulting Issuer*" in this Listing Application.

Principal Purposes

As described above, the principal purpose for use of available funds by Avalon will be for the Property Acquisition and to fund the recommended work program for mineral exploration on the Elmtree Gold Project (see "Additional Information - Mining Applicants"). In particular, Avalon expects that the Resulting Issuer will use its available working capital to finance the exploration and development of the Elmtree Gold Project, to identify and evaluate economic mineral resource opportunities, pursue business development opportunities, and for general working capital.

Avalon expects that the Resulting Issuer will conduct the recommended work program for the Elmtree Gold Project. See section entitled, "Additional Information - Mining Applicants" in this Listing Application for additional information. The Resulting Issuer may also, in the future, seek additional property acquisitions if new opportunities present themselves.

Milestones

The principal milestones to execute the work program for the Elmtree Gold Project are approximately as follows:

	Event	Timeframe
1.	Phase I – Work Program	12-24 months
2.	Phase II – Work Program	18-36 months

Other than as described in this Listing Application, there are no other particular significant events or milestones that must occur for the Resulting Issuer's business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within the estimated costs, or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above. See section entitled, "*Additional Information—Mining Applicants*" in the Listing Application.

Exploration and Development

Avalon will explore and develop the Elmtree Gold Project according to the recommendations in the Technical Report. See section entitled "*Additional Information – Mining Applicants—Recommendations*" in this Listing Application.

DIVIDENDS AND OTHER DISTRIBUTIONS

The holders of the Resulting Issuer's Common Shares are entitled to dividends, if, as and when declared by the board of directors. To date, Avalon has not paid any dividends on its outstanding Common Shares and the Resulting Issuer is not anticipated to pay any dividends on its Common Shares for the foreseeable future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Consolidated Financial Information

The following table sets forth selected financial information for Avalon, summarized from the audited financial statements for the fiscal years ended August 31, 2020, 2019, and 2018, and the unaudited financial statements for the three months ended November 30, 2020. This selected financial information should be read in conjunction with Avalon's financial statements, including the notes thereto, which have been electronically filed with regulators by Avalon and are available for viewing through the Internet at the SEDAR website (www.sedar.com) under Avalon's issuer profile and are included in "Schedule A – Financial Statements of Avalon".

Financial Data	Three Months Ended November 30, 2020 (unaudited)	Year Ended August 31, 2020 (audited)	Year Ended August 31, 2019 (audited)	Year Ended August 31, 2018 (audited)
Total revenue	Nil	Nil	Nil	Nil
Total expenses	\$18,780	\$83,053	\$164,566	\$159,188
Net income (loss)	(\$18,780)	(\$83,053)	(\$164,566)	(\$159,188)
Per share (basic and diluted) ^[1]	(\$0.002)	(\$0.019)	(\$0.103) ^[2]	(\$0.008) ^[2]
Total assets	\$29,364	\$247	\$44,891	Nil
Total liabilities	\$44,950	\$232,854	\$208,845	\$204,388
Share capital	\$410,388	\$206,000	\$206,000	\$1,000
Deficit	(\$471,787)	(\$453,007)	(\$369,954)	(\$205,388)

Notes:

1. The weighted average number of issued and outstanding number of common shares of Avalon as at the three months ended November 30, 2020 was 8,385,172 shares (9,335,172 shares fully diluted, including 500,000 shares upon conversion of a \$25,000 convertible debenture and 450,000 Stock Options), and for the years ended August 31, 2020, 2019, and 2018, the weighted average number of issued and outstanding common shares of Avalon was 4,297,422 common shares (4,747,422 common shares diluted including 450,000 Stock Options), 159,906,584 common shares (same diluted) [1,599,066 common shares post 100-to-1 consolidation on August 4, 2020], 19,742,200 common shares (same diluted) [197,422 common shares post 100-to-1 consolidation on August 4, 2020], respectively.

2. Per share (basic and diluted) as at August 31, 2019 is (\$10.300) and as at August 31, 2018 is (\$0.806) on a post 100-to-1 consolidation which took effect on August 4, 2020.

Management's Discussion and Analysis

Avalon's management's discussion and analysis provides an analysis of Avalon's financial results for year ended August 31, 2020 and for the three months ended November 30, 2020, and should be read in conjunction with the financial statements for the relevant period and the notes thereto respectively. Avalon's audited financial statements for the fiscal years ended August 31, 2020, 2019, and 2018, and unaudited financial statements for the three months ended November 30, 2020 are set forth in Schedule A of this Listing Application, and management's discussion and analysis for the fiscal year ended August 31, 2020 and management's discussion and analysis for the three months ended November 30, 2020 is set forth in Schedule B of this Listing Application. See "Schedule A – Financial Statements Avalon" and "Schedule B – Management's Discussion and Analysis for Avalon."

Certain information included in Avalon's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Schedule B – Management's Discussion and Analysis for Avalon" for further detail.

Summary of *Pro Forma* Financial Information

The following table sets out certain consolidated financial information as at November 30, 2020. The information is derived from the interim financial statements of Avalon as at November 30, 2020 and the pro-forma financial statements of the Resulting Issuer as at November 30, 2020 and should be read in conjunction with such statements:

	Avalon November 30, 2020 (unaudited)	Pro Forma Adjustments ⁽¹⁾ (For Minimum and Maximum Concurrent Financing)		Resulting Issuer Pro Forma (For Minimum and Maximum Concurrent Financing)	
	(\$)	Minimum (\$)	Maximum (\$)	Minimum (\$)	Maximum (\$)
Working Capital (Deficit)	(15,586)	1,894,532	6,034,532	1,878,946	6,018,946
Current Assets	29,364	1,850,000	5,990,000	1,879,364	6,019,364
Total Assets	29,364	9,300,000	13,440,000	9,329,364	13,469,364
Current Liabilities	44,950	44,532	44,532	418	418
Total Liabilities	44,950	44,532	44,532	418	418
Shareholders' Equity (Deficit)	(15,586)	9,344,532	13,484,532	9,328,946	13,468,946

Note:

See notes to the *pro forma* financial statements of the Resulting Issuer included as Schedule "C" of this Listing Application for details of the assumptions relied upon for these adjustments.

DISCLOSURE OF OUTSTANDING SECURITY DATA ON FULLY DILUTED BASIS

As of the date of this Listing Application, Avalon has the following issued and outstanding securities:

Name or Designation of Security	Number of Securities Outstanding (post-Consolidation) [1]	Fully Diluted, if applicable (post-Consolidation) [1]
Common Shares	8,885,172 (1,800,000)	12,790,512 (2,591,166)
Stock Options [2]	450,000 (91,163)	n/a
Termination Warrants [3]	493,620 (100,000)	n/a
Bridge Special Warrants [4]	1,974,480 (400,000)	n/a

Notes:

1. The Consolidation of all issued and outstanding securities of Avalon will occur immediately prior to the Property Acquisition on a 4.9362-to-1 basis.
2. There are presently 450,000 Stock Options outstanding exercisable at \$0.05/share, but on Closing the Stock Options will be cancelled and 91,163 Stock Options exercise able at \$0.50/share (on a post-Consolidation basis) will be re-issued under Avalon's Stock Option Plan.
3. The Termination Warrants are exercisable into common shares of Avalon until November 18, 2022 at \$0.1013/share (pre-consolidation) and \$0.50/share (post-Consolidation).
4. Each Bridge Special Warrant is exercisable for no additional consideration into one common share and one-half common share purchase warrant of Avalon at any time and for no additional consideration into one common share and one-half common share purchase warrant of FinSub automatically after the Property Acquisition before the Amalgamation, which securities of FinSub are exchanged on a one-for-one basis of like securities of Avalon under the Amalgamation.

DESCRIPTION OF SECURITIES TO BE LISTED

Avalon is applying for listing of its Common Shares on the TSXV. On closing of the Transactions, the Resulting Issuer will have the following securities issued and outstanding: Common Shares, Stock Options, Termination Warrants, Bridge Warrants, and Concurrent Warrants, all of which are described below.

Common Shares

Avalon is authorized to issue unlimited number of Common Shares of without par value. As of the date hereof, 1,800,000 Common Shares on a post-Consolidation basis (8,885,172 common shares of Avalon on a pre-Consolidation basis) are issued and outstanding as fully paid and non-assessable. Upon Closing of the Transactions, the Resulting Issuer will have a minimum of 21,399,998 Common Shares (assuming the minimum \$2,500,000 Concurrent Financing) to a maximum of 30,399,998 Common Shares (assuming the maximum \$7,000,000 Concurrent Financing).

The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, entitled to one vote per share at meetings of the shareholders of Avalon and, upon dissolution, entitled to share equally in such assets of Avalon as are distributable to the holders of Common Shares. In the event of the liquidation, dissolution or winding-up of Avalon, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive the remaining property and assets of Avalon. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Termination Warrants

On November 12, 2020, Avalon issued to Leede Jones Gable Inc. pursuant to the Termination Letter, 493,620 Termination Warrants exercisable at \$0.1013 per share pre-Consolidation (100,000 Termination Warrants exercisable at \$0.50 per share post-Consolidation) which expire on November 18, 2022.

Stock Options

There are presently 450,000 Stock Options outstanding exercisable at \$0.05/share, but on Closing the Stock Options will be cancelled and 91,163 Stock Options exercise able at \$0.50/share (on a post-Consolidation basis) will be re-issued under Avalon's Stock Option Plan and will expire two years after Closing. After Closing, the board of directors of the Resulting Issuer may grant additional Stock Options to eligible Persons in accordance with the Stock Option Plan subject to the policies of the TSXV. See "Stock Option Plan" below.

Bridge Special Warrants

As of the date of this Listing Application, there are 1,974,480 Bridge Special Warrants issued and outstanding (400,000 on a post-Consolidation basis). Each Bridge Special Warrant is exercisable for no additional consideration into one common share and one-half common share purchase warrant of Avalon at any time and for no additional consideration into one common share and one-half common share purchase warrant of FinSub automatically after the Property Acquisition before the Amalgamation, which securities of FinSub are exchanged on a one-for-one basis of like securities of Avalon under the Amalgamation.

Bridge Warrants

On Closing there are expected to be 200,000 Bridge Warrants issued and outstanding (post-Consolidation). Each Bridge Warrant is a common share purchase warrant of the Resulting Issuer entitling the holder to acquire a Common Share at an exercise price of \$0.75 per share for 12 months after issuance, until February 1, 2022.

Warrants

On Closing there are expected to be between 5,000,000 Warrants (assuming the minimum \$2,500,000 Concurrent Financing) and 14,000,000 Warrants (assuming the maximum \$7,000,000 Concurrent Financing) issued and outstanding (post-Consolidation). Each Warrant is a common share purchase warrant of the Resulting Issuer entitling the holder to acquire a Common Share at an exercise price of \$0.75 per share for 24 months after Closing.

Brokers' Warrants

Upon Closing, it is anticipated that the Resulting Issuer will have issued and outstanding 400,000 Broker's Warrants assuming completion of the Minimum Concurrent Financing and 1,120,000 Broker's Warrants assuming completion of the Maximum Concurrent Financing. Accordingly, upon Closing, there will be 400,000 Broker's Warrants exercisable at a post-Consolidation price of \$0.50 per share for 400,000 Common Shares of the Resulting Issuer assuming completion of the Minimum Concurrent Financing, and 1,120,000 Broker's Warrants will be exercisable at a post-Consolidation price of \$0.50 per share for 1,120,000 Common Shares of the Resulting Issuer assuming completion of the Maximum Concurrent Financing.

CONSOLIDATED CAPITALIZATION

Pro Forma Consolidated Capitalization

The following table represents select particulars of the share and loan capital of the Resulting Issuer following the completion of the Transaction.

Designation of Security	Amount Authorized or to be Authorized	Amount to be Outstanding After Giving Effect to the Transaction and Minimum Concurrent Financing⁽¹⁾	Amount to be Outstanding After Giving Effect to the Transaction and Maximum Concurrent Financing⁽¹⁾
Common Shares	Unlimited	21,399,998	30,399,998
Bridge Warrants	n/a	200,000	200,000
Warrants	n/a	5,000,000	14,000,000
Broker's Warrants and Termination Warrants	n/a	500,000	1,220,000
Stock Options ⁽²⁾	1,070,000 ⁽³⁾ 1,520,000 ⁽⁴⁾	91,163	91,163

Notes:

- (1) Assuming there is no Flow-Through Financing as part of the Concurrent Financing. If Avalon completes part of the Concurrent Financing (up to \$3,000,000 for up to 5,454,545 common shares of Avalon) by way of the Flow-Through Financing the common shares of Avalon issued under the Flow-Through Financing will be subject to a four month hold period under applicable securities law and the policies of the TSXV.
- (2) On Closing of the Transactions, the Resulting Issuer will continue to have the same 5% rolling Stock Option Plan as Avalon, and so there would be a number of Stock Options authorized equal to 5% of the number of issued and outstanding Common Shares. There are presently and will on Closing be 91,163 Stock Options outstanding (on a post-Consolidation basis), which are exercisable at \$0.50 per share which expire two years after Closing.
- (3) Assuming completion of the Minimum Concurrent Financing.
- (4) Assuming completion of the Maximum Concurrent Financing.
- (5) On Closing of the Transactions, the Resulting Issuer will have available funds of \$1,878,946 assuming completion of the Minimum Concurrent Financing and \$6,018,946 assuming completion of the Maximum Concurrent Financing.

Fully Diluted Share Capital

The following table states the fully diluted share capital of the Resulting Issuer after giving effect to the Transactions:

Designation of Security	Number of Securities After Giving Effect to the Transaction and Minimum Concurrent Financing⁽¹⁾ (% of Total)	Number of Securities After Giving Effect to the Transaction and Maximum Concurrent Financing⁽¹⁾ (% of Total)
Common Shares	21,399,998 (78.70%)	30,399,998 (66.21%)
Bridge Warrants	200,000 (0.74%)	200,000 (0.44%)
Warrants	5,000,000 (18.39%)	14,000,000 (30.49%)
Broker's Warrants and Termination Warrants	500,000 (1.84%)	1,220,000 (2.66%)
Stock Options ⁽²⁾	91,163 (0.34%)	91,163 (0.20%)
Totals:	27,191,161 (100%)	45,911,161 (100%)

Note:

- (1) Assuming there is no Flow-Through Financing as part of the Concurrent Financing. If Avalon completes part of the Concurrent Financing (up to \$3,000,000 for up to 5,454,545 common shares of Avalon) by way of the Flow-Through Financing the common shares of Avalon issued under the Flow-Through Financing will be subject to a four month hold period under applicable securities law and the policies of the TSXV.
- (2) On Closing of the Transactions, the Resulting Issuer will continue to have the same 5% rolling Stock Option Plan as Avalon, and so there would be a number of Stock Options authorized equal to 5% of the number of issued and outstanding Common Shares. There are presently and will on Closing be 91,163 Stock Options outstanding (on a post-Consolidation basis), which are exercisable at \$0.50 per share which expire two years after Closing.

STOCK OPTION PLAN

Stock Option Plan

Avalon has adopted an incentive Stock Option Plan which provides that the board of directors of Avalon may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and technical consultants to Avalon, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 5% of the issued and outstanding Common Shares at the time of grant.

In setting the exercise price for stock options, the board of directors of Avalon considers options granted to executive officers and directors with comparable companies as well as ensuring that the exercise price complies with the rules of the TSXV.

Stock Options Granted

As of November 30, 2020 and as of the date of this Listing Application, Avalon has, on a post-Consolidation basis, 91,163 Stock Options issued and outstanding, which are exercisable at \$0.494 per share and expire two years after Closing (450,000 Stock Options exercisable at \$0.10 per share pre-Consolidation).

PRIOR SALES

In the 12 months prior to the date of this Listing Application, Avalon has issued the following securities:

Date	Price	Type of Security	Number of Securities	Aggregate Issue Price
February 1, 2021 ^[1]	\$0.247	Common Shares	20,258	\$5,000
February 1, 2021 ^[2]	\$0.375	Bridge Special Warrants	400,000	\$150,000
January 25, 2021 ^[3]	\$0.247	Common Shares	40,517	\$10,000
January 21, 2021 ^[3]	\$0.247	Common Shares	40,517	\$10,000
November 18, 2020 ^[4]	\$0.50	Termination Warrant	100,000	\$50,000
November 1, 2020 ^[5]	\$0.247	Debenture	1	\$50,000
September 30, 2020 ^[5]	\$0.247	Debentures	3	\$25,000
September 1, 2020 ^[6]	\$0.247	Common Shares	828,116	\$204,387.50

Notes:

1. On February 1, 2021, Avalon issued 100,000 Common Shares (20,258 Common Shares on a post-Consolidation basis) for the exercise of a Debenture in the principal amount of \$5,000 at a price of \$0.05 per share (\$0.247 per share post-Consolidation).
2. On February 1, 2021, Avalon closed the Bridge Financing, issuing 400,000 Bridge Special Warrants for a price of \$0.375 per Bridge Special Warrant for aggregate gross proceeds of \$150,000, which included conversion of \$50,000 Debentures into the Bridge Financing.
3. On January 25, 2021, Avalon issued 200,000 Common Shares (40,517 Common Shares on a post-Consolidation basis) for the exercise of a Debenture in the principal amount of \$10,000 at a price of \$0.05 per share (\$0.247 per share post-Consolidation), and on January 21, 2021, Avalon issued 200,000 common shares (40,517 Common Shares on a post-Consolidation basis) for the exercise of a Debenture in the principal amount of \$10,000 at a price of \$0.05 per share (\$0.247 per share post-Consolidation).
4. On November 12, Avalon issued 100,000 Termination Warrants to Leede pursuant to the Termination Letter.
5. On November 1, 2020, Avalon issued a Debenture in the aggregate principal amount of \$50,000, and on September 30, 2020, Avalon issued three Debentures in the aggregate principal amount of \$25,000.

6. On September 1, 2020, Avalon issued 4,087,750 Common Shares (828,116 Common Shares on a post-Consolidation basis) to settle indebtedness of \$204,387.50 at a price of \$0.05 per share (\$0.247 per share on a post-Consolidation basis), as approved by disinterested shareholders of Avalon at a shareholders meeting held on December 23, 2019.

Stock Exchange Price

The Avalon Common Shares are not currently listed on any stock exchange. Trading in the Common Shares ceased when the common shares of Avalon were delisted from the TSXV on July 31, 2009, and no trading of the common shares of Avalon has occurred since its shares were delisted. However, Avalon has applied for re-listing of its common shares on the TSXV upon Closing of the Transactions.

No trading of the common shares of Avalon has occurred since its shares were delisted on July 31, 2009, so there is no trading history available.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESALE RESTRICTION ON TRANSFER

Escrowed Securities

Value Escrow Shares and Escrowed Bridge Warrants

In connection with the Transaction, 49,867 Bridge Warrants and 14,049,865 Value Escrow Shares will be escrowed representing: (i) 65.65% of the issued and outstanding shares of the Resulting Issuer on an undiluted basis and 51.67% of the Resulting Issuer on a fully diluted basis, assuming completion of the Minimum Concurrent Financing; or (ii) 46.22% of the issued and outstanding shares of the Resulting Issuer on an undiluted basis and 30.60% of the Resulting Issuer on a fully diluted basis, assuming completion of the Minimum Concurrent Financing. The Value Escrow Shares are escrowed pursuant to an escrow agreement to be entered into before Closing (the “**Value Escrow Agreement**”) among AST Trust Company (Canada), the Resulting Issuer and the Value Escrow Security Holders.

Under the Value Escrow Agreement, 10% of the escrowed Bridge Warrants and Value Escrowed Shares will be released from escrow on the Initial Release and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If the Resulting Issuer subsequently meets the Exchange's Tier 1 initial listing requirements either, the release of the escrowed Bridge Warrants and Value Escrowed Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange. The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares.

Resale Restrictions

The Common Shares, Bridge Warrants of the Resulting Issuer issued under the Amalgamation to holders of Bridge Units acquired upon automatic exercise of the Bridge Special Warrants issued under the Bridge Financing are not subject to resale restrictions pursuant to applicable securities laws.

The Common Shares and Warrants of the Resulting Issuer issued under the Amalgamation to holders of Concurrent Units acquired upon automatic exercise of the Concurrent Special Warrants issued under the Concurrent Financing will not be subject to resale restrictions pursuant to applicable securities laws. If Avalon completes part of the Concurrent Financing (up to \$3,000,000 for up to 5,454,545 common shares of Avalon) by way of the Flow-Through Financing the common shares of Avalon issued under the Flow-Through Financing will be subject to a four month hold period under applicable securities law and the policies of the TSXV.

PRINCIPAL SECURITYHOLDERS

The following table lists those persons who will own of record or beneficially, directly or indirectly, or exercise control or discretion over, 10% or more of the issued and outstanding Common Shares of the Resulting Issuer following completion of the Transactions:

Name and Municipality of Residence	Number of Common Shares Held upon Completion of the Transaction		Percentage of Common Shares Held Assuming Financing ⁽¹⁾		Type of Ownership ⁽⁴⁾
	Minimum ⁽²⁾	Maximum ⁽³⁾	Minimum ⁽²⁾	Maximum ⁽³⁾	
John Williamson Edmonton, Alberta	3,866,666	3,866,666	18.07% (14.22% fully diluted)	12.72% (8.42% fully diluted)	Beneficial and legal registered holder.
Kevin Vienneau Bathurst, New Brunswick	2,400,000	2,400,000	11.21% (8.83% fully diluted)	7.89% (5.23% fully diluted)	Beneficial and legal registered holder.
Roy Bonnell Montreal, Quebec	3,866,666	3,866,666	18.07% (14.22% fully diluted)	12.72% (8.42% fully diluted)	Beneficial and legal registered holder.
Nicholas Stajduhar Toronto, Ontario	3,866,666	3,866,666	18.07% (14.22% fully diluted)	12.72% (8.42% fully diluted)	Beneficial and legal registered holder.

Notes:

- (1) On an undiluted basis, assuming that 21,399,998 Common Shares (27,191,161 Common Shares fully diluted) are issued and outstanding upon completion of the Minimum Concurrent Financing and 30,399,998 Common Shares (45,911,161 Common Shares fully diluted) are issued and outstanding upon completion of the Maximum Concurrent Financing. Fully-diluted percentages assume there is no Flow-Through Financing as part of the Concurrent Financing.
- (2) Minimum refers to the Minimum Concurrent Financing.
- (3) Maximum refers to the Maximum Concurrent Financing.
- (4) Each of Kevin Vienneau, Roy Bonnell, Nicholas Stajduhar and John Williamson may hold their respective common shares of the Resulting Issuer either directly or indirectly in private holding companies domiciled in Canada that are owned or controlled by them.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Address, Occupation and Security Holding

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the municipalities of residence, their principal occupations during the past five years and the number of shares of the Resulting Issuer beneficially owned, directly or indirectly, or over which control is exercised following completion of the Transaction.

Name, Municipality of Residence and Position	Principal Occupation for Past Five Years ⁽¹⁾	Common Shares Held upon Completion of Transaction and Financing ⁽²⁾		Percentage of Shares Held Assuming Financing ⁽³⁾	
		Minimum ⁽⁴⁾	Maximum ⁽⁵⁾	Minimum ⁽⁴⁾	Maximum ⁽⁵⁾
John Williamson ⁽⁶⁾⁽⁷⁾ President, Chief Executive Officer and a Director Edmonton, Alberta	Mr. Williamson is Chairman, Chief Executive Officer and Director of Benchmark Metals Inc. since March 2018, and Chairman and Director of Duro Metals Inc. since September 2019; Executive Chairman of Altiplano Metals Inc. since August 2019, and Chief Executive Officer from July 2014 to August 2019; Director of Scottie Resources Corp. since February 2018; Director of Exploits Discovery Corp. from May 2019 to October 2020; Director, President and Chief Executive Officer of Camino Minerals Corporation from August 2018 to January 2020; Director of FCF Capital Inc. from September 2003 to February 2016, CEO from September 2013 to April 2015, Chairman from June 2011 to June 2014; Chairman, CEO; and a Director of North Country Gold Corp from February 2010 to September 2015.	3,866,666	3,866,666	18.07%	12.72%
Justin Bourassa Chief Financial Officer and Corporate Secretary Edmonton, Alberta	Mr. Bourassa is currently a principal of the Metals Group Inc. (June 2018 to present), and the Chief Financial Officer of Thesis Gold Inc. (October 2020 to present), Altiplano Metals Inc. (August 2013 to present), Camino Minerals Ltd. (September 2018 to present), Peruvian Metals Inc. (August 2019 to Present), and Mariner Resources Corp. (July 2018 to present). Over the past 16 years, he has previously served as Chief Financial Officer and/or as Controller and/or provided controllership duties for numerous publicly traded companies in the mineral exploration section as well as a number of private companies.	50,000	50,000	0.23%	0.16%

Roy Bonnell ⁽⁶⁾⁽⁸⁾ Director Montreal, Quebec	Mr. Bonnell is President of Jemseg Partners SEC providing consulting services for venture capital investment, finance and mergers and acquisitions since 2015 and has been Vice-President Business and Corporate Development of Anomera Inc. since February 2020. He was Chief Executive Officer and President of Thesis Gold Inc. (October 2020 to January 2021) and remains a Director of Thesis Gold Inc. (since October 2020), and was Chief Executive Officer of Defiance Silver Corp. (August to December 2017). From 2007-2015, Mr. Bonnell served as President and CEO of Argex Titanium Inc.	3,866,666	3,866,666	18.07%	12.72%
Nicholas Stajduhar ⁽⁶⁾⁽⁹⁾ Director Toronto, Ontario	Mr. Stajduhar has been providing consulting services in public and private capital markets since June 2019 and has been a Director of Thesis Gold Inc. since October 2020. Previously, he was Director of Investments for Skyline Wealth Management Inc. (2017 to June 2019) and Vice-President Sales and Trading for Desjardins Capital Markets (2015 to 2017).	3,866,666	3,866,666	18.07%	12.72%
Kevin Vienneau ⁽¹⁰⁾ Director Bathurst, New Brunswick	Mr. Vienneau is currently operating Mr. Trash, a waste management company, and Vienneau's Apartments, an apartment rental company located in Bathurst, New Brunswick since 2016. Mr. Vienneau is also involved in mineral property acquisition and development as well as being president of a non-profit organization, the Bathurst Marina. Previously, he provided consultant and management services to exploration companies in New Brunswick (2004 to 2015).	2,400,000	2,400,000	11.21%	7.89%

Notes:

- (1) The information as to principal occupation, business or employment and voting securities beneficially owned, controlled or directed, not being within the knowledge of Avalon has been furnished by each director and officer individually.
- (2) These Common Shares are subject to escrow restrictions, other than those held by Mr. Bourassa, which were acquired under the Bridge Financing. See "Information Concerning the Resulting Issuer - Escrowed Securities".
- (3) These percentages are calculated on an undiluted basis assuming 21,399,998 Common Shares are issued and outstanding upon completion of the Minimum Concurrent Financing and 30,399,998 Common Shares are issued and outstanding upon completion of the Maximum Concurrent Financing.
- (4) Minimum refers to the Minimum Concurrent Financing.
- (5) Maximum refers to the Maximum Concurrent Financing.
- (6) Member of the Resulting Issuer's audit committee. The Resulting Issuer will not have any other board committees.
- (7) These Common Shares may be held in the name of a privately owned holding company domiciled in Canada which is owned and controlled by John Williamson.
- (8) These Common Shares will be held in the name of Jemseg Capital Inc. which is a privately owned corporation owned and controlled by Roy Bonnell.
- (9) These Common Shares will be held in the name of Severin Holdings Inc. which is a privately owned British Columbia corporation owned and controlled by Nicholas Stajduhar.
- (10) These Common Shares may be held in the name of a privately owned holding company domiciled in Canada which is owned and controlled by Kevin Vienneau.

Upon Closing, the directors and officers of the Resulting Issuer will, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 14,049,998 Common Shares, representing approximately 65.65% (assuming completion of the Minimum Concurrent Financing) or 46.21% (assuming completion of the Maximum Concurrent Financing) of the issued and outstanding Common Shares of the Resulting Issuer on an undiluted basis.

The term of each director of the Resulting Issuer will expire at the next annual general meeting of the Resulting Issuer shareholders unless re-elected at such meeting.

The directors and officers of the Resulting Issuer will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer of the Resulting Issuer will devote 100% of their employable time to the activities of the Resulting Issuer. It is not expected that other than officers of the Resulting Issuer who will enter into management services contracts with the Resulting Issuer, none of the individuals will enter into specific non-competition or non-disclosure agreements with the Resulting Issuer, as the individuals will have sufficient fiduciary duties to the Resulting Issuer as a matter of law. It is expected that the officers of the Resulting Issuer will be engaged as independent contractors and will devote the following approximate percentage of their employable time to their respective position with the Resulting Issuer: John Williamson, 75%; and Justin Bourassa, 15% to 30%.

Management

The following is a brief description of the proposed directors and officers of the Resulting Issuer following completion of the Transaction.

John Williamson, age 60, President, Chief Executive Officer and Director

Mr. Williamson is Chairman, Chief Executive Officer and Director of Benchmark Metals Inc. since March 2018, and Chairman and Director of Duro Metals Inc. since September 2019; Executive Chairman of Altiplano Metals Inc. since August 2019, and Chief Executive Officer from July 2014 to August 2019; Director of Scottie Resources Corp. since February 2018; Director of Exploits Discovery Corp. from May 2019 to October 2020; Director, President and Chief Executive Officer of Camino Minerals Corporation from August 2018 to January 2020; Director of FCF Capital Inc. from September 2003 to February 2016, CEO from September 2013 to April 2015, Chairman from June 2011 to June 2014; Chairman, CEO; and a Director of North Country Gold Corp from February 2010 to September 2015. Mr. Williamson holds a B.Sc. in Geology and is a registered Professional Geologist (P.Geol.) with the Association of Professional Engineers and Geoscientists (APEGA) and the Geological Association of Canada.

Justin Bourassa, age 35, Chief Financial Officer and Corporate Secretary

Mr. Bourassa has 16 years of experience in the management, development, governance and reporting of private and publicly listed mineral exploration and mining companies. He is currently a principal of the Metals Group Inc. (June 2018 to present), and the Chief Financial Officer of Thesis Gold Inc. (October 2020 to present), Altiplano Metals Inc. (August 2013 to present), Camino Minerals Ltd. (September 2018 to present), Peruvian Metals Inc. (August 2019 to Present), and Exploits Discovery Corp. (July 2018 to present), and Duro Metals Inc. (October 2018 to present). Over the past 16 years, he has previously served as Chief Financial Officer and/or as Controller and/or provided controllership duties for numerous publicly traded companies in the mineral exploration section as well as a number of private companies. Justin is also a founding principal of SPR Outsourcing, which provides bookkeeping and accounting services to various public and private companies. Mr. Bourassa graduated from Grant MacEwan University where he received a degree in Accounting & Strategic Management.

Nicholas Stajduhar, age 45, Director

Mr. Stajduhar is an accomplished financial industry professional with 15 years of experience in all aspects of sales and operations. He has a proven track record in the capital markets, is a highly knowledgeable market professional with strong communication and client relationship skills. Mr. Stajduhar has been providing consulting services in public and private capital markets since June 2019 and has been a Director of Thesis Gold Inc. since October 2020. Previously, he was Director of Investments for Skyline Wealth Management Inc. (2017 to June 2019), Vice-President Sales and Trading for Desjardins Capital Markets (2015 to 2017), and Partner and Head of Institutional Sales for Byron Capital Markets Ltd. (2008-2015). Mr. Stajduhar also holds a license from the Canadian Securities Institute (CSC and CPH) and licensing for dealing in various forms of insurance.

Roy Bonnell, age 54, Director

Mr. Bonnell has over 25 years of experience in venture capital investment, finance and mergers and acquisitions. He is President of Jemseg Partners SEC which is a private consulting company providing consulting services for venture capital investment, finance and mergers and acquisitions since 2015 and has been Vice-President Business and Corporate Development of Anomera Inc. since February 2020. He was Chief Executive Officer and President of Thesis Gold Inc. from October 2020 to January 2021 and remains Director of Thesis Gold Inc. since October 2020, and was Chief Executive Officer of Defiance Silver Corp. (August to December 2017). From 2007-2015, Mr. Bonnell served as President and CEO of Argex Titanium Inc., overseeing its rapid expansion from a mining exploration company to an emerging specialty chemical producer. Argex grew to be the Second Best Performing Mining stock on the Venture's 2013 Top 50 list. From 2005-2009, he was Managing Director & Founder of Atwater Financial Group, an independent financial and strategic advisory service. He also served at investment dealers and merchant banks including Dundee Securities Limited, Hampton Securities Limited, Benvest Associates Inc. and Two Roads Investments Inc. Mr. Bonnell is a graduate of the London School of Economics (1995) where he received a M.Sc. in Accounting and Finance; McGill University (1993) where he received a MBA, University of Western Ontario (1991) where he received an LL.B and Queen's University where he received a B.A.H. (Political Studies). He has been a member of the Law Society of Upper Canada since 1996.

Kevin Vienneau, age 40, Director

Kevin is a mining engineer with over 15 years' experience in mining exploration and development on a variety of gold and base metal projects within the Bathurst mining camp, including the Elmtree Gold Project from 2004 to 2012. Kevin holds a Bachelor of Engineering from Dalhousie University and is heavily involved in permitting and negotiations with key stakeholders for projects in New Brunswick. He has played key roles in bringing projects into production as well as post-production environmental reclamation.

Promoter Consideration

John Williamson, Roy Bonnell, Nicholas Stajduhar, and Kevin Vienneau are the Vendors and are also considered Promoters of the Resulting Issuer of Avalon as they entered into the Acquisition Agreement in respect of the Transactions contemplated therein, which are expected to substantially reorganize the business of Avalon becoming a Tier 2 mining issuer listed on the TSXV with the Elmtree Gold Project as its mineral exploration property. See the section, "Promoters" below.

Corporate Cease Trade Orders or Bankruptcies

No proposed director, officer, Insider, Control Person or promoter of the Resulting Issuer has, within the last 10 years before the date of this Listing Application, been a director, officer or promoter of any person or company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the person or company access to any exemption under applicable securities law for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold assets of that person.

Penalties or Sanctions

No proposed director, officer, Insider, Control Person or promoter of the Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would be likely to be considered important to a reasonable investor making an investment decision about the Transactions.

Personal Bankruptcies

No proposed director, officer, Insider, promoter or Control Person or securityholder anticipated to hold a sufficient number of securities to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has within the 10 years before the date of this Listing Application, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

Other than as described in this Listing Application, there are no known conflicts of interest involving the directors. See "Summary of Listing Application" and "Information Concerning Avalon— General Development of Business".

There are potential conflicts of interest to which some of the proposed directors, officers, insiders and promoters of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Canada).

Other Reporting Issuers Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other issues that are or were reporting issuers in any Canadian jurisdiction:

Name	Name (and Jurisdiction) of Reporting Issuer	Name of Trading Market (if applicable)	Position	Period
Roy Bonnell	Thesis Gold Inc. (British Columbia)	TSXV	CEO and President	October 2020 to January 2021
			Director	October 2020 to present
Justin Bourassa	Thesis Gold Inc. (British Columbia)	TSXV	CFO	October 2020 to present
	Altiplano Metals Inc. (British Columbia)	TSXV	CFO	August 2013 to present
	Camino Minerals Corporation (British Columbia)	TSXV	CFO	September 2018 to present
	Peruvian Metals Corp. (Canada)	TSXV	CFO	August 2019 to present
	Duro Metals Inc. (Alberta)	TSXV	CFO	October 2018 to present
	Exploits Discovery Corp. (British Columbia)	CSE	CFO	July 2018 to present
Nicholas Stajduhar	Thesis Gold Inc. (British Columbia)	TSXV	Director	October 2020 to present
John Williamson	Benchmark Metals Inc. (British Columbia)	TSXV	Chairman, CEO and Director	March 2018 to present
	Altiplano Metals Inc. (British Columbia)	TSXV	Executive Chairman	August 2019 to present
			Director	March 2010 to present
			CEO	July 2014 to August 2019
	Duro Metals Inc. (Alberta)	TSXV	Chairman and Director	September 2019 to present
	Scottie Resources Corp. (British Columbia)	TSXV	Director	February 2018 to present
	Exploits Discovery Corp. (British Columbia)	CSE	Director	May 2019 to October 2020
	Camino Minerals Corporation (British Columbia)	TSXV	President, CEO, and Director	August 2018 to January 2020
	FCF Capital Inc. (Alberta)	TSXV	Director	September 2003 to February 2016
			CEO	September 2013 to April 2015
			Chairman	June 2011 to June 2014
	North Country Gold Corp. (Alberta)	TSXV	Chairman, CEO and Director	February 2010 to September 2015

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis of Avalon

In this Listing Application, Named Executive Officer (an "NEO") means (a) each individual who acted as Chief Executive Officer of Avalon, or acted in a similar capacity, for any part of the most recently completed financial year and as at November 30, 2020, (b) each individual who acted as Chief Financial Officer of Avalon, or acted in a similar capacity, for any part of the most recently completed financial year and as at November 30, 2020, and (c) each of the three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer of Avalon, at the end of the most recently completed financial year, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of Avalon as at August 31, 2020 or as at November 30, 2020.

Michael Clemann, the President, Chief Executive Officer and Chief Financial Officer of Avalon, is the only NEO for the purposes of this section.

NEO Compensation Discussion and Analysis

Principles of Executive Compensation

When determining the compensation of the NEOs of Avalon, the board of directors of Avalon considers the limited resources of Avalon and the objectives of: (i) recruiting and retaining the executives critical to the success of Avalon and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the shareholders of Avalon; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. In order to achieve these objectives, the compensation paid to the NEOs of Avalon consists of the following components:

- (a) base fee;
- (b) cash bonuses; and
- (c) long-term incentives in the form of stock options.

The board of directors of Avalon is responsible for the compensation policies and practices of Avalon. The board of directors have the responsibility to review and make recommendations concerning the compensation of the directors of Avalon and the NEOs. The board also has the responsibility to make recommendations concerning cash bonuses and grants to eligible persons under the Avalon Stock Option Plan. The board reviews and approves the hiring of executive officers.

Base Fees

The board of directors of Avalon approves the base fee ranges for the NEOs. The review of the base fee component of each NEO compensation is based on assessment of factors such as executive's performance, a consideration of competitive compensation levels in companies similar to Avalon and a review of the performance of Avalon as a whole and the role such executive played in such corporate performance. As of the date of this Listing Application, the board of directors of Avalon had not, collectively, considered the implications of any risks associated with policies and practices regarding compensation of the directors or executive officers of Avalon.

Annual Incentives

Avalon, in its discretion, may award cash bonuses to executives in order to achieve short-term corporate goals. The board of directors of Avalon approves cash bonuses.

The success of NEOs in achieving objectives and their contribution to Avalon in reaching its overall goals are factors in the determination of their cash bonus. The board of directors of Avalon assesses each NEO's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to the needs of Avalon that arise on a day to day basis. This assessment is used by the board of directors of Avalon in developing its recommendations with respect to the determination of cash bonuses for the NEOs.

Compensation and Measurement of Performance

It is the intention of the board of directors of Avalon to approve targeted amounts of annual incentives for each NEO during each financial year. The targeted amounts will be determined by the board of directors of Avalon based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a cash bonus to the NEOs. The NEOs will receive a partial or full cash bonus depending on the number of the predetermined targets met and the board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the board of directors of Avalon and the board reserves the right to make positive or negative adjustments to any cash bonus payment if they consider them to be appropriate.

Long Term Compensation

Avalon currently has no long-term incentive plans, other than stock options granted from time to time by the board of directors of Avalon under the provisions of the Avalon Stock Option Plan.

Summary Compensation Table

The following table sets forth information concerning the total compensation paid to the NEOs of Avalon during the three most recently completed financial years and the three months ended November 30, 2020:

Name and Principal Position	Period	Salary (\$) ⁽¹⁾	Share-Based Awards (\$) ⁽²⁾	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans ⁽¹⁾			
Michael Clemann Chief Executive Officer, Chief Financial Officer and Director	three months ended November 30, 2020	nil	nil	nil	nil	nil	nil	nil	nil
	year ended August 31, 2020	\$15,000	\$9,600	nil	nil	nil	nil	nil	\$24,600
	year ended August 31, 2019	nil	nil	nil	nil	nil	nil	nil	nil
	year ended August 31, 2018	\$101,700	nil	nil	nil	nil	nil	nil	\$101,700

Notes:

(1) Management consulting fees were charged to FX Capital Inc., which is a management services company owned and controlled by Mr. Clemann.

(2) Mr. Clemann was granted 300,000 Stock Options on August 5, 2020 exercisable at \$0.10 per share (60,775 Stock Options exercisable at \$0.494 per share on a post-Consolidation basis), all of which expire on August 5, 2025.

As Avalon does not currently have any operations, there are no formal compensation arrangements in place and the amounts noted in the table above are the sole compensation that has been provided to the NEOs during the periods indicated. Mr. Clemann did not receive any fees for his position as a director of Avalon.

Outstanding Option-based Awards and Share-based Awards

As at the date of this Listing Application there are an aggregate total of 450,000 Stock Options exercisable at \$0.10 per share (91,163 Stock Options exercisable at \$0.494 per share on a post-Consolidation basis), all of which expire on August 5, 2025 and no other such option-based awards or share-based awards are held by any directors of Avalon. On August 5, 2020, Avalon granted 300,000 Stock Options to Michael Clemann and 50,000 Stock Options to each of the other directors, Andrew O'Neil, Sabrina Lesage, and Eric Latremouille for an aggregate total of 450,000 Stock Options exercisable at \$0.10 per share (91,163 Stock Options exercisable at \$0.494 per share on a post-Consolidation basis), all of which expire on August 5, 2025.

Pension Plan Benefits

Avalon has no formal pension, retirement or other long-term incentive compensation plan in place for its directors, officers or employees.

Termination and Change of Control Benefits

Avalon has not entered into any employment or consulting agreement with its NEOs that entitle them to receive compensation in the event of their resignation, retirement or other termination of employment, change of control of Avalon or a change in any of their responsibilities following a change of control.

Director Compensation

Avalon does not pay its directors a fee for acting as directors of Avalon. The directors of Avalon are, however, entitled to be reimbursed for reasonable expenses incurred in performing their duties as directors of Avalon, remuneration for additional consulting services that may be provided for time to time, and discretionary bonuses. Avalon does, from time to time, grant the directors of Avalon stock options pursuant to Avalon's Stock Option Plan.

Director Compensation Table

The following table sets forth information concerning the total compensation paid to directors of Avalon, other than the NEO, who was a director of Avalon during the most recently completed financial year ended August 31, 2020 and the three months ended November 30, 2020:

Name	Period	Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Andrew O'Neil Director	Three months ended November 30, 2020	nil	nil	nil	nil	nil	nil	nil
	Year ended August 31, 2020	nil	\$1,600	nil	nil	nil	nil	\$1,600
Sabrina Lesage Director	Three months ended November 30, 2020	nil	nil	nil	nil	nil	nil	nil
	Year ended August 31, 2020	nil	\$1,600	nil	nil	nil	nil	\$1,600
Eric Latremouille Director	Three months ended November 30, 2020	nil	nil	nil	nil	nil	nil	nil
	Year ended August 31, 2020	nil	\$1,600	nil	nil	nil	nil	\$1,600

Notes:

(1) Avalon does not pay its directors a fee for acting as directors of Avalon. On August 5, 2020, Avalon granted 50,000 Stock Options exercisable at \$0.10 per share (10,129 Stock Options exercisable at \$0.494 per share on a post-Consolidation basis) to each of these above directors, and all of the Stock Options expire on August 5, 2025.

Outstanding Option-based Awards and Share-based Awards

As at the date of this Listing Application there are an aggregate total of 450,000 Stock Options exercisable at \$0.10 per share (91,163 Stock Options exercisable at \$0.494 per share on a post-Consolidation basis), all of which expire on August 5, 2025 and no other such option-based awards or share-based awards are held by any directors of Avalon. On August 5, 2020, Avalon granted 300,000 Stock Options to Michael Clemann and 50,000 Stock Options to each of the other directors, Andrew O'Neil, Sabrina Lesage, and Eric Latremouille for an aggregate total of 450,000 Stock Options exercisable at \$0.10 per share (91,163 Stock Options exercisable at \$0.494 per share on a post-Consolidation basis), all of which expire on August 5, 2025.

Pro Forma Compensation Discussion and Analysis of the Resulting Issuer

For the purposes of this section, the NEOs are the proposed Chief Executive Officer of the Resulting Issuer, the Chief Financial Officer of the Resulting Issuer and each of the three most highly compensated executive officers who are proposed to serve as executive officers of the Resulting Issuer for the 12-month period following the Closing. Based on the above criteria, the only NEOs of the Resulting Issuer for the purposes of this section are expected to be John Williamson, the proposed Chief Executive Officer and a director of the Resulting Issuer, and Justin Bourassa, the proposed Chief Financial Officer of the Resulting Issuer.

Pro Forma Compensation Discussion and Analysis of the Resulting Issuer

Principles of Executive Compensation

When determining the compensation of the NEOs of the Resulting Issuer, it is expected that the board of directors of the Resulting Issuer will consider the limited resources of the Resulting Issuer and the objectives of: (i) recruiting and retaining the executives critical to the success of the Resulting Issuer and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the shareholders of the Resulting Issuer; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. In order to achieve these objectives, the compensation paid to the NEOs of the Resulting Issuer will consist of the following components:

- (a) base fee;
- (b) cash bonuses; and
- (c) long-term incentive in the form of stock options.

The board of directors of the Resulting Issuer will be responsible for the compensation policies and practices of the Resulting Issuer. The board of directors of the Resulting Issuer will have the responsibility to review and make recommendations concerning the compensation of the directors of the Resulting Issuer and the NEOs of the Resulting Issuer. The board of directors of the Resulting Issuer will also have the responsibility to make recommendations concerning cash bonuses and grants to eligible persons under the stock option plan of the Resulting Issuer. The board of directors of the Resulting Issuer will review and approve the hiring of executive officers.

Base Fees

The board of directors of the Resulting Issuer will approve the base fee ranges for the NEOs. The review of the base fee component of each NEO compensation will be based on assessment of factors such as executive's performance, a consideration of competitive compensation levels in companies similar to the Resulting Issuer and a review of the performance of the Resulting Issuer as a whole and the role such executive played in such corporate performance.

Annual Incentives

The Resulting Issuer, in its discretion, will be able to award cash bonuses to executives in order to achieve short-term corporate goals. The board of directors of the Resulting Issuer will approve cash bonuses.

The success of NEOs in achieving their individual objectives and their contribution to the Resulting Issuer in reaching its overall goals will constitute factors in the determination of their cash bonus. The board of directors of the Resulting Issuer will assess each NEO's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Resulting Issuer that arise on a day to day basis. This assessment will be used by the board of directors of the Resulting Issuer in developing its recommendations with respect to the determination of cash bonuses for the NEOs.

Compensation and Measurements of Performance

It is expected that the board of directors of the Resulting Issuer will approve targeted amounts of annual incentives for each NEO during each financial year. The targeted amounts will be determined by the board of directors of the Resulting Issuer based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a cash bonus to the NEOs. The NEOs will receive a partial or full cash bonus

depending on the number of the predetermined targets met and the board of directors of the Resulting Issuer's assessment of overall performance. The determination as to whether a target has been met will ultimately be made by the board of directors of the Resulting Issuer and it is expected that the board will reserves the right to make positive or negative adjustments to any cash bonus payment if the board considers them to be appropriate.

Long Term Compensation

It is not expected that immediately following the Closing the Resulting Issuer will have in place long-term incentive plans, other than stock options granted from time to time by the board of directors of the Resulting Issuer under the provisions of the stock option plan of the Resulting Issuer.

Summary Compensation Table

The following table outlines the anticipated compensation expected to be paid to each of the NEOs of the Resulting Issuer and the directors of the Resulting Issuer for the 12-month period after giving effect to the Transactions.

Name and Principal Position	Salary (\$)	Share-based Awards ⁽⁴⁾ (\$)	Option-based Awards ⁽⁴⁾ (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-term Incentive Plans			
John Williamson, CEO ⁽¹⁾	120,000	-	-	-	-	-	-	120,000
Justin Bourassa, CFO ⁽²⁾	80,000	-	-	-	-	-	-	80,000

Notes:

- (1) On Closing of the Transaction, the Resulting Issuer will enter into a management consulting agreement with John Williamson and his private consulting services company whereby Mr. Williamson will agree to provide his services as Chief Executive Officer to the Resulting Issuer and, in consideration of which, the Resulting Issuer will pay Mr. Williamson or his private consulting services company an annual salary of \$120,000.
- (2) On Closing of the Transaction, the Resulting Issuer will enter into a management consulting agreement with Justin Bourassa and his private consulting services company whereby Mr. Bourassa will agree to provide his services as Chief Financial Officer to the Resulting Issuer and, in consideration of which, the Resulting Issuer will pay Mr. Bourassa or his private consulting services company an annual salary of \$80,000.
- (3) The Resulting Issuer has not yet determined whether or how many Options or Share-Based Awards may be granted to the NEOs, which shall be determined after Closing by the board of directors of the Resulting Issuer pursuant to its policies as to determination of compensation and pursuant to the Stock Option Plan and the policies of the TSXV.

Options Granted to Executive Officers

The Resulting Issuer may, in the discretion of the board of directors of the Resulting Issuer, grant stock options from time to time to current and incoming executive officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Resulting Issuer does not anticipate having any contracts, agreements, plans or arrangements that provide for payments to a NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Resulting Issuer or a change in the NEO's responsibilities.

Compensation of Directors

Each non-executive director of the Resulting Issuer will also be entitled to receive stock option grants from time to time at the discretion of the board of directors of the Resulting Issuer. Directors of the Resulting Issuer will be reimbursed for any out-of-pocket travel expenses incurred in order to attend board meetings, committees of the board of directors of the Resulting Issuer or meetings of the shareholders of the Resulting Issuer.

It is anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of Avalon, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to the Avalon or the Resulting Issuer at any time.

AUDIT COMMITTEES AND CORPORATE GOVERNANCE

Audit Committee

Audit Committee Charter

The Audit Committee Charter of the Resulting Issuer will continue to be the Audit Committee Charter of Avalon, which is attached hereto as Schedule "D".

Composition of the Audit Committee

The members of the Audit Committee for the Resulting Issuer will be as set out below:

Name and Office (if any)	Independent	Financially Literate
John Williamson (President, Chief Executive Officer, and a Director)	No	Yes
Roy Bonnell (Chair of Audit Committee and a Director)	Yes	Yes
Nicholas Stajduhar (Director)	Yes	Yes

Relevant Education and Experience

Messrs. Williamson, Bonnell, and Stajduhar have many years of practical business experience and additional education, and meet the criteria of "financially literate" as outlined in National Instrument 52-110. Please refer to the section "Directors and Executive Officers" above.

Audit Committee Oversight

The Audit Committee of Avalon has not, at any time since commencement of Avalon's most recently completed financial year end on August 31, 2020, made a recommendation to nominate or compensate an external auditor that was not adopted by the board of directors of Avalon.

Reliance on Certain Exemptions

At no time has Avalon relied on any exemption contained in National Instrument 52-110, other than that which exempts "venture issuers" from the requirements regarding the composition of the Audit Committee and certain disclosure obligations.

Pre-Approval Policies and Procedures

Specific policies for the engagement of non-audit services are referred to in Avalon's Audit Committee Charter attached as Schedule "D" to this Listing Application.

External Auditor Fees (By Category)

The following table lists by category the fees invoiced to date by Avalon's external auditors for the fiscal years ended August 31, 2020 and 2019:

Type of Fees⁽¹⁾	2020	2019
Audit fees	\$14,500	\$14,000
Fees for audit-related services	nil	nil
Fees for tax services	\$750	nil
Other fees	nil	nil
Totals:	\$15,250	\$14,000

Note:

(1) In addition, 13% HST was also charged on all the above fees.

Exemption

Avalon is relying upon the exemption in section 6.1 of National Instrument 52-110.

Corporate Governance

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with Avalon. A "material relationship" is a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of a director's independent judgement.

The responsibilities of the directors are to exercise their business judgement to act in a manner they reasonably believe to be in the best interests of Avalon and its shareholders. Directors must be willing to devote sufficient time and effort to learn the business of Avalon, and must ensure that other commitments do not materially interfere with service as a director. In discharging their obligations, directors are entitled to rely on management and the advice of Avalon's outside advisors and auditors, but at all times have a reasonable basis for such reliance. Directors are expected to spend the time needed to properly discharge their responsibilities.

The independent directors are given full access to management so that they can develop an independent perspective and express their views and communicate their expectations to management.

The independent members of the Resulting Issuer's board of directors will be Roy Bonnell, Nick Stajduhar, and Kevin Vienneau. John Williamson will not be considered to be independent by virtue of him being President and Chief Executive Officer of Avalon.

Directorships

The directors of the Company that are currently serving on boards of other reporting issuers (or equivalent) are set out in the section "Directors and Executive Officers" above.

Orientation and Continuing Education

When new directors are appointed or elected, they receive orientation, commensurate with their previous experience, on the business of the Resulting Issuer and its sector of industry, and on the responsibilities of directors.

Board meetings may also include presentations by the Resulting Issuer's management, consultants, employees or advisors to give the directors additional insight into the business of the Resulting Issuer.

Ethical Business Conduct

The board of directors will monitor the ethical conduct of the Resulting Issuer and ensure that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The board has found that the fiduciary duties placed on individual directors by our governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the board in which the director has an interest, will be sufficient to ensure that the board operates independently of management and in the best interests of the Resulting Issuer.

Nomination of Directors

The directors will be elected each year by the shareholders at the annual meeting of shareholders. The Board proposes a slate of nominees to the shareholders for election to the Board at such meeting. Between annual meetings of shareholders, the Board may fill casual vacancies on the Board and, subject to the Articles and Bylaws of the Resulting Issuer, increase the size of the Board and elect directors to fill the resulting vacancies until the next annual meeting of shareholders.

Each director should possess the following minimum qualifications: (a) the highest personal and professional ethics, integrity and values; (b) commitment to representing the long-term interests of the shareholders; (c) relevant business or professional experience; and (d) sufficient time to effectively fulfill duties as a Board member. Non-management directors will endeavour to recommend qualified individuals to the Board who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Resulting Issuer.

The Board will endeavour to have a sufficient number of directors who meet the criteria for independence, as defined in National Instrument 52-110, Audit Committees, as may be amended or replaced from time to time, in order to meet the Audit Committee independence requirements of such instrument.

Compensation

Compensation for the directors and senior officers has been reviewed by the Board as a whole. The Board has not adopted a policy with respect to the compensation of directors. The Board will review the compensation of the senior executives with a view to ensuring compensation levels are commensurate with responsibilities.

Other Board Committees

The Board currently does not have any standing committees other than the Audit Committee.

Assessments

The Board has not implemented any formal policy or structure to assess its effectiveness, but may do so in the future if it is thought to be in the best interests of the Resulting Issuer and its shareholders.

AGENT, SPONSOR OR ADVISOR

Avalon has not engaged an Agent, Sponsor or Advisor in respect of the Transactions and has applied for an exemption to the requirement to engage a Sponsor pursuant to TSXV Policy 2.2.

RISK FACTORS

The following are certain factors relating to the business of the Resulting Issuer assuming completion of the Transactions, which factors investors should carefully consider when making an investment decision concerning the Common Shares of Avalon or the Resulting Issuer, as applicable. Additional risks and uncertainties not presently known to Avalon, or the Avalon currently deems immaterial, may also impair the operations of the Resulting Issuer. The financial condition, liquidity and operations of the Resulting Issuer could be materially adversely affected by such risks and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

An investment in Avalon or the Resulting Issuer, as applicable, is speculative. An investment in Avalon or the Resulting Issuer, as applicable, will be subject to certain material risks and investors should not invest in securities of Avalon or the Resulting Issuer, as applicable, unless they can afford to lose their entire investment. The following is a description of certain material risks and uncertainties that may affect the business of the Resulting Issuer.

Substantial Capital Requirements and Liquidity

The Resulting Issuer will have limited financial resources, no operations and no revenues. If the Resulting Issuer's exploration and development of the Elmtree Gold Project is successful, substantial additional funds will be required for the purposes of further development and future operations. No assurances can be given that the Resulting Issuer will be able to raise the additional funding that may be required for such activities on acceptable terms or at all. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope and/or amend the timing of its development plans and/or operations. In addition, Avalon currently has negative operating cash flows and it is expected that a portion of the available funds may be used to fund such negative operating cash flows.

Reliance on a Single Property

The Resulting Issuer's only mineral properties will comprise the Elmtree Gold Project. Unless the Resulting Issuer acquires or develops additional material properties or projects, the Resulting Issuer will be solely dependent upon the operation of the Elmtree Gold Project for its revenue and profits, if any. If the Resulting Issuer loses or abandons its interest in the Elmtree Gold Project, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the TSXV. There is also no guarantee that the TSXV will approve the acquisition of any additional properties by the Resulting Issuer, whether by way of option or otherwise, should the Resulting Issuer wish to acquire any additional properties.

Limited Operating History

Avalon is without an active business. The Resulting Issuer will be a company with limited operating history and no history of business or mining operations, revenue generation or production history. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objectives.

Reliance on Management and Dependence on Key Personnel

The success of the Resulting Issuer is currently largely dependent upon the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Resulting Issuer's business and prospects. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Resulting Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

Speculative Nature of Activities

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Resulting Issuer may be affected by numerous factors that are beyond the control of the Resulting Issuer and that cannot be accurately predicted, such as market fluctuations, the

proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Resulting Issuer not receiving an adequate return of investment capital. The Elmtree Gold Project is in the exploration stage only and is without a known body of commercial ore. Development of the Elmtree Gold Project would follow only if favourable exploration results are obtained.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Resulting Issuer's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Resulting Issuer's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Fluctuating Mineral Prices

The economics of mineral development are affected by many factors beyond the Resulting Issuer's control including, commodity prices, the cost of operations, and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is uneconomic to continue the Resulting Issuer's activities on the Elmtree Gold Project.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any metals which may be identified on the Elmtree Gold Project.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Resulting Issuer will compete with other mining companies, many of which have greater financial, technical and other resources than the Resulting Issuer, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Conflicts of Interest

Certain of the proposed directors and officers of the Resulting Issuer engage in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest.

Uninsurable Risks

Development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Resulting Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Resulting Issuer's results of operations and financial condition and could cause a decline in the value of the Resulting Issuer Shares. The Resulting Issuer does not intend to maintain insurance against environmental risks.

Exploration and Mining Risks

The Elmtree Gold Project is in the exploration stage. Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge will not eliminate. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the

operation of mines and the conduct of exploration programs. Avalon will rely upon consultants and contractors for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Under the laws of the Province of New Brunswick, exploration licenses are granted for a certain period of time after which they must be renewed. Although the owners of the Elmtree Gold Project have not encountered any problems in renewing licenses and obtaining access for exploration activities in respect of the Elmtree Gold Project, as applicable and when required in the past, there is no assurance that the licenses and necessary surface rights agreements will be obtained in the future on reasonable terms or at all, which could adversely affect the business of Avalon.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for additional exploration or development will be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in Avalon or the Resulting Issuer, as applicable, not receiving an adequate return on invested capital.

Avalon or the Resulting Issuer, as applicable, will carefully evaluate the political factors affecting the future of its operations. Such restrictions may have a material adverse effect on the business and results of operations of Avalon or the Resulting Issuer.

Title Risks

Although Avalon has exercised the usual due diligence with respect to determining title to the Elmtree Gold Project, there is no guarantee that title to the Elmtree Gold Project will not be challenged or impugned. The Elmtree Gold Project may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. The Elmtree Gold Project includes mineral claims which have not been surveyed, and therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, Avalon can give no assurance as to the validity of title of Avalon to those lands or the size of such mineral lands.

Litigation

Although Avalon has no knowledge of any pending or threatened litigation affecting it or the Elmtree Gold Project, the Resulting Issuer and/or its directors may in the future be subject to a variety of civil or other legal proceedings, with or without merit.

Health and Safety Risks

The Resulting Issuer must comply with the health and safety laws, regulations, guidelines and permitting requirements in New Brunswick. These laws are in place to protect the health and safety of employees while working at the Elmtree Gold Project. The possibility of more stringent laws or more rigorous enforcement of existing laws could have a material adverse effect on the Resulting Issuer's exploration activities and the viability of the Elmtree Gold Project.

Price Volatility

The market price of the Resulting Issuer Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer Shares.

Limited Market for Securities

Upon completion of the Transactions, the Resulting Issuer Shares will be listed on the TSXV, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

General Economic Conditions

The Resulting Issuer could be adversely affected by changing economic conditions globally and specifically in the jurisdictions in which it operates. The market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, cuts in government spending, increased market volatility and widespread reduction of business activity generally. In addition, natural disasters, pandemics, including the current outbreak of the Novel Coronavirus Disease 2019 (COVID-19) and any future emergence and spread of similar pathogens, and other catastrophic events, including man-made events such as terrorism, could have an adverse impact on global economic conditions. Continued difficult, uncertain or slowdown in global economic conditions could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer.

Governmental Regulations

The operations of the Resulting Issuer, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Avalon believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which the Resulting Issuer may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Resulting Issuer might undertake.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Environmental Risks

The Resulting Issuer's exploration and development activities on the Elmtree Gold Project will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. If the environmental laws and regulations relating to the Resulting Issuer's activities were to change, or the enforcement of such laws and regulations were to become more rigorous, the Resulting Issuer could be required to incur significant expenditures to comply, which could have a material adverse effect on its future cash, flows, earnings, results of operations and financial condition, its ability to develop projects further, and increase its reserves and resources.

Development and Operating Risks

The development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. There can be no guarantee that the estimates of quantities and qualities of minerals which may be disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral development and production is speculative in nature.

The Resulting Issuer's operations will be subject to all of the hazards and risks normally encountered in the development and production of mineral properties. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer.

Dividends

To date, Avalon has not generated any earnings and has not paid any dividends on the Common Shares. Any decision to pay dividends on the Common Shares of the Resulting Issuer will be made by the board of directors of the Resulting Issuer on the basis of the Resulting Issuer's earnings, financial requirements and other conditions. If the Resulting Issuer generates earnings in the foreseeable future, it expects that they would be retained to finance growth.

PROMOTERS

John Williamson, Roy Bonnell, Nicholas Stajduhar, and Kevin Vienneau are the Vendors and are also considered Promoters of the Resulting Issuer of Avalon as they entered into the Acquisition Agreement in respect of the Transactions contemplated therein, which are expected to substantially reorganize the business of Avalon becoming a Tier 2 mining issuer listed on the TSXV with the Elmtree Gold Project as its mineral exploration property.

Pursuant to the Acquisition Agreement, and subject to conditional approval of the TSXV, after completion of the Consolidation and Bridge Financing, Avalon, through its wholly owned subsidiary, Property Sub, will acquire 100% right, title and ownership of the Elmtree Gold Project by paying to the Vendors:

- (a) \$350,000 in cash to Kevin Vienneau or his corporate nominee;
- (b) 14,000,000 Common Shares (the "**Purchase Shares**") to be issued at a deemed price of \$0.50 per Common Share as follows:
 - (i) 2,400,000 Common Shares to Kevin Vienneau or his corporate nominee; and
 - (ii) 3,866,666 Common Shares to each of Roy Bonnell, Nicholas Stajduhar, and John Williamson, or their respective corporate nominees; and
- (c) Avalon will grant to Kevin Vienneau, or his corporate nominee, a 2% net smelter returns royalty in respect of the Elmtree Gold Project.

The Acquisition Agreement was independently negotiated between the current Board of Avalon and the Vendors who are arm's length to Avalon. None of the Vendors, directly or indirectly, hold any securities of Avalon before closing of the Acquisition, and but expect to receive and hold securities of Avalon upon closing of the Transactions as set forth in the section "Principal Securityholders" above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Avalon is not currently a party to any legal proceedings or regulatory actions, nor is Avalon currently contemplating any legal proceedings or regulatory actions. Management of Avalon is currently not aware of any legal proceedings or regulatory actions contemplated against Avalon.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set out herein, management and directors of Avalon have no interest in the contemplated Transactions.

INVESTOR RELATIONS ARRANGEMENTS

No written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Upon completion of the Transactions, it is intended that the Resulting Issuer's auditors will be Brunet Roy Dube, CPA, S.E.N.C.R.L. at Suite 1200, 7100 Jean-Talon Road East, Montreal, Quebec, H1M 3S3.

The Resulting Issue anticipates that the transfer agent and registrar for the Resulting Issuer Shares will be Avalon's transfer agent, AST Trust Company (Canada) at Suite 1600, 2001 Robert-Bourassa Boulevard, Montreal, Quebec, H3A 2A6.

MATERIAL CONTRACTS

Avalon has not entered into any contracts material to investors in the Common Shares of Avalon since incorporation which are still in force other than contracts entered into in the ordinary course of business and except for:

- (a) the Acquisition Agreement; and
- (b) the Finder's Fee Agreement,

(collectively, the "**Material Contracts**").

A copy of each Material Contract may be inspected without charge during regular business hours at the offices of Avalon's counsel, Boughton Law Corporation, at Suite 700, 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, until 30 days after the Closing.

EXPERTS

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Listing Application as having prepared or certified a report, valuation, statement or opinion in this Listing Application:

- (a) Brunet Roy Dube, CPA, S.E.N.C.R.L. provided auditor reports as follows:
 - (i) the auditor report dated December 18, 2020 on the audited financial statement of Avalon for the financial year ended August 31, 2020 with the comparable period ended August 31, 2019; and
 - (ii) the auditor report dated January 22, 2020 on the audited financial statement of Avalon for the financial year ended August 31, 2019 with the comparable period ended August 31, 2018.
- (b) D. Roy Eccles, M.Sc. P.Geol., and Stefan Kruse, Ph.D., P. Geo., all of Apex Geoscience Ltd., authors of the Technical Report.

As of the date hereof, Brunet Roy Dube, CPA, S.E.N.C.R.L. has advised that they are independent with respect to Avalon within the meaning of the Code of Professional Conduct of the Ordre des comptables professionnels agréés du Québec (Québec CPA Order).

To the knowledge of management of Avalon, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of Avalon, the Resulting Issuer or of an Associate or Affiliate of any of them, and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate thereof.

Other than the Technical Report, no expert reports were prepared to support the recommendation of the board of directors of Avalon.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Transactions that are not otherwise disclosed in this Listing Application or are necessary for the Listing Application to contain full, true and plain disclosure of all material facts relating to the Transactions.

ADDITIONAL INFORMATION – MINING APPLICANTS

After Closing of the Transactions, the Resulting Issuer will be a mineral resource company engaged in the exploration, development and operation of mineral properties, with its focus on the Elmtree Gold Project.

Current Technical Report

Apex Geoscience Ltd. was retained by Avalon to prepare the Technical Report in connection with the Property Acquisition. The Technical Report was prepared in accordance with NI 43-101. Apex Geoscience visited the Elmtree Gold Project on August 31 and September 1, 2020.

Unless stated otherwise, the information in this section entitled "*Additional Information – Mining Applicants*" is based upon the Technical Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report which is available for review under Avalon's profile on SEDAR.

Cautionary Note to Investors Concerning Estimates of Historical Resources

Information concerning the properties and operations of Avalon, the Elmtree Gold Project and the Resulting Issuer, which is contained herein, and in certain publicly-available disclosure filed on SEDAR (including the Technical Report) by Avalon and the Resulting Issuer, uses terms that comply with reporting standards in Canada. In particular, certain estimates of mineralized material are made in accordance with NI 43-101 under guidelines set out in the CIM Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Unless otherwise indicated, all reserve and resource estimates referred to or contained in this Listing Application and the Technical Report have been prepared in accordance with NI 43-101. These NI 43-101 standards differ significantly from the requirements of the SEC, and such resource information may not be comparable to similar information disclosed by U.S. companies. For example, while the terms "historical", "mineral resource", "measured resource", "indicated resource" and "inferred resource" are recognized and required by Canadian regulations, they are not recognized by the SEC. It cannot be assumed that any part of the mineral deposits in these categories will ever be upgraded to a higher category. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it cannot be assumed that any part of a historical or an inferred resource exists. In accordance with Canadian rules, estimates of "inferred resources" cannot form the basis of feasibility or pre-feasibility studies. In addition, under the requirements of the SEC, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Finally, disclosure of contained ounces is permitted disclosure under Canadian regulations, however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Investors are cautioned not to assume that all or any part of historical, inferred or indicated resources will ever be converted into reserves and will become upgraded into an economically or legally mineable deposit. The author of the Technical Report has not done sufficient work to classify the historic estimates in the Technical Report as current mineral resources under current mineral resource or mineral reserve terminology and are not treating the historic estimates as current mineral resources. The historical resources in the Technical Report should not be relied upon.

Elmtree Gold Project Description, Location and Access

The Elmtree Gold Project covers a combined area of 1,063.326 ha and is defined by Tenure Blocks 7950 and 9419. Tenure Block 7950 encompasses 24 contiguous Mineral Claims that collectively encompass 520.934 ha and Tenure Block 9419 encompasses 25 contiguous Mineral Claims that collectively encompass 542.392 ha (see Figure 1 and 2, and Table 1, below). The Mineral Claims were issued on December 25, 2016 and are designated as active and in good standing.

At present, the registered owner of the Mineral Claims comprising the Elmtree Gold Project is Mr. Kevin Vienneau. Roy Bonnell, John Williamson, and Nicholas Sajduhar, together with Mr. Vienneau, all have an interest in the Elmtree Gold Project pursuant to a declaration of trust between each of them (or their respective holding companies) and Kevin Vienneau. The Company has the right to acquire 100% ownership of the Elmtree Gold Project from the Vendors free and clear of encumbrances other than the NSR pursuant to the terms of the Acquisition Agreement.

The Elmtree Gold Project is in northeast New Brunswick approximately 20 km northwest of the City of Bathurst, NB, approximately 10 km west of the Village of Petit Rocher, NB, and near the enhanced service areas of Alcida and Dauversière, NB (see Figures 1 and 2, below). The Elmtree Gold Project is within the Canadian local service district of the parish of Beresford in Gloucester County, NB.

The Elmtree Gold Project is in National Topographic System Map Sheet 21P/13W within North American Datum 83, UTM Zone 20. In UTM N83 Z20 coordinates, the centre of the Elmtree Property is: 286475 m Easting and 5296035 m Northing.

Figure 1: General Location of the Elmtree Gold Project in NE New Brunswick

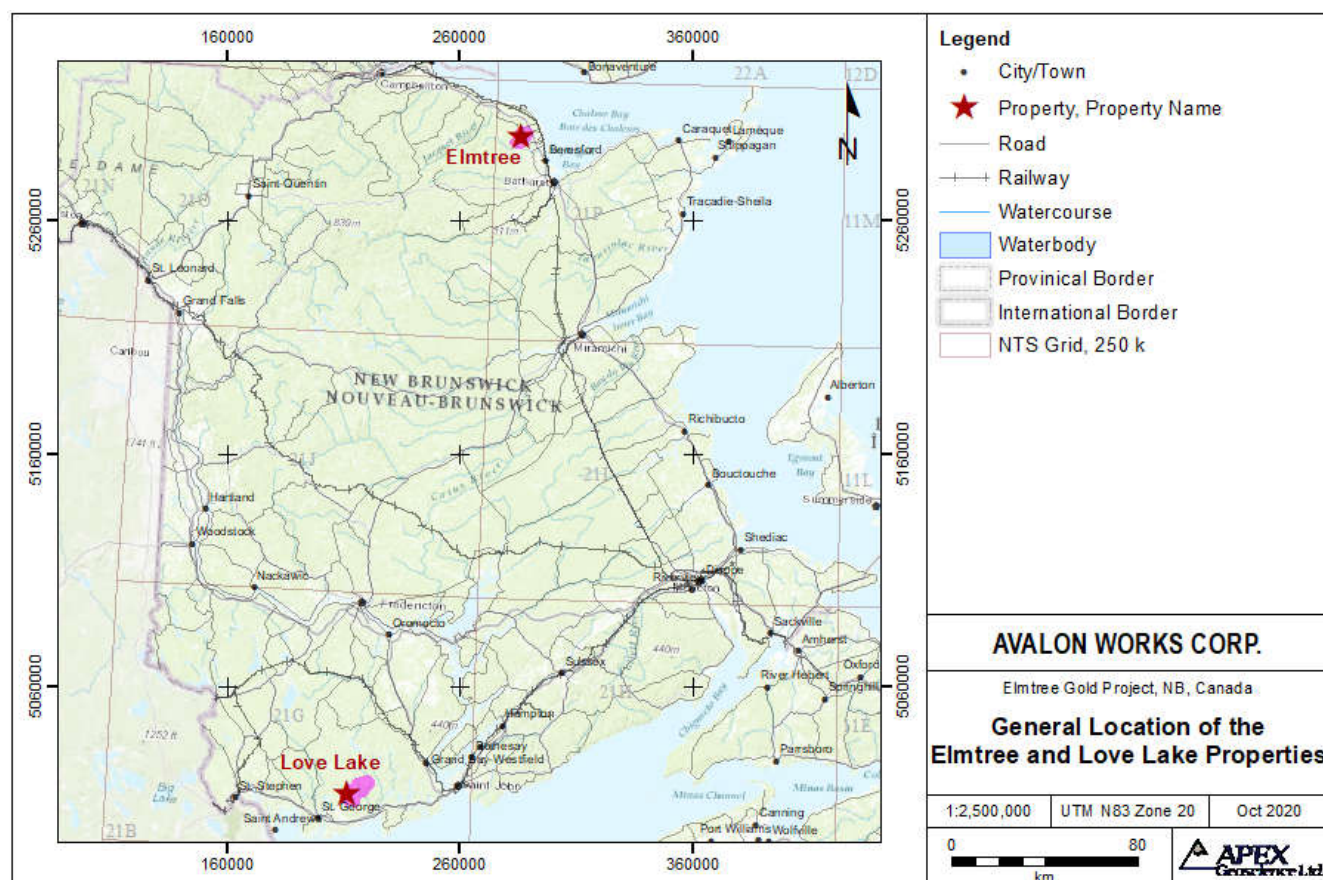


Table 1: Mineral Tenure Block and Claim Descriptions of the Elmtree Gold Project

A) Summary of the mineral tenure block.

Tenure Block Number ID	UTM N83 Z20 Easting Unit Centroid	UTM N83 Z20 Northing Unit Centroid	Claim type / sub-type	Status	Area (hectares)	Issue date	Expiry date	Registered Owner
7950	285725	5294675	Mineral / Claim	Active	520.934	25-Dec-16	25-Dec-21	Kevin Vienneau 100%
9419	287195	5297345	Mineral / Claim	Active	542.392	7-Feb-20	7-Feb-22	Kevin Vienneau 100%

B) Summary of the mineral claims within Tenure Block 7950 (n=24 mineral claims). Current Term at a renewal rate per unit of \$10.00 = \$6.000 work required to renew (\$4,793.74 balance to renew).

Claim Unit Key ID	UTM N83 Z20 Easting Unit Centroid	UTM N83 Z20 Northing Unit Centroid	Grid number	Section number	Area (hectares)	Mineral status: Active date	Mineral status: Last update
1223047E	284841	5295056	1223	47	21.704	25-Dec-16	25-Dec-16
1223036M	286680	5294061	1223	36	21.708	25-Dec-16	12-Mar-18
1223047D	284824	5294593	1223	47	21.706	25-Dec-16	25-Dec-16
1223047J	285795	5295484	1223	47	21.703	25-Dec-16	25-Dec-16
1223056P	284339	5294147	1223	56	21.708	25-Dec-16	25-Dec-16
1223037N	287216	5295895	1223	37	21.701	25-Dec-16	12-Mar-18
1223047I	286263	5295467	1223	47	21.702	25-Dec-16	25-Dec-16
1223037C	287165	5294506	1223	37	21.706	25-Dec-16	22-Feb-18
1223056O	283870	5294165	1223	56	21.708	25-Dec-16	12-Mar-18
1223046J	285726	5293632	1223	46	21.709	25-Dec-16	16-Feb-18
1223037D	286697	5294524	1223	37	21.706	25-Dec-16	22-Feb-18
1223047P	286280	5295930	1223	47	21.701	25-Dec-16	12-Mar-18
1223047B	285761	5294558	1223	47	21.706	25-Dec-16	25-Dec-16
1223057A	284356	5294610	1223	57	21.706	25-Dec-16	25-Dec-16
1223046L	284790	5293667	1223	46	21.709	25-Dec-16	5-Dec-17
1223046O	285743	5294095	1223	46	21.708	25-Dec-16	4-Nov-17
1223047F	285309	5295038	1223	47	21.704	25-Dec-16	25-Dec-16
1223046P	286212	5294078	1223	46	21.708	25-Dec-16	12-Mar-18
1223037M	286748	5295913	1223	37	21.701	25-Dec-16	12-Mar-18
1223047G	285778	5295021	1223	47	21.704	25-Dec-16	25-Dec-16
1223047A	286229	5294541	1223	47	21.706	25-Dec-16	10-Mar-17
1223046M	284807	5294130	1223	46	21.708	25-Dec-16	25-Dec-16
1223037L	286731	5295450	1223	37	21.703	25-Dec-16	4-Nov-17
1223046K	285258	5293649	1223	46	21.709	25-Dec-16	16-Feb-18
Total hectares					520.934		

C) Summary of the mineral claims within Tenure Block 9419 (n=25 mineral claims). Current Term 1 at a renewal rate per unit of \$10.00 = \$2,500 work required to renew (\$2,500 balance to renew)

Claim Unit Key ID	UTM N83 Z20 Easting Unit Centroid	UTM N83 Z20 Northing Unit Centroid	Grid number	Section number	Area (hectares)	Mineral status: Active date	Mineral status: Last update
1223028M	288688	5297696	1223	28	21.694	25-Dec-16	07-Feb-20
1223029D	288705	5298159	1223	29	21.692	25-Dec-16	07-Feb-20
1223038A	288170	5296324	1223	38	21.699	25-Dec-16	07-Feb-20
1223038C	287233	5296358	1223	38	21.699	25-Dec-16	07-Feb-20
1223038D	286765	5296376	1223	38	21.699	25-Dec-16	07-Feb-20
1223038E	286782	5296839	1223	38	21.698	25-Dec-16	07-Feb-20
1223038F	287250	5296822	1223	38	21.698	25-Dec-16	07-Feb-20
1223038H	288186	5296787	1223	38	21.698	25-Dec-16	07-Feb-20
1223038I	288203	5297250	1223	38	21.696	25-Dec-16	07-Feb-20
1223038J	287735	5297267	1223	38	21.696	25-Dec-16	07-Feb-20
1223038K	287267	5297285	1223	38	21.696	25-Dec-16	07-Feb-20
1223038M	286816	5297765	1223	38	21.694	25-Dec-16	07-Feb-20
1223038N	287284	5297748	1223	38	21.694	25-Dec-16	07-Feb-20
1223038O	287752	5297730	1223	38	21.694	25-Dec-16	07-Feb-20
1223038P	288220	5297713	1223	38	21.694	25-Dec-16	07-Feb-20
1223039B	287769	5298193	1223	39	21.693	25-Dec-16	07-Feb-20

1223039C	287301	5298211	1223	39	21.692	25-Dec-16	07-Feb-20
1223039D	286833	5298228	1223	39	21.692	25-Dec-16	07-Feb-20
1223048A	286297	5296393	1223	48	21.699	25-Dec-16	07-Feb-20
1223048B	285829	5296410	1223	48	21.699	25-Dec-16	07-Feb-20
1223048H	286314	5296856	1223	48	21.698	25-Dec-16	07-Feb-20
1223048I	286331	5297319	1223	48	21.696	25-Dec-16	07-Feb-20
1223048J	285863	5297336	1223	48	21.696	25-Dec-16	07-Feb-20
1223049A	286365	5298245	1223	49	21.693	25-Dec-16	07-Feb-20
1223049B	285898	5298262	1223	49	21.693	25-Dec-16	07-Feb-20
				Total			
				hectares	542.392		

Figure 2: Mineral Tenure Blocks 7950 and 9419 at the Elmtree Gold Project

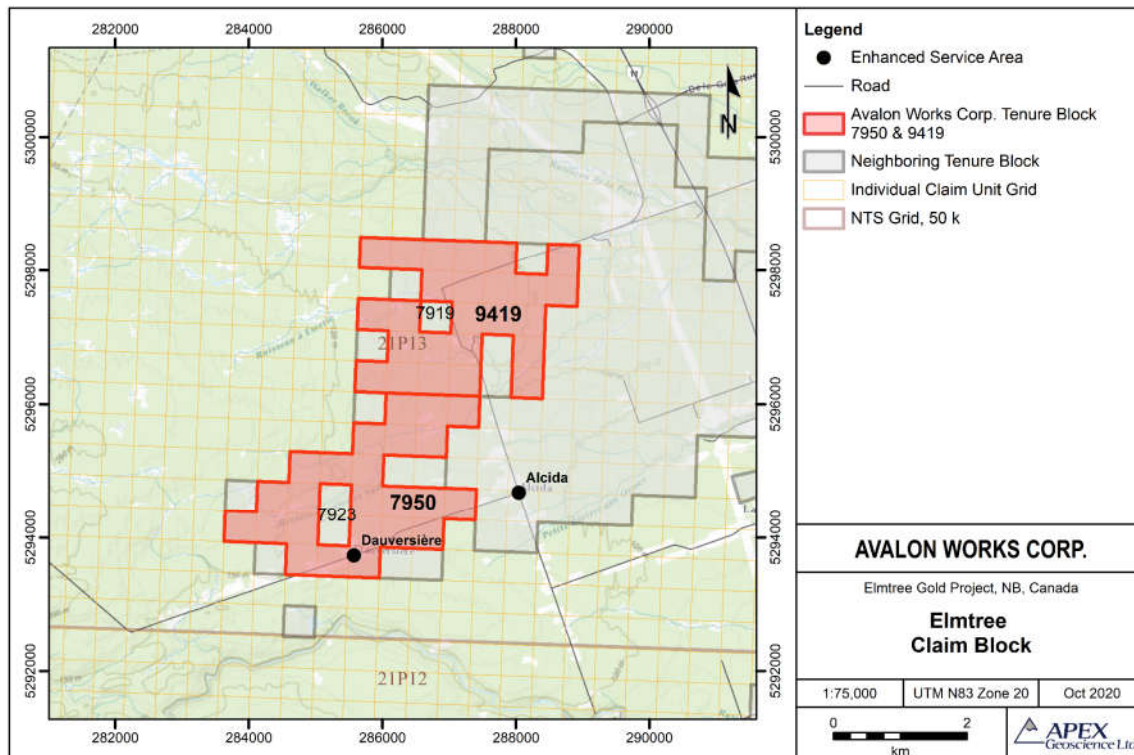
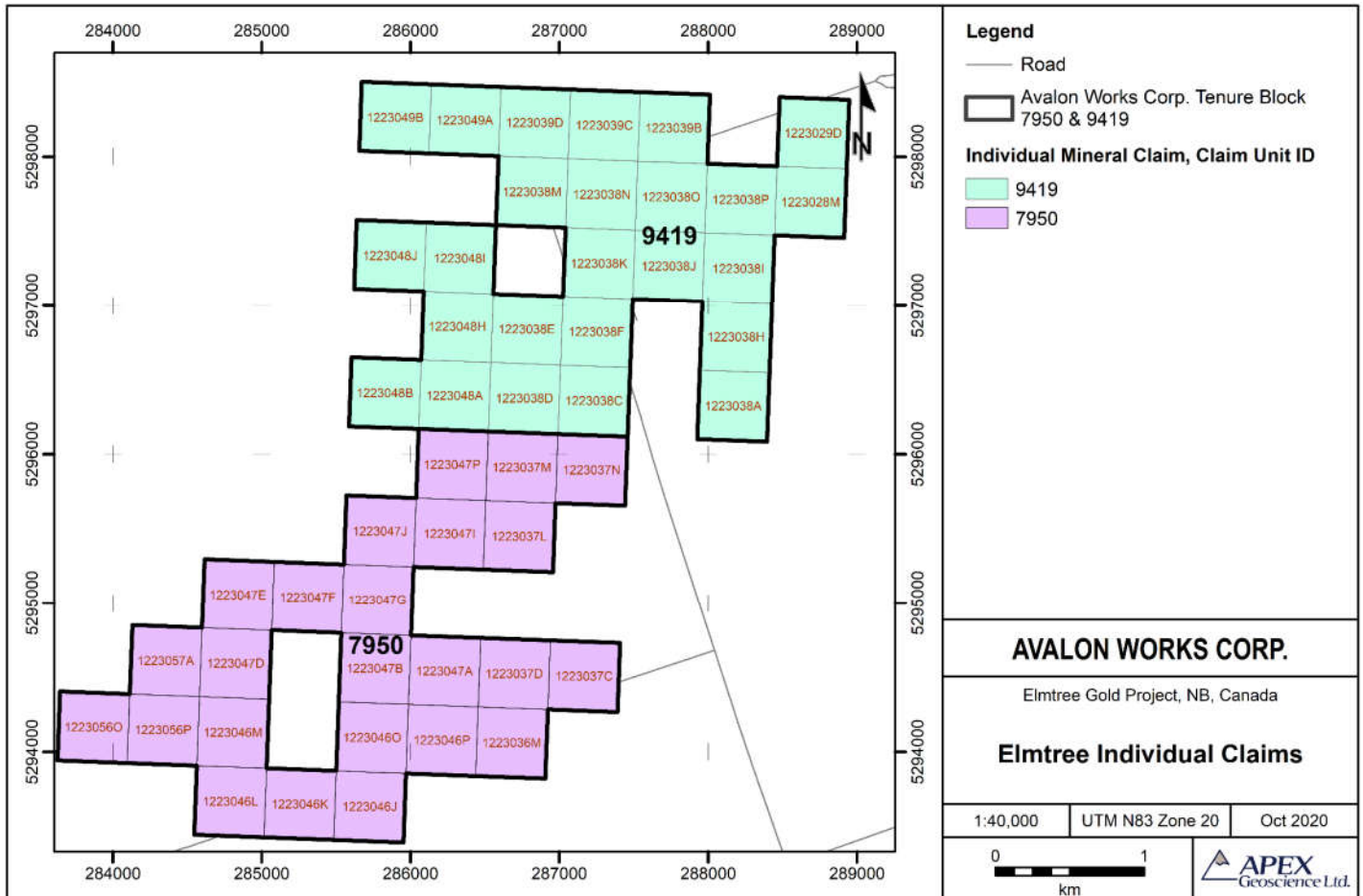


Figure 3: Mineral Claims with Mineral Tenure Blocks 7950 and 9419 at Elmtree Gold Project



Upon completion of the Property Acquisition, Avalon will own the Elmtree Gold Project free and clear of encumbrances other than a 2% NSR royalty granted to Kevin Vienneau and Avalon will have the right to buy back 50% of the NSR for \$1 million.

With respect to provincial royalties, any person who obtains or takes minerals under the authority of a mining lease shall pay royalties to the Crown in accordance with the regulations.

Mineral Tenure, Permitting, and Right to Access

In New Brunswick, the holder of the mineral claim has the right of free access by any reasonable means to/from the claim area, and the exclusive right to prospect for minerals and carry on mining in or on the claim area and to remove minerals from the claim area for purposes of sampling and testing (Mining Act, SNB 1985, c M-14.1).

Retention of claims in good standing from year to year requires payment of a renewal fee for each claim plus submission of documentation to the government describing work programs and associated costs applicable to the Elmtree Gold Project during the reporting year. Table 2 below summarizes the work commitments and renewal fees.

Reports of Work (mineral assessment reports) are received and processed by the New Brunswick Department of Natural Resources and Energy Development, Mineral and Petroleum Branch. The reports are kept for a confidential period of 2 years from the date of submission. The reports are made public once the confidential period is finished or once all claims in a report have lapsed or were surrendered. The work can be performed on any one or more claims. Mineral claims must be contiguous, are held in the name of one person or company and have the same recording date.

Table 2 Mineral assessment work requirements in New Brunswick.

Year of issue ¹	Required work per claim (CDN\$)	Renewal period	Renewal fees per claim (CDN\$)
Year 1	\$100	1 to 5	\$10.00
Year 2	\$150	6 to 10	\$20.00
Year 3	\$200	11 to 15	\$30.00
Year 4	\$250	16 and more	\$50.00
Years 5 to 10	\$300		
Years 11 to 15	\$500		
Years 16 to 25	\$600		
Years 26 and over	\$800		

¹ Per Mineral Claim unit and per year

Avalon will be required to obtain the following permits and licences to conduct mineral exploration in New Brunswick:

- A prospecting licence is required to prospect or register mineral claims. Application is made through NB e-CLAIMS and is valid for a lifetime.
- Notification requirements prior to performing exploration work and general prospecting must notify private landowners; Recorder, Department of Natural Resources; District Forest Ranger, Department of Natural Resources; Work Safe NB; and Offices of the Recorder (Bathurst in this case).
- Prior to commencing work that would cause actual damage to or interference with the use and enjoyment of Crown lands; the following procedures must be followed:
 - Submit to the Recorder the completed Notice of Planned Work on Crown Land-Form 18.1, listing the proposed work and enclosing a map showing the area of work and the claims.
 - The Recorder will review the submitted form and give permission on behalf of the Department of Natural Resources for the work to proceed.
 - In some cases, the Recorder will advise the person planning the work that a reclamation plan and security are required before the work commences.
 - Obtain the consent of the lessee if work is done on a Crown land lease.
- A lease or a right to occupy as issued under the *Crown Lands and Forests Act* is required to erect a permanent camp, building or other structure on Crown Land.
- Review the Mining Act for standard conditions for mineral exploration.
- Claim holders wishing to conduct advanced exploration on mineral claims may require additional approvals beyond a Form 18 under the *Mining Act* depending on the scope of work involved.

Anyone with a Mineral Claim in New Brunswick who has decided to produce minerals from the Mineral Claim can apply for a Mining Lease. A Mining Lease allows mineral production and requires an application fee, rent per hectare per of \$6.00 and a minimum dollar value of work required per hectare per year of \$60.00. Guides to the Mine Approval Process, and Development of a Mining and Reclamation Plan are provided by the Department of Natural Resources and Energy Development

(https://welcomenb.ca/content/gnb/en/departments/erd/energy/content/minerals/content/Minerals_exploration.html).

Environmental Liabilities, Permitting and Significant Factors

Notice of an Historical Environmental Assessment (ca. 2010-2011)

In 2010, Castle Resources Inc. initiated an Elmtree Gold Project Environmental Assessment (EA; Barnes and Marquis, 2010). On June 17, 2011, Castle Resources Inc., was presented with an Environmental Impact Statement (EIS) Guidelines document by the Canadian Environmental Assessment Agency (Canadian Environmental Assessment Agency, 2011). The guidelines were prepared to guide the proponent in the preparation of the EIS and identify the minimum information requirements. The EIS Guidelines document was considered effective until June 17, 2017.

To the best of the knowledge of the authors of the Technical Report, the Castle Resources Inc. (and CNRP Mining Inc.) did not submit an EIS document in compliance with the EIS Guidelines document – and eventually – the EA process for the Elmtree Gold Project Gold Mine was terminated on August 28, 2019 with the implementation of Canada's *Impact Assessment Act*, which replaced the *Canadian Environmental Assessment Act*, 2012.

Federal Government documentation of the EA process at the Elmtree Gold Project is referenced below (see Government of Canada, 2011a-e, 2013, 2015, 2019; Canadian Environmental Assessment Agency, 2011). Additional milestone/task documentation is available via the Natural Resources of Canada, Major Projects Management Office at: <https://mpmo.gc.ca/home>.

In the opinion of the Technical Report authors, the stalled EA process should not be construed as a detriment to the Elmtree Gold Project or specific projects within the Elmtree Gold Project. On the contrary, the Federal and New Brunswick governments were cooperative and willing to work toward a comprehensive EIS report and process. Going forward and albeit dated (2011), the EIS guidelines document should be helpful in the construction of a new EA if one is deemed necessary by Avalon. The Environmental Impact Statement Guidelines for the Elmtree Gold Project Gold Mine, which was issued on June 17, 2011, is available as of the effective date of the Technical Report at: <https://www.ceaa-acce.gc.ca/050/documents/48759/48759E.pdf>.

Protected Natural Areas and Watersheds

The Nigadoo River watershed is mapped to occur in the southernmost portion of the Elmtree Property and is largely south and southwest of the Elmtree Gold Project (Figure 3; New Brunswick, Department of the Environment and Local Government, 2001). The Nigadoo River watershed measures 161 km² and is the drinking water supply for the Village of Petit-Rocher. For this reason, the waters located upstream from the municipal water intake are protected and managed under the Watershed Protected Area Designation Order – Clean Water Act November 1, 2001 (Murphy, 2002).

A copy of the Watershed Protected Area Designation Order that designates the watersheds or portions of watersheds as protected areas is:

1. Filed in the head office of the Department of the Environment and Local Government, and in the regional office of the Department of the Environment and Local Government situated most closely to the protected areas.
2. Registered in the registry office or registry offices of Service New Brunswick for the county or counties in which the protected areas are situated.

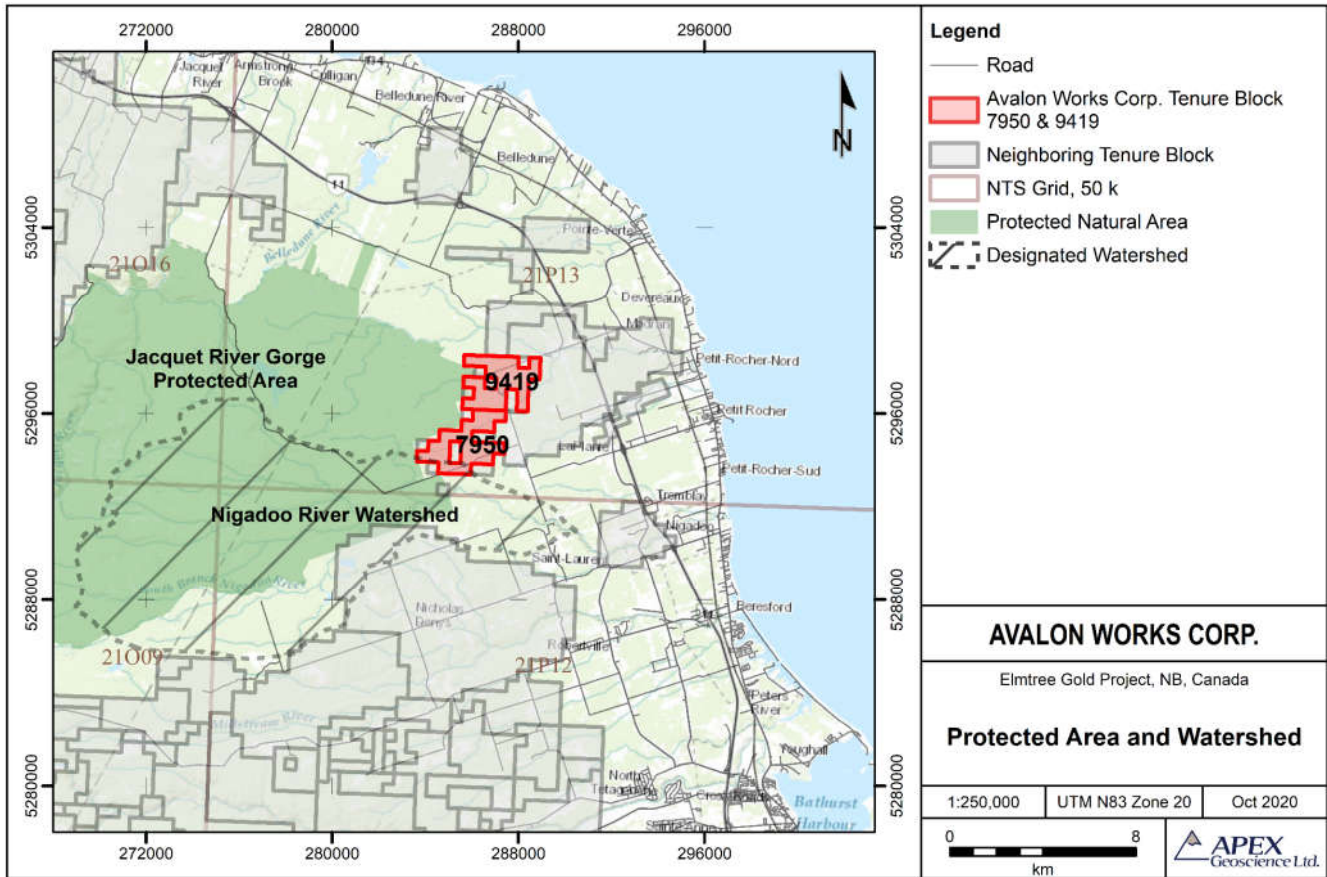
The Jacquet River Gorge Protected Area is mapped to occur along the western edge of the Elmtree Gold Project and encompasses 261 km² (Figure 4.3). It is owned by the Crown and managed by the Department of Natural Resources. It was designated in 2003 as a Class II PNA to protect a landscape representative of the Northern Uplands Ecoregion. These sites protect ecosystems that are representative of the New Brunswick landscape or that are ecologically important or rare.

The Jacquet River Gorge PNA has 6 biodiversity elements targeted for protection under the PNA Act:

- Ecosystems and natural landscapes that are representative of the Province.
- Unique or unusual assemblages of fauna or flora.
- Native fauna or flora that is rare or endangered.
- Ecologically sensitive fauna, flora, or habitat.
- Unique or rare examples of botanical, zoological, pedological or geological phenomena.
- Altered ecosystems that offer research opportunities to study their recovery from disturbance (Fenton, 2001).

With the diversity of habitats and forest age classes, wildlife within the site is typical of species found in the Acadian Forest and its associated watercourses and wetlands. The PNA is also home to several plants and animals of conservation concerns. Fossils of marine invertebrate and invertebrate trace fossils have also been found.

Figure 3: Protected Natural Areas and Watersheds in the area of the Elmtree Gold Project



Environmental Liabilities and Significant Factors

Avalon has just acquired the Elmtree Gold Project. Recommendations associated with the Technical Report are focused on verifying the geology and mineralization, and exploratory programs to work toward mineral resource classifications in accordance with CIM Definition Standards and Guidelines.

To this extent, the QPs are not aware of any environmental liabilities or any other known significant factors or risks related to the Elmtree Gold Project that may affect access, title or the right or ability to perform work on the Elmtree Property. If Avalon were to advance the Elmtree Gold Project to Pre-Feasibility Study or Feasibility Study, Avalon would have to consider preparing a comprehensive EIS to ensure the project is considered in a careful and precautionary manner such that the project does not cause significant adverse environmental effects.

Given the Acadian Forest environment in which the Elmtree Gold Project is located, exploration logistical work will require careful planning and execution to mitigate any environmental concerns identified by government agencies, First Nations bands and/or the public.

Avalon should commit to Aboriginal consultation to ensure that Aboriginal groups are sufficiently consulted, and where appropriate accommodated. To the extent possible, the Parties should work together with the Province of New Brunswick toward a coordinated approach for Aboriginal consultation.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

The Elmtree Gold Project is in northeast New Brunswick within the Canadian local service district of the parish of Beresford in Gloucester County. The Elmtree Gold Project is approximately 20 km northwest of the City of Bathurst, NB near the enhanced service areas of Alcida and Dauversière, NB (Figures 1 and 2 above). Bathurst is the nearest major centre in the region and can be accessed by plane, train, sea, and road.

The Bathurst Regional Airport is about 10 minutes by vehicle west of Bathurst on Highway 180 and has current air service with Air Canada. The Bathurst Regional Airport is managed by the Northern New Brunswick Airport Authority. The

regional airport accommodates approximately 50,000 passengers a year. Future developments for the Airport include an expansion of the existing terminal building and a runway extension to 1,798 m, which will allow for unrestricted use of the Dash-8 aircraft; additionally, it will accommodate larger aircraft such as the Q-400.

Bathurst is also served by Via Rail's Montreal-Halifax train, the Ocean. The Bathurst Station is a Via Rail staffed station located at Kilometre 842 (from the Montreal Central Station). The Ocean is the oldest continuously operated named passenger train in North America. The rail line is important to growing local industries that rely on efficient and reliable freight to move products interstate and to ports and depots.

The Port of Belledune is an artificial, year-round, deep-sea harbour strategically located near the mouth of the St. Lawrence River on the south shore of the Bay of Chaleur, about 40 km north of Bathurst, NB. The Port of Belledune has three terminals that serve a vast industrial park linked to Canada's road and rail networks, and as such, has good growth potential. The Port serves a wide variety of regional manufacturing and resource-extraction industries. In 2015, the Port of Belledune handled over 1.7 million tonnes of a variety of bulk and breakbulk cargo ranging from metallurgical coke to wood pellets and aggregate.

Bathurst has numerous primary and secondary highways. Routes to the city vary depending on the initial point of departure. For example, Bathurst can be accessed by road from:

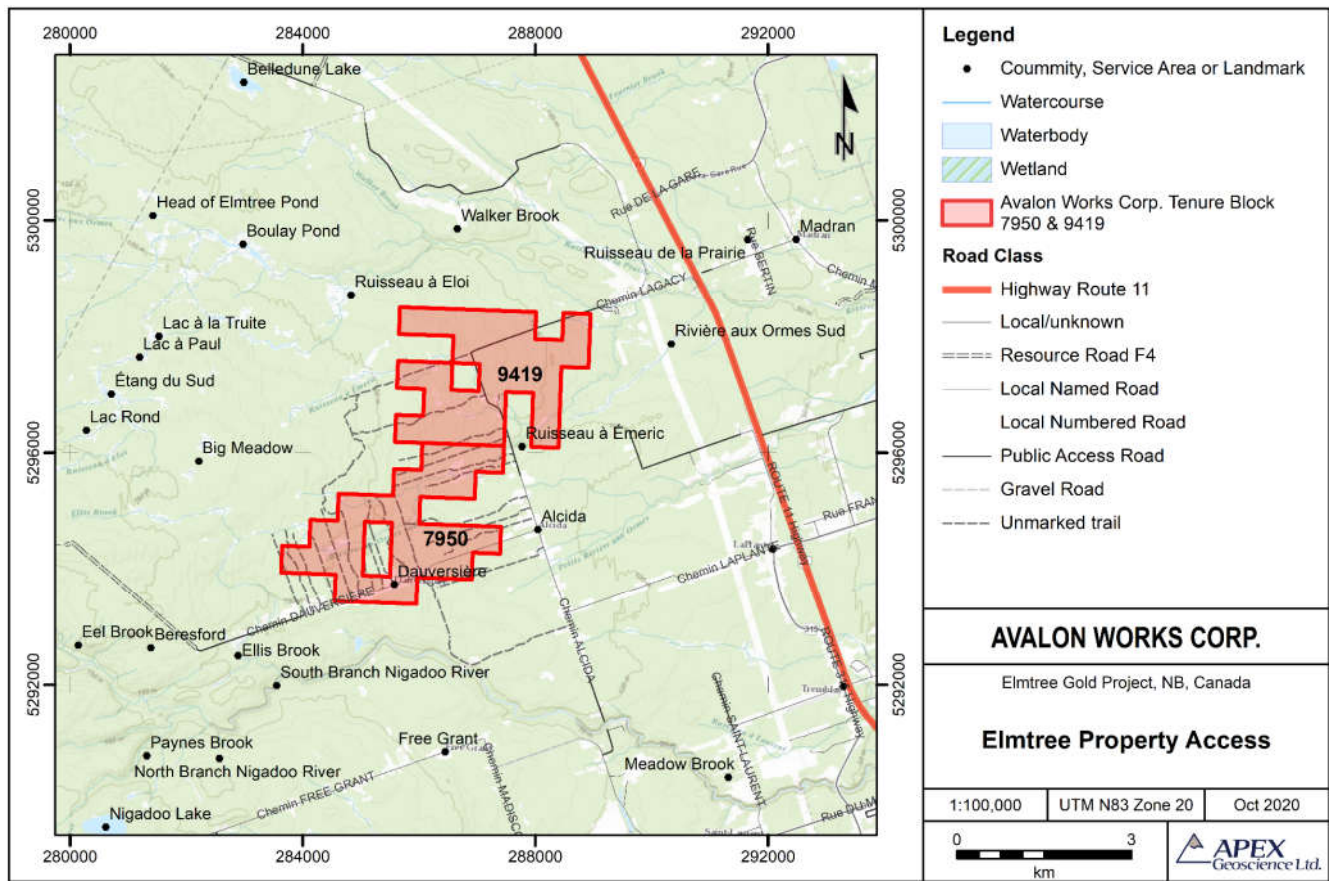
- Quebec: A popular route is Highway 132 East through Matapedia, down to NB, and then to Bathurst on Highway 11 South.
- Nova Scotia: Highway 104 across to Sackville, NB and continue to Moncton on Highway 2 West. Then take Highway 15 East to Shediac. From Shediac, take Highway 11 North to Bathurst.
- The United States: I-95 to Woodstock, NB, and up the Trans-Canada 2 West to St-Leonard, over to St-Quentin on Highway 17 North, and across to Bathurst on Highway 180 East.

From Bathurst, the Elmtree Gold Project can be accessed by vehicle on all-weather, paved Highway and Secondary roads by travelling approximately 28 km via the following route:

- NB-11 N toward Campbellton (approximately 17 km).
- Take the NB-315 exit, EXIT 326, toward Petit-Rocher/LaPlante/NB-134 (for 0.35 km) and turn left onto NB-315 (0.53 km).
- Stay straight to go onto Ch Laplante/Laplante Rd. (3.76 km).
- Turn right onto Ch Alcida/Alcida Rd. (1.53 km).
- Turn left onto Dauversière Rd/Ch Dauversière to the south Property boundary area.

The Elmtree Gold Project can be accessed by numerous north-northwest orientated private woodlot access roads that extend northwards off Dauversière Rd. and westwards off Alcida Rd. (Figure 5.1). The private access roads extend through the entire Property up to the edge of the Jacquet River Gorge Protected Natural Area. The private roads, in conjunction with augmented drill and trenching access roads, provide excellent access routes throughout the entire Elmtree Gold Project.

Figure 4: Road Access at the Elmtree Gold Project



Site Topography, Elevation and Vegetation

Physiography at the Elmtree Gold Project is characterized by low topographic relief. The highest elevation point within the Property occurs at the northwest corner of Tenure Block 7950, with a maximum elevation of about 170 m above sea level (m asl) sloping gently to 140 m asl at the southwest corner of the Property and 130 m asl along the eastern border of the Property. The northern portion of the Elmtree Gold Project slopes gently from 140 m asl to 100 m asl toward the eastern boundary of Tenure Block 9419.

The most prominent physiographic feature is marked by the incised valley of the South Branch Elmtree River, which trends east-northeast through the central portion of the Elmtree Gold Project. The South Branch Elmtree River is a few metres in width and either transects, or occurs adjacent to, the Discovery Zone and West Gabbo Zone mineralized deposits, respectively. Additionally, the Emeric Stream trends from the northwest portion of the Property and joins the South Branch Elmtree River at the southeastern corner of Tenure Block 9419. At least two smaller tributaries of the Nigadoo River originate on the Elmtree Gold Project and flow south toward the main Nigadoo drainage system.

Except for a small portion of cleared land along Dauversière Rd. and Alcida Rd., vegetation at the Elmtree Gold Project is characterized by a diversity of habitats and forest class ages consistent with the Acadian Forest. The forest habitats are dominated by mixed wood and coniferous forest followed by deciduous trees.

There are a few residential cabins within the boundaries of the Elmtree Gold Project, and several year-round residences are scattered along the adjacent property boundary secondary access roads within the claim boundaries.

Climate

Despite its coastal position on the Atlantic Ocean, Bathurst experiences a warm-summer humid continental climate (Köppen climate classification Dfb) with seasonal differences in temperature. Summers are warm and humid. Winters are often cold, windy, and snowy. Spring and Fall bring chilly to warm temperatures. During winter, snow generally stays on the ground from December to April.

The warmest month with the highest average high and low temperature is July (24°C and 13°C; Figure 5a). The month with the lowest average high and low temperature is January (-6°C and -16°C).

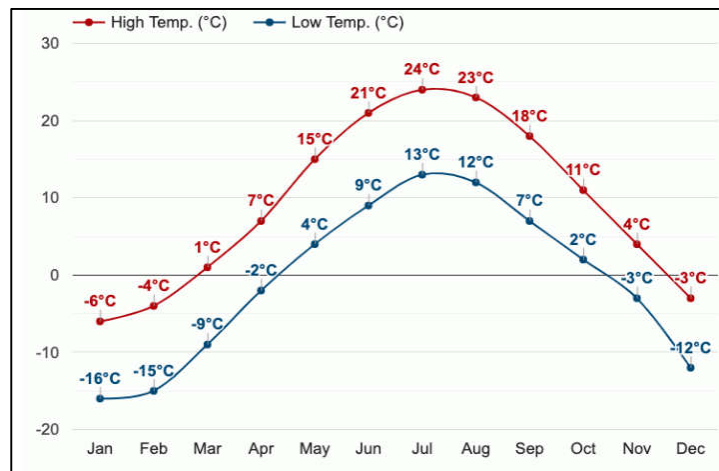
Throughout the year, there are 146 rainfall days with 1,027 mm of average precipitation accumulated (Figure 5b). The wettest month occurs in December (106 mm). The driest month is February (63 mm). Months with the highest number of rainy days occur in May, June, July, August, and December (13 days). The month with the lowest number of rainy days is February (10 days).

June typically has the longest days with average daylight of 15.9 hours. December has the shortest days with average daylight of 8.5 hours. June and July have the most sunshine with 8 hours of average sunshine. November and December have the least sunshine are with 3 hours of average sunshine.

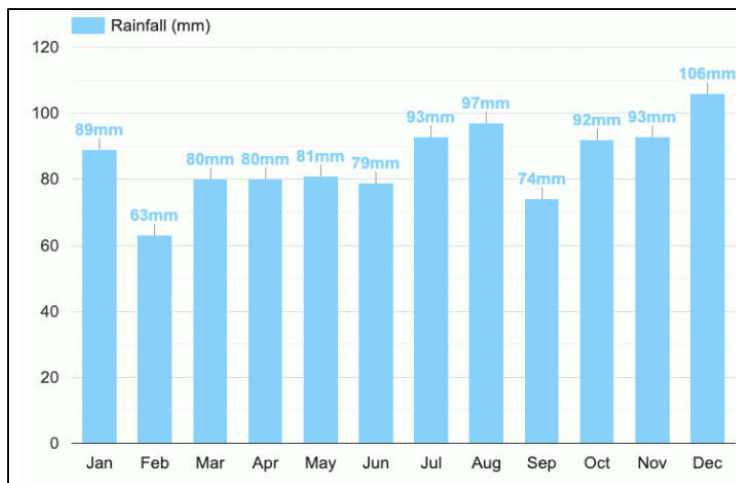
The Elmtree Gold Project and area are accessible on a year-round basis, and therefore, exploration can be conducted during all 12 months of the year. In some instances, weather might hinder exploration and water for drilling may be an issue in dry years. For example, road and site conditions during the spring breakup period can prevent some back-country and/or low-lying exploration activities from being carried out. In addition, heavy snow cover and a lack of ploughed roads in winter months may require contract ploughing and/or the use of skid-mounted equipment and snowmobiles.

Figure 5 Average temperature and rainfall in Bathurst, NB.

A) Average temperature in Bathurst, NB



B) Average rainfall in Bathurst, NB



Local Resources and Infrastructure

Gloucester County in the northeastern corner of New Brunswick has a 2016 population listed at 78,444 inhabitants over an area of 4,744 km². Fishing, mining, and forestry are the major industries in the County. The eastern section of the County is known for its Acadian culture. Bathurst is officially bilingual with French, Irish, Scottish, and English heritage. Most of the population is fluid in French with the remaining speaking predominantly English or French and English. There are 19 communities within the County. The Pabineau 11 First Nations Reservation in the parish of Bathurst covers an area of 4.92 km² with a population of about 134.

Bathurst is the seat of government of Gloucester County, New Brunswick, and is at the estuary of the Nepisiguit River. The city has a 2016 population of 11,897. The economy in the Bathurst region is primarily focused on mining, fishing, and forestry. Other sectors include tourism, phone call centres, manufacturing, and provincial and federal government. The service sector is Bathurst's largest employer. Bathurst is serviced by one health care facility, Chaleur Regional Hospital

The Bathurst Mining Camp provided jobs to the regional economy for nearly 50-years. Lead, zinc, and copper production in the Bathurst area includes:

- The Brunswick 6 Mine operated by the Brunswick Mining and Smelting Company between 1966 and 1983.
- The Brunswick 12 Mine was operated by Xstrata between 1964 and 2013.

As a result of the Xstrata mine closure, unemployment in the Bathurst area soared to over 20% in northern New Brunswick in March 2013.

The Bathurst Mining Camp is centred in the Nepisiguit River valley near Bathurst. The camp hosts approximately 45 known volcanogenic massive sulfide (VMS) deposits. Although the primary commodity is zinc, the massive-sulphide mineralized body produced lead, zinc, copper, silver, gold, bismuth, antimony, and cadmium. Some of the mineralized material was smelted at a facility in Belledune, which is now owned by Glencore Zinc and is located approximately 22 km by paved road from the Elmtree Gold Project. In the 2010's, the smelter was used to extract silver from its imported silver lead concentrates, and in 2011 produced 400 mt of pure silver valued at \$448M. In 2019, Glencore Zinc announced the closure of the Brunswick Smelter due to changing global markets and the completion of mining at the Brunswick Mine six years earlier (Glencore Zinc, 2019).

The Smurfit-Stone paper mill, which was formerly part of the Power Corporation of Canada empire, ceased operations in 2009, and the plant is in process of being demolished. The 225ac of industrial wasteland was sold in January 2010 to the Green Investment Group partners. Their goal is to create innovative, alternative energy projects that enhance the Bathurst region and Northern New Brunswick.

GDF Suez operates the inland Caribou Wind Park energy farm approximately 70 km west of Bathurst under a power purchase agreement scheme contracted with NB Power, with a nominal power output of 100MW.

Locally, the Elmtree Property is in the parish of Beresford, which is approximately 459 km² in size and has a population of 6,248 living predominantly in the municipalities of Beresford (town), Petit-Rocher (village), Belledune (village), Nigadoo (village) and Pointe-Verte (village). At the Elmtree Property, the unincorporated communities of Alcida and Dauversière are defined as areas with enhanced services and is often cited as a local service district. There are about 100 inhabitants at Alcida-Dauversière.

To conclude, the Elmtree Gold Project area has a rich history of exploration and metallic mineral mining. The region has experience in delegating sufficiency of surface rights for mining operations, the availability and sources of power, water, and mining personnel.

History

Supplementary Notes to Differentiate On-Property and Off-Property Historical Exploration

This History Section includes discussion on exploration work that was conducted on, and in the general vicinity of, the current Elmtree Gold Project (defined as Tenure Blocks 7950 and 9419). Besides work that was conducted on neighboring properties, the 'off-Property' moniker is further complicated by knowledge that:

- The current Tenure Block 7950 surrounds a separate Tenure Block (7923) that forms as an island within 7950 – and the island Block 7923 is owned by a company other than Avalon.
- Historically, blocks 7950 and 7923 were more-or-less grouped into a single Tenure Block (3848) and most of the historical work was conducted on Block 3848.

- The geological and structural strike of a historical gold deposit, the West Gabbro Zone, occurs within both Tenure Blocks 7950 and 7923.

Hence, historical information pertaining, in particular, to the West Gabbro Zone on Tenure Block 7923 is relevant to the background account of the Elmtree Gold Project.

To help the reader distinguish between ‘on-Property’ and ‘off-Property’ discussion, the authors provide the following clarifications as to the intent of the History sub-sections presented in the following text:

- **Sub-Section 1:** This introductory sub-section includes a summary of previous ownership and the work conducted by those companies that involves both on-Property and off-Property historical exploration work discussion. Exploration work conducted specifically on the current boundaries of the Elmtree Property (Blocks 7950 and 9419) has been reviewed in detail by the authors of the Technical Report. In the case of exploration work that was conducted on neighboring, or the island Tenure Block 7923, the authors have been unable to verify the information off the Elmtree Gold Project, and accordingly, this information is not necessarily indicative to the mineralization on the Elmtree Gold Project that is the subject of the Technical Report.
- **Sub-Sections 2 to 6:** These sub-sections present examples of historical exploration work including mineral deposit/occurrence discoveries, soil geochemical sampling surveys, trench and rock geochemical programs, geophysical surveys, and drilling programs. The sub-section text discussion and examples presented in this Technical Report focuses only on those results that occurred within the current Elmtree Gold Project (i.e., Tenure Blocks 7950 and 9419); however, the associated figures do include spatial information and analytical results that occur both on-Property (Blocks 7950 and 9419) and off-Property (7923). I.e., soil sampling results in figure-form show soil sample sites and gold assay values on both on-Property and off-Property tenure blocks. The reason for this is to present background information pertaining to the entire West Gabbro Zone such that the reader can visualize the extent of the mineral deposit along its structurally orientated strike length. The authors have attempted to notify the reader as best as possible with respect to on-Property and off-Property information.
- **Sub-Section 7:** Two historical mineral resource estimations are presented for the West Gabbro Zone and one mineral resource estimation for the Discovery Zone. It is important to note that the historical mineral estimation work conducted at the West Gabbro Zone includes geological information (including drillholes and assay files) that combine work conducted within Tenure Blocks 7950 (owned by Avalon) and 7923 (not presently owned by Avalon). In this instance, the historical resources are presented as background information only. The authors of the Technical Report have not done sufficient work to classify the historical estimations as current mineral resources, and neither the authors or the issuer, Avalon, is not treating any of the historical estimations as a current mineral resource and they should not be relied upon.
- **Sub-Section 8:** Historical metallurgical work is confined to the West Gabbro Zone and Discovery Zone deposits, which occur within the Elmtree Gold Project (7950).

Sub-Section 1: Introduction and Previous Ownership

The authors conducted a search of mineral assessment reports via the New Brunswick Natural Resources and Energy Development Mineral Report of Work search tool (<http://dnr-mrn.gnb.ca/ParisWeb/AssessmentReportSearch.aspx>). Search criteria included NTS map sheet (21P/13W), and several property names for which the Elmtree Property has been historically labelled (e.g., St. Michel, Elmtree, Elmtree River, Elmtree Brook, Elmtree West, Elmtree Ext., Alcida Gold, Belledune etc.).

The results of the historical exploration work search by Tenure Block are presented in Tables 6.1 and 6.2. The summary shows that numerous exploration programs have been conducted in the general area of the Elmtree Property, primarily during the years: 1955-1956, 1962, 1965, 1967-1968, 1971, 1980-1981, 1985-1989, 1992-1993, 1998, 2001-2010 and 2018. The bulk of the historical exploration work on Tenure Block 7950 was conducted since the discovery of the Discovery Zone and West Gabbro Zone mineral deposits/occurrences in 1984 and 1985, respectively, by Lacana Mining Corp. Most of the work was conducted on historical mineral Tenure Blocks 3848 and 5264 and included: ground geophysical surveys, soil geochemical surveys, trenching and prospecting and drilling (Table 3). As discussed above, Tenure Block 3848 now encompasses two separate blocks: 7950 (owned by Avalon) and 7923 (not presently owned by Avalon).

Most of the historical work on Tenure Block 7950 was completed by Lacana Mining Corp. (1984–1988), George Murphy and Norm Pitre (2003–2004), Stratabound Minerals Corp. (2004–2008), and Castle Resources Inc. (2009–2010). Most of the historical work on Tenure Block 9419 was completed by Legacy and Cormier (New Jersey Zinc Exploration Company (Canada) Ltd.) (1962), Brunswick Mining and Smelting Corp. (1985-1987) and Heron Mines Ltd. (2002). Some of the historical exploration listed in Table 3 covers work completed on both Tenure Blocks (7950 and 9419).

Additionally, some of the exploration work was not submitted to the New Brunswick Government as assessment work, and therefore, Table 3 does not include exploration work by companies such as Castle Resources Inc. (drilling programs in 2009-2010). Company specific new releases include: Stratabound Minerals Corp. (2005, 2010, 2012) and Castle Resources Inc. (2009a,b,c, 2010, 2012a,b).

In 2011–2012, Castle Resources Inc., sold 100% interest of the Elmtree Gold Project to CNRP Mining Inc., for anticipated development that did not proceed. The authors are not aware of any work conducted – other than reporting – by CNRP.

The most recent documented exploration work at the Elmtree Gold Project was conducted on behalf of the current claim holder, Kevin Vienneau, and included a 2017 geophysical deep pole-poly-dipole induced polarization (DPPD-IP) with resistivity on the Elmtree (7950) and Alcida Gold (7923) Claim Blocks.

Avalon has gained access to historical exploration work information that was conducted by the various companies at the Elmtree Gold Project – whether it was submitted as part of the regulatory assessment filing, or not. A summary of the historical exploration work conducted is provided in the text that follows.

Sub-Section 2: Mineral Deposits/Occurrences

A summary of the mineral deposits and occurrences at the Elmtree Gold Project area is presented in Figure 6. Three deposits/occurrences occur within Tenure Block 7950 of the Elmtree Gold Project and include from east to west, Discovery Zone, West Gabbro Zone and Elmtree Ni-Zn. Twelve occurrences occur within Tenure Block 9419 of the Elmtree Gold Project, including three Madran base metal occurrences, eight Elmtree occurrences and the Alcide West occurrence.

Of the 3 deposits/occurrences within Tenure Block 7950, most of the historical exploration work was conducted at the West Gabbro Zone as summarized in the historical exploration work text that follows. A large portion of the historic exploration within Tenure Block 9419, including drilling, was focused near the Elmtree 4 mineral occurrence. A geological summary of the 4 main deposits/occurrences is presented in the mineralization sub-section presented below.

Table 3: Historical summary of submitted mineral assessment exploration work for Tenure Block 7950 of the Elmtree Gold Project area (NTS 21P/13W). Selected assessment work pertinent to the current Elmtree Gold Project is highlighted in grey.

Report of work number	Claim holder	Property name	Year submitted	NTS Map Sheet	Latitude, Longitude	Trench	Trench length (m)	Drillhole	Total drilling (m)	Geochem. samples	Geophysics ground survey (km)	Geophysics air survey (km)
470487	Cormier, Antonio	St Michel	1962	21P/13W	47-46-03.947N, -65-52-31.349W	4	8	0	0	8	0	0
472838	Brunswick Mining & Smelting Corp Ltd.	Elmtree	1981	21P/13W	47-48-46.134N, -65-50-12.821W	0	0	7	942	570	40	0
473206	Watson, MacKenzie	Elmtree River	1985	21P/13W	47-49-02.232N, -65-42-29.266W	0	0	0	0	1	0	0
473178	Lacana Mining Corp	Elmtree Brook	1985	21P/13W	47-46-23.950N, -65-51-07.588W	5	37	0	0	0	Unspecified	0
473358	Lacana Mining Corp	Elmtree Brook	1987	21P/13W	47-46-30.277N, -65-50-35.425W	0	0	50	6323	0	0	0
473339	Northeast Exploration Service Ltd.	Elmtree	1987	21P/13W	47-48-46.660N, -65-49-34.842W	0	0	0	0	31	0	0
473570	Northeast Exploration Service Ltd.	Elmtree West	1988	21P/13W	47-48-35.548N, -65-50-41.648W	0	0	0	0	43	0	0
473569	Aurtec Inc	Elmtree River	1988	21P/13W	47-48-23.931N, -65-51-11.590W	0	0	0	0	0	0	0
473474	Northeast Exploration Service Ltd.	Elmtree	1988	21P/13W	47-48-49.851N, -65-49-32.397W	0	0	0	0	9	0	0
473787	Northeast Exploration Service Ltd.	Elmtree	1989	21P/13W	47-48-58.617N, -65-49-36.563W	2	50	7	317	0	0	0
473777	Aurtec Inc	Elmtree River	1989	21P/13W	47-48-17.680N, -65-51-05.467W	0	0	0	0	0	14	0
473705	Northeast Exploration Service Ltd.	Elmtree East	1989	21P/13W	47-49-11.407N, -65-48-58.086W	0	0	0	0	38	0	0
473703	Northeast Exploration Service Ltd.	Elmtree West	1989	21P/13W	47-48-40.048N, -65-50-41.448W	0	0	0	0	0	5	0
473687	Pitre, Norman	Elmtree	1989	21P/13W	47-47-05.747N, -65-47-52.460W	0	0	0	0	117	2	0
473634	Northeast Exploration Service Ltd.	Elmtree	1989	21P/13W	47-49-02.771N, -65-49-38.241W	0	0	0	0	21	0	0
474385	Phelps Dodge Corp (Canada) Ltd.	Madran/Alcida CL GP	1993	21P/13W	47-47-09.200N, -65-52-21.640W	0	0	0	0	0	175	0
475043	Lagace, Raul	Elmtree Brook	1998	21P/13W	47-47-35.705N, -65-50-17.119W	0	0	0	0	0	10	0
475533	White, Arnold	Belledune	2002	21P/13W	47-48-04.188, -65-51-12.794	0	0	0	0	0	0	785
475611	Murphy, George	Alcida	2003	21P/13W	47-45-58.997N, -65-52-08.068W	0	0	0	0	0	3	0
475734	Murphy, George (option to Stratabound)	Alcida Gold	2004	21P/13W	47-46-11.596N, -65-51-39.342W	0	0	0	0	0	0	0
476102	Murgor Resources Inc	Elmtree	2005	21P/13W	47-47-25.416N, -65-48-49.180W	0	0	0	0	1027	0	0
475908	Murphy, George (option to Stratabound)	Alcida Gold Option	2005	21P/13W	47-46-15.976N, -65-51-40.921W	9	433	0	0	480	0	0
476548	Murgor Resources Inc	Elmtree	2007	21P/13W	47-47-00N, -65-49-08W	0	0	0	0	0	77	0
476643	Stratabound Minerals Corp.	Elmtree Northeast Ext.	2008	21P/13W	Not provided	0	0	0	0	248	0	0
476642	Murgor Resources Inc	Elmtree	2008	21P/13W	Not provided	0	0	0	0	29	0	0
476550	Stratabound Mineral Corp	Alcida Gold Ext	2008	21P/13W	47-45-59N, -65-51-30W	0	0	0	0	0	5	0
476834	Murphy, George	Elmtree	2009	21P/13W	46-47-47N, -65-49-36W	0	0	1	298	56	0	0
476716	Stratabound Minerals Corp.	Elmtree Northeast Ext.	2009	21P/13W	47-78.94N, -65.83.81W	0	0	0	0	259	0	0
476735	Stratabound Mineral Corp	Alcida Gold Ext	2009	21P/13W	47.7789N, -65.8561W	0	0	0	0	550	0	0
477168	Murphy, George	Elmtree/Keymet	2011	21P/13W	47-47-30N, -65-47-15W	0	0	0	0	15	0	0
477606	Murphy, George	Elmtree/Keymet	2012	21P/13W	47-47-45N, -65-46-53W	4	110	0	0	132	0	0
477564	Murphy, George	Elmtree/Keymet	2013	21P/13W	47-48-00N, -65-47-38W	0	0	0	0	0	0	0
477741	Murphy, George	Elmtree/Keymet	2014	21P/13W	47-47-45N, -65-47-15W	0	0	3	192	0	0	0
477940	Murphy, George	Elmtree 12 and 13	2015	21P/13W	47-48-00N, -65-46-53W	10	390	0	0	28	9	0
478085	Murphy, George	Elmtree 12 and 13	2016	21P/13W	47-47-45N, -65-46-53W	0	0	4	419	39	0	0
478283	Murphy, George	Elmtree 12 and 13	2017	21P/13W	47-47-32N, -65-47-26W	0	0	5	679	0	0	0
478338	Vienneau, Kevin	Elmtree	2018	21P/13W	47-46-16N, -65-51-46W	0	0	0	0	0	4	0
Totals						34	1,028	77	9,170	3,701	344	785

Table 4: Historical summary of submitted mineral assessment exploration work for Tenure Block 9419 of the Elmtree Gold Project area (NTS 21P/13W)

Report of work number	Claim holder	Property name	Year submitted	NTS Map Sheet	Latitude, Longitude	Trench	Trench length (m)	Drillhole	Total drilling (m)	Geochem. samples	Geophysics ground survey (km)	Geophysics air survey (km)
470434	American Metal Co. Ltd.	Alcida	1955	21P/13W	47-47-05.965N, -65-49-45.978W	0	0	0	0	0	Unspecified	0
471335	Conwest Exploration Co. Ltd.	Nepisquit Bay	1956	21P/12W	47-42-05.683N, -65-55-47.179W	0	0	0	0	0	0	Unspecified
472053	Legacy and Cormier	Madran	1962	21P/13W	47-47-50.804N, -65-49-11.867W	0	0	3	203	0	0	0
472045	Knowles, H.	Madran	1965	21P/13W	47-48-16.574N, -65-50-07.378W	0	0	0	0	0	Unspecified	0
472427	Cheriton, C.G.	Madran Area, ML 1142	1967	21P/13W	47-48-20.017N, -65-49-52.340W	0	0	1	283	0	0	Unspecified
470461	Cheriton, C.G.	ML 1142 Madran Area	1968	21P/13W	47-48-22.865N, -65-49-57.783W	0	0	0	0	0	19	0
470490	Amigo Mines Ltd. (and Credo Mining)	Elmtree	1971	21P/13W	47-48-24.498N, -65-50-34.144W	0	0	4	460	20	0	0
472647	Brunswick Mining & Smelting Corp.	Madran/Elmtree	1980	21P/13W	47-48-34.539N, -65-50-00.855W	0	0	0	0	2,108	103	0
472648	Brunswick Mining & Smelting Corp.	Madran/Elmtree	1980	21P/13W	47-48-25.798N, -65-50-00.966W	0	0	0	0	2,108	103	0
473201	Brunswick Mining & Smelting Corp.	Hickey/Cady	1985	21P/13W	47-46-54.644N, -65-52-24.215W	4	45	0	0	135	0	0
473489	Brunswick Mining & Smelting Corp.	Hickey/Cady	1988	21P/13W	47-47-11.211N, -65-51-34.967W	7	400	6	650	2,038	71	0
473779	Falconbridge Nickel Mines Ltd.	Hickey-Cady	1989	21P/13W	47-47-16.619N, -65-51-29.184W	0	0	0	0	Unspecified	43	0
474254	Cady, F. and Hickey, O	Madran/Alcida CL GP	1992	21P/13W	47-47-38.167N, -65-50-28.716W	0	0	0	0	0	0	0
474374	Phelps Dodge Corp. (Canada)	Madran/Alcida CL GP	1993	21P/13W	47-47-24.294N, -65-51-41.150W	0	0	0	0	0	0	0
475043	Lagace, R.	Elmtree Brook	1998	21P/13W	47-47-35.705N, -65-50-17.119W	0	0	0	0	0	10	0
475474	White, A.	Belledune Property	2001	21P/13W	47-50-12.328N, -65-54-50.741W	0	0	0	0	0	0	604
475505	Robichaud, F.	Emerie Brook	2002	21P/13W	47-47-09.112N, -65-50-49.353W	0	0	0	0	0	0	26
475640	Heron Mines Ltd.	Belledune	2003	21P/13E	47-50-12.328N, -65-54-50.741W	0	0	11	1,547	0	0	0
Total						11	445	25	3,143	6,409	349	630

Sub-Section 3: Soil Geochemical Surveys

APEX reviewed a soil geochemical database that consisted of 4,198 total gold-in-soil Au fire assay and ICP analysis, which includes analytical information completed on Tenure Blocks 7950 (on-Property; n=2,648 analyses), 9419 (on-Property; n=375 analyses) and 7923 (off-Property; n=1,175 analyses; see above for explanation). The analytical results of soil survey sampling through the Elmtree Gold Project area is presented in Figure 7 (regional Property perspective), Figure 8 (West Gabbro Zone), and Figure 9 (Discovery Zone).

The figures show an unequivocal correlation exists between the anomalous gold-in-soil assays (>100 ppb Au) and the Elmtree Fault zone (Figure 7). Soil samples collected away from the fault zone – for example, the soil sampling region

north of the Discovery Zone – show background gold levels at the Elmtree Gold Project are generally <10 ppb Au (2,317 assays, or 61%, have <10 ppb Au).

Soil samples collected near the West Gabbro Zone deposit (within Avalon's Elmtree Gold Project; n=351 samples) include 39 samples with >100 ppb Au, 10 samples with >1,000 ppb Au and a maximum gold-in-soil assay of 9,400 ppb Au – the second highest gold assay in the entire soil geochemical dataset (Figure 6.3). A highly anomalous cluster of high gold-in-soil assays occurs directly south of the West Gabbro Zone and may be spatially associated with a splay in the Elmtree Fault.

Soil samples collected near the Discovery Zone (within Avalon's Elmtree Gold Project; n= 740 samples) include 125 samples with >100 ppb Au, 10 samples with >1,000 ppb Au and a maximum gold-in-soil assay of 9,430 ppb Au – the highest gold assay in the entire soil geochemical dataset (Figure 9).

Soil samples north of the Discovery Zone were below the minimum limit of detection. Poor assay values are scattered throughout the mineral occurrence areas, and are particularly evident on the east side of the Discovery Zone.

Two anomalous trends are evident: a distinct east-northeast trend coincident with the Elmtree Fault that extends through the Discovery Zone deposit, and a smaller tightly spaced cluster of anomalous gold-in-till assays to the south of the main trend. While it is evident that the anomalous soil samples are related to the Elmtree Fault the southern cluster might be related to the confluence of the Elmtree Fault and a secondary fault zone that is perpendicular, or northwest trending, in comparison to the Elmtree Fault (Figure 9).

From an exploration perspective, a soil geochemical compilation program conducted by Lutes (2004) showed that soil geochemical sampling programs focused on the B-horizon soils yielded good correlations between soils and the underlying bedrock for arsenic and gold.

Figure 6: Mineral deposits and occurrences in the Elmtree Gold Project area

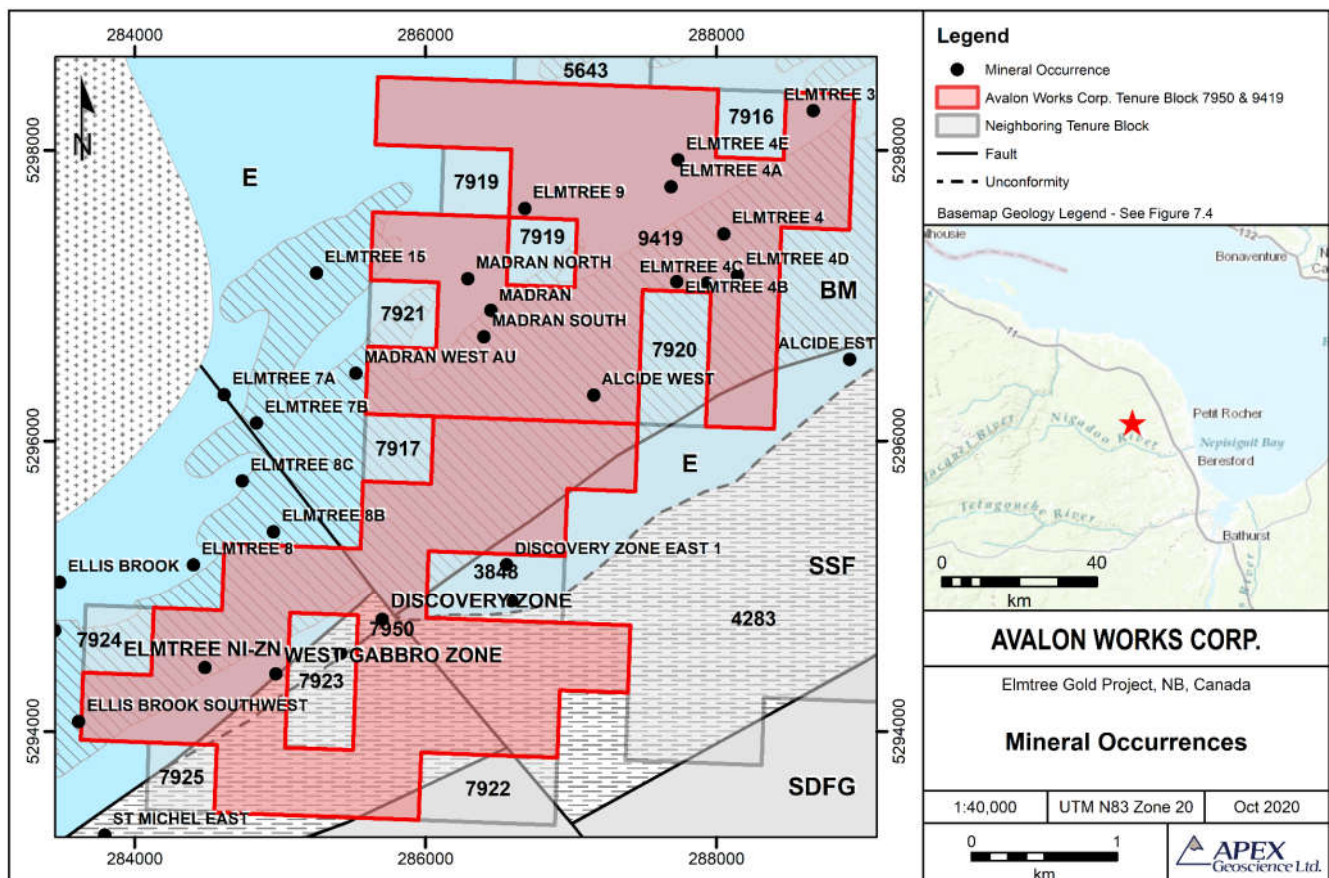


Figure 7: A summary of gold assays from soil geochemical sampling programs conducted in the Elmtree Gold Project area. The image includes soil gold assay results in Mineral Tenure 7923 (central block), which is not owned by Avalon; the information is included to show the anomalous trend of soil assay results through the area.

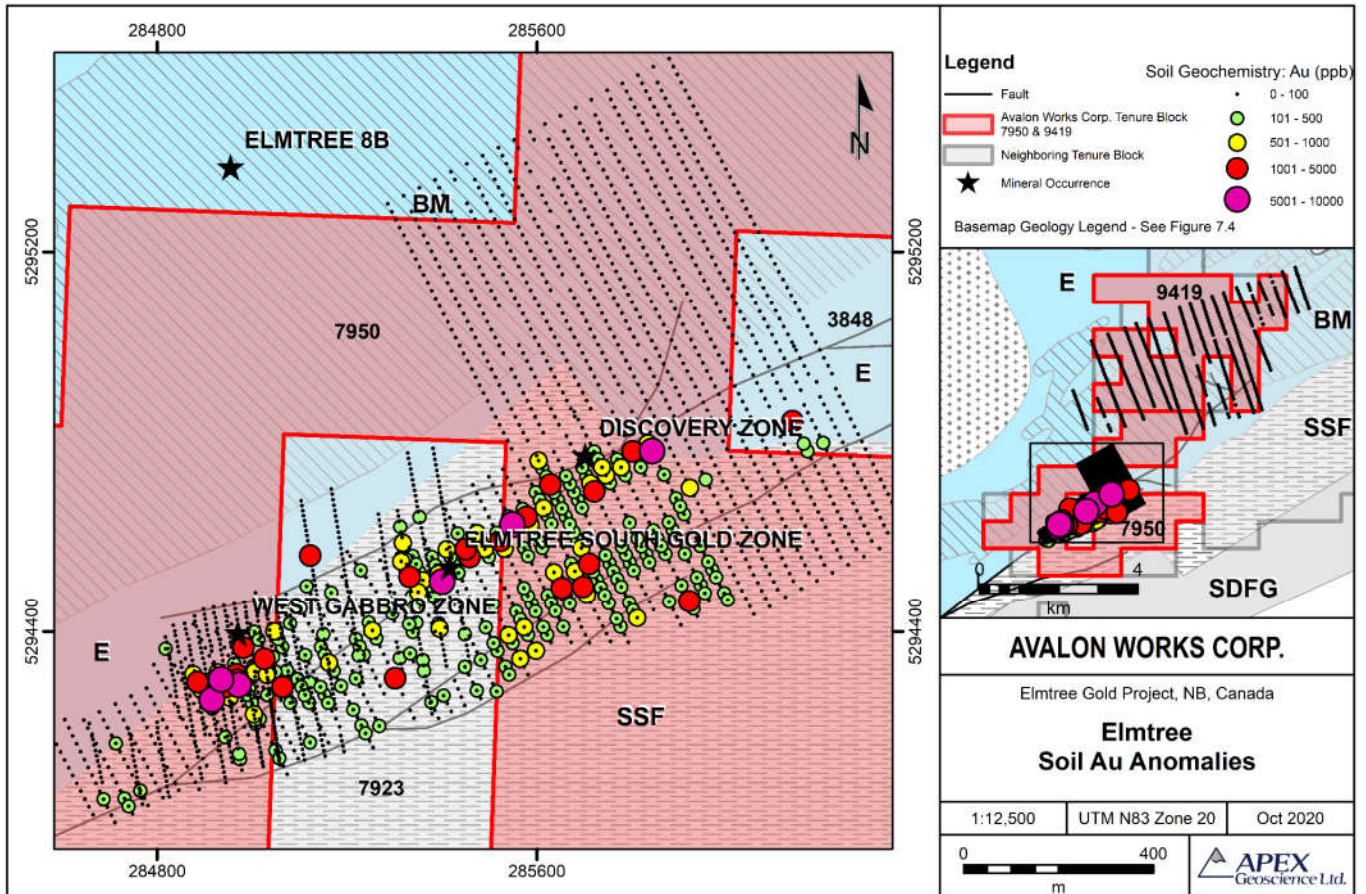


Figure 8: A summary of gold assays from soil geochemical sampling programs conducted at the West Gabbro Zone gold deposit. The image includes soil gold assay results in Mineral Tenure 7923 (eastern block), which is not owned by Avalon; the information is included to show the anomalous trend of soil assay results through the area.

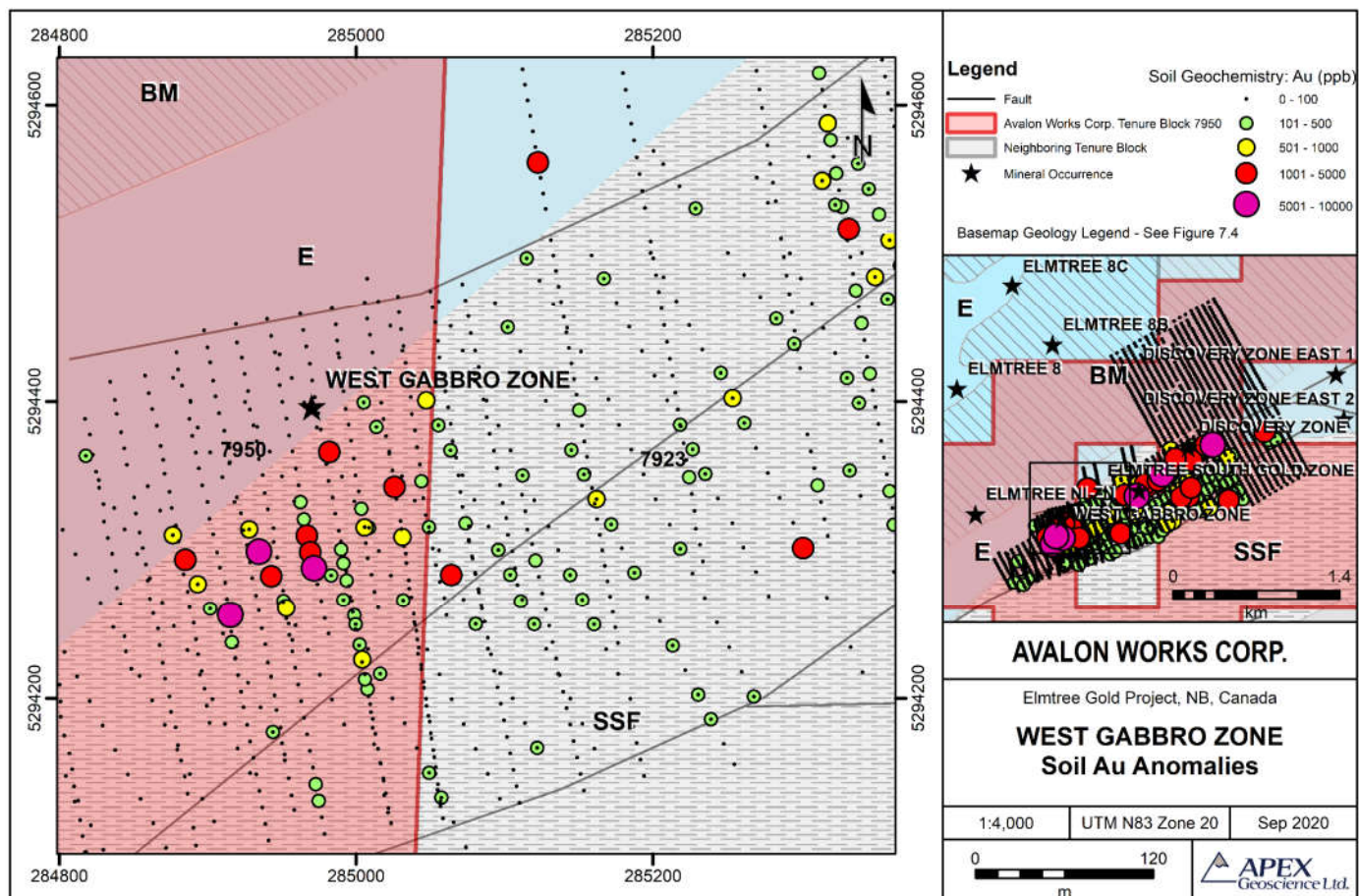
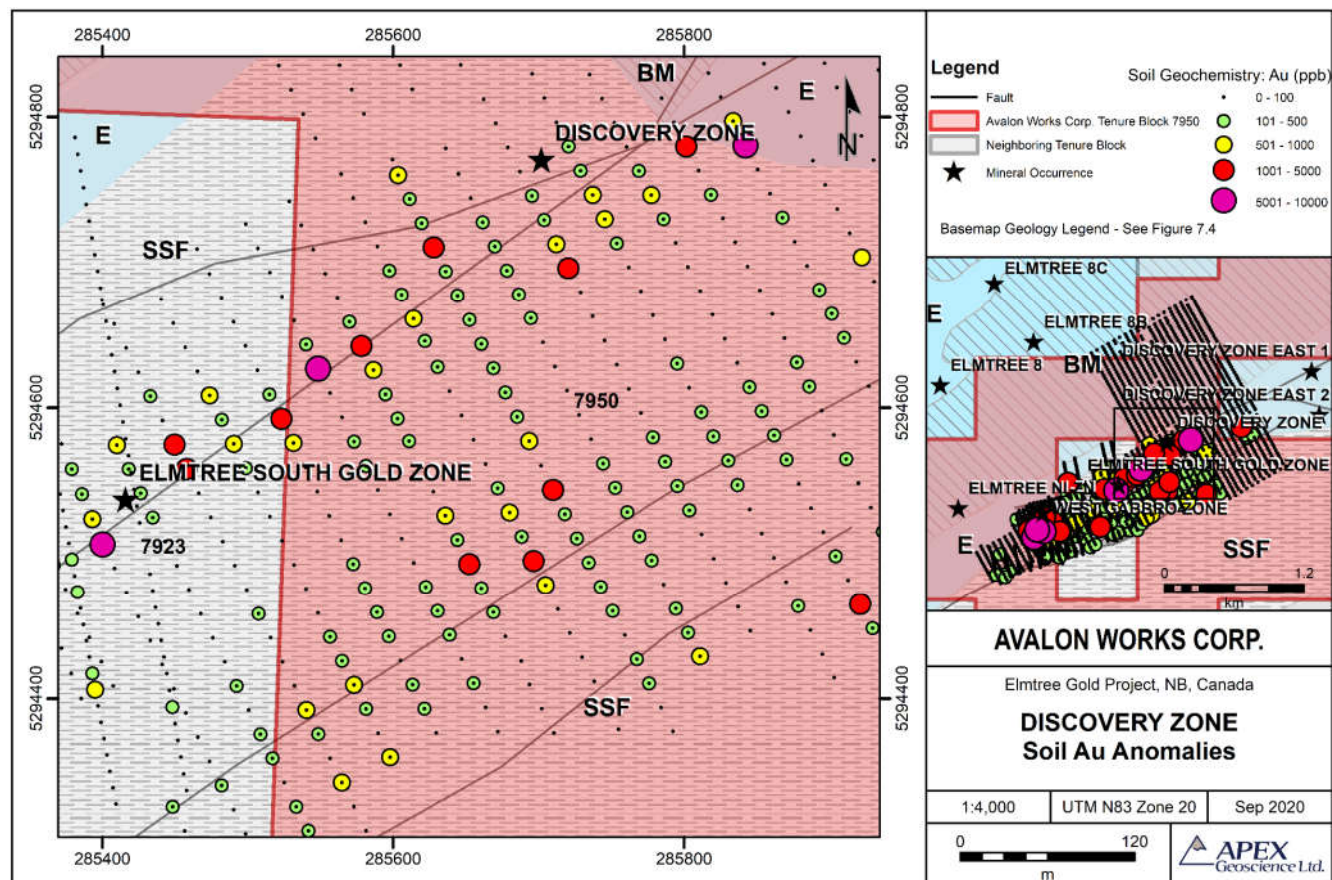


Figure 9: A summary of gold assays from soil geochemical sampling programs conducted at the Discovery Zone gold deposit. The image includes soil gold assay results in Mineral Tenure 7923 (western block), which is not owned by Avalon; the information is included to show the anomalous trend of soil assay results through the area.



Sub-Section 4: Trenching and Rock Channel Sample Geochemical Surveys

Numerous bedrock and/or overburden trenching programs have been completed in the Elmtree Gold Project area (Tables 3 and 4). Three historic trenching programs were conducted within the Elmtree Gold Project from 1985 to 2005, these include: 1) a four trench program completed on Tenure Block 9419 by Brunswick Mining and Smelting Corp. Ltd. in 1985; 2) a seven trench program completed on Tenure Block 7950 by Brunswick Mining and Smelting Corp. in 1987 (with one of the trenches located within Tenure Block 7950) and; 3) a nine trench program completed by Stratabound Minerals Corp. in 2005 (with three of the trenches located within Tenure Block 7950).

A total of 4 trenches were dug in the southwest corner of Tenure Block 9419 in 1985 by Brunswick Mining and Smelting Corp. Ltd. Selected analytical results of rock channel samples collected during the trench work conducted by Brunswick Mining and Smelting Corporation Ltd. in Tenure Block 9419 is presented in Figure 10. The assay dataset consists of 35 total assays, of which 13 assays yield >1,000 ppb Au and 7 assays have >5,000 ppb Au. The maximum assay value is 12,103 ppb Au and all samples with assays >100 ppb Au were taken from Trench T1.

A series of 7 trenches was completed in 1987 by Brunswick Mining and Smelting Corp. Ltd. Of these 7 trenches, 1 is located within the boundary of Tenure Block 7950. Trench HO-T6-87 is situated approximately 0.8 km north of the West Gabbro Zone. Sixteen samples were taken from Trench HO-T6-87, and although sulphides were observed throughout the samples, no anomalous mineralization was encountered. The analytical gold results of rock channel samples from HO-T6-87 are shown in Figure 10.

The authors have assessed a series of 9 trenches (totaling 433 m) along the strike length of the West Gabbro Zone that were dug in 2005 by Stratabound Minerals Corp. Of the 9 trenches, 3 occur within Avalon's Tenure Block 7950 with the other 6 occurring in the off-Property Tenure Block 7923. Three of the 9 trenches were originally developed by Lacana Mining Corporation and were re-opened by Stratabound. Two of the 9 trenches did not penetrate bedrock.

Selected analytical results of rock channel samples collected during the trench work is presented in Figure 11 and Table 5. The assay dataset consists of 441 total assays (within Tenure Blocks 7950 and 7923), of which 131 assays yield >1,000 ppb Au, 39 assays have >5,000 ppb Au and 9 assays have >10,000 ppb Au. The maximum assay value is 18,300 ppb Au.

Average gold values in trenches specific to Block 7950 (n=106 assays) is 1,358 ppb Au with 28 assays >1,000 ppb Au, 7 assays >5,000 ppb Au and 4 assays with >10,000 ppb Au. The maximum assay value is 13,600 ppb Au. Trench TR04-01-16A in the Elmtree Gold Project has the third highest percentage of gold >5,000 ppb Au (Figure 11).

Figure 10: Location and gold value summary for 4 trenches excavated in the southwest corner of Tenure Block 9419. Also shown is Trench HO-T6-87 located within Tenure Block 7950.

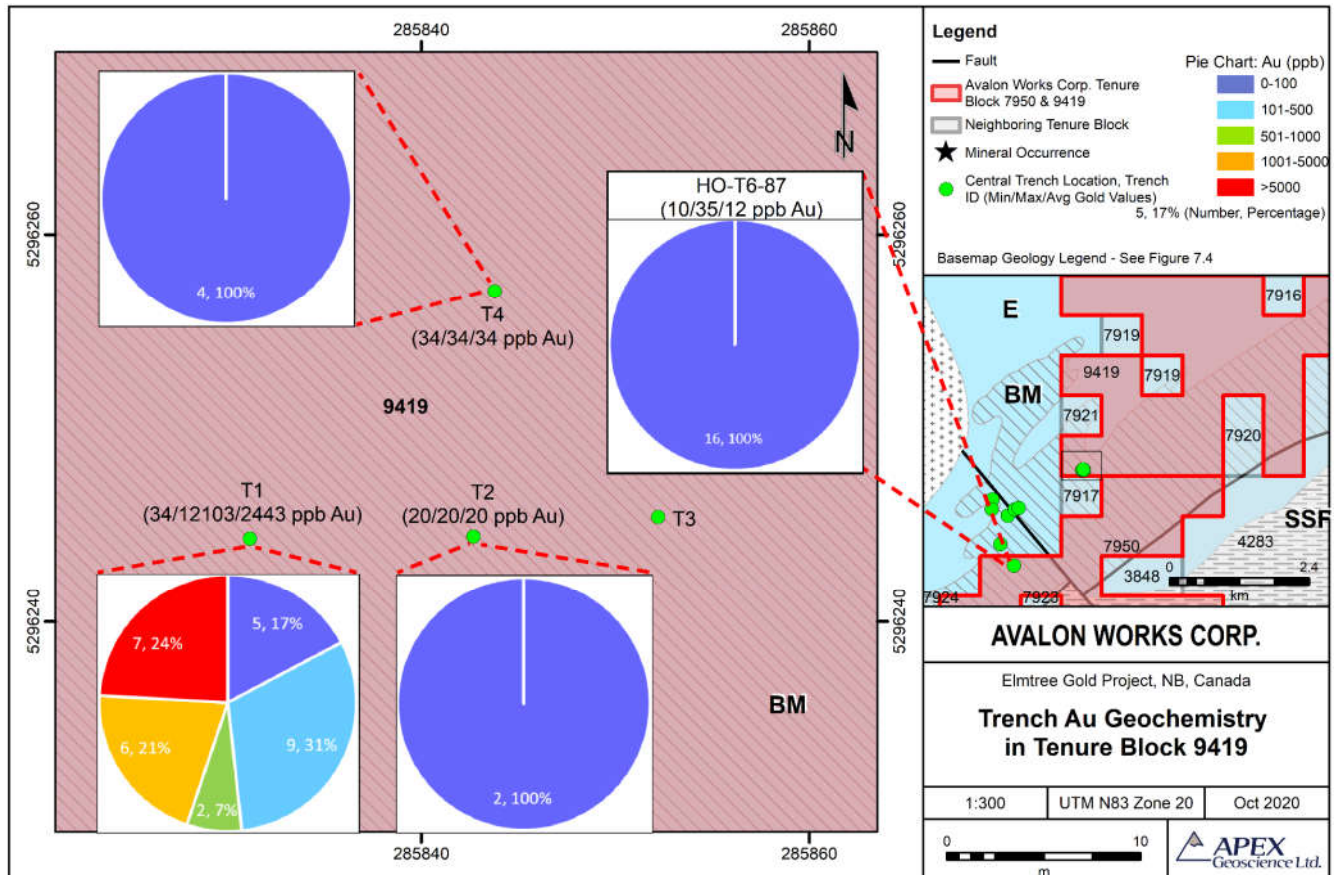


Figure 11: Location and gold value summary for 9 trenches excavated at the West Gabbro Zone deposit. The image includes trench rock assay results in Mineral Tenure 7923 (western block), which is not owned by Avalon; the information is included to show the anomalous trend of rock assay results along the Elmtree Fault.

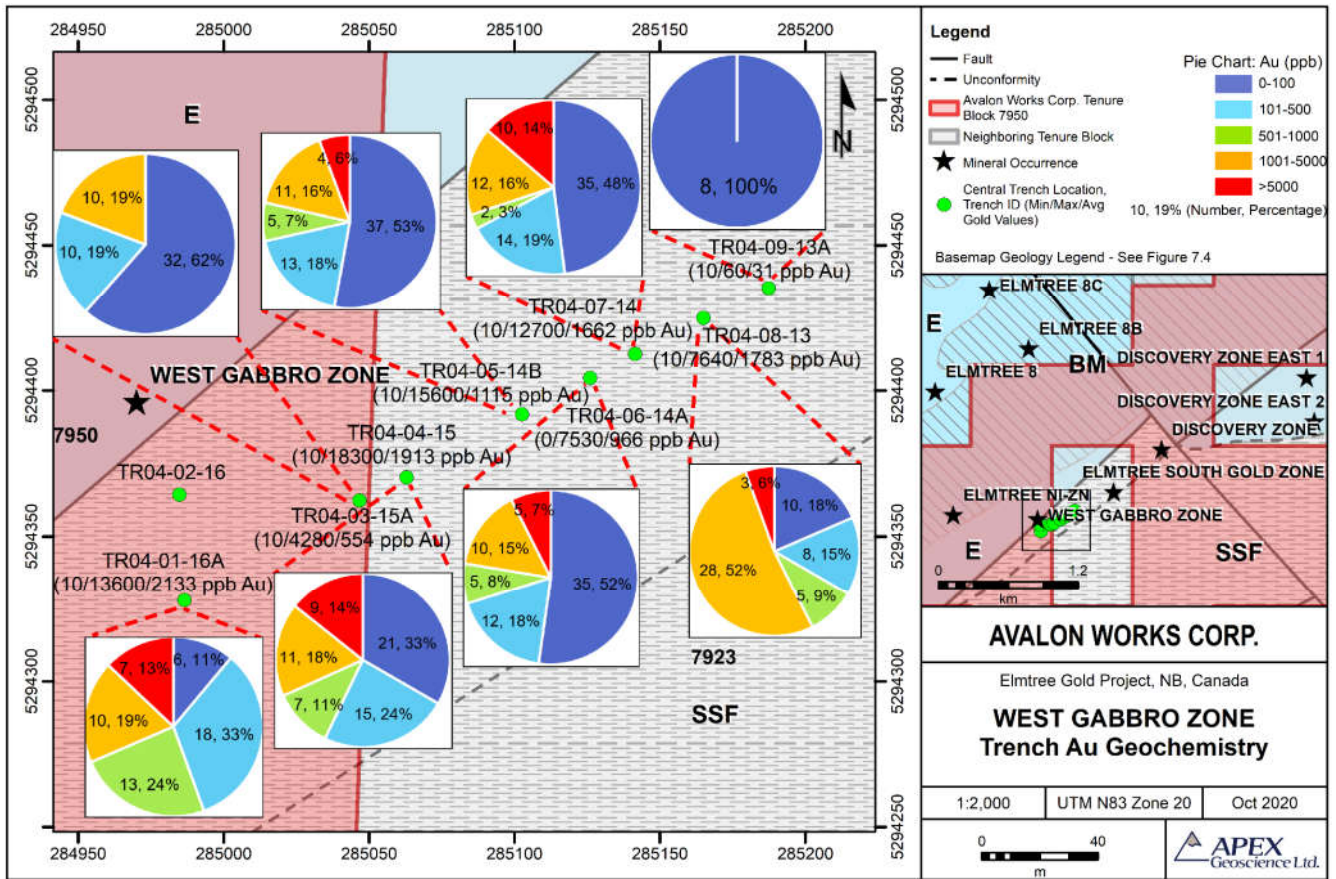


Table 5: Selected results of the Stratabound Minerals Corp., trench work conducted at the West Gabbro Zone deposit. The highlighted results are from trenches located within Tenure Block 7950 (Avalon's Elmtree Gold Project).

Trench No.	From (m)	To (m)	Length (m)	Gold (g/t)
1	10.5	34.0	23.5	2.40
	12.0	23.5	11.5	4.37
3	19.0	45.0	26.0	0.69
4	16.0	54.0	38.0	1.76
	31.5	38.0	6.5	4.03
	40.0	43.0	3.0	7.44
5	16.0	49.5	33.5	1.17
	32.5	39.5	7.0	4.73
6	17.0	51.0	34.0	1.13
	34.0	38.5	4.5	3.96
7	27.0	48.0	21.0	2.97
	29.5	40.0	10.5	5.26
8	19.3	48.0	28.7	1.68
	30.5	47.0	16.5	2.73

Duncan (2005) observed that the high gold grade in the range of 4.03 g/t Au to 7.76 g/t Au were returned over sampled intervals ranging between 0.50 m and 10.5 m in width, while longer sections such as 54 m yielded gold grades of 1.76 g/t Au. The analytical results from the trench samples demonstrate that higher gold grades (>2 g/t Au) in the known deposit areas frequently occur within envelopes of lower grade gold values. This relationship reflects the concentration of gold and sulphide mineralization in either a vein setting or a mineralized shear setting that occurs within a hydrothermal alteration envelope.

Sub-Section 5: Geophysical Surveys

Numerous historical airborne and ground geophysical surveys have been conducted at the Elmtree Gold Project (e.g., Tables 3 and 4). Selected survey examples include:

- In 1986, Lacana Mining Corp. completed a high resolution airborne geophysical surveying via Aerodat Ltd., (total field magnetics, vertical gradient magnetics, and VLF-EM at 100 m flight line spacing), along with ground magnetometer and VLF-EM surveys (Hoy, 1985).
- In 1987, Brunswick Mining and Smelting Corp. Ltd. completed ground magnetometer and VLF-EM surveys (Misner, 1988).
- In 2001, Aeroquest Ltd. completed a helicopter-borne magnetic and electromagnetic survey on behalf of Heron Mines Ltd. (Baldwin, 2002).
- In 2003, Lone Pine Exploration Services conducted a ground geophysics program, including two detailed gravity transects coincident with very low frequency EM (VLF-EM) and magnetics on behalf of George Murphy (Pitre, 2003; Lutes, 2004).
- In 2008, Stratabound Minerals Corp., completed several ground geophysical surveys including horizontal loop EM (HLEM), Induced Polarization (IP) and VLF-EM surveys (Duncan, 2008a).
- In 2017, Vickers Geophysics Inc., completed on behalf of Kevin Vienneau conducted a geophysical deep pole-poly-dipole induced polarization (DPPD-IP) with resistivity on the Elmtree (7950) and Alcida Gold (7923) Tenure Blocks (Vickers, 2017).

In addition, Natural Resources Canada has completed regional geophysical surveys that are part of the national thematic Open File map series and Geoscience Data Repository (<http://gdr.aggr.nrcan.gc.ca/gdrdap/dap/search-eng.php>). Two regional GSC airborne geophysical examples are presented in this sub-section to demonstrate the geological and tectonic features at the Elmtree Gold Project area, and to provide support for the Elmtree Gold Project Geology discussion presented below.

Images of the Residual Magnetic Intensity–Vertical Derivative (RMI-VD) and the Radiometric thorium over potassium ratio (rThK) in the Elmtree Gold Project area are presented in Figures 6.7 and 6.8, respectively. The magnetic data is presented at a 200 m cell size and has been levelled to correct for arbitrary datums, slow variations of Earth's magnetic field over time, and differing survey specifications (Miles and Oneschuk, 2016). The radiometric dataset was compiled at cell size of 250 m.

The magnetic and radiometric images reflect:

- Dominant geological provinces as defined by the Elmtree Inlier (high magnetic profile) and Miramichi Highlands and Miramichi Inlier (low magnetic profile; Figure 6.7).
- Definition of the Elmtree and Rocky Brook-Millstream fault zones, which truncate the geological provinces as structural boundaries (Figure 12) as represented by an elongated and linear high potassium trend associated with potassic alteration (Figure 13).

With respect to Property-scale geophysical survey results, Vickers Geophysics Inc. completed a geophysical survey on the Elmtree (7950) and Alcida Gold (7923) Claim Blocks on behalf of Kevin Vienneau (Vickers, 2017). Three survey lines totaling 4,675 m were established across the Elmtree Gold Project to conduct deep pole-poly-dipole induced polarization (DPPD-IP) with resistivity surveys (Figure 14). The IP survey employed the IPR-12 time-domain induced polarization/resistivity receiver with 16 potential dipoles (n=1 to 16) with variable dipole “a” spacing varying from 50 m to 100 m. The IP array configuration gives a calculated depth of 450 m.

The IP/resistivity data is plotted in pseudo section format using Geosoft™ IP mapping system programs. The Apparent resistivity and chargeability are presented in stacked pseudo-section format at the scale of 1:5000 (1 cm = 50 m). The inversion results are included with the chargeability and resistivity pseudo-section sheets.

Line L0E demonstrates low resistivities of 10 to 100 ohm*m extends from surface at station 800N becoming very low resistivities less than 10 ohm*m at approximately 50m depth and dipping north to a depth beyond the 450m limit of the survey (Figure 15a). There appears to be additional near surface low resistivities at stations 1075N and 1225N that also

become very low resistivities at approximately 150 m depth where they extend down dip to depth beyond the 450 m limit of the survey.

The Line L0E low and very low resistivity area may be the result of conductive mineralization or graphitic argillite noted in the area (Duncan, 2009) and its undulating appearance may represent folding. Directly below this moderate low resistivity a strong chargeability with values of 44mV/V is centered at approximately 250 m depth. This chargeability is associated with relatively higher resistivities that are moderate low values of 1,000 ohm*m. Disseminated mineralization within a relative high resistivity may be associated with this chargeability.

As interpreted by Vickers (2017), Line L2W exhibits low resistivities of 30 to 100 ohm*m extend from surface at station 625N becoming a slightly lower resistivities with values less than 20 ohm*m at approximately 200 m depth (Figure 15b). Additional near surface low and very low resistivities occur at stations 725N, 800N, and 1050N that become low resistivities at approximately 200 m depth extending to 350 m depth. At 1350N, very low resistivities occur at 125 m depth extending to 250 m depth. This low and very low resistivity signature may be the result of conductive mineralization or graphitic argillite noted in the area by Duncan (2009).

South of the main very low resistivity zone on Line L2W, a moderate low resistivity feature is located at station 300N and occurs to a depth of approximately 125 m (Figure 15b). This anomaly is within and directly above a very strong chargeability zone with values of 50mV/V near surface. This chargeability is also associated with relatively higher resistivities with moderate low values of 1000 ohm*m. Disseminated mineralization within a relative high resistivity area may be associated with this chargeability anomaly.

Figure 12: Airborne magnetic image of the Residual Magnetic Intensity – First Vertical Derivative. Source: Geological Survey of Canada.

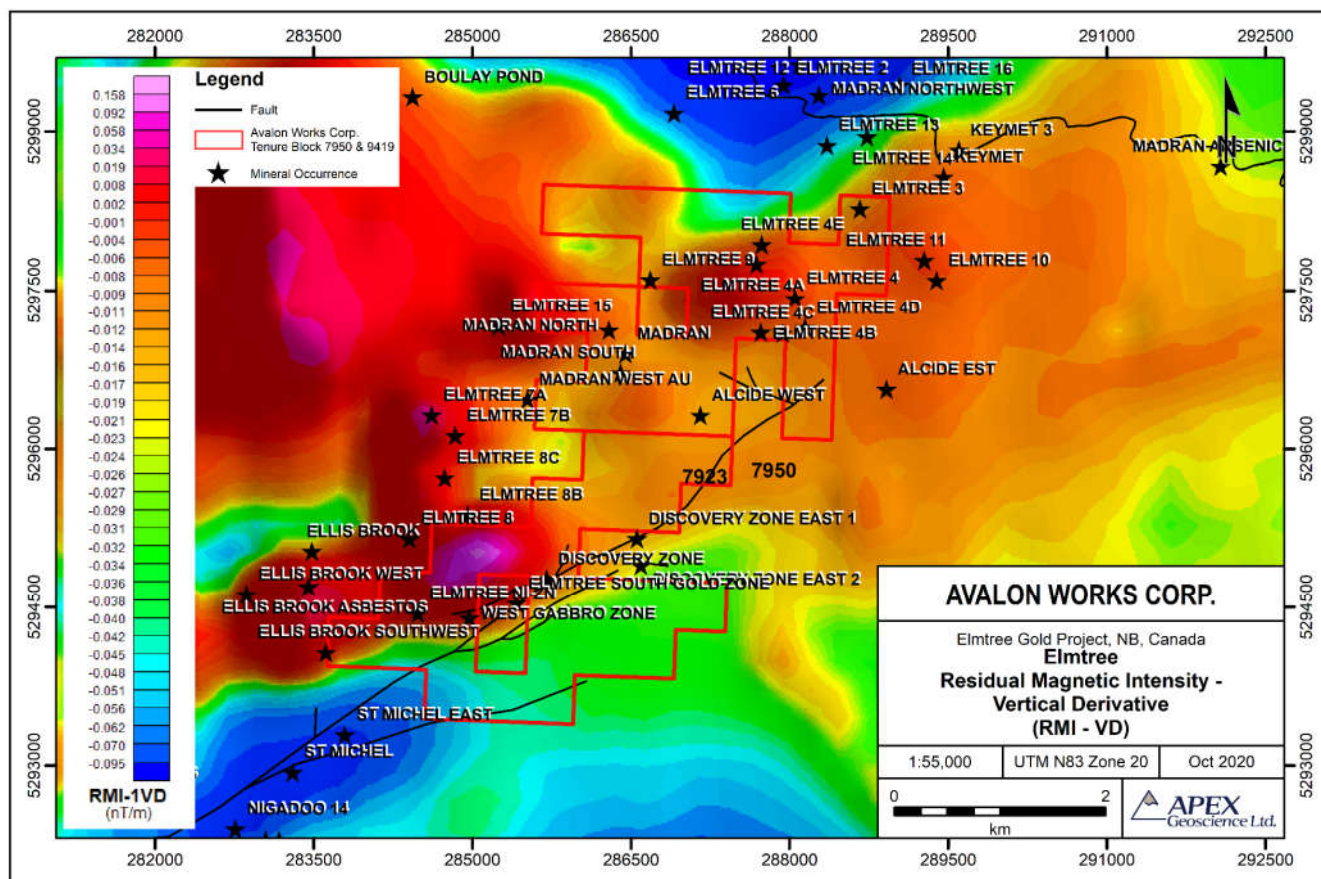


Figure 13: Airborne radiometric image of the ratio of thorium over potassium. Source: Geological Survey of Canada.

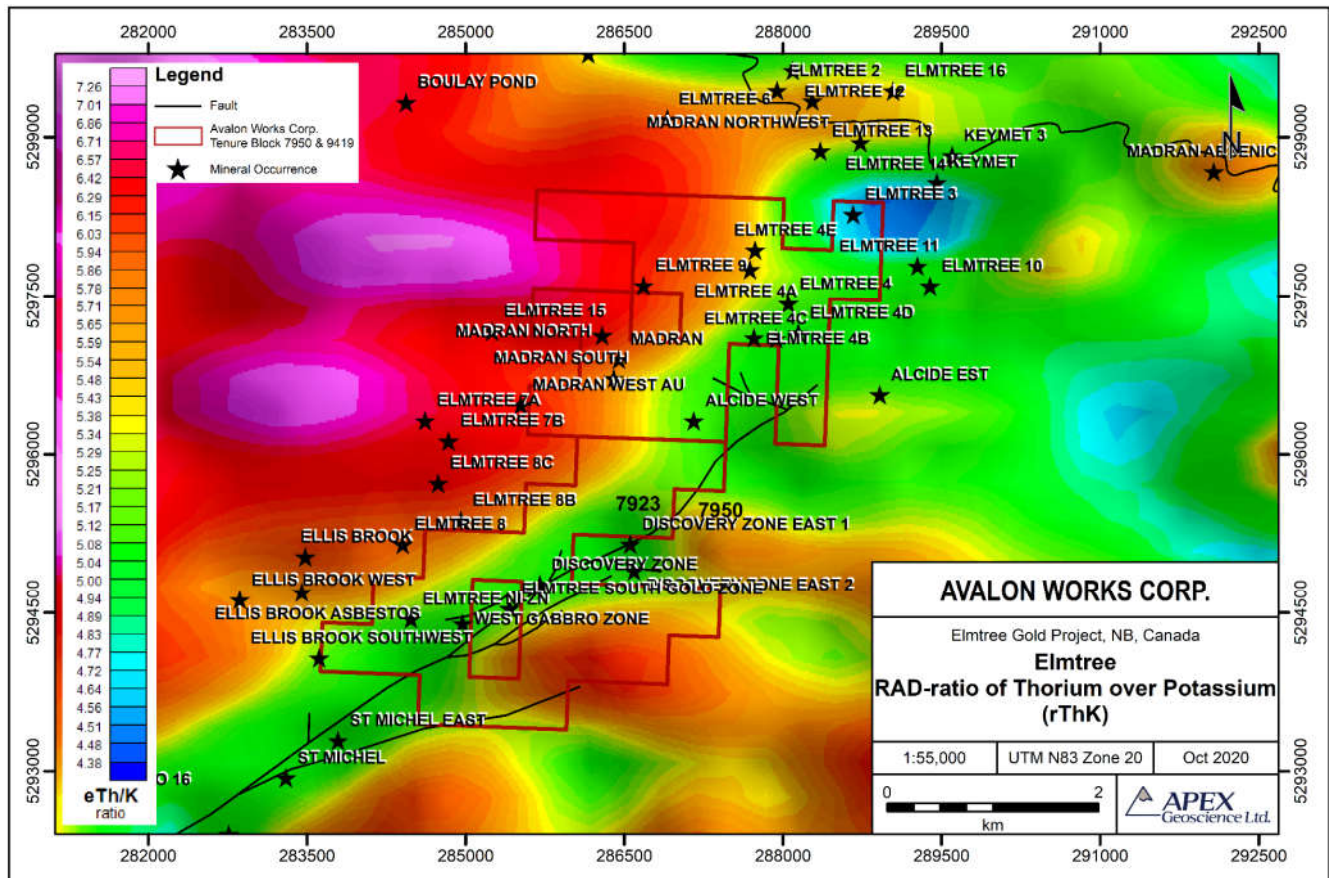


Figure 14: Survey line locations for a 2017 Deep pole-poly-dipole induced polarization chargeability and resistivity survey. Source: Vickers (2017).

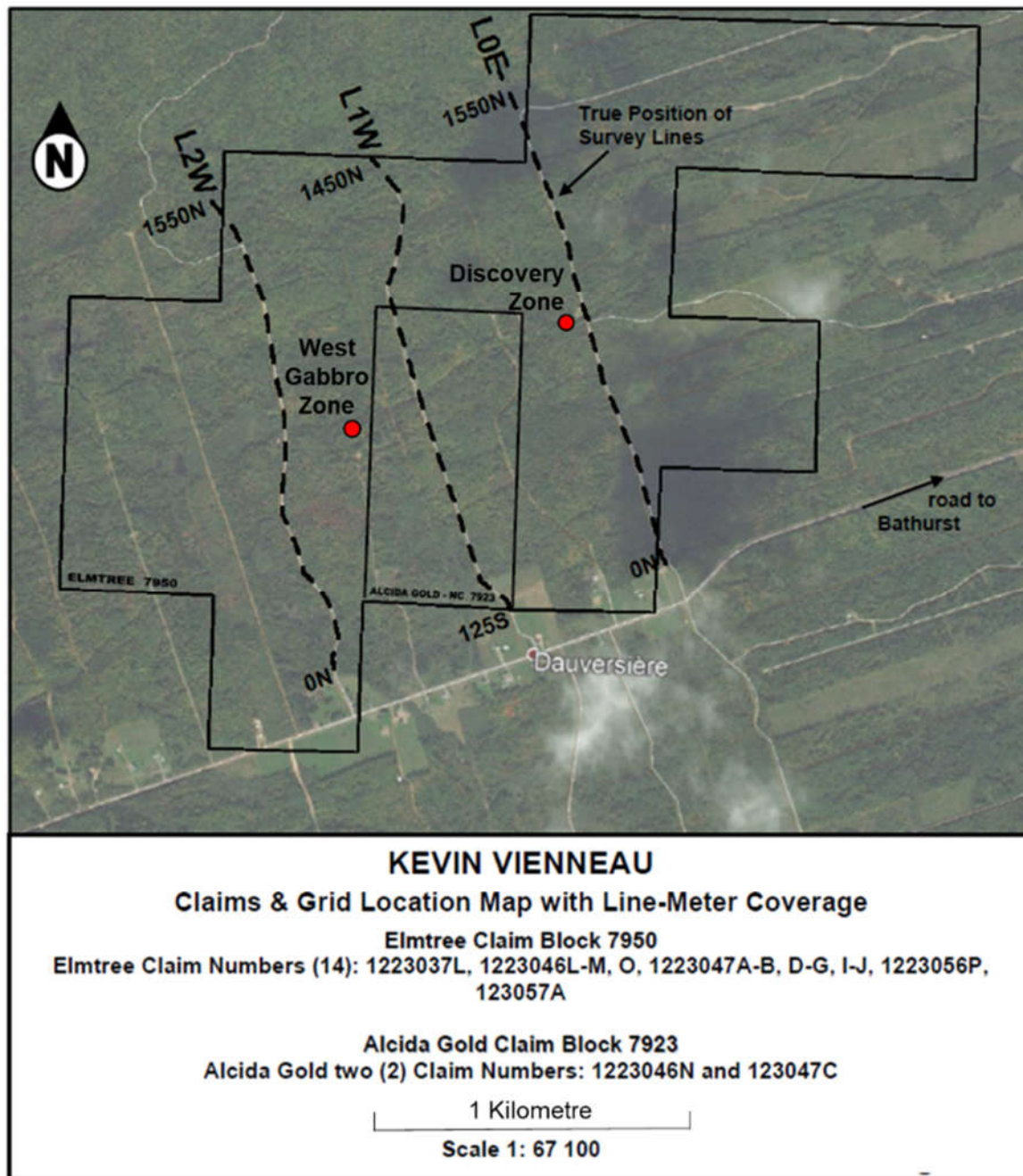
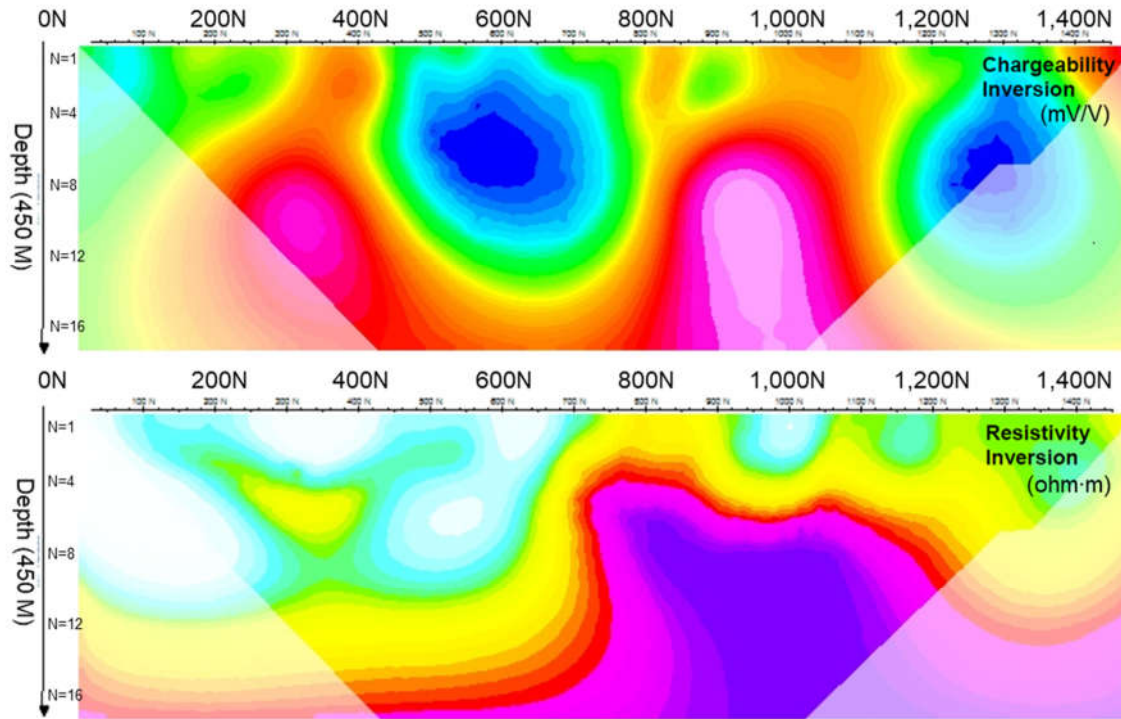
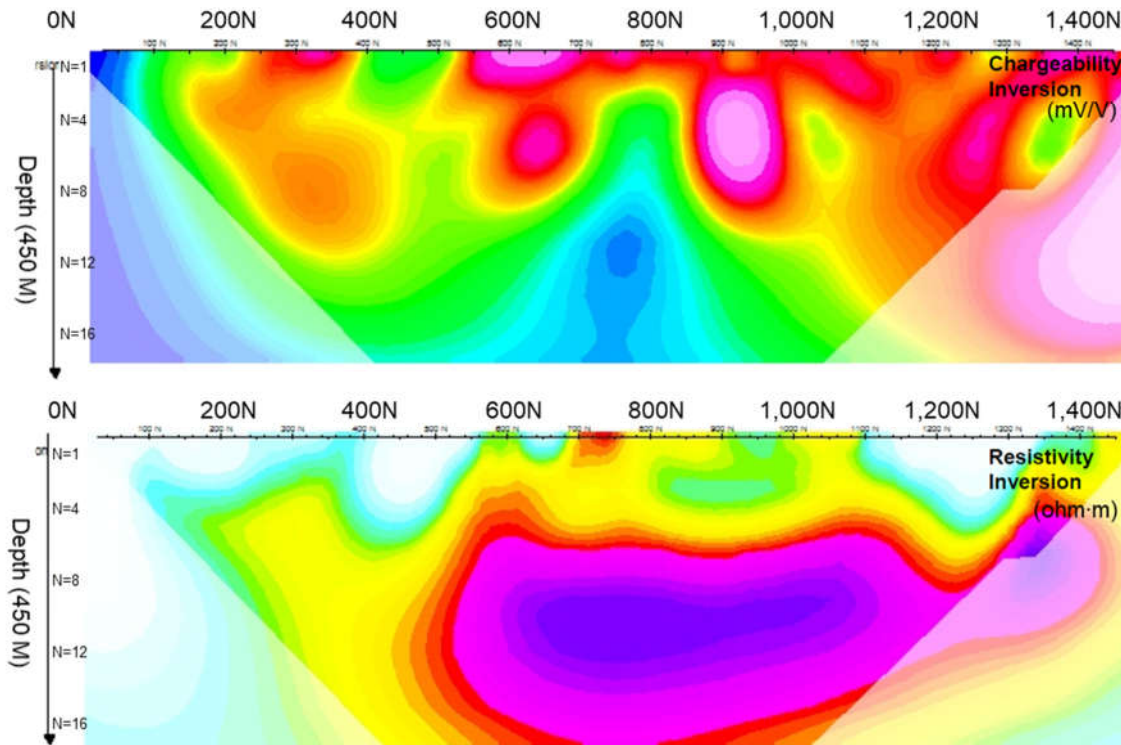


Figure 15: Deep pole-poly-dipole induced polarization chargeability and resistivity inversion models for lines L0E (A) and L2W (B). Source: Vickers (2017).

A) Line L0E: Orientated directly west of the West Gabbro Zone.



B) Line L2W: Orientated directly east of the Discovery Zone.



Sub-Section 6: Diamond Drilling

A following summary of the historical diamond drilling conducted at the Elmtree Gold Project is presented in Table 6 and Figure 16. The data are based on collar, lithology and assay information provided by Avalon. The Technical Report authors have verified select data via historical mineral assessment file reports. The assay intersections represent downhole lengths and not true width intersections. The historical drillhole intersections represent downhole widths (and not true widths).

As a cautionary statement, the Technical Report authors have not completed enough work to verify the accuracy of the historical gold intersections and grades, and recommend the Issuer conduct future work to validate the historical exploration results. The compilation of historical drillhole information includes holes and assay data that were drilled within Mineral Tenure Blocks 7950 and 9419 (owned by Avalon) and Mineral Tenure 7923 (owned by a competitor), which occurs as an island block within Tenure 7950 (see above).

Drillholes pertaining only to Avalon's Elmtree Gold Project include:

- West Gabbro Zone: A total of 57 drillholes totalling 7,626.9 m (Table 7; Figure 17).
- Discovery Zone (n=39 drillholes totalling 5,528.7 m; Table 8; Figure 18).
- Tenure Block 9419 (including the Elmtree 4 mineral occurrence): A total of 8 drillholes totalling 857.1 m (Table 9; Figure 19)

Table 6: Summary of historical drilling at the Elmtree Property (Tenure Blocks 7950 and 9419). The summary includes drillholes drilled in Mineral Tenure 7923, which is not owned by Avalon.

Company	Year	Drillhole series	Total drillholes	Dip (degrees)	Orientation (Azimuth)	Total length (m)
Legacy and Cormier	1962	L-1-62 to L-3-62	3	-45	157 to 337	203.1
Lacana Mining Corporation	1985	85-1 to 85-19	19	-90	0	1,562.4
Lacana Mining Corporation	1986	86-20 to 86-60	41	-90	0	5,346.3
Lacana Mining Corporation	1987	87-61 to 87-65	5	-90	0	1,234.6
Brunswick Mining and Smelting Corporation	1987	HO-1-87	1	-45	176	142.0
Lacana Mining Corporation	1988	88-66 to 88-73	8	-90	0	1,489.9
Lacana Mining Corporation	1988	88-74 to 88-77	4	-90	0	1,088.6
Heron Mines Ltd.	2002	B1 to B3 and H2	4	-45 to -50	5 to 275	512.0
Stratabound Minerals Corporation	2005	WG05-001 to WG05-007	7	-90	0	890.5
Stratabound Minerals Corporation	2006	DZ06-01 to DZ06-18	18	-90	0	1,503.0
Stratabound Minerals Corporation	2006	DZ06-19 to DZ-41	23	-90	0	3,590.2
Stratabound Minerals Corporation	2007	ELM07-042 to ELM07-045	4	-90	0	761.0
Stratabound Minerals Corporation	2008	ELM08-046 to ELM08-051	6	-90	0	1,005.9
Castle Resources Inc.	2009	WG09-TW01 to WG09-TW04	4	-40 to -55	0 to 185	410.0
Castle Resources Inc.	2009	ELM09-052 to ELM09-076	25	-40 to -72	0 to 360	5,045.3
Castle Resources Inc.	2009	ELM10-077 to ELM10-0100	24	-45 to -70	180 and 360	3,928.5
Total			196			28,713.4

The drill core assay datasets for the West Gabbro Zone and the Discovery Zone consist of 2,023 and 3,203 assays, respectively. The discrepancy between the total metreage drilled and the number of assays shows the entire drill core length was not sampled; the companies historically sampled only those drill core intersections within the mineralized zones.

The highest 50 gold assays from analytical work conducted on the historical drill core by companies other than Avalon – and pertaining only to those drillholes drilled on Tenure Block 7950 is presented in Table 6.8. Highlights from the historical drilling programs conducted within Tenure Block 9419 are shown in Table 11. Note: The assay intercepts/sample lengths do not represent the true thicknesses due to the sub-vertical nature of the deposits.

Within the Elmtree Gold Project, drilling highlights include:

- 361 gold assays from the West Gabbro Zone and 266 assays from the Discovery Zone yield >1 g/t Au.
- 17 gold assays from the West Gabbro Zone and 1 assay from the Discovery Zone yield >10 g/t Au.
- Maximum gold assay values include 20.60 g/t and 14.5 g/t Au at the West Gabbro Zone and Discovery Zone, respectively.
- The drilling results show that the West Gabbro Zone and Discovery Zone are characterized by structurally controlled low-grade mineralization. Elevated gold values are typically associated with higher concentrations of arsenopyrite. In addition to gold, the Discovery Zone also contains appreciable amounts of base metals.
- Gold values at the West Gabbro Zone are highly erratic with no clearly defined pattern. Occasionally, high gold values (i.e., >10 g/t Au) are encountered but only over narrow intervals: often 0.5 m or less. For example, selected gold assay intervals at the West Gabbro Zone include:

- Drillhole ME85055 has 4.87 g/t Au over 9.9 m (15.42 to 25.30 m); this interval contains spotty high-grade intervals of 11.52 g/t Au (over 0.34 m) and 12.89 g/t Au (over 0.92 m) with the high gold intervals shouldered by low gold intersections of between 0.07 and 0.82 g/t Au.
- Drillhole ME86057 yields 13.41 g/t Au over 1 m (17.59 to 18.59 m) shouldered by assays with <0.1 g/t Au.
- Drillhole ME86042 has intersections of 16.46 g/t and 12.1 g/t Au at 101.19 to 102.26 m and 103.02 to 103.17 m, which are separated and shouldered by intersections with <1.0 g/t Au.
- In addition to gold, the Discovery Zone also yields maximum values of Ag (461.0 g/t), Pb (10.45%), and Zn (21.70 %). The elevated base metal assays correlate with high gold values; for example, the sample with the highest silver and zinc also yielded 5.26 g/t Au (drillhole DZ06-005 from 38.3 to 38.8 m). An example poly-metallic interval at the Discovery Zone from drillhole DZ06005 has a 1.4 m section of 6.21 g/t Au, 257.3 g/t Ag and 13.3% Zn (37.8 to 39.2 m).
- At the Discovery Zone, several discrete zones of veining associated mineralization and intervening lower grade disseminated mineralization occur across widths ranging from less than 1 m to several metres. For example, drillhole DZ06025 has a 4.5 m intersection of 5.15 g/t Au (246.0 to 250.5 m).
- Drilling intercepts in the Discovery Zone area show three patterns of mineralization as documented by Shoemaker et al. (2010):
 1. Gold-only drill hole intercepts with associated arsenic.
 2. Gold-arsenic drill hole intercepts with silver, lead and zinc values of economic interest.
 3. Silver, lead, and zinc drill hole intercepts with no substantial gold component.
- Weakly anomalous precious and base metal mineralization was intersected in three diamond holes drilled in Tenure Block 9419; top results include:
 - 0.17 g/t Au and 0.24% Ni over a length of 0.61 m (60.7 to 61.3 m) and 0.34 g/t Au, 0.12% Cu and 0.38% Ni over a length of 0.52 m (61.3 to 61.8 m) from drillhole L-2-62 located at the Elmtree 4 occurrence. Sulphide mineralization observed in the core consists of pyrrhotite with minor chalcopyrite.
 - 0.029 g/t Au and 1.3 g/t Ag over a length of 1 m (57 to 58 m) and 0.047 g/t Au and 0.8 g/t Ag over a length of 2.5 m (81.5 to 84 m) from drillhole B3, located 400 m west of the Elmtree 4 occurrence. Sulphide mineralization observed in the mineralized samples included pyrrhotite, pyrite and arsenopyrite.
 - 0.017 g/t Au and 1.2 g/t Ag over a length of 1 m (14.5 to 15.5 m) and 0.033 g/t Au and 1.60 g/t Ag over a length of 1.5 m (28 to 29.5 m) from drillhole H2.

Figure 16: Historical drilling at the Elmtree Gold Project, Tenure Blocks 7950 and 9419. The summary includes drillholes drilled in Mineral Tenure 7923, which is not owned by Avalon.

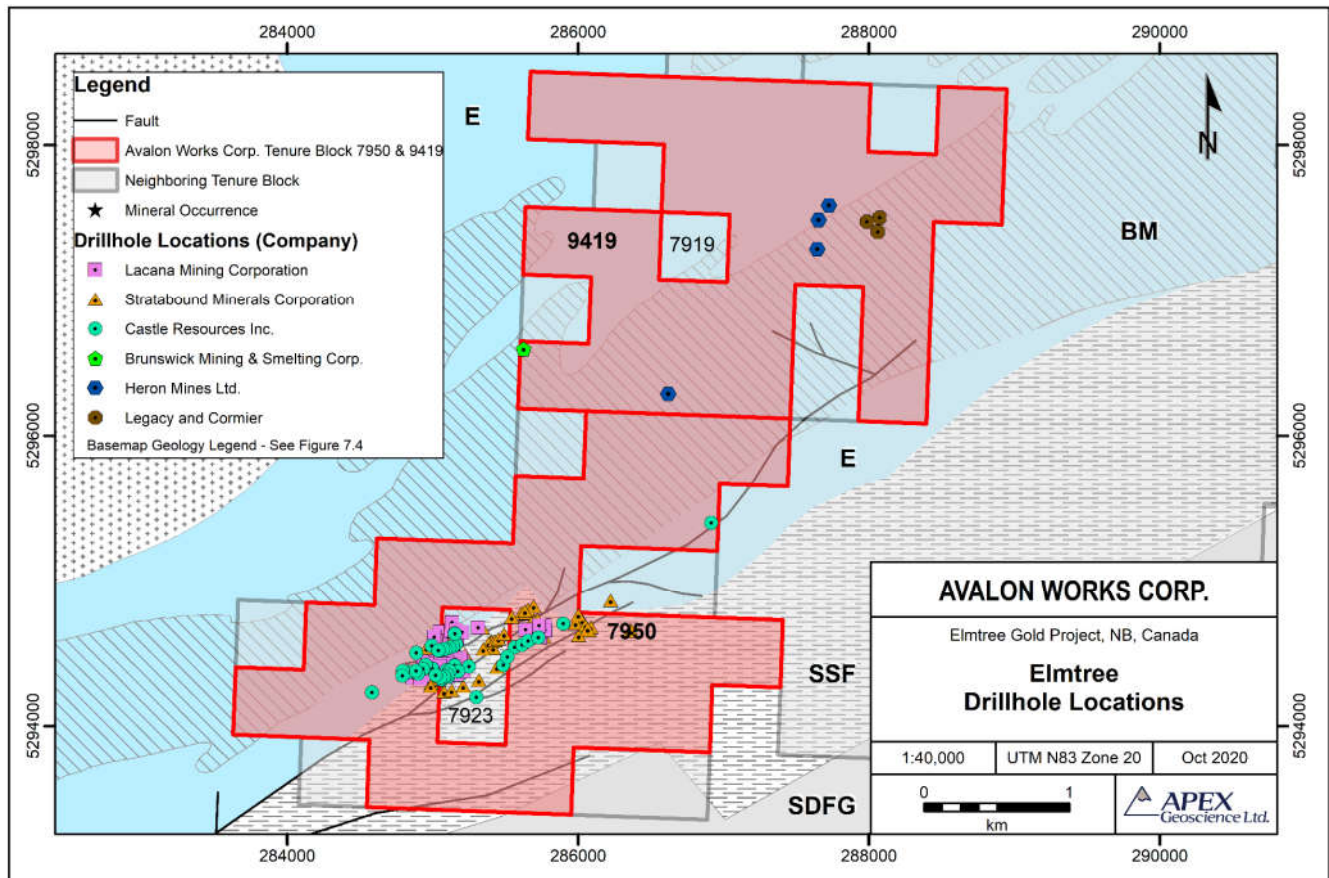


Table 7: Description of historical drilling at the West Gabbro Zone, Elmtree Gold Project (Tenure Block 7950).

Drillhole ID	Company	Deposit	Year	Easting (m; Z20 NAD8)	Northing (m; Z20 NAD8)	Elevation (m asl)	Total depth (m)	Dip (degrees)	Orientation (Azimuth degrees)
ME85005	Lacana Mining Corporation	WGZ	1985	285022	5294321	148	90.23	-90	0
ME85006	Lacana Mining Corporation	WGZ	1985	284989	5294381	146	53.65	-90	0
ME85007	Lacana Mining Corporation	WGZ	1985	284981	5294366	147	54.26	-90	0
ME85008	Lacana Mining Corporation	WGZ	1985	284978	5294372	147	53.35	-90	0
ME86020	Lacana Mining Corporation	WGZ	1986	285052	5294362	149	77.73	-90	0
ME86021	Lacana Mining Corporation	WGZ	1986	285054	5294357	149	108.82	-90	0
ME86022	Lacana Mining Corporation	WGZ	1986	284998	5294397	146	71.03	-90	0
ME86023	Lacana Mining Corporation	WGZ	1986	284916	5294365	146	82.00	-90	0
ME86024	Lacana Mining Corporation	WGZ	1986	284918	5294361	146	90.54	-90	0
ME86025	Lacana Mining Corporation	WGZ	1986	284945	5294376	145	76.21	-90	0
ME86026	Lacana Mining Corporation	WGZ	1986	284865	5294335	147	89.93	-90	0
ME86027	Lacana Mining Corporation	WGZ	1986	284984	5294426	142	91.45	-90	0
ME86031	Lacana Mining Corporation	WGZ	1986	285045	5294323	148	124.06	-90	0
ME86032	Lacana Mining Corporation	WGZ	1986	284956	5294397	145	90.54	-90	0
ME86035	Lacana Mining Corporation	WGZ	1986	285024	5294491	141	180.15	-90	0
ME86036	Lacana Mining Corporation	WGZ	1986	284937	5294439	142	157.59	-90	0
ME86038	Lacana Mining Corporation	WGZ	1986	284966	5294450	141	183.19	-90	0
ME86039	Lacana Mining Corporation	WGZ	1986	285062	5294583	146	258.18	-90	0
ME86040	Lacana Mining Corporation	WGZ	1986	285022	5294527	144	206.36	-90	0
ME86042	Lacana Mining Corporation	WGZ	1986	285055	5294474	139	125.59	-90	0
ME86055	Lacana Mining Corporation	WGZ	1986	285046	5294414	145	50.00	-90	0
ME86056	Lacana Mining Corporation	WGZ	1986	285021	5294396	145	35.06	-90	0
ME86057	Lacana Mining Corporation	WGZ	1986	284999	5294374	146	35.37	-90	0
ME86058	Lacana Mining Corporation	WGZ	1986	284975	5294360	146	45.73	-90	0
ME86059	Lacana Mining Corporation	WGZ	1986	284946	5294345	146	44.51	-90	0
ME87062	Lacana Mining Corporation	WGZ	1987	285050	5294649	145	320.05	-90	0
ME87064	Lacana Mining Corporation	WGZ	1987	284916	5294330	146	47.86	-90	0
ME88076	Lacana Mining Corporation	WGZ	1987	285025	5294585	140	277.68	-90	0
ME88077	Lacana Mining Corporation	WGZ	1987	285010	5294613	140	345.50	-90	0
TR04-01-16A	Stratabound Minerals Corporation	WGZ	2004	284986	5294328	144	38.00	-90	0
TR04-02-16	Stratabound Minerals Corporation	WGZ	2004	284985	5294364	138	17.00	-90	0
TR04-03-15A	Stratabound Minerals Corporation	WGZ	2004	285047	5294362	146	64.00	-90	0
WG05001	Stratabound Minerals Corporation	WGZ	2005	284958	5294538	147	301.50	-90	0
WG05004	Stratabound Minerals Corporation	WGZ	2005	285014	5294325	148	86.50	-90	0
WG05005	Stratabound Minerals Corporation	WGZ	2005	284986	5294276	147	126.00	-90	0
DZ06017	Stratabound Minerals Corporation	WGZ	2006	285008	5294341	148	75.00	-90	0
DZ06018	Stratabound Minerals Corporation	WGZ	2006	284990	5294297	147	30.00	-90	0
WG09-TW04	Castle Resources Inc.	WGZ	2009	284998	5294397	147	75.00	-41	185
ELM09056	Castle Resources Inc.	WGZ	2009	284933	5294394	147	142.34	-60	0
ELM09057	Castle Resources Inc.	WGZ	2009	284933	5294394	147	218.54	-65	0
ELM09058	Castle Resources Inc.	WGZ	2009	284994	5294553	149	267.31	-60	0
ELM09061	Castle Resources Inc.	WGZ	2009	284998	5294396	149	75.59	-41	0
ELM09062	Castle Resources Inc.	WGZ	2009	284833	5294373	150	150.27	-45	0
ELM09063	Castle Resources Inc.	WGZ	2009	284833	5294373	150	255.12	-65	180
ELM09064	Castle Resources Inc.	WGZext	2009	284795	5294380	147	250.85	-45	210
ELM09065	Castle Resources Inc.	WGZext	2009	284583	5294233	150	150.00	-45	130
ELM09066	Castle Resources Inc.	WGZext	2009	284793	5294347	147	252.50	-65	180
ELM09067	Castle Resources Inc.	WGZ	2009	284888	5294504	146	297.79	-55	180
ELM10-86	Castle Resources Inc.	WGZ	2010	285040	5294522	145	192.00	-55	180
ELM10-87	Castle Resources Inc.	WGZ	2010	285040	5294522	145	231.00	-65	180
ELM10-94	Castle Resources Inc.	WGZ	2010	285056	5294337	151	135.00	-55	360
ELM10-95	Castle Resources Inc.	WGZ	2010	285021	5294351	153	141.00	-70	360
ELM10-96	Castle Resources Inc.	WGZ	2010	284951	5294422	146	120.00	-50	180
ELM10-97	Castle Resources Inc.	WGZ	2010	284951	5294422	146	162.00	-60	180
ELM10-98	Castle Resources Inc.	WGZ	2010	284933	5294394	147	120.00	-60	180
ELM10-99	Castle Resources Inc.	WGZ	2010	284900	5294361	149	75.00	-45	180
ELM10-100	Castle Resources Inc.	WGZ	2010	284886	5294381	148	111.00	-45	180
Total							7,626.93		

Figure 17: Historical diamond drillholes at the West Gabbro Zone.

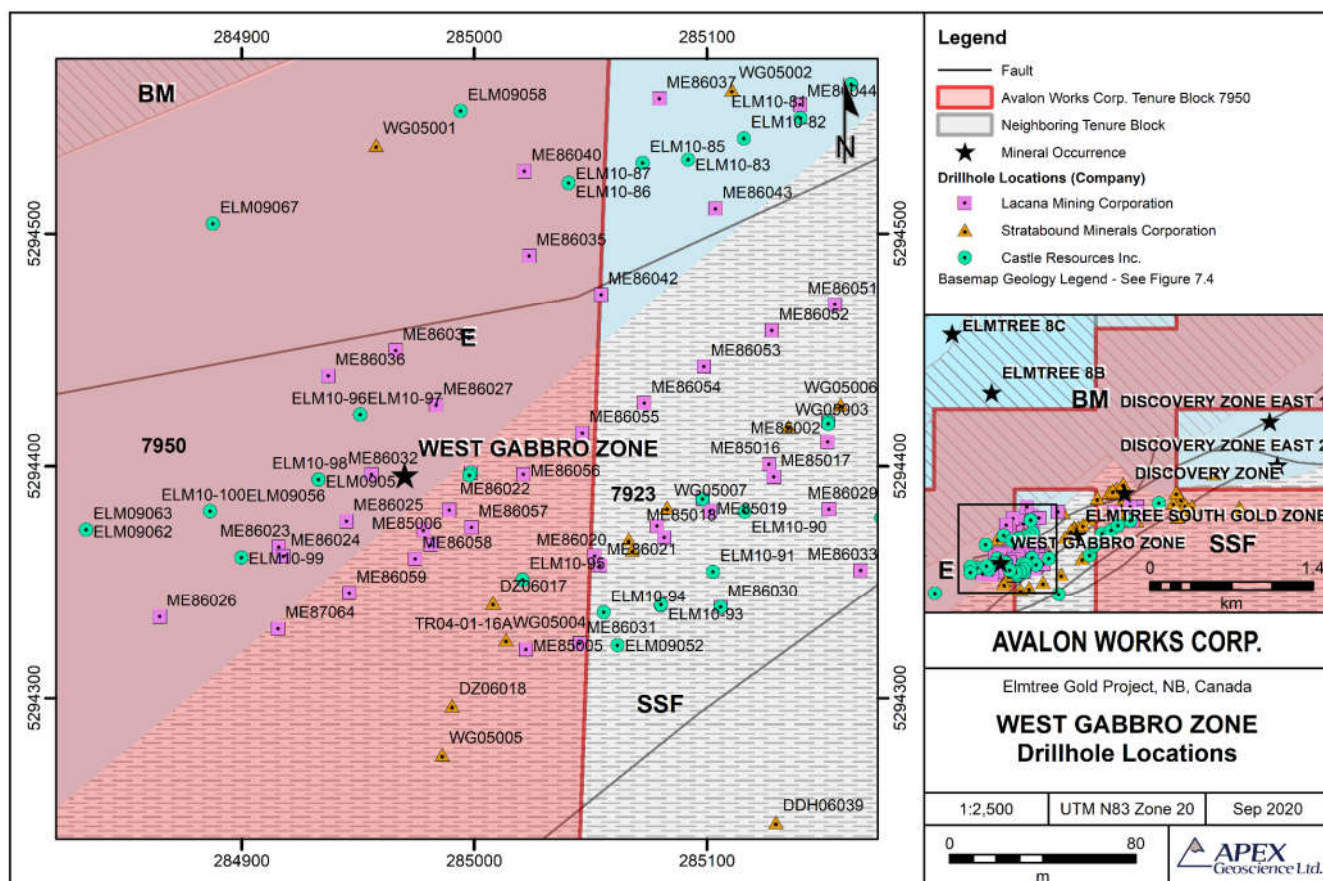


Table 8: Description of historical drilling at the Discovery Zone, Elmtree Gold Project (Tenure Block 7950).

Drillhole ID	Company	Deposit	Year	Easting (m; Z20 NAD8)	Northing (m; Z20 NAD8)	Elevation (m asl)	Total depth (m)	Dip (degrees)	Orientation (Azimuth degrees)
ME85014	Lacana Mining Corporation	DZ	1985	285770	5294691	140	95.72	-90	0
ME85015	Lacana Mining Corporation	DZ	1985	285740	5294614	140	46.64	-90	0
ME86048	Lacana Mining Corporation	DZ	1986	285772	5294659	140	132.29	-90	0
ME86049	Lacana Mining Corporation	DZ	1986	285731	5294693	140	81.39	-90	0
ME86050	Lacana Mining Corporation	DZ	1986	285638	5294663	140	75.30	-90	0
DDH06019	Stratabound Minerals Corporation	DZ	2006	285643	5294773	140	156.20	-90	0
DDH06020	Stratabound Minerals Corporation	DZ	2006	285612	5294779	140	150.00	-90	0
DDH06021	Stratabound Minerals Corporation	DZ	2006	285656	5294802	140	153.00	-90	0
DDH06022	Stratabound Minerals Corporation	DZ	2006	285698	5294722	140	61.50	-90	0
DDH06023	Stratabound Minerals Corporation	DZ	2006	285720	5294733	140	124.00	-90	0
DDH06024	Stratabound Minerals Corporation	DZ	2006	285694	5294827	140	195.00	-90	0
DDH06025	Stratabound Minerals Corporation	DZ	2006	285724	5294676	140	267.00	-90	0
DDH06026	Stratabound Minerals Corporation	DZ	2006	285734	5294670	140	180.00	-90	0
DDH06027	Stratabound Minerals Corporation	DZ	2006	285641	5294777	140	147.00	-90	0
DDH06028	Stratabound Minerals Corporation	DZ	2006	285701	5294662	140	189.00	-90	0
DDH06029	Stratabound Minerals Corporation	DZE	2006	286075	5294657	140	150.00	-90	0
DDH06030	Stratabound Minerals Corporation	DZE	2006	286026	5294728	140	144.00	-90	0
DDH06031	Stratabound Minerals Corporation	DZE	2006	286004	5294624	140	173.00	-90	0
DDH06032	Stratabound Minerals Corporation	DZE	2006	285982	5294707	140	149.00	-90	0
DDH06033	Stratabound Minerals Corporation	DZE	2006	286088	5294680	140	252.50	-90	0
DDH06034	Stratabound Minerals Corporation	DZ	2006	285670	5294612	140	251.00	-90	0
DDH06035	Stratabound Minerals Corporation	DZ	2006	285703	5294712	140	129.00	-90	0
DZ06001	Stratabound Minerals Corporation	DZ	2006	285678	5294708	139	69.00	-90	0
DZ06002	Stratabound Minerals Corporation	DZ	2006	285678	5294711	139	75.00	-90	0
DZ06003	Stratabound Minerals Corporation	DZ	2006	285634	5294790	140	162.00	-90	0
DZ06004	Stratabound Minerals Corporation	DZ	2006	285764	5294614	140	63.00	-90	0
DZ06005	Stratabound Minerals Corporation	DZ	2006	285742	5294656	140	87.00	-90	0
DZ06006	Stratabound Minerals Corporation	DZE	2006	286051	5294692	140	84.00	-90	0
DZ06007	Stratabound Minerals Corporation	DZE	2006	286067	5294669	140	72.00	-90	0
DZ06008	Stratabound Minerals Corporation	DZE	2006	286001	5294765	140	75.00	-90	0
DZ06009	Stratabound Minerals Corporation	DZE	2006	286361	5294664	140	63.00	-90	0
DZ06010	Stratabound Minerals Corporation	DZE	2006	286368	5294653	140	78.00	-90	0
ELM07045	Stratabound Minerals Corporation	SG	2007	285542	5294750	139	295.00	-90	0
ELM09069	Castle Resources Inc.	SGZ	2009	285563	5294543	141	148.44	-45	360
ELM09070	Castle Resources Inc.	SGZ	2009	285616	5294560	139	191.11	-45	360
ELM09071	Castle Resources Inc.	SGZ	2009	285616	5294560	139	169.77	-60	360
ELM09073	Castle Resources Inc.	SGZ	2009	285657	5294586	141	194.16	-50	360
ELM09074	Castle Resources Inc.	SGZ	2009	285728	5294610	142	226.90	-50	360
ELM09075	Castle Resources Inc.	SGZ	2009	285899	5294706	138	172.82	-45	360
Total							5,528.74		

Table 9: Description of historical drilling within Tenure Block 9419, Elmtree Property.

Drillhole ID	Company	Mineral Occurrence	Year	Easting (m; Z20 NAD8)	Northing (m; Z20 NAD8)	Elevation (m asl)	Total depth (m)	Dip (degrees)	Orientation (Azimuth degrees)
L-1-62	Legacy and Cormier	Elmtree 4	1962	288061	5297406	100	68.58	-45	337
L-2-62	Legacy and Cormier	Elmtree 4	1962	288073	5297504	100	68.82	-45	157
L-3-62	Legacy and Cormier	Elmtree 4	1962	287986	5297475	100	65.71	-45	157
HO-1-87	Brunswick Mining and Smelting Corp.	Madran West	1987	285625	5296596	140	142.00	-45	176
B1	Heron Mines Ltd.	Elmtree 4	2002	287645	5297287	110	125.00	-45	5
B2	Heron Mines Ltd.	Elmtree 4	2002	287654	5297487	110	149.00	-45	5
B3	Heron Mines Ltd.	Elmtree 4	2002	287725	5297587	110	131.00	-50	275
H2	Heron Mines Ltd.		2002	286620	5296287	120	107.00	-45	145
Total							857.12		

Figure 18: Historical diamond drillholes at the Discovery Zone.

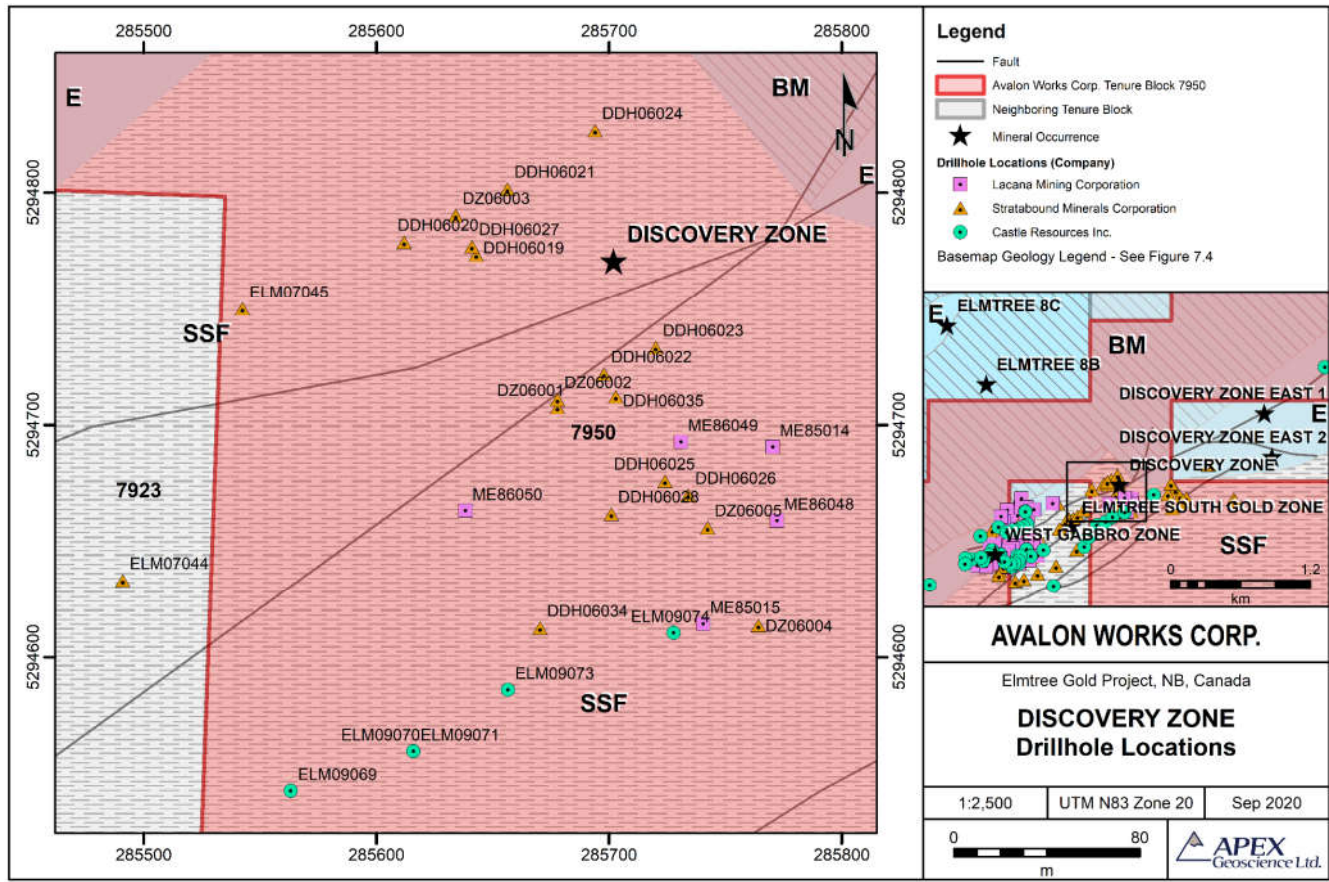


Figure 19: Historical diamond drillholes in Tenure Block 9419 of the Elmtree Gold Project.

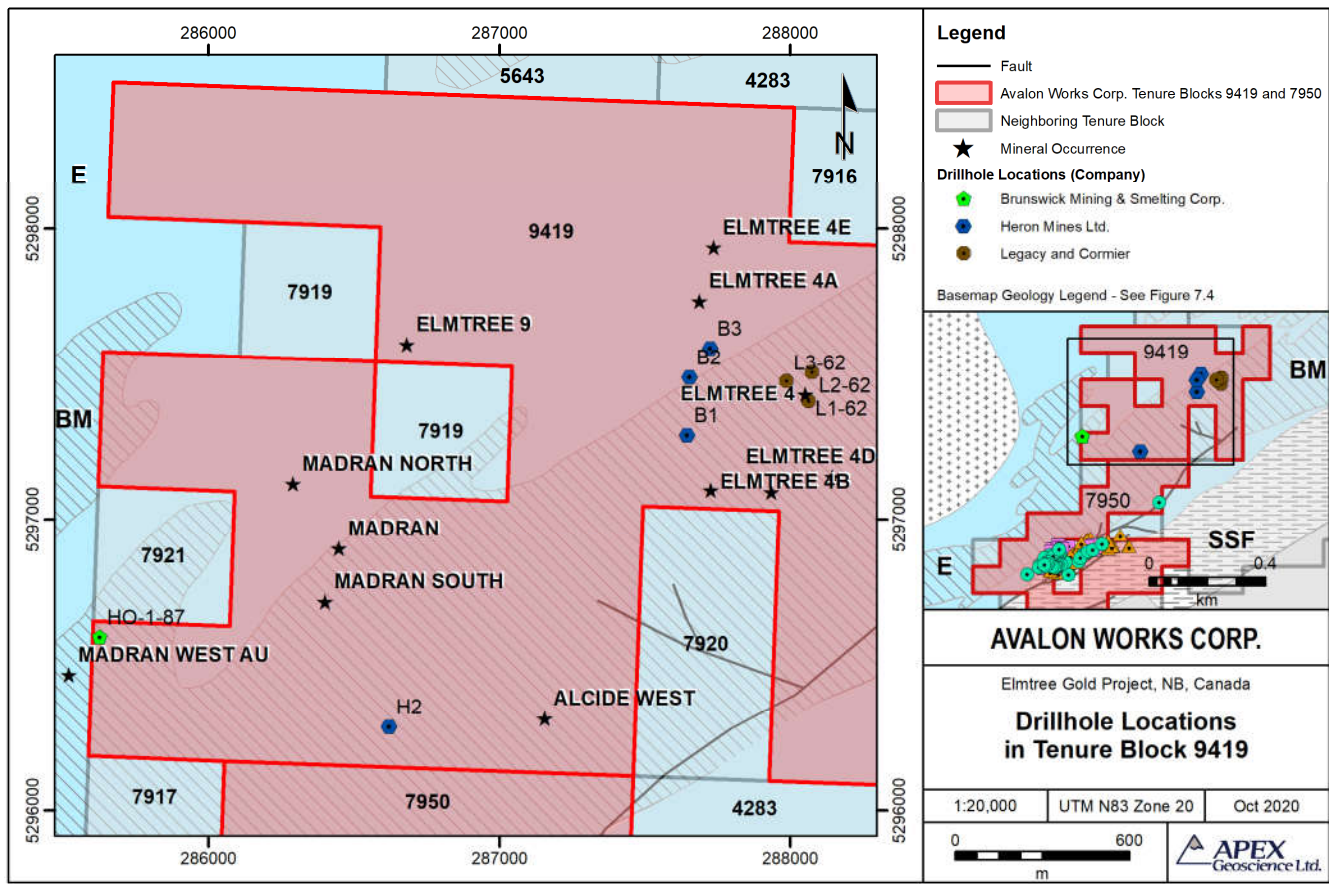


Table 10: Fifty highest gold values from historical drill core assays at the West Gabbro Zone (A) and Discovery Zone (B), Elmtree Gold Project (Tenure Block 7950).

A) West Gabbro Zone

Drillhole ID	Sample ID	From (m)	To (m)	Sample width (m)	Au (g/t)
ME85006	E85006-28	28.00	28.50	0.50	20.60
ME86042	1395	101.19	102.26	1.07	16.46
ELM10-86	NA	161.00	161.50	0.50	16.01
WG05004	441	80.50	81.10	0.60	15.80
ME86058	2494	19.20	19.57	0.37	14.26
ME86057	2465	17.59	17.98	0.40	13.99
ELM10-94	NA	110.00	110.50	0.50	13.25
ME86055	2405	18.59	19.51	0.91	12.89
ME86057	2466	17.98	18.59	0.61	12.82
ELM10-86	NA	167.00	167.50	0.50	12.13
ME86042	1397	103.02	103.17	0.15	12.10
ME88076	6586	265.48	265.94	0.46	11.93
ME85007	89345	27.74	28.65	0.91	11.52
ME86055	2403	17.86	18.20	0.34	11.52
ELM09058	NA	242.00	242.50	0.50	11.26
ELM10-98	NA	76.00	76.50	0.50	10.90
ME86025	83841	44.96	45.40	0.44	10.56
ELM10-94	NA	107.50	108.00	0.50	9.54
ME86055	2414	24.44	24.75	0.30	9.46
ELM10-86	NA	161.50	162.00	0.50	9.33
ME86059	3121	21.49	22.04	0.55	9.32
ME86055	2412	23.56	24.02	0.46	9.22
ELM10-94	NA	110.50	111.00	0.50	9.19
ELM10-86	NA	163.00	163.50	0.50	9.11
ELM10-86	NA	153.50	154.00	0.50	8.83
ELM09056	NA	64.50	65.00	0.50	8.65
ELM10-86	NA	167.50	168.00	0.50	8.48
ME86022	83718	35.36	36.88	1.52	8.23
ME86031	83978	108.81	109.73	0.91	8.23
ME86032	83972	50.29	51.21	0.91	8.23
ELM10-86	NA	171.00	171.50	0.50	8.03
ELM10-98	NA	67.00	67.50	0.50	7.85
ME86023	83797	60.05	60.81	0.76	7.68
ME86039	4391	228.30	229.21	0.91	7.68
ME86036	4360	21.34	21.43	0.09	7.40
ME88076	6583	263.65	264.57	0.91	7.27
ELM10-94	NA	108.00	108.50	0.50	7.14
ELM10-86	NA	169.50	170.00	0.50	7.05
ME88076	6577	259.08	259.54	0.46	6.99
ME86020	85698	47.24	48.16	0.91	6.86
ME86022	83723	40.54	41.45	0.91	6.86
ME86032	83975	53.04	53.95	0.91	6.86
ME86058	2487	13.81	14.42	0.61	6.86
ELM10-94	NA	108.50	109.00	0.50	6.77
ELM10-98	NA	67.50	68.00	0.50	6.77
WG05004	437	78.50	79.00	0.50	6.71
ELM09058	NA	242.50	243.00	0.50	6.60
ME86032	83971	49.38	50.29	0.91	6.58
ME86056	2443	22.86	23.47	0.61	6.58
ME86057	2459	12.65	13.26	0.61	6.58

B) Discovery Zone

Drillhole ID	Sample ID	From (m)	To (m)	Sample width (m)	Au (g/t)	Ag (g/t)	Pb (%)	Sb (%)	Zn (%)
DZ06030	30069	104.50	105.00	0.50	14.35	75.40	0.26	0.01	3.14
DZ06005	5013	37.80	38.30	0.50	8.60	170.00	1.23	0.15	8.42
DZ06025	25092	250.00	250.50	0.50	7.98	0.96	0.01	0.07	0.09
DZ06024	24123	169.50	170.00	0.50	7.94	2.07	0.01	0.02	0.04
DZ06028	28027	55.50	56.00	0.50	7.72	4.99	0.05	0.13	0.01
DZ06025	25085	247.00	247.50	0.50	7.42	4.46	0.02	0.18	0.01
DZ06025	25083	246.00	246.50	0.50	7.03	2.47	0.01	0.53	0.03
DZ06025	25084	246.50	247.00	0.50	6.81	3.14	0.01	0.47	0.01
DZ06034	34099	120.50	121.00	0.50	6.59	18.60	0.45	0.44	0.02
DZ06002	2043	57.20	57.90	0.70	5.67	102.00	6.89	3.66	1.73
ELM09074	NA	185.50	186.00	0.50	5.62	NA	NA	NA	NA
DZ06021	21054	84.00	84.50	0.50	5.49	NA	NA	NA	NA
DZ06030	30072	105.50	106.00	0.50	5.30	62.20	0.49	0.02	11.75
DZ06005	5014	38.30	38.80	0.50	5.29	461.00	6.31	0.17	21.70
DZ06024	24092	135.00	135.50	0.50	5.21	NA	NA	NA	NA
DZ06028	28086	124.00	124.50	0.50	5.13	3.96	0.01	0.11	0.01
DZ06002	2034	53.00	53.80	0.80	5.02	2.00	0.01	0.01	0.01
DZ06025	25091	249.50	250.00	0.50	4.89	10.50	0.12	0.50	0.01
DZ06028	28034	58.50	59.00	0.50	4.86	2.01	0.01	0.02	0.01
DZ06030	30081	109.50	110.00	0.50	4.79	72.50	0.65	0.01	5.65
DZ06002	2041	56.30	57.00	0.70	4.77	118.00	10.45	5.12	7.08
DZ06005	5015	38.80	39.20	0.40	4.75	141.00	0.81	0.04	9.83
DZ06028	28087	124.50	125.00	0.50	4.69	14.05	1.54	1.35	1.55
DZ06024	24155	191.50	192.00	0.50	4.54	2.20	0.07	0.07	0.01
DZ06028	28032	57.50	58.00	0.50	4.45	22.90	0.24	0.34	0.01
DZ06005	5004	35.00	35.40	0.40	4.28	126.00	1.97	0.42	1.65
DZ06028	28035	59.00	59.50	0.50	4.27	1.05	0.01	0.08	0.01
DZ06025	25089	249.00	249.50	0.50	3.92	3.26	0.01	0.20	0.08
DZ06028	28033	58.00	58.50	0.50	3.85	2.66	0.01	0.16	0.01
DZ06025	25029	153.50	154.00	0.50	3.82	46.70	0.20	0.05	2.62
DZ06008	8007	20.10	20.40	0.30	3.80	186.00	3.38	0.06	7.12
ELM09074	NA	186.00	186.50	0.50	3.78	NA	NA	NA	NA
DZ06002	2028	50.00	50.50	0.50	3.56	1.01	0.01	0.01	0.01
DZ06001	1027	42.00	42.50	0.50	3.54	0.63	0.01	0.01	0.01
ME85015	83527	31.70	32.00	0.30	3.53	34.29	NA	NA	NA
DZ06024	24027	39.00	39.50	0.50	3.45	110.00	4.50	1.95	7.27
DZ06025	25086	247.50	248.00	0.50	3.45	1.04	0.01	0.05	0.01
DZ06026	26006	43.50	44.00	0.50	3.43	15.55	0.12	0.02	0.23
DZ06024	24104	161.00	161.50	0.50	3.31	26.40	0.05	0.06	0.05
DZ06034	34101	121.00	121.50	0.50	3.31	15.55	0.37	0.36	0.01
ME85014	83543	46.63	48.16	1.52	3.29	4.46	NA	NA	NA
DZ06003	3089	142.50	143.00	0.50	3.20	NA	NA	NA	NA
DZ06023	23064	90.50	91.00	0.50	3.20	385.00	2.26	0.36	0.89
DZ06025	25087	248.00	248.50	0.50	3.16	2.58	0.01	0.09	0.01
DZ06024	24121	168.50	169.00	0.50	3.10	1.53	0.01	0.02	0.08
ME86049	6622	14.94	15.70	0.76	3.05	2.74	NA	NA	NA
DZ06029	29102	124.00	124.50	0.50	3.02	NA	NA	NA	NA
ME85014	83540	32.61	33.53	0.91	3.02	10.97	NA	NA	NA
DZ06024	24105	161.50	162.00	0.50	2.99	267.00	1.16	1.10	1.63
DZ06002	2018	36.00	36.50	0.50	2.97	NA	NA	NA	NA

Table 11: Highlights from historical drill core assays at the Elmtree Gold Project (Tenure Block 9419).

Drillhole ID	Sample ID	From (m)	To (m)	Sample width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
L-2-62	9851	60.66	61.26	0.61	0.171	NA	trace	0.24
L-2-62	9852	61.26	61.78	0.52	0.343	NA	0.12	0.38
L-2-62	9853	61.87	62.18	0.30	0.171	NA	NA	NA
B3	43801	57.00	58.00	1.00	0.029	1.30	NA	NA
B3	43802	81.50	84.00	2.50	0.047	0.80	NA	NA
H2	43947	14.50	15.50	1.00	0.017	1.2	NA	NA
H2	43948	28.00	29.50	1.50	0.033	1.60	NA	NA
H2	43950	45.50	47.00	1.50	0.008	1.1	NA	NA
H2	43952	66.60	68.10	1.50	0.004	1.2	NA	NA

Sub-Section 7: Historical Resources at the Avalon Property

Three historical mineral resource estimations have been completed at the Elmtree Gold Project: 2 at the West Gabbro Zone on gold; and 1 at the Discovery Zone on gold and combined gold, silver, lead and zinc (Cullen and Harrington, 2008; Murahwi et al., 2011). The Cullen and Harrington (2008) mineral resource estimation was reviewed and validated by Shoemaker et al., (2010) as part of a Preliminary Economic Assessment Technical Report.

As discussed above, historical mineral resource estimations conducted at the West Gabbro Zone include geological information and data that are currently situated on both on-Property (7950) and off-Property (7923) Tenure Blocks. This is especially important for the West Gabbro Zone historical resource estimations because the deposit is situated on both historical Tenure Blocks. Nevertheless, the historical resources for the West Gabbro Zone are presented in their entirety in this sub-section.

Accordingly, it is noted that the historical West Gabbro zone resource estimations extend beyond the current boundary of Avalon's Property – and a new mineral resource model and estimation is recommended. In addition, the authors of the Technical Report have not done sufficient work to classify the historical estimations as current mineral resources, and neither the authors or the issuer, Avalon, is not treating any of the historical estimations as a current mineral resource and they should not be relied upon.

A summary of the source, date and the procedural methodology used in constructing the historical resource estimations is presented in Table 12. It is worth noting the two separate resource estimations on the West Gabbro Zone used different geological domains, block sizes and cutoff grades. In the first estimation, Cullen and Harrington (2008) wireframed and estimated domains: 1) high-grade domain with a cutoff of ≥ 3.00 g/t over 2 m); 2) low-grade domain with a cutoff of ≥ 0.5 g/t Au over 2 m; and 3) isolated intercepts with a cutoff ≥ 0.5 g/t Au over 2 m).

In contrast, Murahwi et al. (2011) modelled and estimated a single solid wireframe together with 6 subsidiary satellite domains (to the immediate south and southwest) that were created using a cutoff grade of 0.25 g/t Au. These authors then reported the estimations at their recommended cutoff grade of 0.50 g/t Au.

This historical resource estimations are presented in Table 6.11. The authors speculate the change in geological domaining, and selection of cutoff, had a significant influence between the two West Gabbro Zone resource evaluations where:

- Cullen and Harrington (2008) conservatively reported an Indicated Resource of 525,000 tonnes of high-grade and low-grade gold (averaging 2.45 g/t Au) with and Inferred Resource of 1,556,000 tonnes of high-grade, low-grade and peripheral gold (averaging 2.01 g/t Au) at the West Gabbro Zone.
- Murahwi et al. (2011), in contrast, reported an Indicated Resource of 1,611,000 tonnes at 1.91 g/t Au with an Inferred Resource of 2,053,000 tonnes at 1.67 g/t Au.

The historical resources were reported as Indicated and Inferred category resources in accordance with CIM Mineral Resources and Reserves Definitions and Guidelines. The estimations used viable methodologies and were prepared by professionals with experience in mineral resource modelling and estimation processes.

The key assumptions and parameters to determine these historical estimates, however, are unknown and should not be relied upon as estimated resources or reserves. The resources should not be relied upon because the Elmtree Property boundaries have changed.

More work would be necessary to upgrade or verify the historical estimates, and a qualified person has not done sufficient work to classify the historical estimates as current mineral resources or current mineral reserves, and the Company is not treating the historical estimates as current mineral resources or current mineral reserves, and they should not be relied upon.

Table 12: A summary of the mineral resource modelling and estimation methodology used in 3 historical mineral resource estimations (2 at the West Gabbro Zone and 1 at the Discovery Zone).

		Cullen and Harrington (2008)	Murahwi et al. (2011)
	Prepared for	Stratabound Minerals Corp.	CNRP Mining Inc. and Gorilla Resources Corp.
	Effective date	12-Feb-08	04-Mar-11
	Tenure Block	3848	3848
	Drillholes	121	121 + 55 (176 holes total)
	Drill core assay file	6,844	5,373
WGZ	Domains	1) high grade (>3.00 g/t over 2 m); 2) low grade (>0.5 g/t Au over 2 m; and 3) isolated intercepts with >0.5 g/t Au over 2 m)	One major solid and six subsidiary satellite domains (to the immediate south and southwest) were created using a cut-off grade of 0.25 g/t Au.
	Block model size	2 x 5 x 5 m	3 x 5 x 5 m
	Interpolation method	Inverse distance squared (ID ²)	Inverse distance cubed (ID ³)
	Capping	None	None
	Density	3.0 g/cm ³ (high and low lodes); 2.94 g/cm ³ (peripheral lodes)	3.0 g/cm ³ (high and low lodes); 2.94 g/cm ³ (peripheral lodes)
DZ	Domains	0.50 g/t Au over 2 m or 1% Zn + Pb over 2 m	/
	Block model size	1 x 1 x 1 m	/
	Interpolation method	Nearest neighbor	/
	Capping	None	/
	Density	2.7 g/cm ³ (gold only blocks); 2.8 g/cm ³ (Au, Ab, Pb, Zn blocks); 2.75 g/cm ³ (Ag, Pb, Zn only blocks)	/

Table 13: Historical mineral resource estimations of Cullen and Harrington (2008) and Murahwi et al. (2011).

A) Cullen and Harrington (2008)

Deposit	Category	Tonnes	Au g/t	Ag (g/t)	Pb (%)	Zn (%)
WGZ (high grade)	Indicated	145,000	4.76			
WGZ (low grade)	Indicated	380,000	1.57			
Total		525,000	2.45			
WGZ (high grade)	Inferred	300,000	5.22			
WGZ (low grade)	Inferred	1,156,000	1.26			
WGZ (peripheral)	Inferred	100,000	1.07			
Total		1,556,000	2.01			
DZ (gold only)	Inferred	583,000	1.15			
DZ (Au/Ag/Pb/Zn)	Inferred	117,000	1.77	44.36	0.78	2.17
DZ (Ag/Pb/Zn)	Inferred	41,000	/	25.80	0.43	1.53
Total		741,000	1.18	8.43	0.15	0.43

Note 1: WGZ = West Gabbro Zone, DZ= Discovery Zone;

Note 2: WGZ High Grade Au cutoff = 3.0 g/t/2.0 m;

WGZ Low Grade and Peripheral Au Cutoff =0.5 g/t/3.0 m;

SGZ Au cutoff =0.3g/t/3m; DZ Au threshold = 0.5 g/t/2.0 m

B) Murahwi et al. (2011)

Deposit	Category	Tonnes	Au g/t
WGZ	Indicated	1,611,000	1.91
WGZ	Inferred	2,053,000	1.67

Note 1: WGZ = West Gabbro Zone

Note 2: Recommended cutoff = 0.5 g/t Au

Note: The key assumptions and parameters to determine the above historical estimate is unknown and should not be relied upon as estimated resources or reserves. The historical estimates do not include the prescribed categories of resources and reserves as defined under NI 43-101 and do not meet the requirements of the CIM Definition Standards on Mineral Resources and Mineral Reserves as prescribed by NI 43-101. More work would be necessary to upgrade or verify the historical estimates, and a qualified person has not done sufficient work to classify the historical estimates as current mineral resources or current mineral reserves, and Avalon is not treating the historical estimates as current mineral resources or current mineral reserves, and they should not be relied upon.

Sub-Section 8: Historical Mineral Processing and Metallurgical Test Work

Several historical mineral processing and metallurgical test work reports have been prepared for companies other than Avalon (e.g., Gilder et al., 2009; Cattani et al., 2012; Hundley and Hamilton, 2019). The results of this test work are summarized in this sub-section. In 2019, Mr. Kevin Vienneau commissioned RPC to conduct additional metallurgical work (Botha, 2019); the results of this work are not known.

RPC Test Work (2009)

The following text is from Gilder et al. (2009); authors of the RPC report. RPC carried out a preliminary metallurgical investigation to assess the potential to recover gold from the Elmtree West Gabbro Zone (and South Gold Zone) in a bench scale mineral beneficiation study. The study entailed mineralogy, flotation, gravity, magnetic separation testing, and bacterial leaching.

With respect to the West Gabbro Zone, sulphide minerals account for approximately 5-6% of the sample. The predominant sulphide phases are pyrrhotite and lesser arsenopyrite. Arsenopyrite occurs as euhedral grains and to a lesser extent as inclusions in pyrrhotite. Pyrite is much less abundant than arsenopyrite, and galena, chalcopyrite, Ni-arsenic (gersdorffite), and ullmannite are present in trace amounts.

Preliminary Wilfley gravity tests were completed using a fine grind (P80's of 190 µm) with final table concentrates of 38.9 g/t gold at a 38.5% recovery for the West Gabbro Zone. The results indicate that it is possible to obtain some high-grade concentrate by gravity shaking table though recoveries are relatively low. Scoping rougher flotation tests on the West Gabbro Zone attained high Au recoveries of 98% with rougher Au grades of 14.4 to 26.3 g/t Au depending on the float time. Different reagent regimes and rougher concentrate regrind were investigated with cleaner grades/recoveries from 38.2 g/t Au (74.8% recovery), 43.7 g/t Au (61.8% recovery) and 46.2 g/t Au (45.9% recovery).

Bacterial pre-leach prior to cyanide leaching was moderately successful in increasing the straight cyanide extractions from 20% to 42%. Flotation test work was directed at optimising recovery in the rougher concentrate with results yielding 95% to 98% Au recovery.

SGS Test Work (2012)

In 2012, a metallurgical test program was undertaken by SGS Minerals Services on behalf of Castle Resources Inc. that included head characterisation, comminution and flotation test work; the latter to maximise gold recovery while maximising sulphur grade (Cattani et al., 2012). A total of five composite samples from the West Gabbro Zone, including a Master Composite sample, yielded head grades as presented in Table 14 with a Master Comp of 3.5 g/t Au. The Master Composite represented a combination of samples Nominal Drill Core, Elm 10-80, and Elm 10-90. The trenching of mineralized material (or sample TRO in Table 14) was oxidized, and therefore, excluded from the Master Composite and tested separately.

A single sample composed of 'low grade' drill core from the West Gabbro Zone was submitted for grindability testing and yielded:

- A relative density of 2.86 g/cm³.
- A SAG mill comminution test that was categorised as hard with respect to resistance to impact.
- The Bond rod mill grindability test yielded a rod mill work index of 19.1 kWh/t and is categorized as very hard.
- The Bond mill grindability test had a ball mill work index of 20.7 kWh/t and was categorised as very hard.
- The Bond abrasion test yielded an Abrasion Index 0.114 g (i.e., mildly abrasive).

Table 14: Head analysis of metallurgical work completed by SGS Mineral Services (Cattani et al., 2012)

Composite sample name	Drillhole source	Au (g/t)	Ag (g/t)	S (%)	S * (%)	As (%)
Nominal Drill Core (NDR)	WG05004 and WG05007	1.90	<0.5	1.89	1.72	0.50
Trenching Ore (TRO)	TR5, TR7 and TR8	2.85	<0.5	2.46	1.92	0.80
Elm 10-80	ELM10-080	0.87	/	2.10	1.67	0.29
Elm 10-90	ELM10-090	8.59	/	4.60	2.44	1.79
Master Comp	ELM10-80, ELM10-90 and NDR	3.50	/	2.72	2.60	0.81

Flotation response test work involved batch rougher kinetic testing (tests F1-F5) and rougher-scavenger-cleaning tests (tests F6-F10), which were performed using the Master Composite sample. Of the 3 rougher tests, test F6 had the best grade recovery curve with respect to gold. Test F6 had a smaller primary grind size of 85 µm (P₈₀) with a regrind of 27 µm (P₈₀) and included sodium hydrosulphide (NaHS) in the floatation conditions. The 1st cleaner concentrate gold grade for F6 was 31.5 g/t Au with 93.2% recovery and a sulphur grade of 20.9%. The 2nd cleaner concentrate grade was 44.0 g/t Au with 86.8% recovery, and the sulphur grade was 28% S. The test details are discussed in below.

Steinert Test Work (2019)

Approximately 570 kg of sample for ore-sorting testing using the Steinert multi-sensor sorting system (KSS). The bucket sample was composed of 3 different gold mineralized zones located within the Elmtree Property. The test work was conducted at the facilities of Steinert US in Walton, KY. The objective of the test work was to indicate which sensor(s) could be utilized to separate gold bearing minerals from host rock located within the boundaries of Elmtree Project.

After scanning all rock types and evaluating the best suited sensor for this material it was determined that 3D laser and x-ray transmissive sensors will be used for the test runs. 2 test runs were performed on 2 different samples at the -50 mm+10 mm size fraction. The following points shows the recoveries and grades of the sample:

- The West Gabbro Zone was higher grade with infeed of 1.15 g/t Au.
- The Discovery Zone was lower grade, with infeed of 0.49 g/t Au.
- West Gabbro upgraded Au grade through first step: 3.27 g/t at 64.4% recovery.
- West Gabbro upgraded Au grade through third step: 1.61 g/t at 91.7% recovery.
- Discovery Zone upgraded Au grade through first step: 0.96 g/t at 31.4% recovery.
- Discovery Zone upgraded Au grade through third step: 0.56 g/t at 81.8% recovery.

Both calculated head grades differed slightly from the drill core assay results. This is most likely due to slight differences in the material sorted and the portions of the sample that were assayed.

These results prove the flexibility of the sorting equipment. Different sensitivity settings have shown to give variable mass-pull, grades, and recoveries. The sorter can be adjusted at any time to adapt the best possible separation required.

Mass to product was reduced in both samples while maintaining and improving gold grades.

- The West Gabbro Zone was upgraded to 1.6 g/t Au while rejecting 34.1% of the mass as waste.
- The Discovery Zone was upgraded to 0.56 g/t Au while rejecting 28.4% of the mass as waste.
- Steinert is confident that the bucket sorting test results for this gold mineralization are robust enough to go ahead with conducting larger scale test work or to install a pilot/demo plant.

Sub-Section 9: Historical Production

To the best of the Technical Report authors knowledge, there has been no historical production at the Elmtree Gold Project.

Geological Setting, Mineralization and Deposit Types

Northern Appalachian Orogen: Geological Framework

The Northern Appalachian orogen in eastern Canada records the complex Late Cambrian to Late Silurian closure of the Iapetus Ocean that is associated with significant outboard growth of the Laurentian margin. The geological framework of the Northern Appalachians consists of broad tectonic zones that include, from northwest to southeast, the Grenville, Humber, Gander–Dunnage, Avalon, and Meguma tectonic zones (Figure 20).

The Humber Zone represents the remnants of a passive margin built upon the leading edge of Laurentia during the Cambrian and Early-Middle Ordovician, whereas the Gander, Avalon and Meguma zones represent micro-continental slivers derived from Gondwana (Figure 7.2). The Dunnage zone preserves the remnants of predominantly supra-subduction zone terranes that developed in the Cambro-Ordovician Iapetus Ocean, and accordingly, is comprised of fragments of forearc, arc, back-arc, and rare seamount crust and mantle.

In northeastern New Brunswick, Ordovician outboard growth was achieved through the progressive accretion of peri-Laurentian and peri-Gondwanan arc, rifted arc, and supra-subduction zone ophiolite terranes. To the east of the main Iapetus Ocean tract, the Ordovician Popelogan-Victoria Arc – Tetagouche-Exploits back-arc system was built on a Cambrian to Early Ordovician Penobscot arc founded on peri-Gondwanan Neoproterozoic basement (Figure 21; e.g., Colman-Sadd et al. 1992; van Staal et al. 1996). The Popelogan-Victoria Arc is the first peri-Gondwanan terrane to dock at the Laurentian margin following the closure of the main tract of the Iapetus Ocean. Accretion of the Popelogan-Victoria Arc marks the end of the peri-Laurentian Taconic Orogeny (e.g., van Staal et al. 2009).

Paleozoic rocks in northeastern New Brunswick belong to major tectonostratigraphic zones that include from east to west, the Aroostook – Percé Anticlinorium, the Chaleur Bay Synclinorium, the Miramichi Inlier and the Elmtree Inlier (Figure 7.3; Wilson et al., 2015). Volcanic and sedimentary rocks of the Middle to Upper Ordovician Tetagouche back-arc basin are exposed in the Miramichi Highlands and Elmtree inlier, whereas dominantly volcanic rocks of the Popelogan Arc are exposed in the Lower to Upper Ordovician Popelogan arc rocks. The Elmtree Property occurs within the Elmtree Inlier with the Miramichi Highlands Popelogan Arc occurring south and northwest and west of the Elmtree Property area.

Volcanic and sedimentary rocks associated with extension and rifting of the Popelogan arc, and spreading in the Tetagouche backarc basin, are assigned, respectively, to the Bathurst and Fournier supergroups in the Miramichi and Elmtree inliers of northern New Brunswick.

Figure 20: Tectonic zones of Atlantic Canada. Source: Zagorevski et al. (2011) after Williams 1995a; Barr and White 1996).

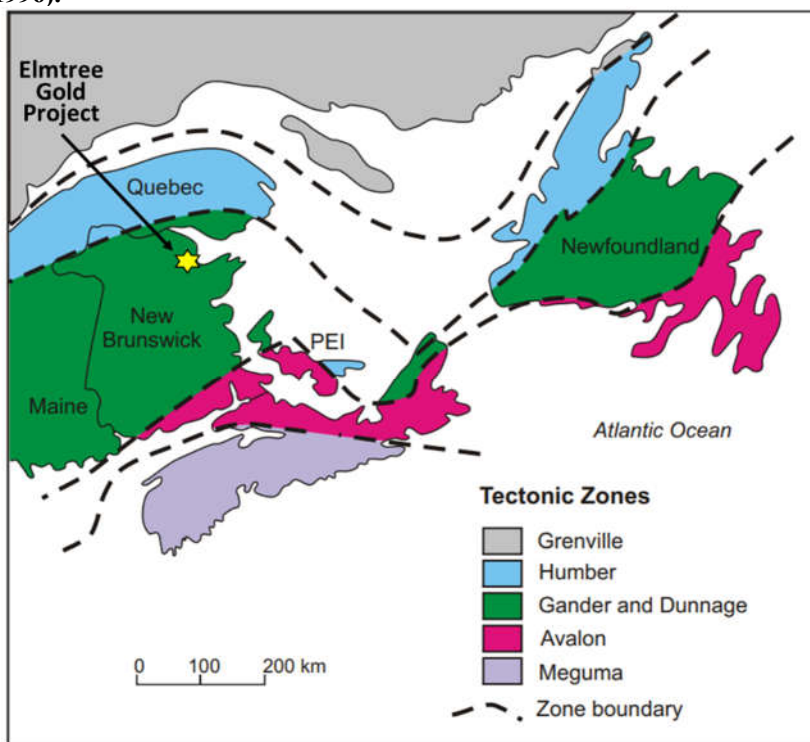


Figure 21: Expanded tectono-stratigraphic subdivisions of the northern Appalachians. Source: Zagorevski et al. (2011) after Williams (1995b).

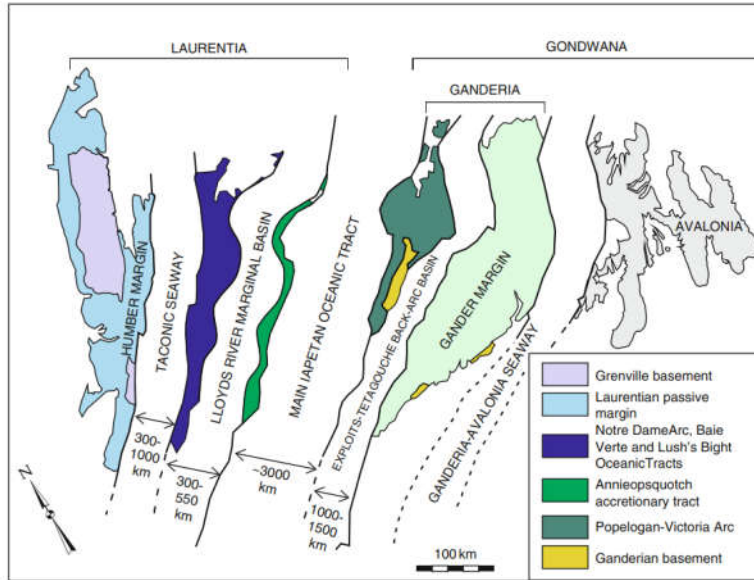
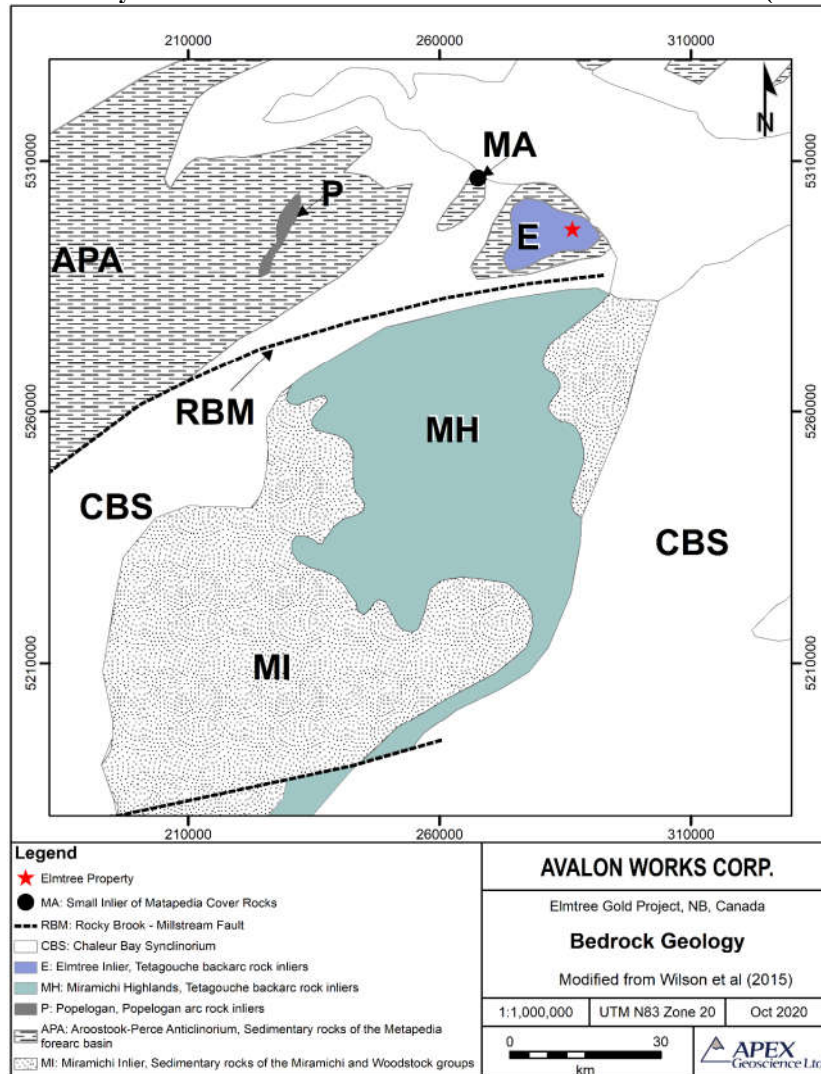


Figure 22: Lithotectonic divisions of the northern Appalachians. After Hibbard et al. (2006). Abbreviations, APA: Aroostook – Percé Anticlinorium; CBS: Chaleur Bay Synclinorium; Miramichi Highlands (MH); Elmtree inlier (E); Popelogan (P); and RBM: Rocky Brook – Millstream Fault. Modified from Wilson et al. (2015).



Their distinct depositional settings are associated with progressive crustal extension and arc rifting such that:

1. The Bathurst Supergroup represents the products of crustal extension and rifting of the Popelogan arc (continental domain), and
2. The Fournier Supergroup represents a phase of oceanic lithosphere formation (oceanic domain).

The Fournier Supergroup, and more specifically, the Elmtree Formation within the Supergroup hosts historically discovered deposits of gold mineralization at the Elmtree Gold Project, and is therefore, a focus of the geological setting and mineralization section presented in the Technical Report.

Property Geology

Bedrock Geology

The bedrock geology and stratigraphic table of formations of the Elmtree Gold Project area is presented in Figures 23 and 24. The bedrock geology of the Elmtree Gold Project includes the Middle to Late Ordovician Fournier Supergroup, covering the entirety of Tenure Block 9419 and the northern portion of Tenure Block 7950, and is overlain by Early Silurian to Early Devonian rocks of the Chaleurs Group in the southern portion of 7950. The stratigraphic units are separated by the Elmtree and Rocky Brook-Millstream fault systems.

In ascending stratigraphic order, the Fournier Supergroup consists of the Devereaux (ophiolitic) Complex, the Pointe Verte Group, and Sormany Group. In the Elmtree Gold Project area, the

- Devereaux Complex comprises the Black Point Gabbro (including minor pyroxenite and trondhjemite), and pillow basalt of the Turgeon Road Formation.
- Pointe Verte Group consists of the Prairie Brook Formation (a generally fining-upward succession of sedimentary rocks) and overlying Madran Formation (high-Cr alkalic pillow basalt).
- The Sormany Group is composed of the Elmtree Formation (fine-grained sedimentary rocks) in the Elmtree inlier (Figures 23 and 24).

While not shown on Figure 23, the Sormany Group includes two older formations that underlie the Elmtree Formation: The lowermost Armstrong Brook Formation (pillow basalt with compositions ranging between MORB and IAB, syn-volcanic gabbro and minor serpentinite) and the Millstream Formation (turbiditic wacke, fine-grained sedimentary rocks and minor dolomitic limestone and rare conglomerate; Figure 24). These formations are known to occur in the northern part of the Miramichi Inlier.

Figure 23: Bedrock geology map of the Fournier Supergroup in the Elmtree Inlier. Source: Wilson et al., (2015). The map has been modified to include the Chaleurs Group south of the Elmtree Inlier.

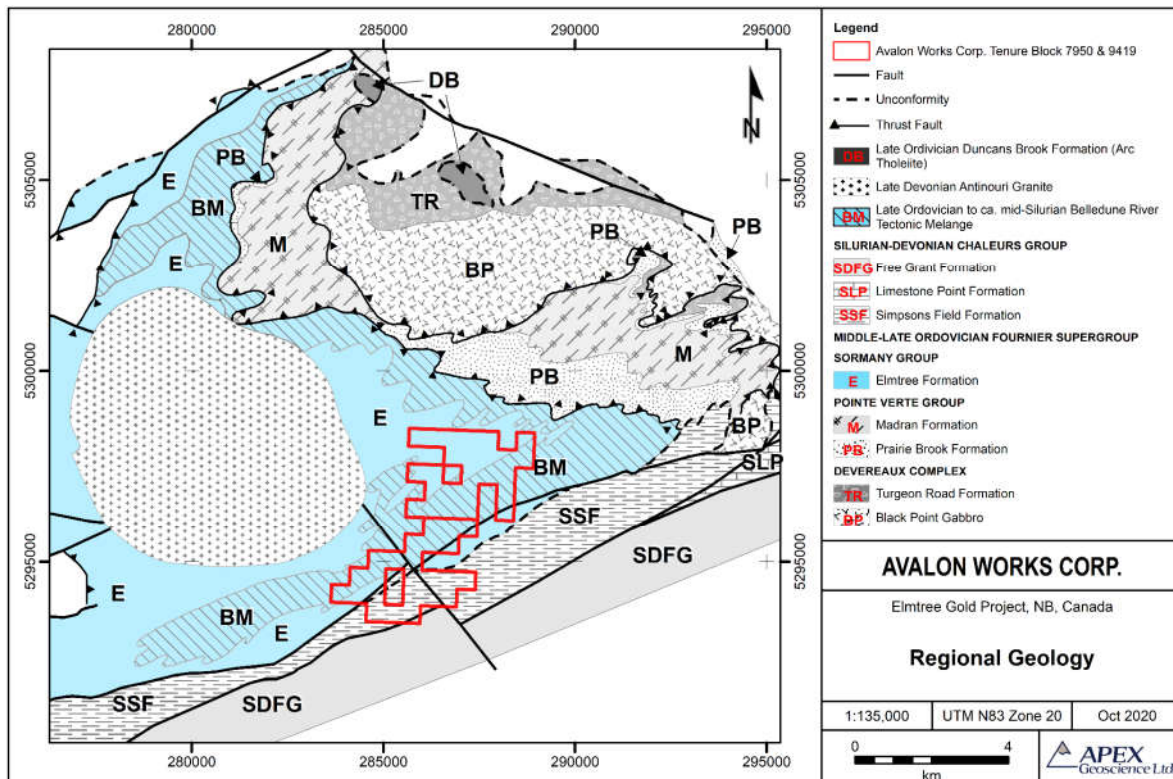
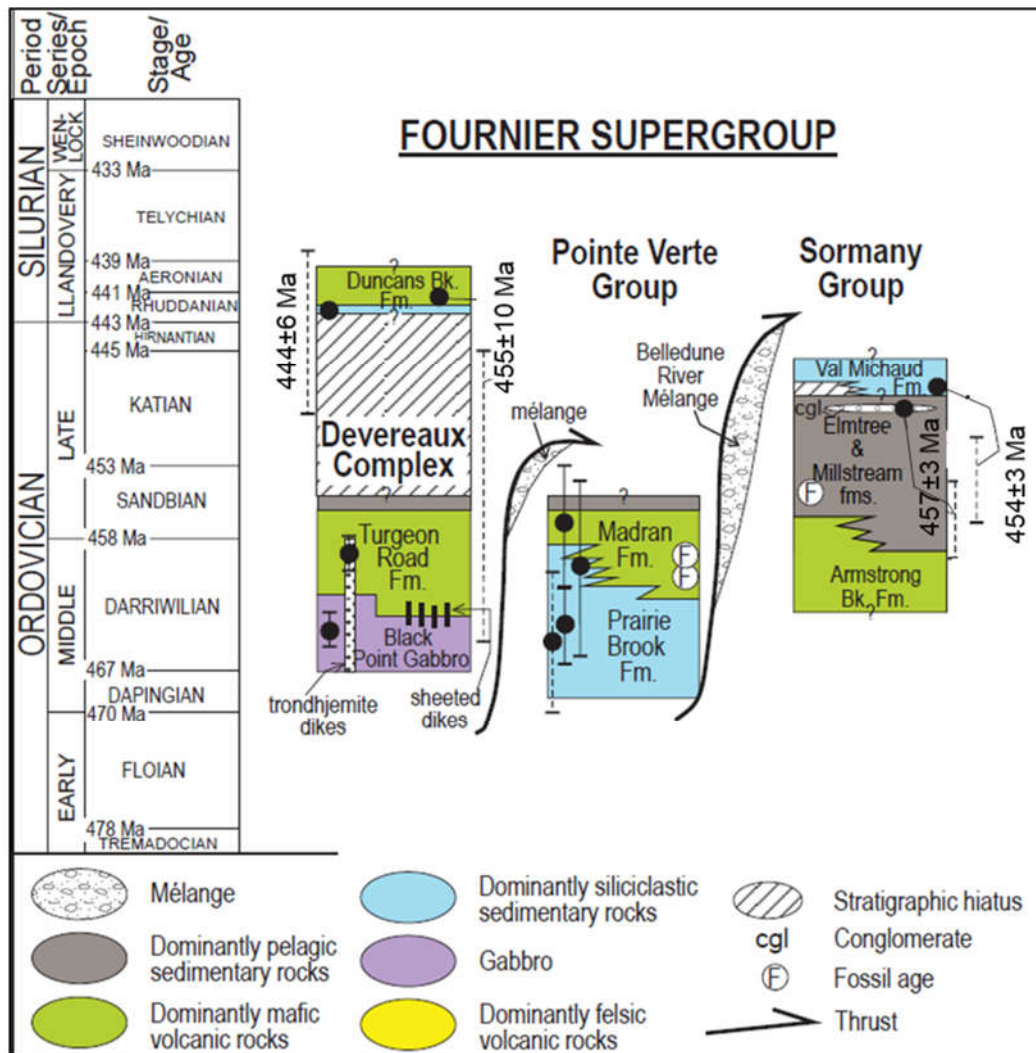


Figure 24: Stratigraphic table with tectonostratigraphic relationships between the Fournier Supergroup sub-groups and formations. Source: Wilson et al. (2015). Detrital zircon age dates are included as sample locations (black dots) with representative strata (dashed lines beside the columns).



The Elmtree Formation forms a predominant stratigraphic unit at the Elmtree Gold Project where the unit underlies an area of about 100 km² in a roughly triangular area surrounding the Antinouri Lake Granite between Madran near Chaleur Bay, southwest to Melanson Brook, and north to Belledune River. The Elmtree Formation comprises bluish grey to dark grey, thin-bedded shale and siltstone, with minor quartz wacke, alkalic basalt, trachyte, black and red shale, chert, and conglomerate (McCutcheon et al. 2005). Locally, the Sormany Group unconformably overlies Upper Neoproterozoic to Lower Cambrian rocks (Upsalquitch Gabbro, ca. 554–543 Ma; van Staal et al. 2003) but generally the lower contact is tectonic. Because the base of the Elmtree Formation is not exposed, an estimate of the thickness of the formation is not available. The Elmtree Formation has been dated by detrital zircon ²⁰⁶Pb/²³⁸U at 457±3 Ma (n=16 zircon grains; Wilson et al., 2015). The Elmtree strata were strongly deformed during the Taconic Orogeny when at least 3 episodes of oblique collision occurred during the Early to Late Ordovician.

The tectonic contact between the Devereaux Complex and Pointe Verte Group is marked by a thin zone of *mélange* that is locally structurally truncated (Figure 24). Sedimentary *mélanges* are associated mainly with rift-related extensional tectonic and passive margin settings, and are commonly found at the base, within and above the shallowest nappes in intra-continental deformation zones of the ancient submarine collisional orogens (Festa et al., 2010).

A thicker and more extensive belt of tectonic *mélange*, known as the Belledune River *Mélange* (Wilson et al., 2015), is juxtaposed between the Pointe Verte and Sormany groups. The deformed, brecciated rocks of the Belledune River *Mélange* coexist with the Elmtree Formation but contain rocks that resemble both the Elmtree Formation and the structurally overlying Pointe Verte Group.

In the southern part of the Elmtree Gold Project, the Elmtree Formation and Belledune River Mélange are unconformably overlain by, and in fault contact with, Early Silurian to Early Devonian rocks of the Chaleurs Group. Locally, this sedimentary rock assemblage is characterized by the Nigadoo River Syncline, which represents a sedimentary basin that developed in association with movement along the Rocky Brook – Millstream Fault and separates the Elmtree Inlier and Miramichi Anticlinorium (Gower and McCutcheon, 1996).

The post-Ordovician cover rocks are defined by strata of the Chaleurs Group that includes:

- Late Silurian – Early Devonian Free Grant Formation (medium- to fine-grained, offshore-marine, siliciclastic rocks).
- Early – Late Silurian Limestone Point Formation (nearshore-marine, carbonate rocks and associated fine-grained, calcareous, siliciclastic rocks) and Simpsons Field Formation (coarse- to medium-grained, terrestrial to near-shore marine, clastic and volcanoclastic rocks; Figure 23; Wilson, 2006).

With respect to intrusive rocks, northwest of the Elmtree Gold Project, the Late Devonian Antinouri Lake Granite pluton intrudes Ordovician sedimentary rocks of the Elmtree Formation (Figure 23). The pluton has a U-Pb zircon age of 372 ± 4 Ma (Walker et al., 1991), is approximately 7 km in diameter, and consists of medium-grained, equigranular, biotite granite.

Structural Geology

The east- to northeast-trending Elmtree and Rocky Brook-Millstream breaks represent major fault systems in northern New Brunswick (Ruitenberget al., 1990). The Elmtree Fault, which splays off the regionally significant Rocky Brook-Millstream Fault, defines the southernmost extent of the Elmtree Inlier and occurs along the contact between the Elmtree Formation to the northwest and the Chaleur Group to the southeast.

The Elmtree Fault and its anastomosing subsidiary shears trend east-west to east-northeast across the central portion of Tenure Block 7950 and the southeast corner of Tenure Block 9419 of the Elmtree Property (Figure 7.4). The fault is exposed at surface approximately 1.5 km east of Alcida where the Elmtree Formation and Chaleur Group contact occur as a metre-wide brittle-ductile shear zone. This contact is interpreted as a faulted unconformity (Hoy, 1985). Kinematic indicators such as C-S fabrics, dragging of bedding and/or schistosity of both units, and marker offsets indicate a dextral strike-slip movement (Tremblay and Dubé, 1991). The Elmtree structure is thought to have controlled emplacement of the gabbroic intrusion that hosts the West Gabbro Zone gold mineralization on the Elmtree Property. In addition, subsidiary structures appear to have controlled the emplacement of felsite and feldspar porphyry dykes as well as mineralized quartz vein arrays and hydrothermal alterations zones in other mineral occurrences in the general Elmtree Property area.

South and parallel of the Elmtree Fault and in the Bathurst area, the Rocky Brook-Millstream fault zone (RBMFZ) is divided into a main fault system, or “main break” and a south branch zone (Philpott, 1987). It is interpreted as a major transpressional dextral fault zone (Fyffe and Fricker, 1987; Ruitenberget al., 1990; van Staal and Langton, 1988).

Gold occurrences along the Elmtree and Rocky Brook-Millstream fault zones of northern New Brunswick are structurally controlled and associated with both vein formation and wall rock alteration. Detailed studies along the Elmtree Fault suggest a transpressive deformational regime implying the coexistence of strike-slip and dip-slip structures at the Elmtree deposit (Tremblay and Dubé, 1991).

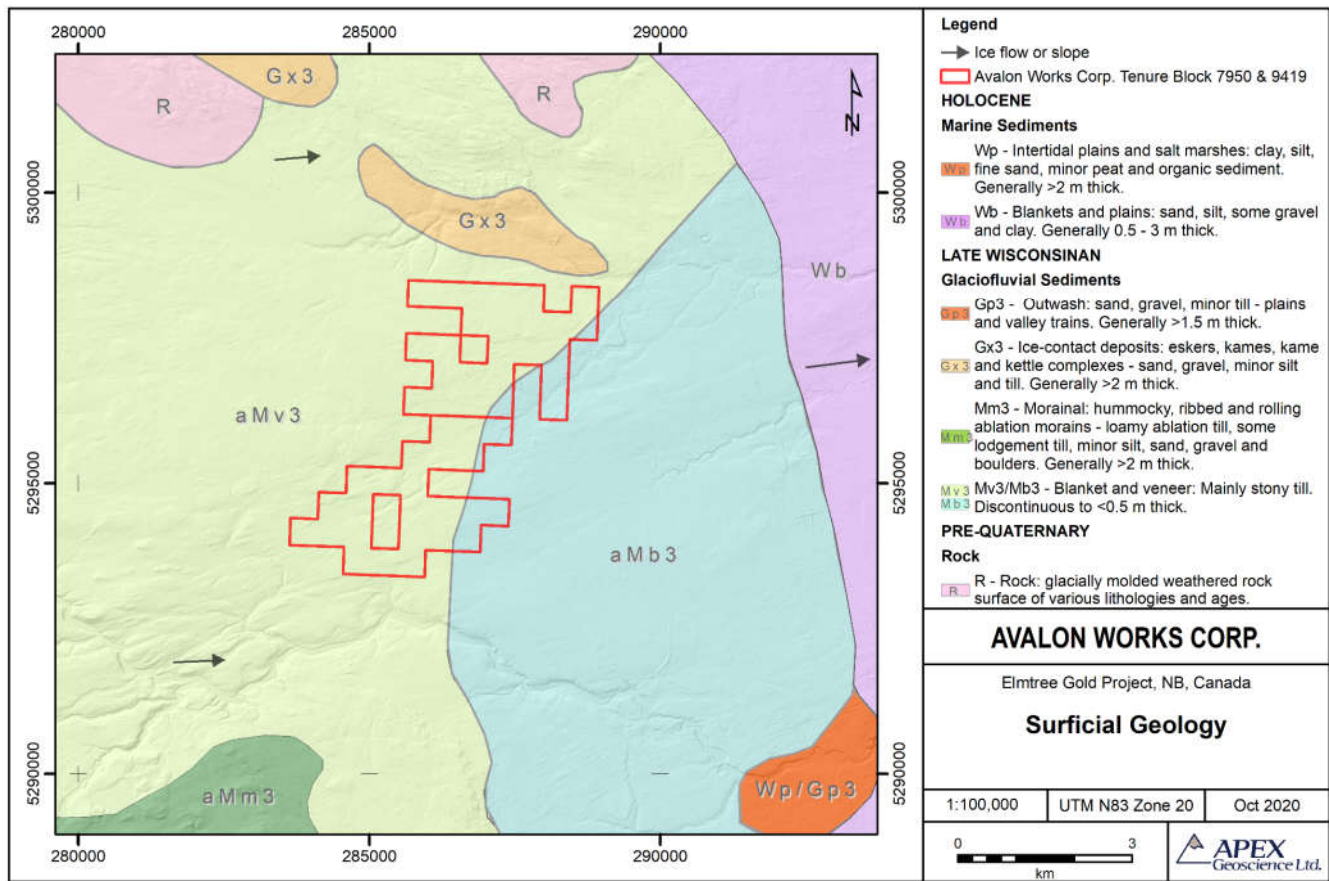
Surficial Geology

The surficial geology of the Elmtree Gold Project area is underlain by discontinuous veneer of Late Wisconsin:

- Loamy to stony lodgment till, minor ablation till, silt, sand, and gravel (aMv3);
- Outwash deposits composed of sand, gravel, and minor till (Gd3); and/or
- Hummocky ablation moraines with loamy to stony ablation till, some lodgment till, minor silt, sand, gravel, and boulders (aMm3; Figure25; Rampton, 1984).

The thickness of the till and alluvial deposits is generally less than 0.5 m thick and up to 5 m or more thick, respectively. To the east of the Elmtree Property, the till becomes more progressively mixed with Holocene intertidal plain and salt marsh deposits that include clay, silt, some fine sand, minor peat, and organic sediment. Wisconsinian ice flow retreat in the Elmtree Property area trends in an Azimuth 90° direction from west to east (Figure 25; Rampton, 1984).

Figure 25: Surficial geology of the Elmtree Gold Project area. Source: Rampton (1984).



Mineralization

The Elmtree Gold Project hosts gold and polymetallic mineralization that straddles the unconformable contact between the poly-deformed Middle Ordovician clastic sedimentary rocks and subordinate mafic intrusions of the Elmtree Inlier and the overlying lower Silurian clastic and carbonate sedimentary rocks of the Nigadoo River Syncline (Bustard, 2019).

Historical exploration work at the Elmtree Property has led to the discovery of two gold deposits: West Gabbro Zone and Discovery Zone deposits, one polymetallic deposit, the Elmtree Ni-Zn deposit and one zinc occurrence, the Elmtree 4 mineral occurrence (see Figure 6). The deposits, and mineralization associated with the deposits, are discussed in more detail in the text that follows.

West Gabbro Zone Deposit

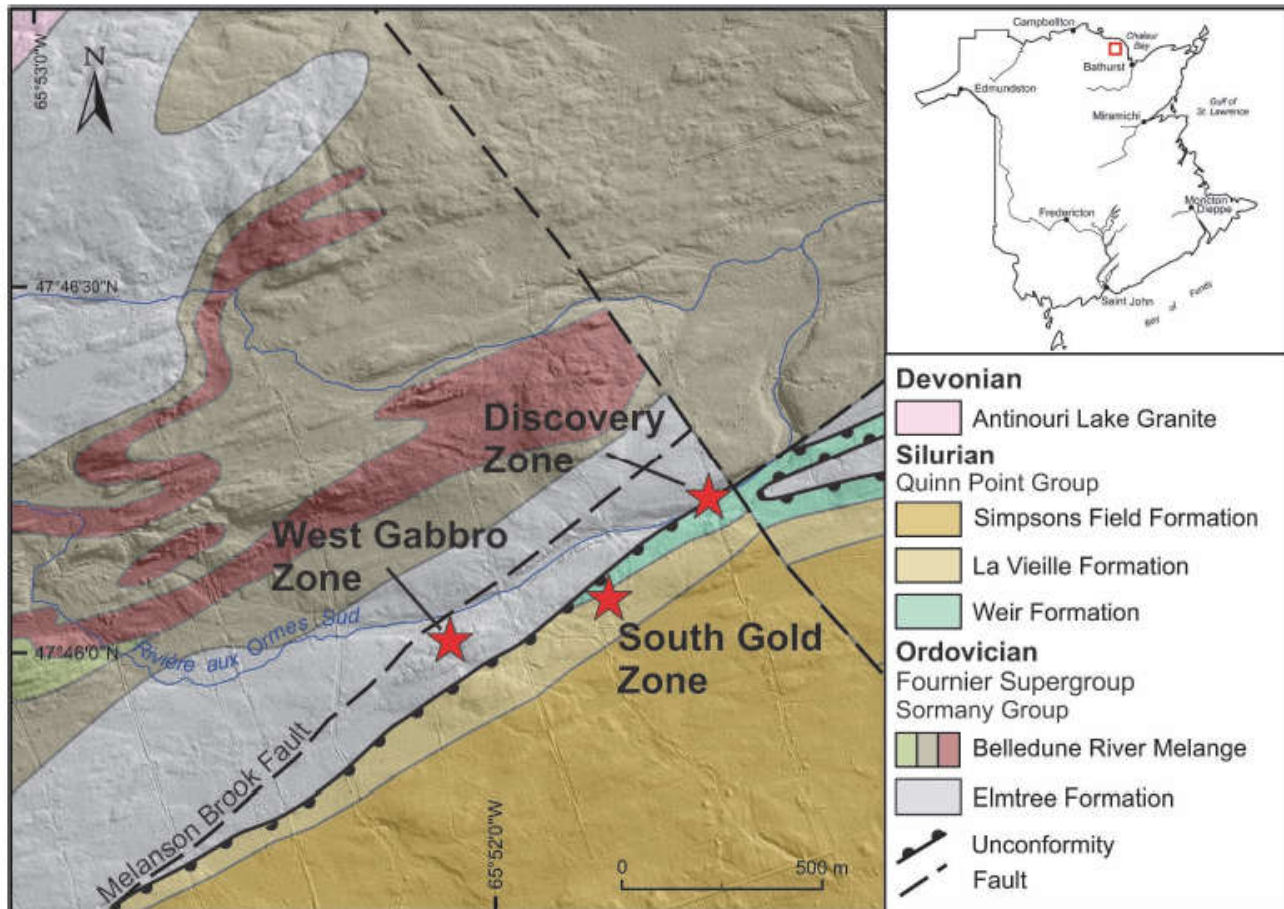
Descriptions of mineralization at the West Gabbro Zone, which is also known as the Alcida Zone and Elmtree West Gabbro Zone, have been published by Hoy (1986), McCutcheon et al. (1988), Ruitenberg et al. (1989), and Paktunc and Ketchum (1989), Tremblay and Dubé (1991) and Schwarz et al. (2007, 2008). This occurrence was found soon after the "Discovery Zone" occurrence by George Murphy in 1984.

Gold mineralization at the West Gabbro Zone is hosted by a steeply north-dipping, southeast plunging (65°), 3 to 45 m thick, texturally zoned, fine- to coarse-grained, highly fractured and propylitically altered gabbro dyke (or sill) that intrudes black argillite of the Elmtree Formation and the Belledune River Mélange. The argillite is locally transformed into hornfels. Paktunc and Ketchum (1989) and McCutcheon et al., (1988) noted that the gabbro is zoned in 3 phases: 1) marginal fine-grained ophitic gabbro grading into 2) a medium-grained ophitic-subophitic gabbro, and 3) a coarse grained cumulate anorthositic gabbro toward the centre. Zoning within the gabbro is likely related to flow differentiation.

The gabbroic intrusion reportedly crops out for about 600 m along strike and mineralized rocks have been traced for 260 m along strike. The hydrothermally altered and sheared gabbroic dyke (or sill) has a drill-defined extent exceeding 200 m. The gabbro appears to thin to the west and has a sharp limit to the east, possibly related to faulting (Hoy, 1986).

The gold is structurally controlled as indicated by the close relationship between shear zones and mineralization. Bustard (2019) describes the main structural feature extending through the West Gabbro Zone as the Melanson Brook Fault, a splay off the regional-scale Rocky Brook – Millstream Fault (Figure 26). The gabbro is located approximately 150 m north of the unconformity separating Ordovician rocks from Silurian rocks but is conformable with the structural trend of the surrounding rocks (Hoy, 1985, 1986; McCutcheon et al., 1988; Tremblay and Dubé, 1991). Mineralization is potentially associated with parallel or en-echelon splays of the Elmtree Fault.

Figure 26: Geological setting of the West Gabbro Zone and Discovery Zone. Source: Bustard (2019).



Two types of shear zones have been recognized and divided into high-strain and medium-strain shear zones. Both types are present with high-strain shear zones associated with strongly chloritized and carbonatized rocks at the northwestern and southeastern margins of the exposed gabbro. The high-strain shear zones appear as wrench-dominated deformation zones whereas available data suggest that medium-strain shear zones are probably related to a dominantly vertical movement component. The medium- and high-strain shear zones are coeval and related to a dextral transpressive tectonic regime along the Elmtree fault, which correlates with the transpressional character generally attributed to tectonic events leading to dextral strike-slip faulting in northern New Brunswick.

The gold mineralization at the West Gabbro Zone is associated with extensive quartz veining, brittle to ductile deformation, carbonatization, locally bleaching, and abundant arsenopyrite and pyrrhotite. Along the shear planes, characterized by pervasive rusty weathering, abundant disseminated sulphides (up to 8%) consisting of euhedral arsenopyrite, pyrrhotite and pyrite (Paktunc and Ketchum, 1989). Lesser amounts of chalcopyrite, sphalerite and stibnite are also present. The sulphides are disseminated throughout the altered zones and are also concentrated in foliation-parallel veinlets in medium- and high-strain shear zones as well as in high-angle veinlets and fractures in medium-strain shear zones and related alteration zones. The alteration assemblage consists of carbonate, quartz, chlorite, albite, sericite and saussurite.

The highest gold values are reported from sulphide-rich zones cutting the central quartz-bearing iron-rich anorthositic gabbro in proximity to quartz veins and from intensely sheared and altered zones (i.e., the high-strain shear zones). Example gold results at the West Gabbro Zone include:

- Drillhole ME-85-4: 5.7 g/t Au grade (0.167 oz/ton) over 11 m in anorthositic gabbro (Ruitenberg et al, 1989).
- Trench #14: 8.0 g/t Au from a 9 m channel sample in a coarse-grained anorthositic gabbro in contact with medium-grained ophitic gabbro (Ruitenberg et al, 1989).
- Drillhole 05-07: 29.5 m of 1.26 g/t Au in mineralized gabbro with intersections of 3.8 m and 3.2 m with 3.07 g/t Au and 4.21 g/t Au (Stratabound Minerals Corp., 2005).
- Drillhole ELM09-54: 29 m of 2.43 g/t Au, including 20 m of 3.19 g/t Au; the drillhole replicated Lacana hole ME85-001 (Castle Resources Inc., 2009c).
- Drillhole ELM09-58: 18.5 m of 1.27 g/t Au, including 3.0 m of 4.58 g/t Au (Castle Resources Inc., 2009c).
- Drillhole ELM10-88: 1.96 g/t Au between 215.0 and 255.0 m (40.0 m total width) with a 10.5 m and 2.0 m intersection of 3.4 g/t Au and 11.80 g/t Au (Castle Resources Inc., 2010).
- Drillhole ELM10-90: 1.79 g/t Au between 115.0 and 204.0 m (89.0 m total width) with 25.0 m, 6.5 m and 6.0 m intersections of 4.5 g/t Au, 6.83 g/t Au and 9.94 g/t Au (Castle Resources Inc., 2010).

The historical drillhole intersections represent downhole widths (and not true widths). As a cautionary statement, the Technical Report authors have not completed enough work to verify the accuracy of the historical gold intersections and grades, and recommend the Issuer conduct future work to validate the historical exploration results.

The gold mineralization at the West Gabbro Zone is structurally controlled and occurs as: 1) free gold attached to pyrrhotite; 2) healing microfractures in arsenopyrite, pyrite, and pyrrhotite; and 3) less commonly as inclusions within arsenopyrite (Harris, 1986; Hoy; *in* McCutcheon et al., 1998).

The authors cited here have variously speculated that gold-bearing hydrothermal fluids at the West Gabbro Zone may be associated with emplacement of the Late Devonian Antinouri Lake Granite pluton, which is situated north of the Elmtree Gold Project.

Discovery Zone Deposit

The Discovery Zone was discovered in 1984 by George Murphy and is approximately 800 m northeast of the West Gabbro Zone. It occurs in northeast- and northwest-striking Au-Ag-bearing sulphide veins and disseminations hosted in variably sheared, silicified and mildly quartz-veined Ordovician Elmtree Formation dark argillite and siltstone, near the fault contact with altered Silurian Chaleurs Group calcareous siltstone (Figure 7.7). The discovery zone comprises 2 mineralized areas that are 0.6 to 7.6 m wide. The Elmtree Formation is variably silicified, carbonatized, sausseritized and chloritized.

Trenching at the Discovery Zone revealed massive to semi-massive sulphide mineralization that appears to parallel to shears that mark the faulted contact between Ordovician strata and the Chaleurs Group sequence. The mineralization also occurs along contacts of either steeply dipping Devonian felsic dykes (felsite), or along contact of altered mafic intrusions.

Sulphide assemblages include sphalerite, pyrite, galena, chalcopyrite, stibnite, and silver-bearing sulphosalt.

The initial Discovery Zone samples collected by Lacana yielded gold grades up to 0.5 oz/t Au (15 g/t Au) and silver grades as high as 15.3 oz/t Au (524 g/t Au; Hoy, 1986). One of the original samples assayed 17.1 g/t Au and 524.6 g/t Ag in semi-massive arsenopyrite, sphalerite, galena, and stibnite (Hoy, 1985). The mineralization occurs near the contact with less deformed Silurian (Chaleurs Group) sedimentary rocks. Chip samples from this zone assayed up to 5.1 g/t Au and 118.6 g/t Ag over 1.8 m (Hoy, 1985).

The historical drillhole intersections represent downhole widths (and not true widths). As a cautionary statement, the QPs have not completed enough work to verify the accuracy of the historical gold intersections and grades, and recommend the Issuer conduct future work to validate the historical exploration results.

In addition to gold and silver, the Discovery Zone contains polymetallic mineralization including Sb, Zn and Pb (Bustard, 2019). Spatial distinction between the base metal rich vein and alteration phase and the gold dominant veining and alteration phase is difficult, but at least one steeply dipping base metal corridor and associated vein system appears to cross the main east-west striking gold dominant trend (Cullen and Harrington, 2008).

In other instances, the two metal assemblages appear to follow the same trends as (shear?) zones that controlled emplacement of felsic dikes and at least some altered mafic dikes in the area. The east-west striking shears typically show vertical or very steep dips are considered brittle-ductile elements of the Elmtree Fault system.

Elmtree Ni-Zn Occurrence

The Elmtree Ni-Zn occurrence was found through prospecting by Art O'Donnell and Raoul Lagacy in 1962 (Cormier, 1962). Sulphides occur in brecciated Ordovician Elmtree Formation argillite adjacent to an ultramafic body. The ultramafic body may be a dyke or a fault-bound body and is presumed to be of Ordovician age. Grades of 0.15% Ni were obtained from rock blasted from one trench (Cormier, 1962).

The area of the showing was visited in 1990 by W.W. Gardiner. A sample (90WG059) of brecciated sedimentary rock was found to contain sphalerite and pyrrhotite. The sample came from the contact zone of an ultramafic body. The sample collected contained 690 ppm Cr, 277 ppm Ni, and 17 ppm Sb. The thin section pyrrhotite and minor chalcopyrite and galena were identified. Pentlandite may also be present.

Elmtree 4 Occurrence

The Elmtree 4 occurrence is located approximately 400 m from the eastern edge of Tenure Block 9419 (Figure 6.1). Also known as the Legacy Zinc Prospect, Newman (1962) observed samples of sulphide mineralization taken from the prospect at the Bathurst Mine Branch during a visit in May 1962. The mineralization of the showing is hosted in an east-west foliated andesite and consists mainly of disseminated to massive sphalerite, finely disseminated galena and massive to disseminated chalcopyrite. Chip samples taken from the prospect returned assays of 11.85% Zn and 3.30% Zn (Newman, 1962).

Legacy and Cormier drilled three diamond holes to test the possible strike length and down dip extension of the mineralization. Results from hole L-2-62 included 0.61 m of 0.17 g/t Au and 0.24% Ni from 60.7 m depth and 0.52 m of 0.34 g/t Au, 0.12% Cu and 0.38% Ni from 61.3 m depth. The mineralization observed in hole L-2-62 is mainly pyrrhotite with minor chalcopyrite hosted in an aggregate of tremolite with silicification around the mineralized zone (Newman, 1962). The mineralization intersected downhole is not consistent with the surficial mineralization of the occurrence.

The historical drillhole intersections represent downhole widths (and not true widths). As a cautionary statement, the QPs have not completed enough work to verify the accuracy of the historical gold and base metal intersections and grades, and recommend the Issuer conduct future work to validate the historical exploration results.

Deposit Types

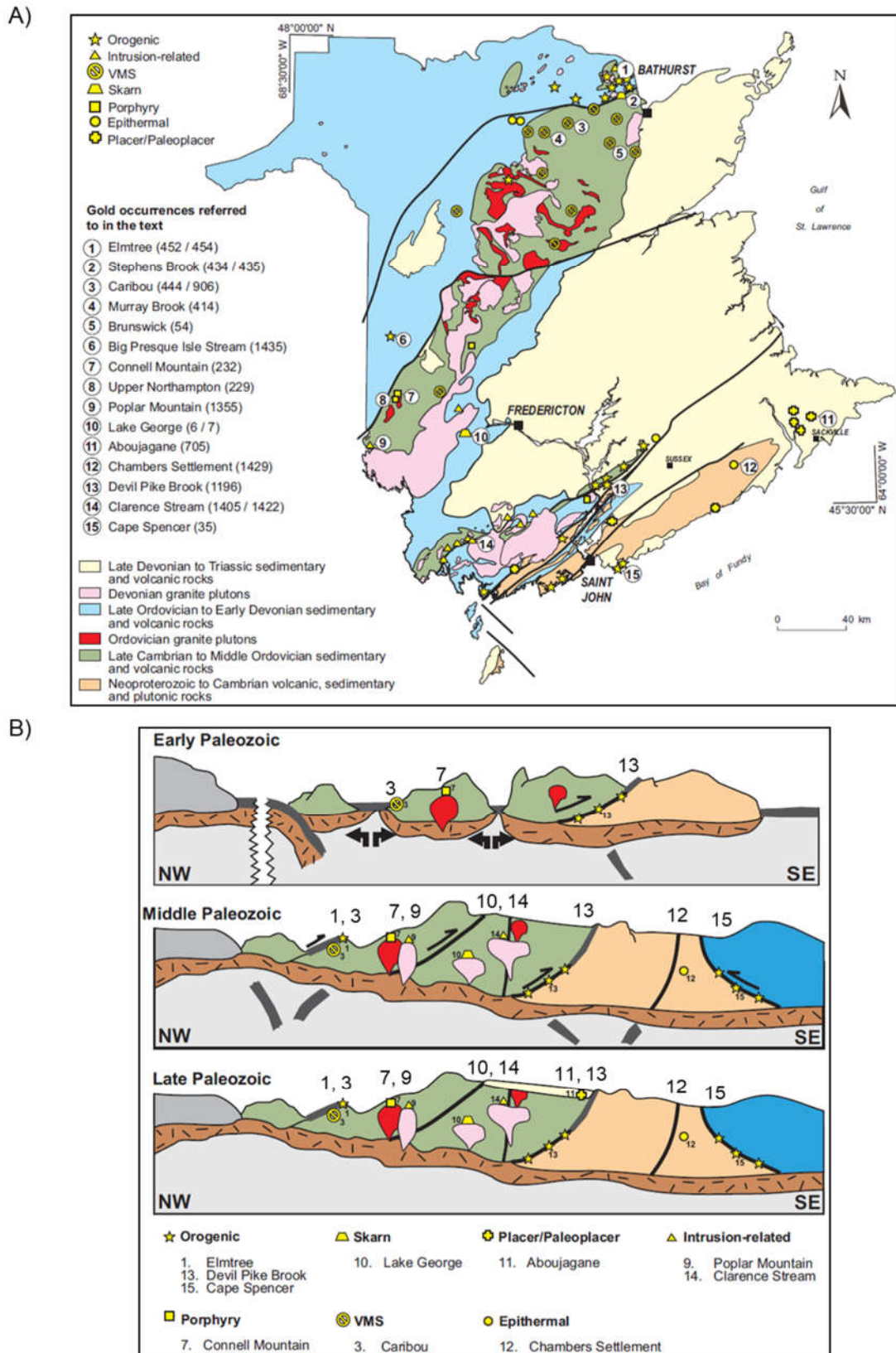
The geological diversity of New Brunswick includes Neoproterozoic to Cambrian through to Late Devonian Triassic volcanic and sedimentary rocks that were deposited in a variety of tectonic settings. Accordingly, numerous gold deposit types occur in the Province and include, for example: 1) orogenic, 2) intrusion-related, 3) gold-rich volcanogenic massive sulphide, 4) skarn, 5) porphyry, 6) epithermal, and 7) placer/paleoplacer deposits (Figure 27a; Thorne and Walker, 2011).

Orogenic gold systems throughout New Brunswick span several time periods that coincide with the various stages of tectonic activity related to the development of the Appalachian Mountain chain. Mesozonal to epizonal, orogenic gold mineralising systems appear to be spatially associated with vein-hosted gold in association with crustal-scale fault zones and faults, late orogenic timing and possible wall rock alteration as manifested by extensive carbonate alteration (Evans, 1996; Groves et al., 2003).

The deposits are typically situated along major faults where the gold has been mobilized and precipitated from fluids generated during deformational processes at relatively deep crustal depths (Figure 27b).

The ultimate genetic origin of orogenic gold deposits is uncertain; in some occurrences, gold mineralization may be intrusion-related and/or have textures suggestive of epithermal styles. Ultimately, the variable styles of orogenic gold mineralization are dependent on the pressure and temperatures at which gold deposition takes place (Groves and Phillips 1987, Goldfarb et al. 2005).

Figure 27: Distribution (A) and schematic tectonic model (B) of New Brunswick gold deposit types. Source: Thorne and Walker (2011).



Ordovician-aged orogenic gold deposits represent the most common gold deposit type found in New Brunswick and embody a favourable deposit type at the Elmtree Gold Project because known mineral deposits and occurrences at the Elmtree Gold Project include, or consist of:

- Structurally controlled by an easterly trending fault zone situated at the tectonic boundary of the Elmtree Inlier.
- Host rocks consist of strongly deformed Ordovician sedimentary rocks, including tectonic mélange, that are intruded along structural zones by Ordovician gabbroic and felsite dykes and sills.
- The highest gold grades are spatially associated with sulphide-rich zones within areas of intense silicification and quartz veining.
- The sulphide assemblage is defined by arsenopyrite, pyrrhotite, pyrite and chalcopyrite. Gangue minerals include carbonate, quartz, chlorite, albite, and sericite and saussurite.
- The gold occurs as free grains (<10 µm) commonly attached to pyrrhotite that occupies fractures in pyrite, arsenopyrite, and pyrrhotite; and as tiny inclusions in arsenopyrite.
- The deposit is located near a granitic pluton, which may have acted as a heat source to mobilize metalliferous fluid.

The Elmtree Gold Project area also has potential for gold-rich volcanogenic massive sulphide (VMS). VMS systems accumulate massive sulphide lenses and/or vein-type mineralization onto an ancient ocean floor from a subaqueous volcanic centre through reactions between seawater and metal-bearing fluids from the associated hydrothermal system(s). The VMS deposit can contain precipitated metallic minerals rich in copper, lead, and zinc together with bismuth, antimony, cadmium, silver, and gold – and some of these elements have been anomalously identified in some of the altered vein systems at the Elmtree Gold Project. In addition, there are several known gold deposits in the Miramichi Highlands that support a gold-rich VMS deposit style (e.g., Caribou, Murray Brook and Brunswick; Figure 8.1a) and these deposits can occur in the same tectonic setting as orogenic gold deposits (Figure 27b).

With respect to exploration methodologies, the Elmtree Gold Project area can be effectively explored using geophysical surveys, by prospecting and applying multi-element geochemical surveys, and finally drilling. Both orogenic gold and VMS deposits are structurally controlled, sulphide-rich deposit styles. Therefore, methods such as detailed geological mapping and soil sampling surveys in accordance with geophysical surveys such as time-domain electromagnetic and magnetic surveys are useful tools to identify potential structures that could host a deposit. Defined exploration targets are then drill tested to delineate the extent and grade of the occurrence/deposit toward a potential mineral resource classification.

Exploration

Avalon has yet to conduct exploration work at the Elmtree Gold Project. A summary of the historical exploration work completed by companies other than Avalon is presented above. None of this work was conducted by or on behalf of Avalon.

Drilling

Avalon has yet to conduct any drilling at the Elmtree Gold Project. A summary of the historical diamond drill programs completed by companies other than Avalon is presented above. None of this work was conducted by or on behalf of Avalon.

Sampling, Analysis and Data Verification

Avalon has yet to conduct exploration work at the Elmtree Gold Project. Historical exploration work within Tenure Block 7950 at the Elmtree Gold Project has been conducted by Lacana Mining Corp. (1984–1988), George Murphy and Norm Pitre (2003–2004), Stratabound Minerals Corp. (2004–2008), and Castle Resources Inc. (2009–2010). Sample preparation, analyses and security of these historical work programs has been adequately reported in previous Technical Reports prepared by Cullen and Harrington (2008), Shoemaker et al., (2010) and Murahwi et al., (2011).

These reports were prepared in accordance with NI 43-101 (implemented 30 December 2005), but are older than the ‘current’ CIM Definition Standards and Best Practice Guidelines for mineral resources and reserves (10 May 2014 and 29 November 2019). While this Technical Report replaces and supersedes the 2008–2011 reports, the authors are compelled to provide only brief sampling, analytical and QA-QC comments and observations on this historical exploration work as captured in this section.

Additional historical exploration work within Tenure Block 9419 of the Elmtree Gold Project conducted by Legacy and Cormier (1962), Brunswick Mining and Smelting Corp. (1985–1987), and Heron Mines Ltd. (2003) has been compiled from Mineral Assessment Reports and is summarized in the sub-sections below.

Sample Collection, Preparation and Security

The historical exploration work captured in Mineral Assessment Reports between 1955 and 2018 (see Tables 3 and 4) contain a wide variety of exploration information related to sample collection, preparation, and security. In addition, some

of the historical drilling and technical information is missing from the Government records as documented by Lutes (2004) and discussed below (Data Verification Procedures).

Not surprisingly, older reports and/or companies that explored the Elmtree Gold Project lack exploration detail and rigor. For example, the Lacana Mining Corp. (1985–1988) drill core was split and sampled for analytical work, but the reports do not include detail on sample handling, tagging, or shipping protocols. Sample intervals can be deduced from the drill logs, which show sample lengths ranged from 0.06 m to 4.7 m. In addition, records of drilling by Legacy and Cormier in 1962 includes limited information on sampling; three core samples were collected from drillhole L-2-62 with sample lengths ranging from 1 to 2 m in length. More recently, a Mineral Assessment Report by Baldwin (2003) covering the exploration over Tenure Block 9419 conducted by Heron Mines Ltd. included very limited information on the sample preparation, analyses and security of the diamond drilling. To the best of the authors knowledge, we were not able to locate any additional information related to the Heron Mines Ltd. 2002 drill program.

Two trenching programs were completed at the Elmtree Gold Project by Brunswick Mining and Smelting Corp. Ltd. in 1985 (T1 through T4) and 1987 (HO-T6-87). The 1985 trench excavation was completed using a backhoe contracted from Wm. Doucet and Sons of Bathurst, New Brunswick. Channel samples were collected using a rock saw. The 1987 trench program was completed by Doucet Landscaping Ltd. of Bathurst. It is noted by Misner (1988) that trench HO-T6-87 flooded shortly after excavation and the samples were collected from the slag pile, not the trench itself. Details regarding the sample handling, tagging and shipping protocols of both trenching programs are not known.

Work programs conducted by Stratabound Minerals Corp. (2004–2008) does include some detail on sample collection, preparation and security information as summarized below by exploration program type (i.e., soil sampling, trenching and drilling) in the sub-sections and text that follows. Subsequent work by Castle Resources Inc. (2009–2010) adopted the sampling, analytical and QA-QC protocols developed by Stratabound Minerals Corp.

Soil Geochemical Sampling

Stratabound Minerals Corp. either cut picket grids, or flagged grids, and the soil samples were collected using a soil auger at 10–20 cm below surface (target horizon was the B soil horizon). The soil samples were collected at 50 m intervals. The soil was placed in kraft bags, dried and sent to the commercial laboratories for analytical testing. A good description of the procedure is provided in Duncan (2008).

Trenching and Rock Geochemical Sampling

Stratabound Minerals Corp. completed 9 surface trenches (TR-1 through TR-9), 3 of which were excavated at the West Gabbro Zone deposit. The trenches were typically 3 m in width and less than 2 m in depth but in two instances, TR-2 and TR-9, the depths exceeded 5 m. Lithology logs were completed at each trench. Channel samples were collected using a gas-powered rock saw. The channel samples were nominally 10 cm in width, 5 cm in depth, and ranged between 0.25 m and 1.0 m in length. The sample material was placed in pre-labeled plastic bags and shipped by courier to a commercial laboratory. The trench work is best described in Duncan (2005).

Drilling

Stratabound Minerals Corp. core logging and sampling procedures were carried out at storage facility in Bathurst. Standard company practice was to have a qualified geologist prepare detailed conventional core log descriptions for each hole and to mark core sampling intervals. Sample records and drill logs were entered into Excel digital spreadsheets to facilitate data handling and development of interpretive sections and plans.

The drill core was split by sawing under the supervision of Stratabound staff or consultants and half core samples were submitted for analysis to a commercial laboratory. A 0.50 m minimum sample length parameter was applied to both programs along with a maximum sample interval length of 1.0 m. Sampling included insertion of 1) a pre-numbered sample tag records to mark the downhole sample interval within the archived core boxes; and 2) a sample tag inserted in the pre-numbered sample bag in which core sample material was placed and sealed for shipment to commercial laboratories.

Castle Resources Inc. drill programs adopted the identical sample logging and sampling protocols as described for the Stratabound Minerals Corp., drill campaigns.

Security

Stratabound Minerals Corp. and Castle Resources Inc., core handling, sampling and sample handling activities were carried out in Bathurst under secure site conditions and under direct supervision of project manager, Mr. John Duncan, P. Geo.

Core from Stratabound Minerals Corp. and Castle Resources Inc. programs is stored at the Government core library archive in Madran, NB, 30 km north of Bathurst. Some mineralized intercepts were reportedly secured and stored at the Stratabound's facility in Bathurst.

Analytical Procedures

The authors of the Technical Report reviewed numerous Mineral Assessment Reports. It is the authors' opinion that the historical analytical work was conducted by formerly and presently reputable Canadian laboratories. An example of the laboratories used in the historical exploration analytical work includes: Chimitec Ltee. in Ste-Foy, QC (Brunswick Mining), Custom Laboratories Ltd. in Bathurst, NB (Brunswick Mining), Norex Laboratories Ltd. in Bathurst, NB (Brunswick Mining), Vangeochem Lab Limited in Vancouver, BC (Norm Pitre), SGS Labs in Toronto, ON (Stratabound), Eastern Analytical Limited in Springdale, NL (Stratabound), ALS Chemex Canada Limited in Vancouver, BC (Stratabound).

Laboratories such as ALS Chemex Laboratory, SGS Labs and Eastern Analytical Limited are currently accredited ISO labs.

The analytical method over the 25-year period of historical exploration work was predominantly standard sample preparation (dry, crush, split and pulverize), fire assay fusion (Au) and atomic absorption spectroscopy (Ag, Cu, Pb, and Zn). Stratabound Minerals Corp. and Castle Resources Inc. re-analyzed samples that assayed over 10 ppm gold by metallic screen assays that incorporated a gravity finish after fire assay pre-concentration of a 30-gram pulp sample.

Additional metal levels were obtained for selected sample sections using Inductively Coupled Plasma Emission or Mass Spectroscopy methods after multi-acid digestion. Samples determined to have high base metal contents were submitted directly for assay quality determinations with final metal levels determined by Atomic Absorption methods.

Most coarse sample reject and pulp materials from the Stratabound Minerals Corp. programs were returned to the company after temporary storage at the laboratory. These materials are reportedly archived at the secure Stratabound facility in Bathurst. Sample pulp splits and reject materials from Castle Resources Inc. analytical work were stored at either the associated laboratory or Stratabound Minerals Corp.'s Bathurst facility.

Quality Assurance—Quality Control

The Issuer, Avalon, has yet to conduct exploration work at the Elmtree Gold Project.

Historical QA-QC work via Mineral Assessment Reports was either not done, or the QA-QC results were not fully detailed within the report. I.e., specific accuracy, precision and contamination data and graphs were not included or presented. The reader is referred to Shoemaker et al., (2010) for detailed discussion on the historical QA-QC work conducted in Tenure Block 7950, Elmtree Gold Project. A brief synopsis is provided in the following text, with brief additions to cover the exploration work conducted in Tenure Block 9419.

Archived reports describing the Legacy and Cormier (1962), Brunswick Mining and Smelting (1985-1987), Lacana (1985-1988) and Heron Mines Ltd. (2002) drilling and trenching programs do not specifically address QA/QC issues.

The 2005 trenching program and 2006 drilling program carried out by Stratabound Minerals Corp. were not subject to an independent QA-QC protocol, but internal laboratory QA/QC results were monitored by staff for project purposes.

In 2007, Stratabound Minerals Corp. modified its QA-QC protocols to include systematic insertion of blank samples and certified reference standards as well as systematic analysis of duplicate analytical pulp splits, quarter core duplicate samples and third-party check samples. Nominal insertion rates for blank samples was 1 in 20 and for reference standards 1 in 35. Duplicate pulp splits and third-party check sample splits were analyzed at a nominal 1 in 25 frequency from the same source samples and quarter core duplicates were prepared at a nominal frequency of 1 in 40. Blank samples consisted of non-mineralized gabbro core samples from the Goodwin intrusion, located in the Bathurst area, and samples were blind to the receiving laboratory. Certified reference standards used by Stratabound were MAC-2C obtained from CANMET Certified Reference Materials Project and CDN-GS-2B supplied by CDN Laboratories of Vancouver.

The QA-QC protocol developed by Stratabound Minerals Corp., in 2007 was used by Castle Resources Inc., during their 2009–2010 drill programs. As documented by Shoemaker et al., (2010), the results of the QA-QC work are summarized as follows.

- Analytical data for the certified reference standards show that acceptable results were received throughout the programs. During the Castle Resources Inc. program, Standard OREAS 15Pb yielded excellent precision; however

Standard OREAS 18Pb had lower levels of precision and definitive statement on the issue was not provided (and it is not known if the standard samples were re-analyzed).

- Stratabound Minerals Corp., blank samples consisted of non-mineralized gabbro core from the Goodwin intrusion, located in the Bathurst area. Castle Resources Inc. utilized silica sand blank material. Analytical results on the Blank samples had good repeat analytical results and were considered acceptable, but Mercator (2008) did recommend a review of blank material sources due to a limited number of samples yielding between 24 and 294 ppb Au (n=3 samples and 1 sample associated with the Stratabound and Castle programs, respectively).
- Duplicate sample split pairs on pulp material had a good correlation coefficient of 0.98 (Stratabound) and 0.97 (Castle). Quarter cores duplicate samples yielded some heterogeneity, but overall, the precision and accuracy of results for the overall program were considered acceptable by these authors. The distribution of the quarter core results was considered primarily attributable to cumulative effects of sample heterogeneity, differing sample size (quarter core versus half core) and nugget effect.
- Check samples yielded acceptable analytical correlation between the original results and check results. The check analyses had slightly lower levels than original data but were considered by these authors to not define a problematic under-reporting trend.

The Technical Report authors have reviewed the QA-QC work – as presented by Shoemaker et al., (2010) – and found the post-2007 QA-QC protocol utilized by Stratabound Minerals Corp. and Castle Resources Inc. was reasonable and the results and interpretation were presented without bias.

Adequacy of Sample Collection, Preparation, Security and Analytical Procedures

The Technical Report authors have reviewed the adequacy of the historical exploration information as conducted by companies other than Avalon and the visual, physical, and geological characteristics of the property. The Qualified Person has found no significant issues or inconsistencies that would cause one to question the validity of the data for its specific use as ‘background information’ during the preparation of this geological introduction Technical Report.

Post-2007 historical exploration programs conducted at the Elmtree Gold Project used methods of sample collection, preparation, security, and analytical techniques that relate to reasonable industry standards for gold exploration.

In the future, however, the authors recommend that the sample collection, preparation, security, analytical procedures and QA-QC procedures of any Avalon-led exploration program is current with CIM standards and guidelines and robust enough to develop confidence for any future mineral resource/reserve modelling and estimations.

Data Verification

Qualified Person Site Inspection

Stefan Kruse, Ph.D., P. Geo., conducted a site inspection for data verification purposes on August 31st and September 1st of 2020. The site visit included an Elmtree Gold Project tour facilitated by Kevin Vienneau, designated owner of the Elmtree claims and former project manager for Stratabound Minerals Corp. Additionally, time was spent at the provincial core library in Madran, NB observing the historical core stored at that facility, and collecting verification samples.

The objectives of the site visit included: 1) verification of selected drillhole collar locations, 2) observation and sampling of historic showings in outcrop, 3) examination of drill core and observation of mineralized intercepts, and 4) collection of verification samples.

All verification samples were analyzed at Activation Laboratories Ltd. (Actlabs™) in Ancaster, ON, an ISO 17025:2017 certified laboratory.

The property site visit included stops at the historical Discovery and West Gabbro Zones. Access to the site was via private roads, with permission arranged by Mr. Kevin Vienneau. Dr. Kruse inspected the West Gabbro Zone, as recorded in the New Brunswick Mineral Occurrence Database, which can be viewed at:

<http://dnr-mrn.gnb.ca/MineralOccurrence/default.aspx?componentID=5&urn=454>).

No bedrock was exposed at the West Gabbro Zone, but evidence of back-filled historical trenches was observed (Figure 12.1, station SK005). Approximately 60 m to the East of this location, gossanous sub-crop (Figure 12.1, station SK007) was noted and sampled (Figure 28, station SK005). The verification sample 986465 had 1.47 g/t Au.

Additionally, the Discovery Zone occurrence was visited as recorded in the New Brunswick Mineral Occurrence Database, which can be viewed at:

<http://dnr-mrn.gnb.ca/MineralOccurrence/default.aspx?componentID=28>

At the Discovery Zone (Figure 28, station SK013) a narrow (~50 cm) gossanous shear zone was noted in outcrop. The shear zone is hosted in greywacke and exhibited fault-drag folding, suggesting a component of reverse displacement. A verification sample collected from the shear zone (986466) yielded 2.07 g/t Au, 155 g/t Ag, > 5,000 ppm Pb, 3,610 ppm Zn and 3,040 ppm Sb.

Eight core intervals were selected from both the Discovery Zone and West Gabbro Zone showings (Table 15) for verification sampling. Quarter-core samples were collected from mineralized intervals, duplicating the original sample intervals as closely as possible. Samples were selected from the 1986 “ME” series holes and the 2006 “DZ” series holes based on availability of intact mineralized intervals, legible core box and assay tag labels. Verification samples were submitted for gold and silver fire assay and multielement ICP analysis at Actlabs™.

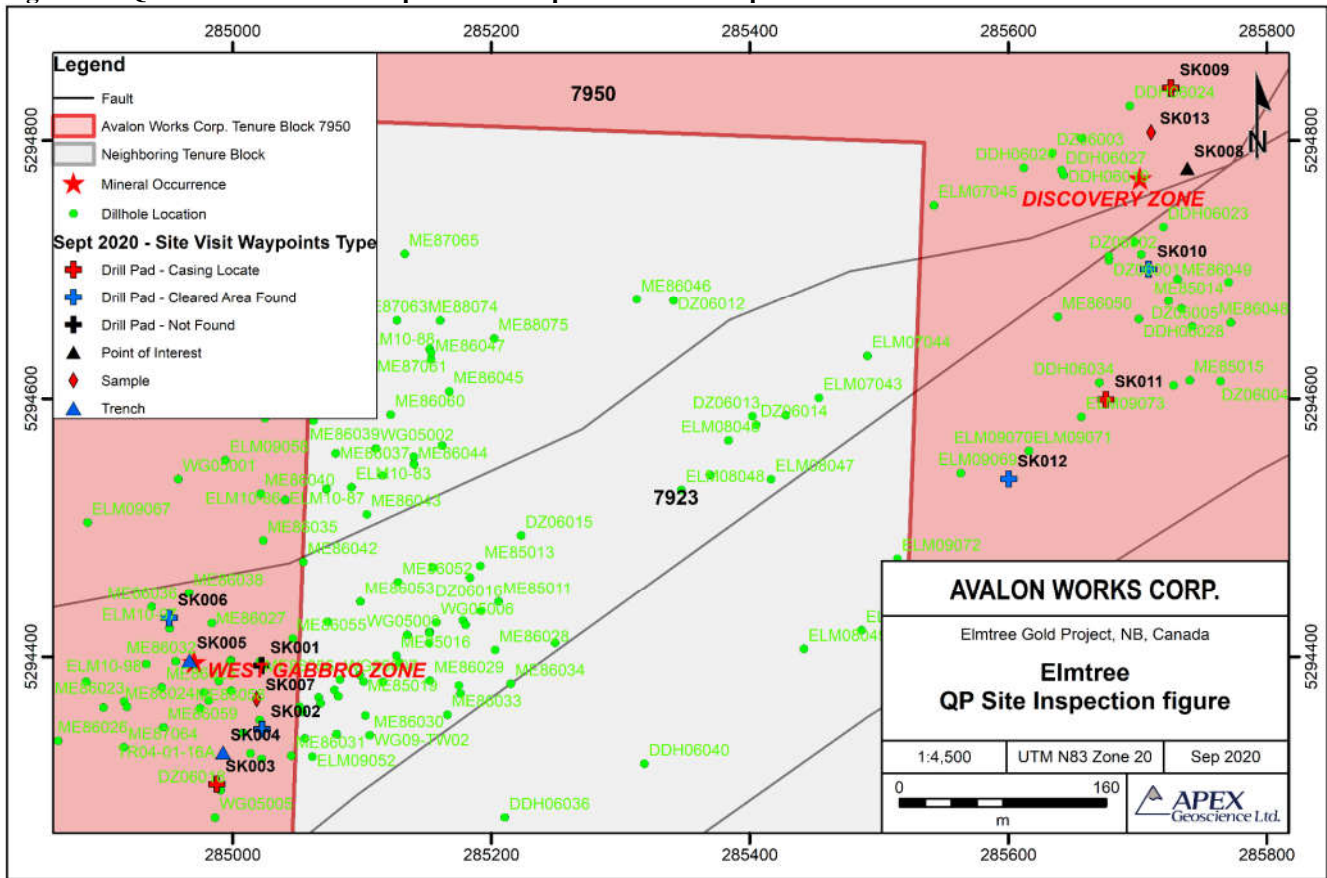
A total of 10 samples were prepared using the Actlabs™ RX1 preparation package comprising crushing to 2 mm, riffle splitting (250 g) and mild steel pulverizing to 105 µm. Fire assay for gold and silver was conducted using the 1A3-Ag (Au,Ag) 30 g fire assay package with gravimetric finish. Multielement analyses were completed using the Ultra Trace 5 INAA and ICP-MS laboratory package.

Visual inspection of the West Gabbro Zone drill core confirmed the presence of milky quartz veins and fine-grained disseminated sulphide (pyrite, pyrrhotite and arsenopyrite) hosted in moderately foliated, homogenous gabbro.

Core from mineralized intervals within the Discovery Zone exhibited evidence for multiple generations of quartz and sulphide vein (semi-massive arsenopyrite, sphalerite and galena) emplacement hosted in strongly sheared/brecciated meta-sedimentary rock.

In general, there is good agreement between the original assay results and verification sample results, despite the difference in sample size (half-core vs. quarter core) and laboratory methodology. Additionally, the location of original assay tags and run blocks was likely disturbed for some of the sampled intervals.

Figure 28: Qualified Person site inspection: Sample locations and points of interest.



For the 1986 series holes, original logs are available in filed assessment reports. However, no laboratory methodology or certificates were included in these logs. For the more recent 2006 holes, no original logs, QAQC procedures or assay certificates were available for inspection.

Table 15 shows the results of verification samples (grey highlight) relative to original analytical results from the drill hole database. The verification sampling is intended to demonstrate the presence or absence of mineralization and does not represent a quantitative assessment of grade, due to the differences in sampling and analytical methodology described above.

Table 15: Analytical results of the Qualified Person historical drill core samples collected during the 2020 site inspection.

Drillhole	Zone	QP sample ID	Original (historical) sample ID	From (m)	To (m)	Au g/t (orig.)	Au g/t (ver.)	Ag g/t (orig.)	Ag g/t (ver.)	Pb % (orig.)	Pb ppm (ver.)	Sb % (orig.)	Sb ppm (ver.)	Zn % (orig.)	Zn ppm (ver.)
DZ-06-002	DZ	986457	2034	53.0	54.0	5.02	6.3	2	3	0.01	14	0.01	125	0.01	72.6
DZ-06-002	DZ	986458	2035	53.8	54.0	0.76	1.12	37	40	2.59	> 5000	2.05	> 10000	2.65	15800
DZ-06-028	DZ	986459	28087	125.0	125.0	4.69	5.2	14.05	7	1.54	3280	1.35	2980	1.55	9170
DZ-06-028	DZ	986460	28088	125.0	126.0	2.17	3.05	30.5	27	3.36	> 5000	2.57	9670	2.72	13100
ME-86-032	WGZ	986461	83974	52.1	53.0	3.29	3.85	/	< 3	/	30.7	/	19.8	/	95
ME-86-032	WGZ	986462	83975	53.0	54.0	6.86	6.37	/	14	/	444	/	135	/	117
ME-86-022	WGZ	986463	83717	34.1	35.0	3.98	2.62	/	< 3	/	9	/	15.4	/	86.3
ME-86-022	WGZ	986464	83718	35.4	37.0	8.23	5.13	/	< 3	/	9.8	/	20.1	/	67.3

In the opinion of the Qualified Person, visual inspection and verification sampling confirm the presence and style of the historically reported mineralization at the Elmtree Gold Project.

Data Verification Procedures

The drillhole collars, lithological logs and drill core assay data for historic drill programs conducted on Tenure Block 7950, Elmtree Gold Project was provided to the authors by Avalon as digital Excel files. The drillhole information for historic

drill programs conducted on Tenure Block 9419 was obtained from Mineral Assessment Reports. The following data verification procedures were applied by the QP's as due diligence measures on the drillhole information:

1. The QP's reviewed mineral assessment work reports archived at the New Brunswick Department of Natural Resource and Energy Development (<http://dnr-mrn.gnb.ca/ParisWeb/AssessmentReportSearch.aspx>). Original hard copy drillhole collars, drillhole logs and assay logs were compiled for some of the Lacana Mining Corporation drillholes (Hoy, 1986; Duncan and Hoy, 1995) and the eight holes drilled in Tenure Block 9419 by Legacy and Cormier, Brunswick Mining and Smelting Corp. Ltd. and Heron Mines Ltd (Newman, 1962; Misner, 1988; Baldwin, 2003). The Lancana reports captured information for drillholes ME85-01 to ME85-19, ME86-20 to ME86-50 (drill logs and assay records) and ME88-66 to ME88-77 (drill logs and assay records). The authors were not able to locate original drill log files for Lacana drillholes ME86-51 to ME86-60 and ME87-61 to ME87-65.

These original hard copy drill records were used to verify the digital drill logs and assay files received from Avalon. No assay errors were noted. The original drill log collar information was provided only as grid coordinates (i.e., not in UTM or Lat/Long coordinates). APEX attempted to verify the drill collar coordinates by geo-rectifying 2 drill plan map images into a GIS. This effort was difficult because the maps did not contain enough topographic information to properly geocode the images. As a result, it was difficult to verify the exact drillhole collar locations; however, with the exception of a few drillholes, the general location of the drillholes were generally supported through reviews of the original drill log transcripts and associated drill plan maps.

2. The QP's were unable to locate the original hard copy drillhole logs for the Stratabound Minerals Corporation or Castle Resources Inc. drill programs – and it was confirmed the drill log information was never submitted to the New Brunswick Department of Natural Resource and Energy Development as part of regular assessment. Note: the Stratabound drillhole grid-based coordinates were presented as assessment filings by Lutes (2004).

Consequently, APEX contacted the regional geologists with the New Brunswick Geological Surveys Branch to inquire about the original drill logs drilled within Tenure Block 7950. Unfortunately, the Geological Survey Branch only had a digital copy of the Lacana, Stratabound and Castle drill programs.

As a due diligence check, APEX reviewed 12 random digital drillhole log/assay files provided by the New Brunswick Geological Surveys Branch versus the digital log/assay files that were acquired from Avalon. Of the 12 drill log comparisons, APEX recorded one error in the form of a lithology width error in drillhole ELM09-064.

Spot inspection of selected drill holes at the Provincial Core library uncovered one instance of inconsistent core box vs assay tag labels.

3. During the QP site inspection, Provincial geologists with the New Brunswick Mineral Core Library provided a digital file of historical drillhole collar locations at the Elmtree Property that were compiled by Lutes (2004) and the designated owner of the Property, Mr. Vienneau. The authors compared this dataset with the drillhole dataset provided by Avalon – and can verify that the drillhole information used in this Technical Report is broadly compatible with the Government drillhole database. However, discrepancies between the collar location reported in the drill hole database and actual collar locations were noted in the field. Discrepancies include:
 - Inconsistent usage of the “DZ” vs “DDH” prefix for 2006 series holes.
 - Inconsistent coordinate system usage and lack of meta-data, resulting in some drill holes erroneously plotting well-outside of the project area.
 - No evidence for the 1980's series Lacana mining holes was observed at the reported locations in the field.
 - Drill collars located in the field were not labelled with hole numbers.

With respect to soil geochemical surveys and trench-rock geochemical surveys, the authors confirmed the work via assessment reports prepared by Burton (1985), Hoy (1985), Misner (1988), Duncan (2005, 2008b, 2009a,b). The reader is referred to Burton (1985), Misner (1988) and Duncan (2005) for detailed information on the historic trenching programs, the map images of which include trench locations with trench lithological mapping and assay intervals and gold results. Geophysical information and images were confirmed by the authors through review of assessment reports prepared by Hoy (1985); Misner (1988); Baldwin (2002); Pitre (2003); Lutes (2004); Duncan (2008a); and Vickers (2017).

Validation Limitations

Given the difficulty in validation of the historical drillhole collar locations, the Technical Report authors' state that there are limitations to the historical drillhole information. This pertains primarily to collar locations, but the authors recommend that lithological codes and thicknesses, and assay data are also fully validated prior to utilizing the drillhole data in any future mineral resource estimation work.

The authors note that a previous Technical Report prepared by Murahwi et al. (2011) stated that, "validation of twinned holes compares favourably only in so far as the broad zone of mineralization is concerned but not in the distribution of values." It is recommended that Avalon continue and evaluate the twinning of significant holes to verify the mineralization at the Property and to validate using historical drillhole data as part of any future mineral resource estimation work.

The authors recommend that Avalon bolster its QA-QC protocols if future exploration work is conducted. This would include insertion of additional standards and blanks, and the inclusion of duplicate sample/pulp analyses. It is also advisable to adopt a secondary independent laboratory to advance the confidence level of the data and project in general.

The authors recommend that Avalon adopt sampling protocols that collect and assay drill core samples from the top of the drillhole to the end of hole. Sample intervals should be no less than 2 m in average length, but ultimately, the authors recommend 1 m intervals be collected to tighten up any future resource estimation scrutiny. This methodology is recommended to improve the overall geological model for resource evaluation and to test potential mineralization in non-quartz vein dominate stratigraphy.

Due to the discrepancies noted in drill collar location, it is recommended that re-surveying of drill collars be conducted using RTK DGPS and consistent methodology. The 1980's series holes should be excluded from the database unless some original drill collar location can be verified in the field.

We note that the north-south oriented drill fences are oblique to the strike of the deposit. A northwest-southeast oriented drill azimuth is recommended, perpendicular to the strike of the deposit.

Adequacy of the Data

This is a geological introduction Technical Report prepared for a company that are acquiring the Elmtree Gold Project.

The authors have reviewed the adequacy of the exploration information and the visual, physical, and geological characteristics of the property and has found no significant issues or inconsistencies that would cause one to question the validity of the data.

The senior author is satisfied, and takes responsibility, to include the exploration data including geochemical surveys and drill information as background information for this geological introduction and qualifying Technical Report.

In the future, however, the authors recommend that the sample collection, preparation, security, analytical procedures and QA-QC procedures of any Elmtree exploration program is current with CIM definition standards and guidelines and robust enough to develop confidence for any future mineral resource/reserve modelling and estimations.

Mineral Processing and Metallurgical Testing

Avalon has yet to conduct mineral processing and/or metallurgical testing at the Elmtree Gold Project. A summary of the historical mineral processing and metallurgical testing is presented above. The historical test work was not verified by the authors and is not being treated as current or relevant by the authors or Avalon. It is presented only as background historical information.

Mineral Resources

Avalon has just procured the right to acquire the Elmtree Gold Project and Avalon has yet to conduct any mineral resource estimation work.

Adjacent Properties

With respect to adjacent properties, the authors have reviewed the Government of New Brunswick electronic mineral claim administration program (NB e-CLAIMS), Natural Resources and Energy Development Mineral Reports of Work, and various company websites.

A diagram of mineral Tenure Blocks that occur adjacent to the Elmtree Gold Project is presented in Figure 29. The adjacent properties are discussed in the text that follows. The Technical Report authors have been unable to verify the adjacent properties information and therefore the information is not necessarily indicative to the mineralization on the Elmtree Gold Project that is the subject of this Technical Report.

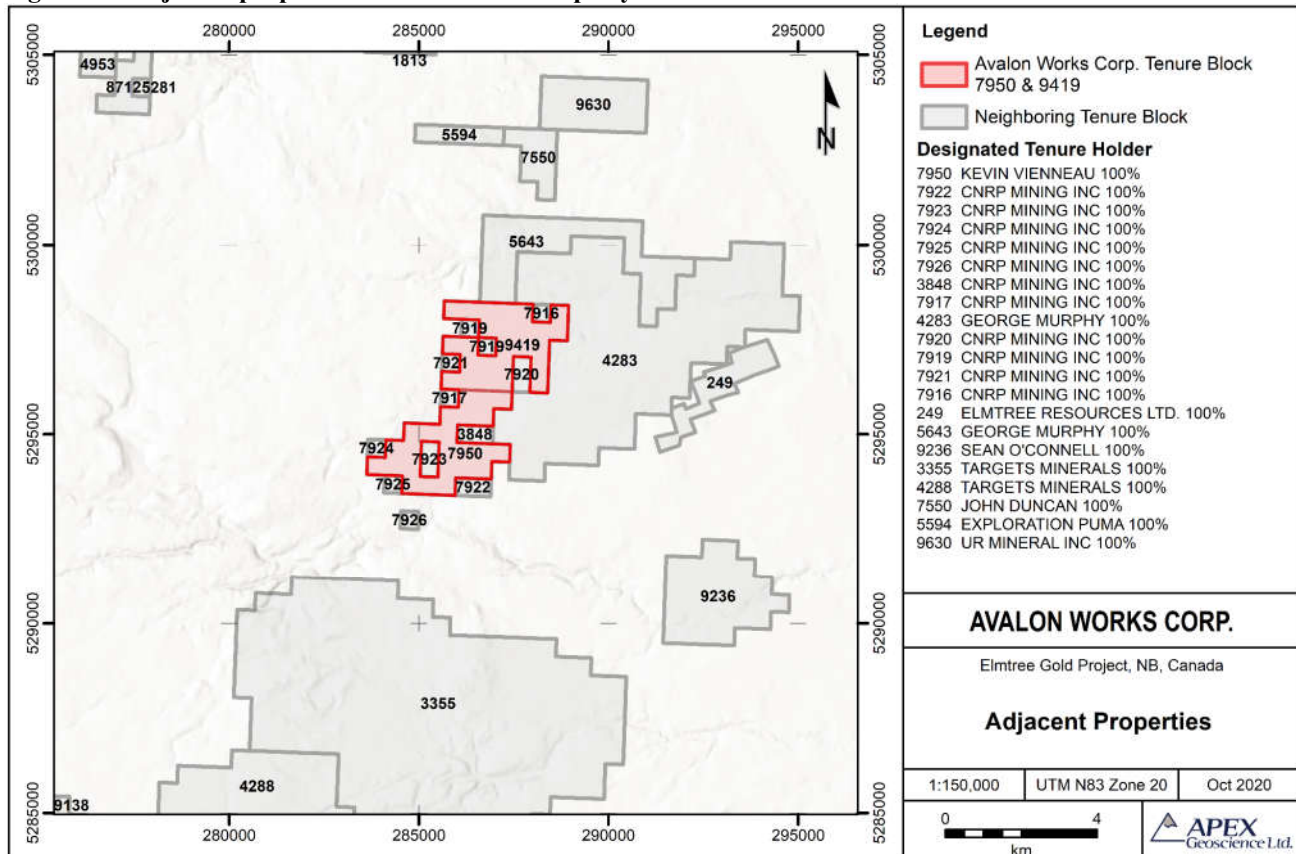
The most active adjacent property work is being conducted on the George Murphy Tenure Blocks 4283 and 5643 where Great Atlantic Resources Corp. is exploring their Keymet Property. The company has consistently submitted assessment work from 2007 onwards, and is exploring multiple Pb, Zn, Cu and Ag vein systems at the historic Keymet Mine and Elmtree 12 deposits (Great Atlantic Resources Corp., 2020).

Recent work has been conducted at the NB Gold Inc. Tenure Block 249. The 2019 assessment report is still in its confidential period and the authors are not aware of what work was conducted and by which company.

Other permits in the adjacent property area have a record of historical exploration work that was reported between 2003 and 2014. These include Stratabound Resources Corp. at their Alcida Gold Property (Block 3848) and Exploration Puma at their Nicholas Denys Property (Blocks 3355, 4288, and 5594). There are no current Mineral Reports of Work available and these properties and the properties are no longer overtly documented at the respective company websites.

Designated tenure holder, CNRP Mining Inc., has several Tenure Blocks in the vicinity of the Elmtree Property, including: 3848, 7916, 7917, 7919, 7920, 7921, 7922, 7923, 7924, 7925, and 7926. Tenure Block 7923 occurs as an island within the Elmtree Property (Figure 15.1). To the best of the authors knowledge, this company has not conducted any recent minerals exploration on these claims. In addition, the company does not have a website and does not appear as a publicly listed company at www.sedar.com.

Figure 29: Adjacent properties in the Elmtree Property area.



Other Relevant Data and Information

Avalon has only recently procured the right to acquire the Elmtree Gold Project and there is no other relevant data and information to report at this time.

Conclusions and Recommendations

Conclusions

The Elmtree Gold Project is comprised of 49 contiguous Mineral Claims totalling 1,063.326 ha in two Tenure Blocks, 7950 and 9419. Avalon has the right to acquire 100% ownership of the Elmtree Gold Project. The Elmtree Gold Project is situated at a major structural zone that divides the Elmtree Inlier and the Miramichi Highlands/Miramichi Inlier. The bedrock geology comprises Middle to Late Ordovician Fournier Supergroup in the northern portion of the Elmtree Property that is overlain by Early Silurian to Early Devonian rocks of the Chaleurs Group in the south. The stratigraphic units are separated by the Elmtree and Rocky Brook-Millstream fault systems.

The geological setting is favourable for the formation of mesozonal to epizonal, orogenic gold and VMS mineralising systems. In northeast New Brunswick, these deposit types are spatially associated with crustal-scale fault zones and faults that were generated during late orogenic events at relatively deep crustal depths.

Having just secured the right to acquire the Elmtree Gold Project, Avalon has not an opportunity to conduct exploration at the Elmtree Gold Project. Consequently, the Technical Report authors were largely limited to a review of historical data and information. The Elmtree Gold Project has been subject to continuous and extensive exploration by companies other than Avalon since 1984-1985 when the Discovery Zone and West Gabbro Zone were discovered. From an historical exploration perspective, the compilation shows:

- There is a large historical dataset specific to the Elmtree Gold Project (i.e., Tenure Blocks 7950 and 9419) that includes:
 - Soil geochemical assays (n=3,023 analyses) with 164 analyses of >100 ppb Au.
 - 8 trenches with 157 channel chip sample assays of which 144 assays have >1,000 ppb Au (maximum of 18,300 ppb Au).
 - Airborne and ground geophysical surveys, including magnetic, VLF-EM, radiometric and IP surveys.
 - 13,156 m of historical core drilling in 96 drillholes with 5,226 drill core sample assays (Tenure Block 7950).
 - 857 m of historical core drilling in 8 drillholes (Tenure Block 9419).
- The historic soil and geophysical surveys correlate well with known gold mineralized zones and suggest that other mineralized zones may exist along the main structural trends.
- A 2017 IP survey suggests the mineralized zones may continue at depth below the historic drilling.
- The historical exploration work is largely confined to the Discovery Zone and West Gabbro Zone deposit areas and large areas of the Elmtree Property have yet to be tested.

Based on the review of historical data and information, the Technical Report authors consider the Elmtree Gold Project prospective for the discovery of epithermal gold-silver mineralization and VMS gold and base metal mineralization. This contention is supported by the authors' understanding of the positive geological attributes at the Elmtree Gold Project that include:

Geological observations at the Elmtree Gold Project to support this contention include the following points:

- The Elmtree Gold Project contains at least two gold-bearing zones, the higher-grade West Gabbro Zone, and the original Discovery Zone. The West Gabbro Zone primarily hosts gold mineralization, and the Discovery Zone contains both polymetallic (Sb, Zn, Pb, Ag) veins and gold.
- The mineralization is structurally controlled by an easterly trending fault zone(s) situated at the southern tectonic boundary of the Elmtree Inlier.

- Host rocks consist of strongly deformed Ordovician sedimentary rocks, including tectonic mélange, that are intruded along structural zones by Ordovician gabbroic and felsite dykes and sills.
- The highest gold grades are spatially associated with sulphide-rich zones within areas of intense silicification and quartz veining.
- The sulphide assemblage is defined by arsenopyrite, pyrrhotite, pyrite and chalcopyrite.
- Alteration minerals include carbonate, quartz, chlorite, albite with sericite and saussurite.
- The gold is reported to occur as free grains (<10 µm) commonly attached to pyrrhotite that occupies fractures in pyrite, arsenopyrite, and pyrrhotite; and as tiny inclusions in arsenopyrite.
- The deposit is located near a granitic pluton, which may have acted as a heat source to mobilize metalliferous fluid.
- The current modelled deposits are near-surface and potentially amenable to open pit mining.
- The Elmtree Gold Project is accessible by paved road access, is adjacent to a major highway and power, is approximately 22 km by road to a year-round port and the Glencore Smelter, which was closed in 2019. The region has a skilled labour force with over 50-years of mining expertise.

A qualified person collected 2 representative rock samples from outcrop and 8 from historical drill core archived at the provincial core library. The analytical results yielded gold gravimetric fire assay values of between 1.12 g/t and 6.37 g/t Au. Silver values ranged from below the minimum limit of detection to 155 g/t Ag.

In addition, base metal evaluation included results of 71.8 to 15,800 ppm Zn, 9 to >5,000 ppm Pb and 6.3 to >10,000 ppm Sb.

A qualified person sample results provide independent verification of the precious and base metal mineralization at the Elmtree Gold Project.

With respect to risks and uncertainties, the Technical Report authors have not done sufficient work to classify the historical mineral resource estimations presented in Section 6, and therefore, the authors and Issuer, Avalon, is not treating any of the historical estimations as a current mineral resource.

The metallurgical test work information presented in Section 6 is for background historical information only. The authors have not verified the results of the metallurgical test work, and therefore, the authors and the issuer do not view the metallurgical test work as current or relevant going forward. Furthermore, it is not known if the sample feed were representative or if there were any processing factors or deleterious elements that could have a serious effect on potential future economic extractions.

Any future exploration work and/or subsequent technical reports should be prepared in accordance with guidelines established by the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019), CIM Definition Standards for Mineral Resources and Mineral Reserves (2014), and NI 43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1 Technical Report and related consequential amendments. Future Technical Reports that capture any new exploration work conducted by Avalon should discuss any significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information, mineral resource or mineral reserve estimates, or projected economic outcomes.

Recommendations

The summary, and Qualified Persons review, of historical work presented in the Technical Report shows that the Elmtree Gold Project is a project of merit. Further exploration work is required to elevate the confidence level of the Elmtree Gold Project to NI 43-101 and current CIM Definition Standards and Guidelines. Two phases of exploration work are recommended and include:

- Phase 1 work intended to assess the Elmtree Gold Project for potential Phase 2 diamond drilling that involves: 1) continue to compile, assess and validate the historical exploration results (including drill collar locations) and development of a robust 3-D geological model; 2) relogging, resampling, infill sampling and re-assaying of historical drill cores that are archived at the Government core library and/or in offsite storage; 3) geophysical surveys including both heli-borne and ground geophysical surveys; and 4) a surface ground exploration component that includes geological mapping, prospecting and trenching (if warranted).
- Phase 2 work, which is dependent on the results of the Phase 1 program, is intended to conduct diamond drilling to: 1) verify and twin the historical drilling programs; 2) infill drilling to improve deposit confidence and to test deep deposit zone mineralization and/or mineralization continuity and inter-mineralized zone exploratory zones; and 3) test new exploration targets resulting from the Phase 1 work. Additional metallurgical work, environmental studies and Indigenous and Community consultation is required to advance the overall project. The collective results of the Phase 1 and Phase 2 work should be presented in technical reports prepared in accordance with NI 43-101, including, if warranted, 3-D modelling and resource/reserve estimation(s) and economic evaluation.

A summary of the estimated exploration costs is presented in Table 16. The cost of the Phase 1 and Phase 2 work is estimated at CDN\$665,500 and CDN\$2,025,000, respectively, which includes a 10% contingency. Phase 2 is dependent upon the results of the recommended Phase 1 work program. Collectively the work recommendations have a total estimated cost of CDN\$3,415,500, which includes a 10% contingency.

Phase 1 Exploration Recommendations

- Data compilation and validation: Continuation of the current historical data compilation and integration of these data into GIS and 3-D modelling software programs. Once the data are formatted into these systems, a rigorous data checking and validation process is required. In addition, the QP's recommend that the historical drillholes are located and their spatial coordinates are verified and/or adjusted accordingly. Cost estimate: CDN\$30,000.
- Relogging and sampling of historical drill core: It is recommended that Avalon revisit archived drill core to 1) document drillholes and core boxes; 2) relog drillholes and/or parts of drillholes in conjunction with other components of the recommendations presented (e.g., compilation work, geophysical survey interpretation and/or surface sampling results); 3) select drillholes in which the entire section of core is re-assayed for potential use in future resource estimation work and/or re-assay sections of core as part of deposit modelling; and 4) consider non-destructive analytical techniques such as analyzing the core for multi-element semi-quantitative geochemistry using an XRF analyzer and/or mapping alteration zones using hyperspectral short-wave infrared reflectance (SWIR) technology to delineate fine-grained clay alteration minerals. Cost estimate: CDN\$150,000.
- Helicopter-borne Versatile Time Domain Electromagnetic (VTEM) surveys are recommended along the strike-length of faults extending through the central part of the Elmtree Property. VTEM survey data allows for the simultaneous measurement of all three physical properties which allows us to better characterize the rocks that are hidden at depth. The survey should be conducted at a minimum 100 m line spacing with the spacing reduced to 50 m in areas of known mineralization. Cost estimate: CDN\$230,000.
- Surface exploration program: A multi-component surface program is required to test historical exploration results and to delineate exploration targets for potential Phase 2 drilling. The surface exploration studies include: 1) orientation and exploratory ground magnetic and VLF-EM geophysical surveys to test known occurrences and delineate new drill targets (approximately 120 line-km with grid lines at 50 m spacing); 2) geological mapping, prospecting, and if warranted, 3) trenching and channel rock sampling (including geochemical analysis of approximately 100 samples). Combined cost estimate: CDN\$195,000.

Phase 2 Exploration Recommendations

Phase 2 exploration work is dependent upon the results of the recommended Phase 1 work program. If warranted, the Phase 2 recommendations center around diamond drill program(s) that are recommended to total slightly over 8,000 m. The objectives of the drill program(s) is to 1) verify the historical drilling programs with a twin drillhole program; 2) infill drilling to improve deposit confidence and to test deep deposit zone mineralization and/or mineralization continuity and inter-mineralized zone exploratory zones; and 3) test new exploration targets. Cost estimate: at an all-in drill cost of CDN\$250/m (given the excellent access to and through the Elmtree Gold Project), the total drill program budget is estimated at CDN\$2.025 million.

The authors recommend that the entire cored length of the drillholes are assayed to help with any future mineral resource block modelling and to test all strata for presently unknown instances of mineralization. It is recommended that the representative assay core samples are collected at intervals that do not extend beyond 2 m per sample (1 m preferred).

Additional Phase 2 work includes metallurgical work, environmental work, and consultation. Historical metallurgical work (e.g., gravity and mineralogical test work) should be repeated and refined using equipment better designed for recovering fine gold will help to increase confidence in on-site environmental controls, water management, infrastructure design and devising potential capital and operating costs. More detailed work is required to test the possibility of subjecting the gold concentrate to intensive leaching and testing the optimum liberation size for gold, concentrate grade and relates of recovery using equipment currently available at the Bathurst milling facility. Cost estimate: \$75,000.

Environmental and social programs are warranted and could include terrestrial studies, waste characterization, fish habitat mitigation and compensation planning, social baseline studies, stakeholder, and Indigenous consultation. Information and results of this work can be applied to the implementation of a new environmental assessment review process. Cost estimate: \$150,000.

Lastly, Phase 2 includes an estimated cost of \$90,000 to prepare technical reports in accordance with NI 43-101 to document exploration activities and results, and to potentially prepare resource/reserve estimations, and economic studies. The modelling and estimation process include preparation, determination and interpretation of: data summary and histograms; drillhole database validation; quality assurance and quality control; lithological model/lode interpretation; assay summary statistics; drillhole flagging and composting; search ellipsoids; bulk density; block model extents; block model size; and model validation (visual, statistical, and easting, and northing and elevation comparisons). Any future resource estimation(s) will classify the mineral resource in accordance with guidelines established by the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019) and CIM Definition Standards for Mineral Resources and Mineral Reserves (2014).

Table 16: Recommendations for future exploration work at the Elmtree Gold Project.

Phase	Item	Description	Estimated Cost (CDN\$)	Sub-Total (CDN\$)
Phase 1	Data compilation / Drillhole verification	Compile historical data and information, validate the data and input the data to GIS and 3-D modelling software. Small field program to locate and document historical drillholes.	\$30,000	
	Relogging and sampling of historical drill core	Relog, sample and analyze the cores at accredited laboratories and using handheld XRF analyzers and SWIRS technology.	\$150,000	
	Heli-borne VTEM survey	Regional VTEM survey at 100 m line-spacing to map lithology and alteration and delineate lineaments. Line-spacing at 50 m in the vicinity of the fault zone and showings.	\$230,000	
	Surface exploration program	Orientation and exploratory ground magnetic geophysical surveys to test known occurrences and delineate new drill targets. Approximately 120 line-km with grid lines at 50 m spacing. Geological mapping, prospecting and trenching if warranted (including geochemical analysis of approximately 100 rock samples).	\$110,000 \$85,000	\$605,000
Phase 2 *	Twin hole diamond drill program	Diamond drill program(s) totalling 600 m to test historical drill results of 3-5 drillholes.	\$150,000	
	Infill diamond drill program	Diamond drill program(s) totalling 5,000 m for deep deposit zone testing, inter-mineralized zone exploratory drilling and infill drilling toward resource estimation(s).	\$1,250,000	
	Exploratory diamond drill program	Diamond drill program(s) totalling 2,500 m to drill test new exploratory targets defined during Phase 1.	\$625,000	
	Metallurgical studies	Met work to increase confidence in on-site environmental controls, water management, infrastructure design and devising potential capital and operating costs.	\$75,000	
	Environmental studies and consultation	Initiate environmental studies and Indigenous and community consultation.	\$150,000	
	Technical Reports	Technical Report(s) that could include: Qualified Person site inspections, mineral resource/reserve estimation(s), and economic evaluations.	\$250,000	\$2,500,000
Sub-total (Phase 1 and Phase 2)				\$3,105,000
Contingency (10%)				\$310,500
Total estimated exploration work cost				\$3,415,500

* Phase 2 is dependent upon the results of the recommended Phase 1 work program

EXEMPTIONS

Avalon has not received any discretionary exemptions from any securities regulator or securities regulatory authority within the 12 months preceding the date of this Listing Application.

FINANCIAL STATEMENT DISCLOSURE FOR ISSUERS

The following financial disclosure is attached as schedules to this Listing Statement and forms part of this Listing Application:

1. Audited financial statements for Avalon for the unaudited interim financial statements for the three months ended November 30, 2020, the fiscal year ended August 31, 2020 with the comparable period ended August 31, 2019, and the fiscal year ended August 31, 2019 with the comparable period ended August 31, 2018;
2. Management Discussion and Analysis for Avalon for the three months ended November 30, 2020 and the fiscal year ended August 31, 2020; and
3. Unaudited pro forma financial statements for the Resulting Issuer as of November 30, 2020.

SIGNIFICANT ACQUISITIONS

None of the Transactions constitute a "significant acquisition" within the meaning of that term under Item 35 of Form 44-101F1.

SCHEDULE “A” - FINANCIAL STATEMENTS OF AVALON

Audited financial statements for Avalon for the unaudited interim financial statements for the three months ended November 30, 2020, the fiscal year ended August 31, 2020 with the comparable period ended August 31, 2019, and the fiscal year ended August 31, 2019 with the comparable period ended August 31, 2018 are attached to this Listing Application.

AVALON WORKS CORP.

Interim Financial Statements (unaudited)

**For the period of three months ended November 2020 and 2019
(in Canadian dollars)**

<u>Content</u>	<u>Page</u>
Management's Responsibility for the interim Financial Reporting	2
Interim Financial Statements	
Interim Statements of financial position	3
Interim Statements of loss and comprehensive loss	4
Interim Statements of changes in shareholders' equity	5
Interim Statements of cash flows	6
Notes to the interim financial statements	7 - 17

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying unaudited interim financial statements ("financial statements") of Avalon Works Corp. have been prepared by and are the responsibility of management and Board of Directors for all financial statement information and reporting are the responsibility of the management and Board of Directors. The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the financial statement notes. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are compliant with *IAS 34 - Interim Financial Reporting* as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Regards,
Avalon Works Corp.

Michael Clemann
Chief Executive Officer

Ottawa, ON
January 8, 2021

AVALON WORKS CORP.
Interim Statements of financial position
(Unaudited – Prepared by management)
(in Canadian dollars)

	Notes	November 30, 2020	August 31, 2020
		\$	\$
Assets			
Current			
Cash		29,364	247
Other receivables		-	-
Total assets		29,364	247
Liabilities			
Current			
Accounts payable and accrued liabilities		418	232,854
Convertible debentures	7	44,532	-
Total liabilities		44,950	232,854
Shareholders' equity			
Share capital	10	410,388	206,000
Contributed Surplus		14,400	14,400
Conversion option, Convertible debentures		31,413	-
Deficit		(471,787)	(453,007)
Total shareholders' equity		(15,586)	(232,607)
Total liabilities and shareholders' equity		29,364	247

Approved and authorized by the Board of Directors on January 8, 2021

/s/ Michael Clemann
Director and CEO/CFO

The accompanying notes are an integral part of the interim financial statements.

AVALON WORKS CORP.**Interim Statements of loss and comprehensive loss****For the three months ended November 30,****(Unaudited – Prepared by Management)****(in Canadian dollars)**

	Notes	2020	2019
		\$	\$
Expenses			
Professional fees		8,674	8,750
Consulting fees		7,600	-
Trustee and registration fees		1,368	1,187
Debenture interest		945	-
Bank charges		193	30
		18,780	9,967
Net loss and comprehensive loss for the period		(18,780)	(9,967)
Basic and diluted loss per share	8	0.002	0.002
Weighted average number of common shares outstanding		8,385,172	4,297,422

The accompanying notes are an integral part of the interim financial statements.

AVALON WORKS CORP.

Interim Statements of changes in shareholders' equity
For the three months ended November 30, 2020 and 2019
(Unaudited – Prepared by Management
(in Canadian dollars)

	Notes	Common Share	Amount	Contributed Surplus	Conversion option Convertible debentures	Deficit	Equity
			\$	\$	\$	\$	\$
Balance, September 1, 2019 (*)		4,297,422	206,000	-	-	(369,954)	(163,954)
New shares issued		-	-	-	-	-	-
Net loss for the period		-	-	-	-	(9,967)	(9,967)
Balance, November 30, 2019 (*)		4,297,422	206,000	-	-	(379,921)	(173,921)
Balance, September 1, 2020		4,297,422	206,000	14,400	-	(453,007)	(232,607)
Shares issued pursuant to conversion of payables		4,087,750	204,388	-	-	-	204,388
Conversion option Convertible debenture		-	-	-	31,413	-	31,413
Net loss for the period		-	-	-	-	(18,780)	(18,780)
Balance, November 30, 2020		8,385,172	410,388	14,400	31,413	(471,787)	(15,586)

(*) After consolidation of shares 100:1

The accompanying notes are an integral part of the interim financial statements.

AVALON WORKS CORP.**Interim Statements of cash flows****For the three months ended November 30, 2020 and 2019****(Unaudited – Prepared by management)****(in Canadian dollars)**

	Notes	2020	2019
		\$	\$
Operating activities			
Net loss and comprehensive loss for the year		(18,780)	(9,967)
Net changes in non-cash working capital items			
Other receivables		-	7,025
Accounts payable and accrued liabilities		(27,103)	(2,460)
Net operating cash flows		(45,883)	(5,402)
Financing activities			
Proceeds from convertible debentures issued	7	75,000	-
Net financing cash flows		75,000	-
Net change in cash		29,117	(5,402)
Cash, beginning of year		247	35,622
Cash, end of period		29,364	30,220

The accompanying notes are an integral part of the interim financial statements.

AVALON WORKS CORP.
Notes to interim financial statements
November 30, 2020 and 2019
(Unaudited – Prepared by management)
(in Canadian dollars)

1. Incorporation and nature of operations

Avalon Works Corp. (the “Company”) was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company terminated its operations in 2007. On July 31, 2009, the Company's Securities were delisted from the TSX Venture Exchange. The Company obtained its certificate of revival on November 9, 2018 and the revocation of cease trade orders (CTO) on September 24, 2019. The Company's securities are listed under symbol AWB. The address of the Company's registered office is 237 Argyle Avenue, suite 100, Ottawa, Ontario, K2P 1B8.

Avalon Works Corp. is deemed to hold no value as it is solely used as a shell company to allow prospective investors to enter into a go public transaction.

2. Statement of compliance

These interim financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”).

These interim financial statements of the Company were approved and authorized for issue by the Board of Directors on January 8, 2021.

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

3. Going concern assumption

These interim financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at November 30, 2020, the Company has a working capital deficiency of \$15,586 and a deficit of \$471,787 (working capital deficiency of \$232,607 and a deficit of \$453,007 as at August 31, 2020).

The Company has ceased active operations. The Company's ability to continue as a going concern is in substantial doubt and dependent on its ability to achieve profitable operations in the future from new business ventures, on its ability to obtain additional capital and on the continued support of its shareholders and/or any lenders. The outcome of these matters cannot be predicted at this time. Any possible business or asset purchase transactions may be subject to required regulatory, legal, securities, board and shareholder approvals, the completion of which is uncertain. These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

4. Judgements, estimates and assumptions

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

While management believes that these estimates and judgments are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying results or amounts of assets and liabilities are as follows:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise additional financing which will allow for settlement of debt and to have future operations involves significant judgment based on experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 3 for more information.

- Recovery of deferred tax assets

The measurement of taxes payable and deferred tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements. To date, management has not recognized any deferred tax assets.

- Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has to perform estimates as to the volatility of its own shares, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes model.

5. Significant accounting policies

The Company's principal accounting policies are outlined below and have been applied consistently to all periods presented.

(a) Equity

i) Share capital

Share capital represents the amount received on the issue of shares less issuance costs.

(b) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash that are readily available or convertible to amounts of cash and held with Canadian financial institutions which is subject to insignificant risk of changes in value.

5. Significant accounting policies (continued)

(e) Classification of financial instruments

Following the initial adoption of IFRS 9 on September 1, 2018, the Company updated its accounting policy as follows:

(i) Recognition and initial measurement

The Company initially recognizes a financial asset or a financial liability on the date it becomes a party to the contractual provisions of the instrument. Except for trade receivables that do not contain a significant financing component, a financial asset or financial liability is initially measured at fair value. If a financial asset or financial liability is not subsequently recognized at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are initially recognized at their transaction price.

(ii) Classification and subsequent measurement – Non-derivative financial assets

On initial recognition, the Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are reclassified subsequently to their initial recognition when, and only when, the Company changes its business model for managing financial assets.

Financial assets measured at amortized cost

The Company classifies cash and cash equivalents as well as other receivables as financial assets measured at amortized cost. A financial asset is subsequently measured at amortized cost using the effective interest method, less impairment losses, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Upon derecognition, all gains or losses are also recognized in profit or loss.

(iii) Classification and subsequent measurement – Non-derivative financial liabilities

Financial liabilities measured at amortized cost

The Company currently classifies accounts payables and accrued liabilities as financial liabilities measured at amortized cost. A financial liability is subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Upon derecognition, all gains or losses are also recognized in profit or loss.

5. Significant accounting policies (continued)

(iv) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred or in a transaction where the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any rights and obligations created or retained in the transfer by the Company are recognized as separate assets or liabilities.

Financial liabilities

The Company derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or expires.

The Company also derecognizes a financial liability when there is a substantial modification of the terms of an existing financial liability or a part of it. In this situation, a new financial liability under the new terms is recognized at fair value, and the difference between the carrying amount of the financial liability or a part of the financial liability extinguished and the new financial liability under the new terms is recognized in profit or loss.

(v) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost or fair value through other comprehensive income. The Company uses a matrix to determine the lifetime expected credit losses for other receivables.

The Company uses historical patterns for the probability of default, the timing of collection and the amount of the incurred credit loss, which is adjusted based on management's judgment about whether current economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

The amount of the impairment loss on a financial asset measured at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and applied against other receivables through a loss allowance account.

(f) *Share-based payments*

The Company offers a share option plan for its eligible directors, employees and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based compensation are measured at their fair value. Where employees are rewarded using share-based compensation, the fair value of the services rendered by the employees is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is evaluated at the attribution date.

5. Significant accounting policies (continued)

(f) Share-based payments (continued)

All equity-settled share-based compensation are ultimately recognized as an expense in net income or capitalized as an asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity.

If vesting period or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are credited to share capital.

The share-based compensation is recorded at their fair value determined by the Black-Scholes model.

6. Adoption of new and amended standards and interpretations

Changes in accounting policies

IFRS 2 – Share-based payment

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The retrospective application of these amendments had no impact on the Company's profit or loss or financial position.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in October 2017. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortized cost or at fair value through other comprehensive income when eligibility conditions are met.

IFRIC 23 Uncertainty Over Income Tax Treatments

This new Interpretation was issued by the IASB in June 2017. The Interpretation requires that: an entity determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty; an entity considers whether it is probable that a taxation authority will accept an uncertain tax treatment; and if an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, it must reflect the effect of uncertainty by using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty.

6. Adoption of new and amended standards and interpretations (continued)

Future changes in accounting policies

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the applied pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. The Company is currently analyzing the possible impact of these standards on its financial statements.

IFRS 3 – Business Combinations

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board in October 2018. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are applicable to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Earlier application is permitted.

IAS 1 - Presentation of Financial Statements

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

IFRS 9 Financial Instruments

The standard IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the IASB in May 2020. The standard IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the IASB in May 2020. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

7. Convertible Debentures

In November 2020, the Company completed a private placement by convertible debenture in the amount of \$75,000 bearing interest at 10% with a maturity date of August 31, 2021.

AVALON WORKS CORP.
Notes to interim financial statements
November 30, 2020 and 2019
(Unaudited – Prepared by management)
(in Canadian dollars)

8. Loss per common share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period, plus the effects of dilutive common share equivalents such as warrants and stock options.

Diluted net loss per share is calculated using the treasury method, where the exercise of warrants and options is assumed to be at the beginning of the period and the proceeds from the exercise of warrants and options and the amount of compensation expense measured, but not yet recognized in loss are assumed to be used to purchase common shares of the Corporation at the average market price during the period.

Basic and diluted loss per common share

The following table sets forth the computation of basic and diluted loss per share:

	2020	2019
	\$	\$
Loss for the period	(18,780)	(9,967)
Weighted average number of common shares - basic and diluted	8,385,172	4,297,422
Loss per share – basic and diluted	0.002	0.002

9. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of voting shares without nominal or par value.

As at November 30, 2020, no dividends were declared or unpaid.

(b) Issued and outstanding

8,385,172 common shares as at November 30, 2020 (4,297,422 as at August 31, 2019).

During the period ended November 30, 2020, the following share transactions occurred:

- i) On September 1, 2020, the Company issued 4,087,750 shares in payment of invoices in the amount of \$ 204,387.50 including an amount due to a related party of \$146,900.

AVALON WORKS CORP.
Notes to interim financial statements
November 30, 2020 and 2019
(Unaudited – Prepared by management)
(in Canadian dollars)

9. Share capital (continued)

During the year ended August 31, 2020, the following share transactions occurred:

- ii) On August 4, 2020, the Company proceeded to the consolidation of its shares at rate of 100: 1 share.

10. Share-based payments

The Company adopted an employee stock incentive plan on March 31, 2000. The Company is permitted to issue options to a limit of 20% of the issued and outstanding common shares. At year end, 20% of the issued and outstanding common shares totals 859,484 common shares under the stock plan. The Board of Directors is authorized to grant from time-to-time options to purchase common shares and to determine the beneficiary of these grants among the Company's directors, officers, employees, executives and service providers on a continuous basis, as well as determine the number of common shares affected by each option, the vesting date, the exercise price and the expiration date for each option and any other related matter. 450,000 options are outstanding as at November 30, 2020.

Date	Transaction	Number of options	Weighted Average Exercise Price	Remaining Contractual term in years	Fair Value in dollars	Volatility	Risk-free rate	Vesting Term
Balance August 1, 2019		-	-	-				
August 5, 2020	Grant	450,000	\$0.10	5	\$14,400	100%	0.25%	5 years
Balance November 30, 2020		450,000	\$0.10	5				

The weighted average price at time of grant of stock options was \$0.05 per share.

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
450,000	450,000	\$0.10	August 5, 2025

AVALON WORKS CORP.
Notes to interim financial statements
November 30, 2020 and 2019
(Unaudited – Prepared by management)
(in Canadian dollars)

11. Related party disclosures

Company's key management personnel are member of the board of directors. The transactions were provided on terms equivalent to those that prevail in arm's length transaction.

	2020	2019
	\$	\$
Key management transactions:		
Consulting fees	7,600	-
Amount due to related parties:		
Accounts payable to a company related to the director of the Company	-	146,900

12. Financial instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Fair value measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at November 30, 2020, the Company believes that the carrying values of cash, other receivable, and accounts payables and accrued liabilities approximate its fair value because of their nature and relatively short maturity dates or durations.

(b) Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and accounts receivable. The Company limits its exposure to credit risk by holding its cash with high credit quality Canadian financial institutions and other receivables are credit notes from a supplier in 2020.

12. Financial instruments (continued)

(c) *Liquidity risk*

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at November 30, 2020, the Company had a cash balance of \$29,364 to settle current liabilities of \$44,950. Accounts payable and accrued liabilities are due within less than 90 days. The Company is exposed to significant liquidity risk.

13. Capital management disclosures

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital and deficit. The Company's objectives when managing capital are to: (i) preserve capital; (ii) obtain the best available net return; and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. There were no changes to the Company's approach to capital management during the periods ended November 30, 2020 and 2019.

The Company is not subject to externally imposed capital requirements.

14. Contingencies

The Company does not have a directors and officers insurance policy to reduce the various risks inherent to the Company's activities.

15. Events after the reporting year

none

AVALON WORKS CORP.

Financial Statements For the years ended August 31, 2019 and 2018 (in Canadian dollars)

<u>Content</u>	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of financial position	4
Statements of loss and comprehensive loss	5
Statements of changes in shareholders' equity	6
Statements of cash flows	7
Notes to financial statements	8 - 21



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Avalon Works Corp.

Opinion

We have audited the financial statements of Avalon Works Corp. (the Company), which comprise the statement of financial position as at August 31, 2019, and the statement of loss and comprehensive loss, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of Avalon Works Corp. for the year ended August 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on January 25, 2019.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis for the year ended August 31, 2019 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's ***Responsibilities for the Audit of the Financial Statements (continued)***

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Luc Dubé, CPA auditor, CA.

Brunet Roy Dubé, CPA S.E.N.C.R.L.¹

Montreal,
January 22, 2020

¹by CPA auditor, CA, public accountancy permit No. A115197

AVALON WORKS CORP.
Statements of financial position
As at August 31
(In Canadian dollars)

	Notes	2019	2018
		\$	\$
Assets			
Current			
Cash and cash equivalents	7	35,622	-
Other receivables		9,269	-
Total assets		44,891	-
Liabilities			
Current			
Accounts payable and accrued liabilities		208,845	204,388
Total liabilities		208,845	204,388
Shareholders' equity			
Share capital	11	206,000	1,000
Deficit		(369,954)	(205,388)
Total shareholders' equity		(163,954)	(204,388)
Total liabilities and shareholders' equity		44,891	-

Approved on behalf of the Board:



Michael Clemann

CEO

AVALON WORKS CORP.
Statements of loss and comprehensive loss
Years ended August 31
(in Canadian dollars)

	Notes	2019	2018
		\$	\$
Expenses			
Management fees		-	159,188
Professional fees		56,141	-
Trustee and registration fees		108,106	-
Bank charges		319	-
		164,566	159,188
Net loss and comprehensive loss for the year		(164,566)	(159,188)
Basic and diluted loss per share	10	0.001	0.008
Weighted average number of common shares outstanding		159,906,584	19,742,200

AVALON WORKS CORP.

Statements of changes in shareholders' equity
Years ended August 31
(in Canadian dollars)

	Notes	Issued share capital		Deficit	Total equity
		Common shares	Amount		
			\$	\$	\$
Balance, September 1, 2018		19,742,200	1,000	(205,388)	(204,388)
Private placements	11	410,000,000	205,000	-	205,000
Net loss for the year		-	-	(164,566)	(164,566)
Balance, August 31, 2019		429,742,200	206,000	(369,954)	(163,954)
Balance, September 1, 2017		19,742,200	1,000	(46,200)	(45,200)
Net loss for the year		-	-	(159,188)	(159,188)
Balance, August 31, 2018		19,742,200	1,000	(205,388)	(204,388)

AVALON WORKS CORP.
Statements of cash flows
Years ended August 31
(in Canadian dollars)

		2019	2018
		\$	\$
Operating activities			
Net loss and comprehensive loss for the year		(164,566)	(159,188)
Net changes in non-cash working capital items			
Other receivables		(9,269)	-
Accounts payable and accrued liabilities		4,457	159,188
Net operating cash flows		(169,378)	-
Financing activities			
Short term loans	8	125,000	-
Private placements		80,000	-
Net financing cash flows		205,000	-
Net change in cash and cash equivalents		35,622	-
Cash and cash equivalents, beginning of year		-	-
Cash and cash equivalents, end of year	7	35,622	-

Cash and cash equivalents consist of cash.

Non-cash transactions include the issue of shares related to the reimbursement of short-term loans for a total amount of \$125,000 (Notes 8 and 11).

AVALON WORKS CORP.
Notes to financial statements
August 31, 2019 and 2018
(in Canadian dollars)

1. Incorporation and nature of operations

Avalon Works Corp. (the "Company") was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company terminated its operations in 2007. On July 31, 2009, the Company's Securities were delisted from the TSX Venture Exchange. The Company obtained its certificate of revival on November 9, 2018 and the revocation of cease trade orders (CTO) on September 24, 2019. The Company's securities are listed under symbol AWB. The address of the Company's registered office is 237 Argyle Avenue, suite 100, Ottawa, Ontario K2P 1B8.

Avalon Works Corp. is deemed to hold no value as it is solely used as a shell company to allow prospective investors to enter into a go public transaction.

2. Statement of compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

The financial statements of the Company were approved and authorized for issue by the Board of Directors on January 22, 2020.

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

3. Going concern assumption

These financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at August 31, 2019, the Company has a working capital deficiency of \$163,954, and a deficit of \$369,954 (working capital deficiency of \$204,388 and a deficit of \$205,388 as at August 31, 2018).

The Company's ability to continue its operations is dependent upon its ability to raise additional financing which will allow for settlement of debt and to have future operations. Even if the Company has been successful in the past in doing so, there is no guarantee that it will manage to obtain additional financing in the future. These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate

4. Judgements, estimates and assumptions

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

While management believes that these estimates and judgments are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying results or amounts of assets and liabilities are as follows:

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise additional financing which will allow for settlement of debt and to have future operations involves significant judgement based on experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 3 for more information.

- Recovery of deferred tax assets

The measurement of taxes payable and deferred tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements. To date, management has not recognized any deferred tax assets.

- Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has to perform estimates as to the volatility of its own shares, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes model.

5. Significant accounting policies

The Company's principal accounting policies are outlined below and have been applied consistently to all periods presented.

(a) Equity

i) Share capital

Share capital represents the amount received on the issue of shares less issuance costs.

(b) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash that are readily available or convertible to amounts of cash and held with Canadian financial institutions which is subject to insignificant risk of changes in value.

5. Significant accounting policies (continued)

(e) Classification of financial instruments

Following the initial adoption of IFRS 9 as described in Note 6, the Company updated its accounting policy as follows:

(i) Recognition and initial measurement

The Company initially recognizes a financial asset or a financial liability on the date it becomes a party to the contractual provisions of the instrument. Except for trade receivables that do not contain a significant financing component, a financial asset or financial liability is initially measured at fair value. If a financial asset or financial liability is not subsequently recognized at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are initially recognized at their transaction price.

(ii) Classification and subsequent measurement – Non-derivative financial assets

On initial recognition, the Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are reclassified subsequently to their initial recognition when, and only when, the Company changes its business model for managing financial assets.

Financial assets measured at amortized cost

The Company classifies cash and cash equivalents as well as other receivables as financial assets measured at amortized cost. A financial asset is subsequently measured at amortized cost using the effective interest method, less impairment losses, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Upon derecognition, all gains or losses are also recognized in profit or loss.

(iii) Classification and subsequent measurement – Non-derivative financial liabilities

Financial liabilities measured at amortized cost

The Company currently classifies accounts payables and accrued liabilities as financial liabilities measured at amortized cost. A financial liability is subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Upon derecognition, all gains or losses are also recognized in profit or loss.

5. Significant accounting policies (continued)

(iv) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred or in a transaction where the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any rights and obligations created or retained in the transfer by the Company are recognized as separate assets or liabilities.

Financial liabilities

The Company derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or expires.

The Company also derecognizes a financial liability when there is a substantial modification of the terms of an existing financial liability or a part of it. In this situation, a new financial liability under the new terms is recognized at fair value, and the difference between the carrying amount of the financial liability or a part of the financial liability extinguished and the new financial liability under the new terms is recognized in profit or loss.

(v) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost or fair value through other comprehensive income. The Company uses a matrix to determine the lifetime expected credit losses for trade receivables.

The amount of the impairment loss on a financial asset measured at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss, and applied against trade and other receivables through a loss allowance account.

5. Significant accounting policies (continued)

(f) Share-based payments

The Company offers a share option plan for its eligible directors, employees and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based compensation are measured at their fair value. Where employees are rewarded using share-based compensation, the fair value of the services rendered by the employees is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is evaluated at the attribution date.

All equity-settled share-based compensation are ultimately recognized as an expense in net income or capitalized as an asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity.

If vesting period or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are credited to share capital.

The share-based compensation is recorded at their fair value determined by the Black-Scholes model.

6. Adoption of new and amended standards and interpretations

Changes in accounting policies

IFRS 2 – Share-based payment

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The retrospective application of these amendments had no impact on the Company's profit or loss or financial position.

6. Adoption of new and amended standards and interpretations (continued)

IFRS 9 – Financial Instruments

The Company adopted IFRS 9 Financial Instruments as at September 1, 2018. The standard sets out new requirements for the classification and measurement of financial assets and liabilities. It provides a new hedging model that broadens the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39 Financial Instruments: Recognition and Measurement. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The standard also amends the impairment model by applying a new “expected credit loss” impairment model.

The key changes to the Company’s significant accounting policies resulting from the adoption of IFRS 9 are summarized below and detailed in Note 5 e).

(i) Classification of financial assets and financial liabilities

Under IFRS 9, the Company must classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification is based on both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 eliminates the “held to maturity”, “loans and receivables” and “available for sale” categories that existed under IAS 39. In addition, when a hybrid contract contains a host that is an asset within the scope of this standard, the entity must apply the classification of the financial asset to the entire hybrid contract. The adoption of IFRS 9 had no material effect on the Company’s significant accounting policies for financial liabilities.

(ii) Impairment

IFRS 9 replaces the “incurred credit loss” model in IAS 39 with an “expected credit loss” model. The new impairment model applies to financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, but not to equity instruments. Under IFRS 9, credit losses are accounted for earlier than under IAS 39.

(iii) Transition

The changes to the significant accounting policies resulting from the adoption of IFRS 9 were applied retrospectively.

6. Adoption of new and amended standards and interpretations (continued)

(iv) Classification and measurement of financial assets and financial liabilities

The following table summarizes the changes in classification and measurement of the Company's financial assets and financial liabilities following the adoption of IFRS 9 as at September 1, 2018.

Financial assets/liabilities	Classification in accordance with IAS 39	Classification in accordance with IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Accounts payables and accrued liabilities	Other liabilities	Amortized cost

The adoption of IFRS 9 did not result in adjustments to the measurement of financial assets and financial liabilities. Only the classification was changed, the book values remained the same.

Future changes in accounting policies

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the applied pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. The Company is currently analyzing the possible impact of these standards on its financial statements.

IFRS 3 – Business Combinations

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board in October 2018. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are applicable to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Earlier application is permitted.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in October 2017. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortized cost or at fair value through other comprehensive income when eligibility conditions are met. The amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

6. Adoption of new and amended standards and interpretations (continued)

IFRS 16 - Leases

This new standard, issued by the International Accounting Standards Board in January 2016, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

IFRS 23 – Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC 23, Uncertainty tax treatments, prepared by the IFRS Interpretations Committee to clarify the accounting for uncertainties over income tax treatments.

The interpretation applies to the determination of taxable income (tax loss), tax values, unused tax losses, unused tax credits and tax rates when there is doubt as to income tax treatments to be used in accordance with IAS 12. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

7. Cash and cash equivalents

As at August 31, 2019, the cash includes an amount of \$6,837 held in trust with the Company's legal counsel and is available on demand.

8. Loans

The Company contracted three loans of \$25,000 each and one loan of \$50,000, non-interest bearing and payable in one year from the date of the loan's agreements. One of the \$25,000 loan is from a related party, as the Lender is a company owned by a key management personnel. During the year, the loans were repaid in exchange of shares.

AVALON WORKS CORP.
Notes to financial statements
August 31, 2019 and 2018
(in Canadian dollars)

9. Income and deferred taxes

Income tax recovery differs from the amount that would be computed by applying the Canadian statutory income tax rate of 11% to income before income taxes. The reasons for the differences are as follows:

	2019	2018
	\$	\$
Loss before income taxes	(164,566)	(159,188)
Statutory income tax rate	27%	27%
Expected income tax recovery	44,433	42,981
Unrecognized benefit of deferred tax assets	(44,433)	(42,981)
Deferred tax recovery	-	-

Temporary differences that give rise to the net deferred tax asset, which is not recognized on the Company's statement of financial position, as of August 31, 2019 and 2018 are due to non-capital losses available for carry forward against future taxable income that expire as follows:

	Federal	Provincial
	\$	\$
2026	520,620	520,620
2027	297,308	298,887
2028	453,354	454,574
2029	106,049	106,049
2036	22,600	22,600
2037	22,600	22,600
2038	159,188	159,188
2039	164,566	164,566
	1,746,285	1,749,084

10. Loss per common share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period, plus the effects of dilutive common share equivalents such as warrants and stock options.

Diluted net loss per share is calculated using the treasury method, where the exercise of warrants and options is assumed to be at the beginning of the period and the proceeds from the exercise of warrants and options and the amount of compensation expense measured, but not yet recognized in loss are assumed to be used to purchase common shares of the Corporation at the average market price during the period.

AVALON WORKS CORP.
Notes to financial statements
August 31, 2019 and 2018
(in Canadian dollars)

10. Loss per common share (continued)

Basic and diluted loss per common share

The following table sets forth the computation of basic and diluted loss per share:

	2019	2018
	\$	\$
Loss for the year	(164,566)	(159,188)
Weighted average number of common shares - basic and diluted	159,906,584	19,742,200
Loss per share – basic and diluted	0.001	0.008

11. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of voting shares without nominal or par value.

As at August 31, 2019, no dividends were declared or unpaid.

(b) Issued and outstanding

	Number of shares	Amount \$
Balance, August 31, 2017 and 2018	19,742,200	1,000
Private placements (i, ii)	410,000,000	205,000
Balance, August 31, 2019	429,742,200	206,000

During the year ended August 31, 2019, the following share transactions occurred:

- i) In March 2019, the Company closed a non-brokered private placement and issued 250,000,000 shares at a price of \$0.0005 per share for a total amount of \$125,000.
- ii) In June 2019, the Company closed a non-brokered private placement and issued 160,000,000 shares at a price of \$0.0005 per share for a total amount of \$80,000.

AVALON WORKS CORP.
Notes to financial statements
August 31, 2019 and 2018
(in Canadian dollars)

12. Share-based payments

The Company adopted an employee stock incentive plan on March 31, 2000. The Company is permitted to issue options to a limit of 20% of the issued and outstanding common shares. At year end, 20% of the issued and outstanding common shares totals 85,948,440 common shares under the stock plan. The Board of Directors is authorized to grant from time to time options to purchase common shares and to determine the beneficiary of these grants among the Company's directors, officers, employees, executives and service providers on a continuous basis, as well as determine the number of common shares affected by each option, the vesting date, the exercise price and the expiration date for each option and any other related matter. No options are outstanding as at August 31, 2019 and 2018.

13. Related party disclosures

Company's key management personnel are member of the board of directors. The transactions were provided on terms equivalent to those that prevail in arm's length transactions.

	2019	2018
	\$	\$
Key management transactions:		
Management fees to a company related to the director of the Company	-	101,700

	2019	2018
	\$	\$
Amount due to related parties:		
Accounts payable to a company related to the director of the Company	146,900	146,900

In November 2018, the Company contracted a loan of \$25,000 from a related party, as the Lender is a company owned by a director of the Company. During the year, the loan was repaid in exchange of shares.

14. Financial instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Fair value measurements

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at August 31, 2019, the Company believes that the carrying values of cash and cash equivalents, other receivable, and accounts payables and accrued liabilities approximates its fair value because of their nature and relatively short maturity dates or durations.

(b) Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and accounts receivable. The Company limits its exposure to credit risk by holding its cash with high credit quality Canadian financial institutions and other receivables are credit notes from a supplier.

(c) Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at August 31, 2019, the Company had a cash balance of \$35,622 to settle current liabilities of \$208,845. Accounts payable and accrued liabilities are due within less than 90 days. The Company is exposed to significant liquidity risk.

15. Capital management disclosures

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital and deficit. The Company's objectives when managing capital are to: (i) preserve capital; (ii) obtain the best available net return; and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. There were no changes to the Company's approach to capital management during the year ended August 31, 2019.

The Company is not subject to externally imposed capital requirements.

16. Contingencies

The Company does not have a directors and officers insurance policy to reduce the various risks inherent to the Company's activities.

17. Events after the reporting period

On December 19, 2019, the Company proceeded to a reverse stock split of the total issued and outstanding common shares on a basis of one (1) new common share of the Company for a hundred (100) existing common shares of the Company in order to represent 4,297,422 common shares of the capital stock of the Company.

AVALON WORKS CORP.

Financial Statements For the years ended August 2020 and 2019 (in Canadian dollars)

<u>Content</u>	<u>Page</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of financial position	4
Statements of loss and comprehensive loss	5
Statements of changes in shareholders' equity	6
Statements of cash flows	7
Notes to financial statements	8 - 21



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Avalon Works Corp.

Opinion

We have audited the financial statements of Avalon Works Corp. (the Company), which comprise the statements of financial position as at August 31, 2020 and 2019, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Luc Dubé, CPA auditor, CA.

Brunet Roy Dubé, CPA S.E.N.C.R.L.¹

Montreal,
December 18, 2020

¹by CPA auditor, CA, public accountancy permit No. A115197

AVALON WORKS CORP.
Statements of financial position
As at August 31
(in Canadian dollars)

	Notes	2020	2019
		\$	\$
Assets			
Current			
Cash and cash equivalents	7	247	35,622
Other receivables		-	9,269
Total assets		247	44,891
Liabilities			
Current			
Accounts payable and accrued liabilities		232,854	208,845
Total liabilities		232,854	208,845
Shareholders' equity			
Share capital	11	206,000	206,000
Contributed Surplus		14,400	-
Deficit		(453,007)	(369,954)
Total shareholders' equity		(232,607)	(163,954)
Total liabilities and shareholders' equity		247	44,891

Approved and authorized by the Board of Directors on December 18, 2020

/s/ Michael Clemann
Director and CEO/CFO

The accompanying notes are an integral part of the financial statements

AVALON WORKS CORP.**Statements of loss and comprehensive loss****Years ended August 31****(in Canadian dollars)**

	Notes	2020	2019
		\$	\$
Expenses			
Professional fees		34,409	56,141
Consulting fees		15,000	-
Trustee and registration fees		18,696	108,106
Business development expenses		264	-
Share-based compensation		14,400	-
Bank charges		284	319
		83,053	164,566
Net loss and comprehensive loss for the year		(83,053)	(164,566)
Basic and diluted loss per share	10	0.019	0.103
Weighted average number of common shares outstanding		4,297,422	1,599,066

The accompanying notes are an integral part of the financial statements

AVALON WORKS CORP.**Statements of changes in shareholders' equity****Years ended August 31, 2020 and 2019****(in Canadian dollars)**

	Notes	Common Share	Amount	Contributed Surplus	Deficit	Equity
			\$	\$	\$	\$
Balance, September 1, 2018		19,742,200	1,000	-	(205,388)	(204,388)
New shares issued	11	410,000,000	205,000	-	-	205,000
Net loss for the year		-	-	-	(164,566)	(164,566)
Balance, August 31, 2019		429,742,200	206,000	-	(369,954)	(163,954)
Balance, September 1, 2019		429,742,200	206,000	-	(369,954)	(163,954)
Share-based compensation		-	-	14,400	-	14,400
Net loss for the year		-	-	-	(83,053)	(83,053)
Consolidation of shares 100:1	11	(425,444,778)	-	-	-	-
Balance, August 31, 2020		4,297,422	206,000	14,400	(453,007)	(232,607)

The accompanying notes are an integral part of the financial statements

AVALON WORKS CORP.
Statements of cash flows
Years ended August 31
(in Canadian dollars)

	Notes	2020	2019
		\$	\$
Operating activities			
Net loss and comprehensive loss for the year		(83,053)	(164,566)
Net changes in non-cash working capital items			
Other receivables		9,269	(9,269)
Accounts payable and accrued liabilities		24,009	4,457
Share-based compensation		14,400	-
Net operating cash flows		(35,375)	(169,378)
Financing activities			
Short-term loans	8-11	-	125,000
Private placements	11	-	80,000
Net financing cash flows		-	205,000
Net change in cash and cash equivalents		(35,375)	35,622
Cash and cash equivalents, beginning of year		35,622	-
Cash and cash equivalents, end of year	7	247	35,622

Cash and cash equivalents consist of cash.

The accompanying notes are an integral part of the financial statements

1. Incorporation and nature of operations

Avalon Works Corp. (the "Company") was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company terminated its operations in 2007. On July 31, 2009, the Company's Securities were delisted from the TSX Venture Exchange. The Company obtained its certificate of revival on November 9, 2018 and the revocation of cease trade orders (CTO) on September 24, 2019. The Company's securities are listed under symbol AWB. The address of the Company's registered office is 237 Argyle Avenue, suite 100, Ottawa, Ontario, K2P 1B8.

Avalon Works Corp. is deemed to hold no value as it is solely used as a shell company to allow prospective investors to enter into a go public transaction.

2. Statement of compliance

These financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

These financial statements of the Company were approved and authorized for issue by the Board of Directors on December 18, 2020.

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

3. Going concern assumption

These financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at August 31, 2020, the Company has a working capital deficiency of \$232,607 and a deficit of \$453,007 (working capital deficiency of \$163,954 and a deficit of \$369,954 as at August 31, 2019).

The Company has ceased active operations. The Company's ability to continue as a going concern is in substantial doubt and dependent on its ability to achieve profitable operations in the future from new business ventures, on its ability to obtain additional capital and on the continued support of its shareholders and/or any lenders. The outcome of these matters cannot be predicted at this time. Any possible business or asset purchase transactions may be subject to required regulatory, legal, securities, board and shareholder approvals, the completion of which is uncertain. These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

4. Judgements, estimates and assumptions

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

While management believes that these estimates and judgments are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The key areas of judgment applied in the preparation of the financial statements that could result in a material adjustment to the carrying results or amounts of assets and liabilities are as follows:

- **Going concern**

The assessment of the Company's ability to continue as a going concern and to raise additional financing which will allow for settlement of debt and to have future operations involves significant judgement based on experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 3 for more information.

- **Recovery of deferred tax assets**

The measurement of taxes payable and deferred tax assets and liabilities requires management to make estimates in the interpretation and application of the relevant tax laws. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the financial statements. To date, management has not recognized any deferred tax assets.

- **Share-based payments**

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has to perform estimates as to the volatility of its own shares, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes model.

5. Significant accounting policies

The Company's principal accounting policies are outlined below and have been applied consistently to all periods presented.

(a) *Equity*

i) *Share capital*

Share capital represents the amount received on the issue of shares less issuance costs.

(b) *Income taxes*

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(c) *Loss per share*

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period.

(d) *Cash and cash equivalents*

Cash and cash equivalents consist of cash that are readily available or convertible to amounts of cash and held with Canadian financial institutions which is subject to insignificant risk of changes in value.

5. Significant accounting policies (continued)

(e) Classification of financial instruments

Following the initial adoption of IFRS 9 on September 1, 2018, the Company updated its accounting policy as follows:

(i) Recognition and initial measurement

The Company initially recognizes a financial asset or a financial liability on the date it becomes a party to the contractual provisions of the instrument. Except for trade receivables that do not contain a significant financing component, a financial asset or financial liability is initially measured at fair value. If a financial asset or financial liability is not subsequently recognized at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not contain a significant financing component are initially recognized at their transaction price.

(ii) Classification and subsequent measurement – Non-derivative financial assets

On initial recognition, the Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are reclassified subsequently to their initial recognition when, and only when, the Company changes its business model for managing financial assets.

Financial assets measured at amortized cost

The Company classifies cash and cash equivalents as well as other receivables as financial assets measured at amortized cost. A financial asset is subsequently measured at amortized cost using the effective interest method, less impairment losses, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Upon derecognition, all gains or losses are also recognized in profit or loss.

(iii) Classification and subsequent measurement – Non-derivative financial liabilities

Financial liabilities measured at amortized cost

The Company currently classifies accounts payables and accrued liabilities as financial liabilities measured at amortized cost. A financial liability is subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognized in profit or loss. Upon derecognition, all gains or losses are also recognized in profit or loss.

5. Significant accounting policies (continued)

(iv) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the Company transfers contractual rights to receive the cash flows of the financial asset in a transaction where substantially all the risks and rewards of ownership of the financial asset have been transferred or in a transaction where the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but does not retain control of the asset. Any rights and obligations created or retained in the transfer by the Company are recognized as separate assets or liabilities.

Financial liabilities

The Company derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or expires.

The Company also derecognizes a financial liability when there is a substantial modification of the terms of an existing financial liability or a part of it. In this situation, a new financial liability under the new terms is recognized at fair value, and the difference between the carrying amount of the financial liability or a part of the financial liability extinguished and the new financial liability under the new terms is recognized in profit or loss.

(v) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost or fair value through other comprehensive income. The Company uses a matrix to determine the lifetime expected credit losses for other receivables.

The Company uses historical patterns for the probability of default, the timing of collection and the amount of the incurred credit loss, which is adjusted based on management's judgment about whether current economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

The amount of the impairment loss on a financial asset measured at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and applied against other receivables through a loss allowance account.

(f) *Share-based payments*

The Company offers a share option plan for its eligible directors, employees and consultants. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based compensation are measured at their fair value. Where employees are rewarded using share-based compensation, the fair value of the services rendered by the employees is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is evaluated at the attribution date.

5. Significant accounting policies (continued)

(f) Share-based payments (continued)

All equity-settled share-based compensation are ultimately recognized as an expense in net income or capitalized as an asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity.

If vesting period or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are credited to share capital.

The share-based compensation is recorded at their fair value determined by the Black-Scholes model.

6. Adoption of new and amended standards and interpretations

Changes in accounting policies

IFRS 2 – Share-based payment

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The retrospective application of these amendments had no impact on the Company's profit or loss or financial position.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in October 2017. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation, may be measured at amortized cost or at fair value through other comprehensive income when eligibility conditions are met.

IFRIC 23 Uncertainty Over Income Tax Treatments

This new Interpretation was issued by the IASB in June 2017. The Interpretation requires that: an entity determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty; an entity considers whether it is probable that a taxation authority will accept an uncertain tax treatment; and if an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, it must reflect the effect of uncertainty by using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty.

6. Adoption of new and amended standards and interpretations (continued)

Future changes in accounting policies

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the applied pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. The Company is currently analyzing the possible impact of these standards on its financial statements.

IFRS 3 – Business Combinations

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board in October 2018. The amendments clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are applicable to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Earlier application is permitted.

IAS 1 - Presentation of Financial Statements

This standard has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in January 2020. The amendments clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

IFRS 9 Financial Instruments

The standard IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the IASB in May 2020. The standard IFRS 9 Financial Instruments has been revised to incorporate amendments issued by the IASB in May 2020. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

7. Cash and cash equivalents

As at August 31, 2019, the cash includes an amount of \$6,837 held in trust with the Company's legal counsel and is available on demand. None as at August 31, 2020.

AVALON WORKS CORP.
Notes to financial statements
August 31, 2020 and 2019
(in Canadian dollars)

8. Loans

In November and December 2018, The Company contracted three loans of \$25,000 each and one loan of \$50,000, non-interest bearing and payable in one year from the date of the loan's agreements. One of the \$25,000 loan is from a related party, as the Lender is a company owned by a key management personnel. The loans were repaid in exchange of shares before August 31, 2019.

9. Income and deferred taxes

Income tax recovery differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% to income before income taxes. The reasons for the differences are as follows:

	2020	2019
	\$	\$
Loss before income taxes	(83,053)	(164,566)
Statutory income tax rate	27%	27%
Expected income tax recovery	22,424	44,433
Unrecognized benefit of deferred tax assets	(22,424)	(44,433)
Deferred tax recovery	-	-

Temporary differences that give rise to the net deferred tax asset, which is not recognized on the Company's statement of financial position, as of August 31, 2020 and 2019 are due to non-capital losses available for carry forward against future taxable income that expire as follows:

	Federal	Provincial
	\$	\$
2026	520,620	520,620
2027	297,308	298,887
2028	453,354	454,574
2029	106,049	106,049
2036	22,600	22,600
2037	22,600	22,600
2038	159,188	159,188
2039	164,566	164,566
2040	83,053	83,053
	1,829,338	1,832,137

AVALON WORKS CORP.
Notes to financial statements
August 31, 2020 and 2019
(in Canadian dollars)

10. Loss per common share

Basic loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is calculated by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding during the period, plus the effects of dilutive common share equivalents such as warrants and stock options.

Diluted net loss per share is calculated using the treasury method, where the exercise of warrants and options is assumed to be at the beginning of the period and the proceeds from the exercise of warrants and options and the amount of compensation expense measured, but not yet recognized in loss are assumed to be used to purchase common shares of the Corporation at the average market price during the period.

Basic and diluted loss per common share

The following table sets forth the computation of basic and diluted loss per share:

	2020	2019
	\$	\$
Loss for the period	(83,053)	(164,566)
Weighted average number of common shares - basic and diluted	4,297,422	1,599,066
Loss per share – basic and diluted	0.019	0.103

11. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of voting shares without nominal or par value.

As at August 31, 2020, no dividends were declared or unpaid.

(b) Issued and outstanding

4,297,422 common shares as at August 31, 2020 (429,742,200 (before consolidation) common shares as at August 31, 2019).

During the year ended August 31, 2020, the following share transactions occurred:

- i) On August 4, 2020, the Company proceeded to the consolidation of its shares at rate of 100: 1 share.

AVALON WORKS CORP.
Notes to financial statements
August 31, 2020 and 2019
(in Canadian dollars)

11. Share capital (continued)

During the year ended August 31, 2019, the following share transactions occurred:

- ii) On March 2019, the Company closed a non-brokered private placement and issued 250,000,000 (before consolidation) shares at a price of \$0.0005 per share for a total amount of \$125,000.
- iii) On June 2019, the Company closed a non-brokered private placement and issued 160,000,000 (before consolidation) shares at a price of \$0.0005 per share for a total amount of \$80,000.

12. Share-based payments

The Company adopted an employee stock incentive plan on March 31, 2000. The Company is permitted to issue options to a limit of 20% of the issued and outstanding common shares. At year end, 20% of the issued and outstanding common shares totals 859,484 common shares under the stock plan. The Board of Directors is authorized to grant from time-to-time options to purchase common shares and to determine the beneficiary of these grants among the Company's directors, officers, employees, executives and service providers on a continuous basis, as well as determine the number of common shares affected by each option, the vesting date, the exercise price and the expiration date for each option and any other related matter. 450,000 options are outstanding as at August 31, 2020 (None for 2019).

Date	Transaction	Number of options	Weighted Average Exercise Price	Remaining Contractual term in years	Fair Value in dollars	Volatility	Risk-free rate	Vesting Term
Balance August 1, 2019		-	-	-				
August 5, 2020	Grant	450,000	\$0.10	5	\$14,400	100%	0.25%	5 years
Balance August 31, 2020		450,000	\$0.10	5				

The weighted average price at time of grant of stock options was \$0.05 per share.

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
450,000	450,000	\$0.10	August 5, 2025

AVALON WORKS CORP.
Notes to financial statements
August 31, 2020 and 2019
(in Canadian dollars)

13. Related party disclosures

Company's key management personnel are member of the board of directors. The transactions were provided on terms equivalent to those that prevail in arm's length transaction.

	2020	2019
	\$	\$
Key management transactions:		
Consulting fees	15 000	-
Share-based payment (450,000 options)	14,400	-
Amount due to related parties:		
Accounts payable to a company related to the director of the Company (see note 17)	161,900	146,900

On November 2018, the Company contracted a loan of \$25,000 from a related party as the lender is a company owned by a director of the Company. During the year ended August 31, 2019, the loan was repaid in exchange of shares.

On August 5, 2020, the Company granted 450,000 options to directors.

14. Financial instruments

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) *Fair value measurements*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at August 31, 2020, the Company believes that the carrying values of cash and cash equivalents, other receivable, and accounts payables and accrued liabilities approximate its fair value because of their nature and relatively short maturity dates or durations.

(b) *Credit risk*

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and accounts receivable. The Company limits its exposure to credit risk by holding its cash with high credit quality Canadian financial institutions and other receivables are credit notes from a supplier in 2019.

14. Financial instruments (continued)

(c) Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at August 31, 2020, the Company had a cash balance of \$247 to settle current liabilities of \$217,854. Accounts payable and accrued liabilities are due within less than 90 days. The Company is exposed to significant liquidity risk.

15. Capital management disclosures

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital and deficit. The Company's objectives when managing capital are to: (i) preserve capital; (ii) obtain the best available net return; and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. There were no changes to the Company's approach to capital management during the years ended August 31, 2020 and 2019.

The Company is not subject to externally imposed capital requirements.

16. Contingencies

The Company does not have a directors and officers insurance policy to reduce the various risks inherent to the Company's activities.

17. Events after the reporting year

On September 1, 2020, the Company issued 4,087,750 shares in payment of invoices in the amount of \$ 204,387.50 including an amount due to a related party of \$146,900 (see note 13)

In November 2020, the Company completed a private placement by convertible debenture in the amount of \$70,000 bearing interest at 10% with a maturity date of August 3.1, 2021.

On November 17, 2020, the Company has entered into an agreement to acquire Elmtree Gold project in Northeast N.B., \$150,000 bridge financing and minimum \$2,500,000 concurrent financing for the acquisition of two mineral exploration properties.

The Acquisition is anticipated to be completed by an amalgamation (the "Amalgamation") of a wholly owned subsidiary of Avalon ("Sub1"), which will acquire the Property, with another wholly-owned subsidiary of Avalon ("Sub2"), which will issue securities pursuant to Bridge Financing and Concurrent Financing (as defined below). In consideration for the Amalgamation, the security holders (other than Avalon) of Sub1 and Sub2 will exchange their securities for like securities of Avalon on a 1-for-1 basis, post-Consolidation (as defined below), upon closing (the "Closing") of the Acquisition.

17. Events after the reporting year (continued)

The Property Acquisition, Bridge Financing, Finder's Fees, and Concurrent Financing (the "Transactions") will be subject to approval of the TSXV in connection with the Company's application for listing on the TSXV. The securities of the Company issued at Closing in connection with the Bridge Financing, Finder's Fees, and Concurrent Financing will not be subject to resale restrictions, in accordance with applicable securities laws, subject to the policies of the TSXV. Upon completion of the Property Acquisition, it is intended that the post-Consolidation common shares of the Company will be listed and posted for trading on the TSXV as a Tier 2 listed mining exploration issuer. The Transactions are expected to result in a "reverse takeover" of Avalon under the policies of the TSXV.

The Consolidation was previously approved by the shareholders of the Company at a shareholders meeting held on December 23, 2019, which is subject to approval of the board of directors of the Company and TSXV approval. To address requirements of TSXV policies, the Company intends to obtain approval for creation of a new control person by way of written approval of shareholders holding over 50% of the issued and outstanding common shares in the capital of the Company.

In regards to the Transactions, the Company specifically confirms that it will not be seeking shareholder approval under the policies of the TSXV for the Transactions as a reverse takeover because such approval is not required under the policies of the TSXV where: (i) the Transaction does not consist of "Related Party Transactions"; (ii) the Company is without active operations as it is not listed on any stock exchange; (iii) the Company is not and will not be subject to a cease trade order and will not otherwise be suspended from trading upon completion of the Transaction; and (iv) shareholder approval of the Transaction is not required under applicable corporate or securities laws.

The net proceeds of the Bridge Financing will be used to pay Transaction-related expenses of the Company. The net proceeds of the Concurrent Financing will be used to fund exploration of the Elmtree Gold Project, and for working capital and general corporate purposes, as will be more specifically described in the Transaction disclosure document of the Company that will be used to describe the Transactions and the Elmtree Gold Project in greater detail, which will be publicly filed on SEDAR at www.sedar.com.

The Company intends to apply to the TSXV for an exemption from the sponsorship requirements under the policies of the TSXV as a domestic issuer with suitable management, the Initial Technical Report, size of the Concurrent Financing, and a comprehensive disclosure document in respect of the Transactions and will file the required filings in respect thereof.

Under the Letter Agreement, the parties have agreed to issue the Purchase Shares to the Vendors in consideration for the Elmtree Gold Project and geological technical information in connection therewith pursuant to the provisions of Section 85 of the Income Tax Act (Canada) and the Company will complete and necessary documentation and file any forms or elections in connection therewith.

The Letter Agreement will terminate, other than with respect to confidentiality and costs and expenses of the Transactions, upon the earliest day on which one of the following events occurs: (i) written agreement of the parties; (ii) the Closing not having occurred by the outside date of Closing of 5:00 p.m. (Vancouver time) on February 28, 2021 or such later date as the parties may agree upon in writing; or (ii) if any applicable regulatory authority has notified the Company in writing that it will not permit the Property Acquisition to proceed.

The parties have agreed to issue a comprehensive disclosure document and related news releases more fully detailing the Transactions and other pertinent information as required pursuant to the policies of the TSXV as soon as practicably possible, which shall likewise be publicly disseminated and filed under the Company's profile on SEDAR.

17. Events after the reporting year (continued)

As a separate matter from the Transaction, the Company has also entered into an agreement (the "Termination Agreement") with Leede Jones Gable Inc. ("Leede") dated November 12, 2020 for the termination of an agency agreement in consideration for issuance to Leede of 100,000 common share purchase warrants (the "Termination Warrants"), each of which will be exercisable at a price of \$0.50 per common share for a period of 24 months from the date of the Termination Agreement. The Termination Warrants and common shares issuable upon exercise thereof will be subject to a 4-month period resale restriction in accordance with the policies of the TSXV and applicable securities laws.

SCHEDULE “B” - MANAGEMENT DISCUSSION AND ANALYSIS OF AVALON

Management Discussion and Analysis for Avalon for the three months ended November 30, 2020 and the fiscal year ended August 31, 2020 are attached to this Listing Application.

Management's Discussion and Analysis of Financial

For the period ended November 30, 2020

Avalon Works Corp.

The following management discussion and analysis ("MD&A") of the financial results is dated January 08, 2021 and reviews the operations of Avalon Works Corp. (the "Company") for the period of three months ended November 30, 2020 and should be read in conjunction with the Company's interim financial statements (including notes) for the period of three months ended November 30, 2020 as well as the annual MD&A and audited annual financial statements for the year ended August 31, 2020.

Forward Looking Information

Certain statements made in the MD&A, including, without limitation, statements relating to the Company's expectations concerning future revenues and earnings, market conditions and the sufficiency of capital and liquidity, constitute forward looking statements. Avalon Works Corp. believes these statements to be true based on its knowledge as of January 8, 2021. These forward-looking statements are subject to risks and uncertainties, many of which are beyond the Company control, which may cause future results to differ materially from those expected (see "Risks and Uncertainties"). The Company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations, except as prescribed by applicable securities laws.

Description of the Company

Avalon Works Corp. is incorporated under the Canada Business Corporations Act and is domiciled in Canada. The head office and principal address is located at 237 Argyle Avenue, Ottawa, Ontario, K2P 1B8.

The Company has ceased active operations. The Company's ability to continue as a going concern is in substantial doubt and dependent on its ability to achieve profitable operations in the future from new business ventures, on its ability to obtain additional capital and on the continued support of its shareholders and/or any lenders. The outcome of these matters cannot be predicted at this time. Any possible business or asset purchase transactions may be subject to required regulatory, legal, securities, board and shareholder approvals, the completion of which is uncertain. These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

Basis of presentation

The annual audited financial statements referred to above, including comparatives, the interim financial statement and the financial data presented in the MD&A are in Canadian dollars which is also the Company's functional currency.

Results of Operations

The Company has not generated any income for the three months period ended November 30, 2020.

For the three months period ended November 30, 2020 the only expenses of the Company were Professional fees, Consulting fees, Interest on debentures and Issuer expenses as the Company got its filling documents up to date to have its share relisted. There were no additional expenses as the company was inactive.

Selected Results of Operations Data

	November 30, 2020 (unaudited)	November 30, 2019 (unaudited)
	\$	\$
Revenus	-	-
Expenses	18,780	9,967
Net Loss	18,780	9,967

Summary of shareholders equity

Common Share

	November 30, 2020 (unaudited)		November 30, 2019 (unaudited)	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the year	4,297,422	206,000	4,294,422 (*)	206,000
Consolidation 100:1				
News shares issued	4,087,750	204,388	-	-
Balance end of year	8,385,172	410,388	4,297,422 (*)	206,000

* After consolidation of share 100:1

On August 4, 2020, the Company proceeded to the consolidation of its shares at rate of 100: 1 share. During the previous year, the Company issued 410,000,000 common shares at a price of \$0.0005 per share for a total amount of \$205,000.

On September 1, 2020, the Company issued 4,087,750 shares in payment of invoices in the amount of \$ 204,387.50 including an amount due to a related party of \$146,900.

Summary of shareholders equity (continued)

Stock Options

	November 30, 2020 (unaudited)		August 31, 2020 (audited)	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the year	450,000	14,400	-	-
Grant	-	-	450,000	14,400
Balance end of the period	450,000	14,400	450,000	14,400

Liquidity and capital resources

As at November 30, 2020, the Company has \$29,364 of current assets.

As at November 30, 2020, the Company has a working capital deficit of \$15,586. In addition, the accounts payable includes unrelated payables in the amount of \$85,954.

The Company has settled on September 1, 2020 a part of these liabilities (\$204,388) with the issue of shares at the market value after completing the listing transaction. In the event that the Company is unable to convert any of these liabilities, it will settle the accounts in cash.

While the Company is not currently engaged in any activities, the Company is in the process of entering into a qualifying transaction to have future operations. The Company obtain a full revocation order from the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission on September 24, 2019.

The Company's ability to continue as a going concern is dependent upon its ability to close a qualifying transaction and raise additional financing to have future operations.

These factors indicate the existence of a material uncertainty regarding the ability of the Company to continue as a going concern.

Financial Instruments

As at November 30, 2020, the Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying values of cash, accounts payable and accrued liabilities approximate their fair value due to subsequent events in progress.

Off-balance sheet arrangements

The Company does not have any special purpose entities, nor is it a party to any transactions or arrangements that would be excluded from the statement of financial position.

Related party transactions

For the year ended November 30, 2020, the Company had related parties' transactions.

Management fees were invoiced between 2016 to 2018, by a company related to a director of Avalon Works Corp. These management fees are for the administrative functions of the company as posting of meetings, re-organization and archiving of accounting documents, office rental and storage fees as well as professional fees assumed by a company related to a director of Avalon Works Corp during the past four years.

The total amount owed to a company related to a director of Avalon Works Corp. for management fees and the Share-based payment are presented below:

Amount due to related parties

	<u>2020</u>	<u>2019</u>
	\$	\$
Key management transactions:		
Consulting fees	7,600	-
Amount due to related parties:		
Accounts payable to a company related to the director of the Company	-	146,900

Critical Accounting estimates

There have been no changes to the Company's significant accounting judgements and estimates in the period ended November 30, 2020. The Company's significant accounting judgements and estimates are described in note 4 to the annual audited financial statements for the year ended August 31, 2020.

Changes in accounting policies

There have been no changes to the Company's accounting policies in the period ended November 30, 2020. The Company's significant accounting policies are described in note 5 to the annual audited financial statements for the year ended August 31, 2020.

Risk and uncertainties

The Company is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance. The Company's risk exposures and the impact of the Company's financial instruments are summarized below:

Liquidity risk

The Company's accounts payable and accrued liabilities have an expected maturity of less than one year resulting in their current classification on the statement of financial position. The Company currently has \$29,364 of current assets and is unable to discharge its liabilities until financing is obtained.

On-going concern

To date, the Company has not achieved a sustainable stream of revenue. There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future.

The Company expects to continue to incur losses until such time a sustainable revenue source can be developed. There can be no assurance that the Company will generate any revenues or achieve profitability.

Additional Financing

As there is no revenue generated from operations, the Company relies on the equity and debt financing to pursue business opportunities. Failure to obtain such financing could result in delay or the ability to complete proposed business opportunities.

Events of the period

In September 2020, the Company issued 4,087,750 shares in payment of invoices in the amount of \$204,387.50 including the amount due to a related party of \$146,900.

Events of the period (continued)

In November 2020, the Company completed a private placement by convertible debenture in the amount of \$75,000 bearing interest at 10% with a maturity date of August 31, 2021.

In November 2020, the Company has entered into an agreement to acquire Elmtree Gold project in Northeast N.B., \$150,000 bridge financing and minimum \$2,500,000 concurrent financing for the acquisition of two mineral exploration properties.

The Acquisition is anticipated to be completed by an amalgamation (the "Amalgamation") of a wholly owned subsidiary of Avalon ("Sub1"), which will acquire the Property, with another wholly owned subsidiary of Avalon ("Sub2"), which will issue securities pursuant to Bridge Financing and Concurrent Financing (as defined below). In consideration for the Amalgamation, the security holders (other than Avalon) of Sub1 and Sub2 will exchange their securities for like securities of Avalon on a 1-for-1 basis, post-Consolidation (as defined below), upon closing (the "Closing") of the Acquisition.

The Property Acquisition, Bridge Financing, Finder's Fees, and Concurrent Financing (the "Transactions") will be subject to approval of the TSXV in connection with the Company's application for listing on the TSXV. The securities of the Company issued at Closing in connection with the Bridge Financing, Finder's Fees, and Concurrent Financing will not be subject to resale restrictions, in accordance with applicable securities laws, subject to the policies of the TSXV. Upon completion of the Property Acquisition, it is intended that the post-Consolidation common shares of the Company will be listed and posted for trading on the TSXV as a Tier 2 listed mining exploration issuer. The Transactions are expected to result in a "reverse takeover" of Avalon under the policies of the TSXV.

The Consolidation was previously approved by the shareholders of the Company at a shareholders meeting held on December 23, 2019, which is subject to approval of the board of directors of the Company and TSXV approval. To address requirements of TSXV policies, the Company intends to obtain approval for creation of a new control person by way of written approval of shareholders holding over 50% of the issued and outstanding common shares in the capital of the Company.

In regards to the Transactions, the Company specifically confirms that it will not be seeking shareholder approval under the policies of the TSXV for the Transactions as a reverse takeover because such approval is not required under the policies of the TSXV where: (i) the Transaction does not consist of "Related Party Transactions"; (ii) the Company is without active operations as it is not listed on any stock exchange; (iii) the Company is not and will not be subject to a cease trade order and will not otherwise be suspended from trading upon completion of the Transaction; and (iv) shareholder approval of the Transaction is not required under applicable corporate or securities laws.

The net proceeds of the Bridge Financing will be used to pay Transaction-related expenses of the Company. The net proceeds of the Concurrent Financing will be used to fund exploration of the Elmtree Gold Project, and for working capital and general corporate purposes, as will be more specifically described in the Transaction disclosure document of the Company that will be used to describe the Transactions and the Elmtree Gold Project in greater detail, which will be publicly filed on SEDAR at www.sedar.com.

Events of the period (continued)

The Company intends to apply to the TSXV for an exemption from the sponsorship requirements under the policies of the TSXV as a domestic issuer with suitable management, the Initial Technical Report, size of the Concurrent Financing, and a comprehensive disclosure document in respect of the Transactions and will file the required filings in respect thereof.

Under the Letter Agreement, the parties have agreed to issue the Purchase Shares to the Vendors in consideration for the Elmtree Gold Project and geological technical information in connection therewith pursuant to the provisions of Section 85 of the Income Tax Act (Canada) and the Company will complete and necessary documentation and file any forms or elections in connection therewith.

The Letter Agreement will terminate, other than with respect to confidentiality and costs and expenses of the Transactions, upon the earliest day on which one of the following events occurs: (i) written agreement of the parties; (ii) the Closing not having occurred by the outside date of Closing of 5:00 p.m. (Vancouver time) on February 28, 2021 or such later date as the parties may agree upon in writing; or (iii) if any applicable regulatory authority has notified the Company in writing that it will not permit the Property Acquisition to proceed.

The parties have agreed to issue a comprehensive disclosure document and related news releases more fully detailing the Transactions and other pertinent information as required pursuant to the policies of the TSXV as soon as practicably possible, which shall likewise be publicly disseminated and filed under the Company's profile on SEDAR.

As a separate matter from the Transaction, the Company has also entered into an agreement (the "Termination Agreement") with Leede Jones Gable Inc. ("Leede") dated November 12, 2020 for the termination of an agency agreement in consideration for issuance to Leede of 100,000 common share purchase warrants (the "Termination Warrants"), each of which will be exercisable at a price of \$0.50 per common share for a period of 24 months from the date of the Termination Agreement. The Termination Warrants and common shares issuable upon exercise thereof will be subject to a 4-month period resale restriction in accordance with the policies of the TSXV and applicable securities laws.

Other MD&A Requirements

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

/s/ Michael Clemann

Director and CEO/CFO

Management's Discussion and Analysis of Financial

For the year ended August 31, 2020

Avalon Works Corp.

The following management discussion and analysis ("MD&A") of the financial results is dated December 18, 2020 and reviews the operations of Avalon Works Corp. (the "Company") for the fiscal year ended August 31, 2020 and should be read in conjunction with the Company's audited financial statements (including notes) for the year ended August 31, 2020 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

Forward Looking Information

Certain statements made in the MD&A, including, without limitation, statements relating to the Company's expectations concerning future revenues and earnings, market conditions and the sufficiency of capital and liquidity, constitute forward looking statements. Avalon Works Corp. believes these statements to be true based on its knowledge as of December 18, 2020. These forward-looking statements are subject to risks and uncertainties, many of which are beyond the Company control, which may cause future results to differ materially from those expected (see "Risks and Uncertainties"). The Company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations, except as prescribed by applicable securities laws.

Description of the Company

Avalon Works Corp. is incorporated under the Canada Business Corporations Act and is domiciled in Canada. The head office and principal address is located at 237 Argyle Avenue, Ottawa, Ontario, K2P 1B8.

The Company has ceased active operations. The Company's ability to continue as a going concern is in substantial doubt and dependent on its ability to achieve profitable operations in the future from new business ventures, on its ability to obtain additional capital and on the continued support of its shareholders and/or any lenders. The outcome of these matters cannot be predicted at this time. Any possible business or asset purchase transactions may be subject to required regulatory, legal, securities, board and shareholder approvals, the completion of which is uncertain. These material uncertainties may cast a significant doubt regarding the Company's ability to continue as a going concern.

Basis of presentation

The annual audited financial statements referred to above, including comparatives, and the financial data presented in the MD&A are in Canadian dollars which is also the Company's functional currency.

Results of Operations

The Company has not generated any income for the fiscal year ended August 31, 2020.

For the fiscal year ended August 31, 2020 the only expenses of the Company were Professional fees, Consulting fees, Issuer expenses, Share-based compensation and Business development expenses as the Company got its filing documents up to date to have its share relisted. There were no additional expenses as the company was inactive.

On August 5, 2020, the Company granted 450,000 options to directors, an amount of \$ 14,400 was recorded as share-based compensation expenses

Selected Results of Operations Data

	August 31, 2020 (audited)	August 31, 2019 (audited)
	\$	\$
Revenues	-	-
Expenses	83,053	164,566
Net Loss	83,053	164,566

Summary of shareholders equity

	August 31, 2020 (audited)		August 31, 2019 (audited)	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the year	429,742,200	206,000	19,742,200	1,000
News shares issued	-	-	410,000,000	205,000
Consolidation of shares 100:1	(425,444,778)	-	-	-
Balance end of year	4,297,422	206,000	429,742,200	206,000

On August 4, 2020, the Company proceeded to the consolidation of its shares at rate of 100: 1 share. During the previous year, the Company issued 410,000,000 common shares at a price of \$0.0005 per share for a total amount of \$205,000.

Summary of shareholders equity (continued)

	August 31, 2020 (audited)		August 31, 2019 (audited)	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the year	-	-	-	-
Grant	450,000	14,400	-	-
Balance end of year	450,000	14,400	-	206,000

Liquidity and capital resources

As at August 31, 2020, the Company has \$247 of current assets.

As at August 31, 2020, the Company has a working capital deficit of \$232,607. In addition, the accounts payable includes unrelated payables in the amount of \$85,954 and payables to a related party in the amount of \$161,900 for the management fees to a director of the company.

The Company has settled on September 1, 2020 a part of these liabilities (\$204,388) with the issue of shares at the market value after completing the listing transaction. In the event that the Company is unable to convert any of these liabilities, it will settle the accounts in cash.

While the Company is not currently engaged in any activities, the Company is in the process of entering into a qualifying transaction to have future operations. The Company obtain a full revocation order from the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission on September 24, 2019.

The Company's ability to continue as a going concern is dependent upon its ability to close a qualifying transaction and raise additional financing to have future operations.

These factors indicate the existence of a material uncertainty regarding the ability of the Company to continue as a going concern.

Financial Instruments

As at August 31, 2020, the Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying values of cash, accounts payable and accrued liabilities approximate their fair value due to subsequent events in progress.

Off-balance sheet arrangements

The Company does not have any special purpose entities, nor is it a party to any transactions or arrangements that would be excluded from the statement of financial position.

Related party transactions

For the year ended August 31, 2020, the Company had related parties' transactions.

Management fees were invoiced between 2016 to 2018, by a company related to a director of Avalon Works Corp. These management fees are for the administrative functions of the company as posting of meetings, re-organization and archiving of accounting documents, office rental and storage fees as well as professional fees assumed by a company related to a director of Avalon Works Corp during the past four years.

The total amount owed to a company related to a director of Avalon Works Corp. for management fees and the Share-based payment are presented below:

Amount due to related parties

	2020	2019
	\$	\$
Key management transactions:		
Consulting fees	15,000	-
Share-based payment (450,000 options)	14,400	-
Amount due to related parties:		
Accounts payable to a company related to the director of the Company	161,900	146,900

In November 2018, the Company contracted a loan of \$25,000 from a related party as the lender is a company owned by a director of the Company. During the year ended August 31, 2019, the loan was repaid in exchange of shares.

On August 5, 2020, the Company granted 450,000 options to directors.

Critical Accounting estimates

There have been no changes to the Company's significant accounting judgements and estimates in the year ended August 31, 2020. The Company's significant accounting judgements and estimates are described in note 4 to the annual audited financial statements for the year ended August 31, 2020.

Changes in accounting policies

There have been no changes to the Company's accounting policies in the year ended August 31, 2020. The Company's significant accounting policies are described in note 5 to the annual audited financial statements for the year ended August 31, 2020.

Risk and uncertainties

The Company is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance. The Company's risk exposures and the impact of the Company's financial instruments are summarized below:

Liquidity risk

The Company's accounts payable and accrued liabilities have an expected maturity of less than one year resulting in their current classification on the statement of financial position. The Company currently has \$247 of current assets and is unable to discharge its liabilities until financing is obtained.

On-going concern

To date, the Company has not achieved a sustainable stream of revenue. There can be no assurance that significant additional losses will not occur in the near future, or that the Company will be profitable in the future.

The Company expects to continue to incur losses until such time a sustainable revenue source can be developed. There can be no assurance that the Company will generate any revenues or achieve profitability.

Additional Financing

As there is no revenue generated from operations, the Company relies on the equity and debt financing to pursue business opportunities. Failure to obtain such financing could result in delay or the ability to complete proposed business opportunities.

Events after the reporting year

In September 2020, the Company issued 4,087,750 shares in payment of invoices in the amount of \$204,387.50 including the amount due to a related party of \$146,900

Events after the reporting year (continued)

In November 2020, the Company completed a private placement by convertible debenture in the amount of \$75,000 bearing interest at 10% with a maturity date of August 31, 2021.

In November 2020, the Company has entered into an agreement to acquire Elmtree Gold project in Northeast N.B., \$150,000 bridge financing and minimum \$2,500,000 concurrent financing for the acquisition of two mineral exploration properties.

The Acquisition is anticipated to be completed by an amalgamation (the "Amalgamation") of a wholly owned subsidiary of Avalon ("Sub1"), which will acquire the Property, with another wholly owned subsidiary of Avalon ("Sub2"), which will issue securities pursuant to Bridge Financing and Concurrent Financing (as defined below). In consideration for the Amalgamation, the security holders (other than Avalon) of Sub1 and Sub2 will exchange their securities for like securities of Avalon on a 1-for-1 basis, post-Consolidation (as defined below), upon closing (the "Closing") of the Acquisition.

The Property Acquisition, Bridge Financing, Finder's Fees, and Concurrent Financing (the "Transactions") will be subject to approval of the TSXV in connection with the Company's application for listing on the TSXV. The securities of the Company issued at Closing in connection with the Bridge Financing, Finder's Fees, and Concurrent Financing will not be subject to resale restrictions, in accordance with applicable securities laws, subject to the policies of the TSXV. Upon completion of the Property Acquisition, it is intended that the post-Consolidation common shares of the Company will be listed and posted for trading on the TSXV as a Tier 2 listed mining exploration issuer. The Transactions are expected to result in a "reverse takeover" of Avalon under the policies of the TSXV.

The Consolidation was previously approved by the shareholders of the Company at a shareholders meeting held on December 23, 2019, which is subject to approval of the board of directors of the Company and TSXV approval. To address requirements of TSXV policies, the Company intends to obtain approval for creation of a new control person by way of written approval of shareholders holding over 50% of the issued and outstanding common shares in the capital of the Company.

In regards to the Transactions, the Company specifically confirms that it will not be seeking shareholder approval under the policies of the TSXV for the Transactions as a reverse takeover because such approval is not required under the policies of the TSXV where: (i) the Transaction does not consist of "Related Party Transactions"; (ii) the Company is without active operations as it is not listed on any stock exchange; (iii) the Company is not and will not be subject to a cease trade order and will not otherwise be suspended from trading upon completion of the Transaction; and (iv) shareholder approval of the Transaction is not required under applicable corporate or securities laws.

The net proceeds of the Bridge Financing will be used to pay Transaction-related expenses of the Company. The net proceeds of the Concurrent Financing will be used to fund exploration of the Elmtree Gold Project, and for working capital and general corporate purposes, as will be more specifically described in the Transaction disclosure document of the Company that will be used to describe the Transactions and the Elmtree Gold Project in greater detail, which will be publicly filed on SEDAR at www.sedar.com.

Events after the reporting year (continued)

The Company intends to apply to the TSXV for an exemption from the sponsorship requirements under the policies of the TSXV as a domestic issuer with suitable management, the Initial Technical Report, size of the Concurrent Financing, and a comprehensive disclosure document in respect of the Transactions and will file the required filings in respect thereof.

Under the Letter Agreement, the parties have agreed to issue the Purchase Shares to the Vendors in consideration for the Elmtree Gold Project and geological technical information in connection therewith pursuant to the provisions of Section 85 of the Income Tax Act (Canada) and the Company will complete and necessary documentation and file any forms or elections in connection therewith.

The Letter Agreement will terminate, other than with respect to confidentiality and costs and expenses of the Transactions, upon the earliest day on which one of the following events occurs: (i) written agreement of the parties; (ii) the Closing not having occurred by the outside date of Closing of 5:00 p.m. (Vancouver time) on February 28, 2021 or such later date as the parties may agree upon in writing; or (iii) if any applicable regulatory authority has notified the Company in writing that it will not permit the Property Acquisition to proceed.

The parties have agreed to issue a comprehensive disclosure document and related news releases more fully detailing the Transactions and other pertinent information as required pursuant to the policies of the TSXV as soon as practicably possible, which shall likewise be publicly disseminated and filed under the Company's profile on SEDAR.

As a separate matter from the Transaction, the Company has also entered into an agreement (the "Termination Agreement") with Leede Jones Gable Inc. ("Leede") dated November 12, 2020 for the termination of an agency agreement in consideration for issuance to Leede of 100,000 common share purchase warrants (the "Termination Warrants"), each of which will be exercisable at a price of \$0.50 per common share for a period of 24 months from the date of the Termination Agreement. The Termination Warrants and common shares issuable upon exercise thereof will be subject to a 4-month period resale restriction in accordance with the policies of the TSXV and applicable securities laws.

Other MD&A Requirements

Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

/s/ Michael Clemann

Director and CEO/CFO

SCHEDULE “C” - PRO FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER

Unaudited pro forma financial statements for the Resulting Issuer as of November 30, 2020 are attached to this Listing Application.

AVALON WORKS CORP.

Pro Forma Statement of Financial Position
November 30, 2020 (unaudited)
Expressed in Canadian Dollars, unless otherwise noted

AVALON WORKS CORP.

Pro Forma Statement of Financial Position

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

	Avalon Works Corp. November 30, 2020	Notes	Pro Forma Adjustments (Minimum Financing)	Pro Forma Adjustments (Maximum Financing)	Resulting Issuer (Minimum Financing)	Resulting Issuer (Maximum Financing)
Assets						
Current						
Cash	\$ 29,364	2(a)	\$ (350,000)	\$ (350,000)	\$ 1,879,364	\$ 6,019,364
		2(b)	100,000	100,000		
		2(c)	2,500,000	7,000,000		
		2(c)	(200,000)	(560,000)		
		2(f)	(200,000)	(200,000)		
	29,364		1,850,000	5,990,000	1,879,364	6,019,364
Exploration & evaluation assets	-	2(a)	7,450,000	7,450,000	7,450,000	7,450,000
	\$ 29,364		\$ 9,300,000	\$ 13,440,000	\$ 9,329,364	\$ 13,469,364
Liabilities						
Current						
Accounts payable	\$ 418		-	-	418	418
Convertible debentures	44,532	3(a)	(14,844)	(14,844)		-
		2(b)	(29,688)	(29,688)		
	44,950		(44,532)	(44,532)	418	418
Equity						
Share capital	410,388	2(a)	7,100,000	7,100,000	9,939,388	13,996,588
		2(b)	150,000	150,000		
		2(c)	2,500,000	7,000,000		
Option and warrant reserve	14,400	2(c)	46,000	128,800	60,400	143,200
Conversion option, convertible debentures	31,413	3(a)	(31,413)	(31,413)	-	-
Deficit	(471,787)	2(e)	(200,000)	(200,000)	(670,842)	(670,842)
		3(a)	315	315		
		2(b)	630	630		
	(15,586)		9,344,532	13,484,532	9,328,946	13,468,946
	\$ 29,364		\$ 9,300,000	\$ 13,440,000	\$ 9,329,364	\$ 13,469,364

Approved by the Board of Directors

Director (signed by) "Michael Clemann"

The accompanying notes form an integral part of this pro forma statement of financial position

AVALON WORKS CORP.

Notes to the Pro Forma Statement of Financial Position

As at November 30, 2020

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

1. Proposed Transaction and Basis of Presentation

Avalon Works Corp. ("Avalon" or the "Company") was incorporated under the Canada Business Corporations Act on April 6, 2000. The Company terminated its operations in 2007. On July 31, 2009, the Company's Securities were delisted from the TSX Venture Exchange ("TSXV"). The Company obtained its certificate of revival on November 9, 2018 and the revocation of cease trade orders on September 24, 2019. On November 17, 2020, the Company entered into a binding letter agreement (the "LOI") whereby Avalon will acquire an aggregate 100% interest in the Elmtree Gold Project in northeast New Brunswick (the "Property"). The transaction will be considered a reverse take-over pursuant to the policies of the TSXV (the "Acquisition").

The Acquisition is anticipated to be completed by an amalgamation (the "Amalgamation") of a wholly-owned subsidiary of Avalon ("Sub1"), which will acquire the Property, with another wholly-owned subsidiary of Avalon ("Sub2"), which will issue securities pursuant to the Bridge Financing and Concurrent Financing (as defined below). In consideration for the Amalgamation, the security holders (other than Avalon) of Sub1 and Sub2 will exchange their securities for like securities of Avalon on a one-for-one basis, post-Consolidation (as defined below), upon closing (the "Closing") of the Acquisition.

The accompanying unaudited pro forma statement of financial position ("Pro Forma") as at November 30, 2020 has been prepared for inclusion in the Listing Application of Avalon dated February 25, 2021. The Pro Forma is for illustrative purposes only and may not be indicative of the financial position of the Company on completion of the Acquisition.

The Pro Forma is derived from information from the financial statements of Avalon using the same accounting policies as described in the Company's financial statements for the period ended November 30, 2020. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended August 31, 2020.

2. Pro Forma Assumptions and Adjustments

The accompanying Pro Forma gives effect to the completion of the transactions described below as if they had occurred on November 30, 2020:

a) Acquisition of Elmtree Gold Project

Pursuant to the LOI described in Note 1, and subject to execution of a definitive purchase agreement, Avalon will acquire a 100% interest in the Property for the following consideration:

- i. cash payment of \$350,000;
- ii. the issuance of 14,000,000 common shares of a wholly-owned subsidiary of the Company (Sub1) at a deemed price of \$0.50 per common share, which shall be exchanged on a one-for-one basis upon closing for common shares of Avalon on a post-consolidation basis;
- iii. the grant of a 2.0% net smelter returns royalty on the Property with a buy down provision of \$1,000,000 for 1%;
- iv. a finders fee in the amount of \$100,000 by issuance of 200,000 common shares of a wholly-owned subsidiary of the Company (Sub2), at a deemed price of \$0.50 per common share, which shall be exchanged on a one-for-one basis upon closing for common shares of Avalon on a post-consolidation basis.

AVALON WORKS CORP.

Notes to the Pro Forma Statement of Financial Position

As at November 30, 2020

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

Total consideration is estimated as follows:

	Amount
Cash payments	\$ 350,000
Shares issued at closing (14,200,000)	7,100,000
Total cost	\$ 540,000

The 14,000,000 common shares to be issued have been assigned an estimated value of \$7,000,000, being \$0.50 per share, for the purposes of this Pro Forma, based on the concurrent financing price.

b) *Bridge Financing*

In connection with the transaction, the Company is completing a non-brokered bridge financing (the "Bridge Financing") for gross proceeds of \$150,000 through the issuance of 400,000 special warrants (the "Special Warrants") of a wholly-owned subsidiary of the Company (Sub2), which are exercisable for no additional consideration:

- i. at any time, into units (the "Bridge Units") of the Company at a price of \$0.375 per Bridge Unit, with each Bridge Unit comprised, on a post-consolidation basis, of one common share (each a "Bridge Share") and one-half common share purchase warrant (each whole warrant a "Bridge Warrant") of the Company; and each Bridge Warrant will entitle the holder to acquire a common share (on a post-consolidation basis) of the Company at an exercise price of \$0.75 per common share for a period of 12 months from the date of issuance; or
- ii. automatically upon closing prior to February 28, 2021, into Bridge Units of Sub2 at a price of \$0.375 per Bridge Unit, which Bridge Units shall be exchanged on Closing pursuant to the Amalgamation on a one-for-one basis for like securities of the Company, on a post-consolidation basis;

Included in the bridge financing was the settlement of a convertible debenture in the amount of \$50,000 into 133,000 Bridge Units of the Company.

c) *Concurrent Financing*

In connection with the transaction, the Company is completing a concurrent equity financing (the "Concurrent Financing") for minimum gross proceeds of \$2,500,000 to a maximum gross proceeds of \$7,000,000 through the issuance of units (the "Units") of Sub2 at a price of \$0.50 per Unit, with each Unit comprised, on a post-consolidation basis, of one common share (each a "Share") and one common share purchase warrant (each a "Warrant") of Sub2; and each such Warrant will entitle the holder to acquire a Share of Sub2 at an exercise price of \$0.75 per common share for a period of 24 months from the date of issuance; and the Units shall be exchanged on Closing pursuant to the Amalgamation on a one-for-one basis for like securities of the Company, on a post-consolidation basis;

In addition, Avalon will pay finders fees of up to 8% cash on the gross proceeds raised and issue finder warrants equal to 8% of the number of Units issued pursuant to the Concurrent Financing. Each finder's warrant will be exercisable to acquire one common share of the Company at a price of \$0.75, for two years from the date of issuance. The estimated fair value of the finder's warrants is \$0.23 per finder's warrant.

AVALON WORKS CORP.

Notes to the Pro Forma Statement of Financial Position

As at November 30, 2020

Expressed in Canadian Dollars, unless otherwise noted

(unaudited)

e) *Share Consolidation*

The Company has announced its intention to consolidate its common shares, immediately prior to the completion of the proposed transaction and financings, which will result in all of the outstanding common shares of the Company to be consolidated on a 4.9362-to-1 basis.

f) *Transaction Costs*

In connection with the financings and share consolidation, the Company estimates \$200,000 of share issuance costs including finder's fees, legal fees, and filing fees.

3. **Pro Forma Share Capital**

A. Minimum Financing

	Note	Shares Outstanding	Share Capital
Balance at November 30, 2020		8,385,172	\$ 410,388
Settlement of convertible debenture	3(f)	500,000	25,000
Share consolidation	2(d)	(7,085,172)	-
Shares issued at closing of the Acquisition	2(a)	14,200,000	7,100,000
Shares issued pursuant to bridge financing	2(b)	400,000	150,000
Shares issued pursuant to concurrent financing	2(c)	5,000,000	2,500,000
Share issuance costs, including finder's warrants	2(c)	-	(246,000)
Total		21,400,000	\$ 9,939,388

B. Maximum Financing

	Note	Shares Outstanding	Share Capital
Balance at November 30, 2020		8,385,172	\$ 410,388
Settlement of convertible debenture	3(f)	500,000	25,000
Share consolidation	2(d)	(7,085,172)	-
Shares issued at closing of the Acquisition	2(a)	14,200,000	7,100,000
Shares issued pursuant to bridge financing	2(b)	400,000	150,000
Shares issued pursuant to concurrent financing	2(c)	14,000,000	7,000,000
Share issuance costs, including finder's warrants	2(c)	-	(688,800)
Total		30,400,000	\$ 13,996,588

4. **Income Taxes**

The Company's expected pro forma effective income tax rate applicable to operations is 27%.

SCHEDULE “D” – AUDIT COMMITTEE CHARTER

SCHEDULE "D"

AVALON WORKS CORP.

AUDIT COMMITTEE CHARTER

1. Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Avalon Works Corp. (the "**Corporation**") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Corporation's financial statements;
- (b) the Corporation's compliance with legal and regulatory requirements, as they relate to the Corporation's financial statements;
- (c) the qualifications, independence and performance of the Corporation's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Corporation's internal audit function;
- (f) consideration and approval of certain related party transactions; and
- (g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Authority

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Corporation's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

3. Composition and Expertise

The Committee shall be composed of a minimum of three members, each of whom is a director of the Corporation. The majority of the Committee's members must not be officers or employees of the Corporation or an affiliate of the Corporation.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of

the Corporation.

The Board shall appoint one member of the Committee to act as Chairman of the Committee. If the Chairman of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

4. Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chairman shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Corporation's auditor shall be given notice of every meeting of the Committee and, at the expense of the Corporation, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Corporation's auditor shall attend every meeting of the Committee held during the term of office of the Corporation's auditor.

A majority of the Committee who are not officers or employees of the Corporation or an affiliate of the Corporation shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. Business may also be transacted by the unanimous written consent resolutions of the members of the Committee, which when so approved shall be deemed to be resolutions passed at a duly called and constituted meeting of the Committee.

The Committee may invite such directors, officers and employees of the Corporation and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Corporation. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

5. Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Canadian Securities Exchange and shall recommend changes to the Board thereon.

6. Reporting to the Board

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

7. Duties and Responsibilities

(a) Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Corporation's annual and interim financial statements, any auditor's report thereon, MD&A and related news releases, before they are published.

The Committee is also responsible for:

- (i) being satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (ii) engaging the Corporation's auditor to perform a review of the interim financial statements and receiving from the Corporation's auditor a formal report on the auditor's review of such interim financial statements;
- (iii) discussing with management and the Corporation's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability of thereof;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Corporation's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) Auditor

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the

Corporation; and

- (ii) the compensation of the Corporation's auditor.

The Corporation's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Corporation's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Corporation's auditor regarding financial reporting.

(c) Relationship with the Auditor

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Corporation's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) Accounting Policies

The Committee is responsible for:

- (i) reviewing the Corporation's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;

- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing with management and the auditor the clarity and completeness of the Corporation's financial disclosures.

(e) Risk and Uncertainty

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Corporation's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Corporation and how effectively they are managed or controlled.

(f) Controls and Control Deviations

The Committee is responsible for reviewing:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) Compliance with Laws and Regulations

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Corporation's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;

- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

(h) Related Party Transactions

All transactions between the Corporation and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the *Securities Act* (British Columbia), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Corporation carrying more than 10% of the voting rights attached to all of the Corporation's outstanding voting securities (each "10% shareholders").

Related party transactions involving general related parties which are not material to the Corporation require review and approval by the Committee. Related party transactions that are material to the Corporation or that involve 10% shareholders require approval by the Board, following review thereof by the Committee and the Committee providing its recommendation thereon to the Board.

8. Non-Audit Services

All non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's auditor must be pre-approved by the Committee.

9. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chairman of the Audit Committee and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

10. Procedure For Reporting Of Fraud Or Control Weaknesses

Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously, and ensure that the situation is brought to the attention of the Committee. In addition, weaknesses in the internal control procedures of the Corporation that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Corporation's assets, should be brought to the attention of both management and the Committee.

To facilitate the reporting of suspected fraud, it is the policy of Corporation that the employee (the "whistleblower") has anonymous and direct access to the Chairman of the Audit Committee. Should a new Chairman be appointed prior to the updating of this document, the current Chairman will ensure that the whistleblower is able to reach the new Chairman in a timely manner. In the event that the Chairman of the Audit Committee cannot be reached, the whistleblower should contact the Chairman of the Board.

In addition, it is the policy of the Corporation that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Committee anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

11. Hiring Policies

The Committee is responsible for reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Corporation.

CERTIFICATES

Dated: February 25, 2021

Each of the undersigned hereby certifies that the foregoing constitutes full, true and plain disclosure of all information required to be disclosed under an item of this Application and of any material fact not otherwise required to be disclosed under an item of this Application.

"Michael Clemann" (signed)

Michael Clemann

Chief Executive Officer and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

"Michael Clemann" (signed)

Michael Clemann

Director

"Andrew O'Neil" (signed)

Andrew O'Neil

Director

ON BEHALF OF THE PROMOTERS

"John Williamson" (signed)

John Williamson

"Nicholas Stajduhar" (signed)

Nicholas Stajduhar

"Roy Bonnell" (signed)

Roy Bonnell

"Kevin Viennau" (signed)

Kevin Viennau

ACKNOWLEDGEMENT – PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual.

The Applicant hereby represents and warrants that it has obtained all consents required under applicable law for the collection, use and disclosure by the TSXV of the Personal Information contained in or submitted pursuant to this Application for the purposes described in Appendix "A" to this Application.

Dated: February 25, 2021.

Avalon Works Corp.

By:

"Michael Clemann" (signed)

Name: Michael Clemann

Title: Chief Executive Officer, Chief Financial Officer and a director

APPENDIX "A"

FORM 2B PERSONAL INFORMATION COLLECTION POLICY

Collection, Use and Disclosure

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including TSX Venture Exchange and Toronto Stock Exchange, (collectively referred to as the "Exchange") collect the information contained in or submitted pursuant to Form 2B (which may include personal, confidential, non-public or other information) and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Applicant,
- to consider the eligibility of the Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Applicant, or its associates or affiliates, including information as to such individuals' involvement with any other reporting issuers
- to detect and prevent fraud, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the capital markets in Canada.

Personal Information the Exchange collects may also be disclosed:

- (a) to securities regulators and regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, and each of their subsidiaries, affiliates, regulators and authorized agents, for the purposes described above, and these agencies and organizations may use the information in their own investigations;
- (b) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange for the purposes described above; and
- (c) as otherwise permitted or required by law.

The Exchange may from time to time use third parties to process information or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers for the purposes described above.

Questions

If you have any questions or enquiries regarding the policy outlined above or about our privacy practices, please send a written request to: Chief Privacy Officer, TMX Group, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2.