

Avalon Works Corp. announces completion of acquisition of Elmtree Gold Project in NE New Brunswick, \$5,040,500 concurrent financings and listing on the TSX Venture Exchange

Edmonton, Alberta -- (February 26, 2021) – **Avalon Works Corp. (TSXV: AWB)** (the "**Company**") is pleased to announce that, further to the news release issued by the Company on November 26, 2020, the Company has completed a consolidation (the "**Consolidation**") of all issued and outstanding common shares on the basis of 4.9362-to-1 effective February 25, 2021 followed by the acquisition on February 26, 2021 (the "**Acquisition**") of a mineral exploration property comprised of two mineral exploration properties respectively comprised of 24 and 25 contiguous mineral claims totaling 1,063,326 hectares in northeast New Brunswick known as the "**Elmtree Gold Project**" (the "**Property**"), pursuant to the terms of an agreement (the "**Acquisition Agreement**") dated November 18, 2020 among the Company and Kevin Vienneau, Roy Bonnell, Nick Stajduhar and John Williamson, who are businessmen resident in Canada (collectively, the "**Vendors**"). In addition, immediately following the Acquisition, the Company completed a concurrent financing (the "**Concurrent Financing**") for aggregate gross proceeds of \$3,588,500 and a private placement (the "**Private Placement**") offering of common shares of the Company on a flow-through basis for gross proceeds of \$1,452,000. The Company also received conditional listing approval for the listing (the "**Listing**") of its common shares on the TSX Venture Exchange (the "**TSXV**") pursuant to a Listing Application dated February 25, 2021 (the "**Listing Application**"), which is filed under the Company's profile on SEDAR at www.sedar.com, and expects to commence trading on Wednesday March 3, 2021 under the trading symbol "**AWB**" as a Tier 2 mining company.

In connection with the Acquisition and Listing, the Company has also filed on SEDAR under its profile, a geological technical report prepared in accordance with *National Instrument 43-101—Standards for Disclosure for Mineral Projects* ("**NI 43-101**") on the Property entitled, "NI 43-101 Technical Report, Geological Introduction to Avalon Works Corp.'s Elmtree Gold Project, Northeast New Brunswick, Canada" dated effective February 25, 2021 (the "**Technical Report**"). In addition, the Listing Application also provides more detailed information about the Consolidation, Bridge Financing, Acquisition, Concurrent Financing, Private Placement, and Listing (collectively, the "**Transactions**"), as well as additional information about the Company itself and the Elmtree Gold Project.

Bridge Financing and Consolidation

Pursuant to the Acquisition Agreement and prior to the closing of the Acquisition, Avalon received shareholders' approval to consolidate all of its issued and outstanding securities on the basis of 4.9362-to-1 (the "**Consolidation**") and completed the Consolidation on February 25, 2021. Prior to the Consolidation on February 1, 2021, the Company completed a bridge financing of \$150,000 (the "**Bridge Financing**") by way of a non-brokered private placement offering of 400,000 special warrants (the "**Bridge Special Warrants**", and each a "**Bridge Special Warrant**") at an effective post-Consolidation private of \$0.375 per Bridge Special Warrant of the Company. There were no commissions or finders fees paid in respect of the Bridge Financing.

Upon completion of the Consolidation and concurrent with the Acquisition, each Bridge Special Warrant was automatically exercised at no additional consideration into a unit (a "**Bridge Unit**") of a wholly-owned subsidiary of the Company, 1290012 B.C. Ltd. ("**Fin Sub**"). Each Bridge Unit was comprised of one common share and one-half common share purchase warrant of Fin Sub (a "**FinSub Bridge Warrant**"). Each FinSub Bridge Warrant entitled the holder thereof to acquire one common share of FinSub at an exercise price of \$0.75 per share for 12 months after the date of issuance. After completion of the Acquisition, the Bridge Units were exchanged automatically at under the Amalgamation (as described below) on a 1-for-1 basis for like securities of Avalon, on a post-Consolidation basis, which securities are

not subject to a hold or resale restrictions under applicable securities laws or the policies of the TSXV. However, 49,867 common shares and 24,933 common share purchase warrants of the Company issued to a principal of the Company in connection with the Bridge Financing are subject to a 36 month staged release Tier 2 Value Escrow pursuant to the policies of the TSXV.

The Acquisition of Elmtree Gold Project

Pursuant to the Acquisition Agreement, the Company acquired the Property on February 26, 2021 through one of its wholly-owned subsidiaries, 1290015 B.C. Ltd. ("**Property Sub**") by paying a purchase price of \$7,350,000 through: (i) payment of \$350,000 cash to Kevin Vienneau; (ii) the issuance of 14,000,000 common shares of the Company at a deemed price of \$0.50 per share (the "**Purchase Shares**"), which Purchase Shares are allocated to Kevin Vienneau or his corporate nominee (2,400,000 Purchase Shares), Severin Holdings Inc. (3,866,666 Purchase Shares), 678119 Alberta Ltd. (3,866,666 Purchase Shares), and Jemseg Capital Inc. (3,866,666 Purchase Shares); and (iii) grant of a 2% net smelter returns royalty (the "**2% NSR**") on the Elmtree Gold Project to Kevin Vienneau or his corporate nominee pursuant to a Net Smelter Return Royalty Agreement entered into between the Company and Kevin Vienneau or his corporate nominee. The Company also paid an arm's length third party finder, Redstone Concepts Inc. of Montreal, Quebec (the "**Finder**"), a finder's fee of \$100,000 by issuance of 200,000 common shares of the Company at a deemed price of \$0.50 per share (the "**Finder's Shares**"). The Purchase Shares were issued to the Vendors and the Finders Shares were issued to the Finder pursuant to the Amalgamation and are not subject to a hold period or resale restrictions following the issuance thereof pursuant to applicable securities laws and the policies of the TSXV. However, the 13,999,998 Purchase Shares issued to the Vendors together with 49,867 common shares and a further 24,933 common share purchase warrants of the Company issued to a principal of the Company in connection with the Bridge Financing are subject to a 36 month staged release Tier 2 Value Escrow pursuant to the policies of the TSXV.

Concurrent Financings

Concurrent with completion of the Acquisition, the Company also completed a concurrent financing (the "**Concurrent Financing**") by way of a non-brokered private placement of special warrants of the Company (the "**Concurrent Special Warrants**" and each a "**Concurrent Special Warrant**") at a price of \$0.50 per Concurrent Special Warrant for a total gross proceeds of \$3,588,500 through the issuance of 7,177,000 Concurrent Special Warrants. Each Concurrent Special Warrant entitled the holder thereof automatically following completion of the Consolidation and concurrent with the Acquisition on a post-Consolidation basis, one unit of Fin Sub (each a "**Fin Sub Concurrent Unit**"). The Company intends to use the net proceeds of the Concurrent Financing to fund exploration of the Elmtree Gold Project, and for working capital and administrative costs and expenses, as more specifically set forth in the Listing Application.

Upon completion of the Consolidation and concurrent with the Acquisition, each Concurrent Special Warrant was automatically exercised at no additional consideration into a unit (a "**Concurrent Unit**") of Fin Sub. Each Concurrent Unit was comprised of one common share and one common share purchase warrant of Fin Sub (a "**FinSub Warrant**"). Each FinSub Warrant entitled the holder thereof to acquire one common share of FinSub at an exercise price of \$0.75 per share for 24 months after the date of issuance. After completion of the Acquisition, the Bridge Units were exchanged automatically pursuant to the Amalgamation (as described below) on a 1-for-1 basis for like securities of Avalon, on a post-Consolidation basis, which securities are not subject to a hold or resale restrictions under applicable securities laws or the policies of the TSXV.

In addition to the Concurrent Financing, the Company also completed following completion of the Amalgamation, a Private Placement offering of common shares (the "**Shares**") of the Company at a price of \$0.55 per Share for total proceeds of \$1,452,000 through the issuance of \$2,640,000 Shares. Each

Share was issued as a "flow-through share" as defined in the *Income Tax Act (Canada)* (the "**Tax Act**"). The Company intends to use the proceeds of the Private Placement to incur "Canadian exploration expenses" within the meaning of the Tax Act ("**CEE**") on its Elmtree Gold Project pursuant to the recommended work program in the Technical Report which forms part of the use of proceeds described in the Listing Application during the period from the closing date to and including December 31, 2022. The Company will renounce the CEE to the subscribers in the Private Placement with an effective date no later than December 31, 2021. The Shares are subject to a hold period until June 27, 2021 pursuant to applicable securities laws.

In connection with the Concurrent Financing, the Company paid a fee to certain finders, including Clarus Securities Inc., which is comprised of total aggregate cash commissions of \$148,000 and 296,000 brokers warrants (the "**Brokers Warrants**"). Each Brokers Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.50 per share for a period of 24 months after issuance.

In connection with the Private Placement, the Company paid a fee to certain finders, including Clarus Securities Inc., which is comprised of total aggregate cash commissions of \$87,120 and 158,400 brokers warrants (the "**FT Brokers Warrants**"). Each FT Brokers Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.55 per share for a period of 24 months after issuance.

Amalgamation

Pursuant to the Acquisition Agreement, Avalon completed a three-corned amalgamation with Property Sub and Fin Sub (the "**Amalgamation**") whereby: (i) Fin Sub and Property Sub amalgamated; (ii) security holders of Property Sub (other than Avalon) received like securities of Avalon on a one-for-one basis in exchange for their securities of Property Sub; and (iii) security holders of Fin Sub (other than Avalon) received like securities of Avalon on a one-for-one basis in exchange for their securities of Fin Sub. As a consequence of the Amalgamation, Fin Sub and Property Sub amalgamated under the *Business Corporations Act* (British Columbia) into a wholly owned subsidiary of Avalon retaining the name 1290015 B.C. Ltd. ("**Amalco**") with Avalon becoming the Resulting Issuer owning 100% of Amalco as registered owner of the Elmtree Gold Project.

Following completion of the Amalgamation, all existing directors resigned as directors of the Company and John Williamson, Roy Bonnell, Nicholas Stajduhar, and Kevin Vienneau joined as new directors. Management of the Company has also changed so that it now consists of John Williamson as President and Chief Executive Officer, and Justin Bourassa as Chief Financial Officer and Corporate Secretary.

The Company has also changed its head office from Ontario to Suite 300, 10545 45 Avenue NW, Edmonton, Alberta and it is in the process of applying to change its Principal Regulator to the British Columbia Securities Commission.

The Acquisition and the other Transactions in connection therewith has resulted in a "reverse takeover" under the policies of the TSXV, and the Company has applied for listing of its common shares on the Exchange, has received conditional listing approval from the Exchange. The Company has also made the necessary submission for final approval of the TSXV, and trading of the common shares of the Company under the new symbol "**AWB**" is expected to commence on the TSXV on Wednesday March 3, 2021 as a Tier 2 mining company.

Upon completion of the Transactions at the time of Listing, the Company will have 26,217,000 common shares issued and outstanding with 14,049,867 common shares and 24,867 common share purchase warrants subject to a 36 month staged release Tier 2 Value Escrow Agreement.

About Avalon Works Corp.

Avalon Works Corp. is a mineral exploration company focused on proving and developing the resource potential of the 1,063,326 hectare mineral property in northeast New Brunswick known as the "**Elmtree Gold Project**", approximately 20 km northwest of the City of Bathurst, New Brunswick and approximately 10 km west of the village of Petit Rocher, New Brunswick near the enhanced service areas of Alcida and Dauversiere, New Brunswick. For further details about the Elmtree Gold Project, please refer to the Company's website or current geological Technical Report dated February 25, 2021 available under the Company's profile on SEDAR at www.sedar.com. In addition, the Company's Listing Application dated February 25, 2021 also provides additional detailed information about the Company, its Elmtree Gold Project, and the Transactions, which is also publicly available under the Company's profile on SEDAR at www.sedar.com.

On behalf of the Board of Directors
Avalon Works Corp.

"John Williamson"

John Williamson
President, CEO and Director

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Investors are cautioned that, except as disclosed in the management information circular or listing application prepared in connection with the Acquisition, any information released or received with respect to the Acquisition may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Cautionary Statement Regarding Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, without limitation, statements regarding the use of proceeds from the Bridge Financing and Concurrent Financing, the expected timing for completion of the recommended work program pursuant to the Technical Report, and the future plans or prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are necessarily based upon a number of assumptions that, while considered reasonable by management, are inherently subject to business, market and economic risks, uncertainties and contingencies that may cause actual results, performance or achievements to be materially different from those expressed or implied by forward-

looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Other factors which could materially affect such forward-looking information are described in the risk factors in the Company's most recent annual management's discussion and analysis which is available on the Company's profile on SEDAR at www.sedar.com. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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