

**FORM 51-102F6V**

*Statement of Executive Compensation (Venture Issuer)*

The following disclosure relates to compensation paid by Avalon Works Corp. (the “**Issuer**” or “**Avalon**”).

In this section, a Named Executive Officer (“**NEO**”) of Avalon means each of the following individuals: (a) a chief executive officer (“**CEO**”) of Avalon; (b) a chief financial officer (“**CFO**”) of Avalon; (c) each of Avalon’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of the Canadian Securities Administrators’ Form 51-102F6, for that financial year; and (d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of Avalon, nor acting in a similar capacity, at the end of that financial year. During the financial year ended August 31, 2018, Avalon had one (1) NEO, namely, Michael Paul Clemann<sup>1</sup>, the President, Secretary, CEO, CFO and director. The Issuer is reviewing and adjusting its current business strategies in seeking out new opportunities that best suit Avalon and its shareholders. In doing so, the Issuer intends to put in place compensation arrangements for certain officers who assist in achieving those objectives of the Issuer resulting in the following annual salaries:

*All dollar amounts referenced herein are in Canadian dollars unless otherwise specified.*

**Summary Compensation Table**

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of Avalon:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Financial Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Michael Paul Clemann	2017-2018	0	0	0	0	\$146,900 <sup>(2)</sup>	\$146,900 <sup>(2)</sup>
	2016-2017	0	0	0	0	0	0

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) The \$146,900 amount relates to an invoice made by FX Capital LTD, on June 21, 2018 for administrative functions and fees incurred for the three preceding years. This company is held by Michael Clemann. This invoice was accounted for and is presented in the financial statements for the fiscal year end 2018 and has not been paid yet.

<sup>1</sup> Michael Paul Clemann was appointed Director on October 8, 2008 and President, CEO and CFO following the resignation of all the other directors of Avalon, namely Simon Phaneuf, Jean-Guy Lambert and Marc Gagnon in 2009.

## **Stock Options and Other Compensation Securities**

There were no Stock Options or Other Compensation Securities granted or issued to any Board Members or Named Executive Officers for the financial years ending August 31, 2017 and August 31, 2018. No Compensation Securities were exercised by any Named Executive Officer or any director of Issuer during its most recently completed financial year.

## **Stock Option Plan and other Incentive Plans**

The Stock Option Plan of the Issuer (the “**Stock Option Plan**”) was adopted in March 31, 2000 and amended to TSX-V (the “**Exchange**”) standards in 2003. The Stock Option Plan is designed to attract and retain highly qualified directors, officers, employees and consultants. The total number of Common Shares issuable under options granted pursuant to the Stock Option Plan is 3,722,000. The maximum number of Common Shares under options issuable in the aggregate to one person under the Stock Option Plan or any other plan cannot exceed 5% of the number of issued and outstanding shares at the time of grant. Under the Stock Option 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 Issuer’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. The Board of Directors determines the exercise price per option and the number of options which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the Exchange. The price per option set by the Board of Directors shall not be less than the last price at which a full board lot of Common Shares was, on the last business day prior to the date on which such option is granted, traded on the Exchange or such other principal market on which the Common Shares are then traded, less the applicable discount permitted (if any) by such applicable exchange or market. Options under the Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Issuer, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him immediately prior to the time of his cessation of office or employment and he will have no right to purchase any other shares. Options must be exercised within 90 days of termination of employment or cessation of position with the I, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death, the option must be exercised within 12 months after such death, subject to the expiry date of such option.

As of the date hereof, from the 3,722,000 Common Shares reserved under the Stock Option Plan, no options to purchase Common Shares are issued and/or outstanding.

## **Employment, Consulting and Management Agreements**

There are no employment, consulting or management agreements.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Compensation of Directors***

The Issuer is in the process of establishing a policy with respect to compensation of directors for their services. The Board of Directors intends to conduct a review of relevant sized companies operating in similar industries and expects to establish a compensation policy that is in line with the mid-range of such sample group of other companies. During the most recently completed financial year the directors were not provided with any compensation.

### ***Compensation of Named Executive Officers***

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.

### Base Salary

The base salary for Mr Clemann is CAD \$15,000 per annum.

### Annual Incentives

The bonus or incentive compensation for Mr Clemann is CAD \$15,000 per annum.

### Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

### Long Term Compensation

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

### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of Avalon or the Issuer.