

AMENDED

Management's Discussion and Analysis of Financial For the Nine Months Ended May 31, 2019

Avalon Works Corp.

The following management discussion and analysis ("MD&A") of the financial results is dated July 24, 2019 and reviews the operations of Avalon Works Corp. (the "Company") for the nine months ended May 31, 2019 and should be read in conjunction with the Company's interim financial statements (including notes) for the nine months ended May 31, 2019 as well as the annual MD&A and audited annual financial statements for the year ended August 31, 2018.

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 at April 25, 2019. 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.

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 nine months ending May 31, 2019. Management does not expect any revenues until 2020 while working to be listed again at which time further financing can be completed to support future business endeavours.

For the nine months ending May 31, 2019 the only expenses of the Company were accounting and legal fees as well as Licence fees 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.

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During the period of nine months ending May 31, 2019, the Company had 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 loans agreements. One of the 25,000\$ loan is from a related party, as the Lender is a company owned by a key management personnel. On March 2019, the loans were repaid in exchange for the issuance of new shares.

Selected Results of Operations Data

	May 31, 2019 (unaudited)	Aug. 31, 2018 (audited)
Revenue	0	0
Expenses	101,881	159,188
Net Loss	101,881	159,188

Issued and outstanding share data

	May 31, 2019 (unaudited)		Aug. 31, 2018 (audited)	
	Number	Amount	Number	Amount
		\$		\$
Balance, beginning of the year	19,742,200	1,000	19,742,200	1,000
New shares issued during the period	250,000,000	125,000	-	-
Balance, end of the year	269,742,200	1,000	19,742,200	1,000

The Company has 429,742,200 outstanding common shares as at July 24, 2019. 160,000,000 common shares have been issued on June 17, 2019 at a price of 0.0005\$ per common share, for a gross proceeds of 80,000\$.

Liquidity and capital resources

As at May 31, 2019, the Company doesn't have any assets.

As at May 31, 2019, the Company has a working capital deficit of 290,910\$. In addition, the accounts payable includes unrelated payables in the amount of 67,298\$ and payables to related party in the amount of 146,900\$ for the management fees to the directors of the company.

The Company intends to settle a part of these liabilities (205,388\$) 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 having its share relisted and be able to enter into a qualifying transaction to have future operations. The Company obtain three partial revocation orders from the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission on February 25, 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.

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Financial Instruments

As at May 31, 2019, the Company's financial instruments include accounts payable and accrued liabilities. The carrying values of accounts payable and accrued liabilities approximate their fair value due to their relatively short periods to maturity.

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 nine months ended May 31, 2019, the Company had transactions with related parties. Here are these transactions, as described in note 7 of the financial statements:

	May 31, 2019 (unaudited)	August 31, 2018 (audited)
Key management personnel compensation:	\$	\$
Management fees to the director of the Company	0,00	101,700

These management fees were invoiced to the Company by FX Capital Ltd who is owned by Michael Clemann, which is 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 FX Capital Ltd for Avalon Works Corp during the past three years.

The total amount owed to FX Capital Ltd for the management fees of the past three years is presented below:

Amount owing to related parties

	May 31, 2019 (unaudited)	August 31, 2018 (audited)
	\$	\$
Accounts payable included management fees	146,900	146,900

The Company had also contracted a loan of 25,000\$ from a related party, as the Lender, Rideau Capital Advisor Ltd, is a company owned by Michael Clemann who is a director of Avalon Works Corp. During the period, the loan was repaid in exchange for the issuance of new shares.

Critical Accounting estimates

There have been no changes to the Company's significant accounting judgements and estimates in the nine months ended May 31, 2019. The Company's significant accounting judgements and estimates are described in note 5(e) to the annual audited financial statements for the year ended August 31st, 2018.

Changes in accounting policies

There have been no changes to the Company's accounting policies in the nine months ending May 31, 2019. The Company's significant accounting policies are described in note 5 to the annual audited financial statements for the year ended August 31st, 2018.

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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 no 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.

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.