

Form 58-101F2

**Corporate Governance Disclosure
(Venture Issuers)**

- 1. Board of Directors** — Disclose how the board of directors (the “**Board**”) facilitates its exercise of independent supervision over management:

A director is considered "independent" if he/she has no direct or indirect material relationship with Avalon Works Corp. (the “**Corporation**”). A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. There are also certain circumstances which are deemed to establish a "material relationship" for the purpose of determining independence under National Instrument 58-101 (“**NI 58-101**”). With respect to the persons proposed to be nominated for election as a director at the following shareholder meeting, Éric Latrémouille and Andrew O’Neil have been determined to be independent within the meaning of NI 58-101. Michael Paul Clemann who serves as President, Chief Executive Officer, Corporate Secretary and Chief Financial Officer and Véronique Laberge, who serves as internal CPA of the Corporation, Sabrina Lesage who serves as employee of an affiliate of the Corporation and Michel Lebeuf who serves as lawyer to the Corporation, have been determined to not be independent within the meaning of NI 58-101.

(i) the identity of directors that are independent, and

Mr. Andrew O’Neil

Andrew O’Neil is a wholesale dealer in the automotive industry, importing and exporting within both the American and Canadian markets. Mr. O’Neil is also quite active in the Forex market, in the Canada-US border trade consulting and he is an advisor in the Canadian residential real estate development business.

Mr. Éric Latrémouille

Eric Latremouille is an IT Consultant in the arena of Computer security, cybersecurity and information technology security. With over 25 years of experience in the private consulting with SME in the field of Information Technology in Canada, Mr Latremouille has added value in its field by optimizing IT processes to maximize and utilize digitizing methods to increase profitability and minimize cyber risks.

(ii) the identity of directors who are not independent, and the basis for that determination.

Mr Michael Paul Clemann, President, Chief Executive Officer, Chief Financial Officer, Corporate Secretary & Director

Mr Michael Paul Clemann was appointed as director on October 8, 2008 and is President, Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Corporation since 2009. Mr. Clemann is currently the President of FX Capital Ltd. a Canadian based private consulting company, and has gained experience in corporate finance and public companies through his work at several Canadian and Swiss based banking and investment houses over the past twenty five years. Mr. Clemann who is currently a director, President, Chief Executive officer, Chief Financial Officer and Corporate Secretary has been determined to not be independent within the meaning of NI 58-101. Mr. Clemann has been a board member of Avalon since 2008 and Big Red Diamond Corp. since 2009.

Me. Michel Lebeuf Jr

Me Michel Lebeuf Jr, lawyer, practices primarily in securities, particularly in the areas of natural resources, institutional and corporate financing, and public and private mergers and acquisitions. He represents public companies, securities brokers, buyers, sellers, bankers, and financial advisors. He provides strategic advice on access to public capital markets,

securities, and structured products. Over the past years, Me Lebeuf has worked for many mining projects in Africa (Democratic Republic of Congo, Ethiopia, Angola, etc.) and his services are regularly used by mining developers, mining companies, and investment banking companies eager to develop mining projects in these countries. Michel Lebeuf who serves as lawyer to the Corporation, has been determined to not be independent within the meaning of NI 58-101.

Mrs. Véronique Laberge

After obtaining a Bachelor of Business Administration with a major in accounting, Mrs Laberge began her career in 2005 working in an accounting firm. In this role, she provided assurance services to various private sector companies. She subsequently accepted a management position in the professional services field, where she gained insight into the world of business. Mrs Laberge decided to return to professional accounting in 2018, setting up her own practice. She is a chartered professional accountant and auditor with more than 12 years of hands-on experience. Véronique Laberge, who serves as internal CPA of the Corporation, has been determined to not be independent within the meaning of NI 58-101.

Mrs. Sabrina Lesage

Sabrina Lesage is the CFO of FX Capital Ltd and related companies. With a business degree from University of Ottawa, Ms Lesage is a senior advisor in the areas of residential real estate investment, mezzanine financing and hospitality accounting. Sabrina Lesage who serves as employee of an affiliate of the Corporation has been determined to not be independent within the meaning of NI 58-101.

2. **Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors of the Corporation are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director

Name of Other Issuers

Mr Michel Lebeuf

Tantalex Resources Corporation

3. **Orientation and Continuing Education** — Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.

Due to the size of the Board, no formal program currently exists for the orientation of new Directors. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation regarding (a) the role of the Board, its committees and its directors, and (b) the nature and operations of the Corporation's business, will be necessary and relevant to each new director.

No formal continuing education program currently exists for the Corporation's directors. Each of the Corporation's directors has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director. The Corporation's legal counsel advises the Board on any changes in laws or regulations relevant to the duties and responsibilities of directors.

4. **Ethical Business Conduct** — Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.

The Corporation is committed to conducting business in an ethical manner. To that end, the Board

of Directors has adopted a code of conduct which requires all directors, officers, employees and consultants to conduct the business of the Corporation in strict compliance with both the letter and spirit of all applicable laws and in full adherence with the highest standards of business integrity and ethics. This Code of Ethics is available at www.sedar.com.

- 5. Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:

The independent members of the Board of Directors have and will continue to form *ad hoc* committees for making recommendations to the Board of Directors with respect to proposing new candidates when new directors are to be elected

- 6. Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

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

- 7. Other Board Committees** — If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

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

- 8. Assessments** — Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.

The Board of Directors 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 Corporation and its shareholders.