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**INFORMATION CIRCULAR
AS AT AND DATED DECEMBER 19, 2008**
(unless otherwise noted)

This Information Circular accompanies the Notice of the 2009 Annual General Meeting of shareholders of Avalon Ventures Ltd. (the "Company") scheduled to be held on January 19, 2009 (the "Meeting"), and is furnished in connection with a solicitation of proxies for use at that Meeting and at any adjournment thereof.

PERSONS OR COMPANIES MAKING THE SOLICITATION

THE FORM OF PROXY ACCOMPANYING THIS INFORMATION CIRCULAR
IS BEING SOLICITED BY MANAGEMENT OF THE COMPANY

Solicitations will be made by mail and possibly supplemented by telephone, electronic means or other personal contact to be made without special compensation by directors, officers, and employees of the Company. The Company may reimburse shareholders' nominees or agents for the cost incurred in obtaining from their principals, authorization to execute forms of proxy. No solicitation will be made by specially engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

APPOINTMENT OF PROXYHOLDER

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Those shareholders so desiring may be represented by proxy at the Meeting. The persons named in the form of proxy accompanying this Information Circular are directors and/or officers of the Company ("Management Appointees"). **A shareholder has the right to appoint a person or company (who need not be a shareholder) to attend and act on the shareholder's behalf at the Meeting other than the Management Appointees.** To exercise this right, the shareholder must either insert the name of the desired person in the blank space provided in the form of proxy accompanying this Information Circular and strike out the names of the Management Appointees or submit another proper form of proxy.

NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on the records of the Company ("registered shareholders") or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are not registered shareholders because the shares they own are not registered in their names. More particularly, a person is not a registered shareholder in respect of shares which are held on

behalf of that person (the “Non-Registered Holder”) but which are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares including, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans; or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“CDS”)) of which the Intermediary is a participant. In accordance with securities regulatory policy, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy accompanying this Information Circular (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries.

Intermediaries are required to forward the Meeting Materials to, and to seek voting instructions from, Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries will often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete this form of proxy and **submit it to the Company, c/o Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 fax number: (416) 263-9261;** or
- (b) more typically, be given a voting instruction or proxy authorization form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for this proxy form to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy form, properly complete and sign the proxy form and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Holder cannot use a proxy authorization form to vote shares directly at the Meeting.**

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own.

The Meeting Materials are being sent to both registered and non-registered owners of shares. If you are a Non-Registered Holder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding shares on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding shares on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Non-Registered Holders cannot be recognized at the Meeting for purposes of voting their shares in person or by way of depositing a form of proxy. If you are a Non-Registered Holder and wish to vote in person at the Meeting, please see the voting instructions you received or contact your Intermediary well in advance of the Meeting to determine how you can do so.

Non-Registered Holders should carefully follow the voting instructions they receive, including those on how and when voting instructions are to be provided, in order to have their shares voted at the Meeting.

DEPOSIT AND VOTING OF PROXIES

To be effective, the instrument of proxy must be dated and signed and, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, deposited either at the office of Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, or at the office of the Company at Suite 1901, 130 Adelaide Street West, Toronto, Ontario, M5H 3P5, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof.

THE SHARES REPRESENTED BY A PROPERLY EXECUTED AND DEPOSITED PROXY WILL BE VOTED OR WITHHELD FROM VOTING ON EACH MATTER REFERRED TO IN THE NOTICE OF MEETING IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN (PROVIDED SUCH INSTRUCTIONS ARE CERTAIN) ON ANY BALLOT THAT MAY BE CALLED FOR AND, IF A CHOICE IS SPECIFIED WITH RESPECT TO ANY MATTER TO BE ACTED UPON AT THE MEETING, THE SHARES SHALL BE VOTED OR WITHHELD FROM VOTING ACCORDINGLY. **WHERE NO CHOICE IS SPECIFIED IN RESPECT OF ANY MATTER TO BE ACTED UPON OTHER THAN THE APPOINTMENT OF AN AUDITOR OR THE ELECTION OF DIRECTORS AND ONE OF THE MANAGEMENT APPOINTEES IS NAMED IN THE FORM OF PROXY TO ACT AS THE SHAREHOLDER'S PROXYHOLDER, THE SHARES REPRESENTED BY THE PROXY WILL BE VOTED IN FAVOUR OF ALL SUCH MATTERS ON ANY BALLOT THAT MAY BE CALLED FOR.** THE FORM OF PROXY ACCOMPANYING THIS INFORMATION CIRCULAR GIVES THE PERSON OR COMPANY NAMED AS PROXYHOLDER DISCRETIONARY AUTHORITY REGARDING AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING. IN THE EVENT THAT AMENDMENTS OR VARIATIONS TO MATTERS IDENTIFIED IN THE NOTICE OF MEETING ARE PROPERLY BROUGHT BEFORE THE MEETING OR ANY OTHER BUSINESS IS PROPERLY BROUGHT BEFORE THE MEETING, IT IS THE INTENTION OF THE MANAGEMENT APPOINTEES TO VOTE IN ACCORDANCE WITH THEIR BEST JUDGMENT ON SUCH MATTERS OR BUSINESS ON ANY BALLOT THAT MAY BE CALLED FOR. AT THE TIME OF PRINTING THIS INFORMATION CIRCULAR, MANAGEMENT KNOWS OF NO SUCH AMENDMENTS, VARIATIONS, OR OTHER MATTERS WHICH MAY BE BROUGHT BEFORE THE MEETING.

REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the registered shareholder or his attorney authorized in writing, or if the registered shareholder is a Company, by a duly authorized officer or attorney thereof, and deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or, as to any matter in respect of which a vote shall not

already have been cast pursuant to such proxy, with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

Only registered shareholders have the right to revoke a proxy. A Non-Registered Holder may revoke a proxy authorization form or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of proxy authorization form or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least 7 days prior to the Meeting.

RECORD DATE

The Company has fixed the record date for the Meeting as the close of business on December 12, 2008 (the “**Record Date**”). All shareholders of record on the Record Date shall be entitled to receive notice of and to vote at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value and 25,000,000 preferred shares without par value. There are 64,649,748 common shares issued and outstanding at December 12, 2008.

At a General Meeting of the Company, on a show of hands, every registered shareholder present in person and entitled to vote and every proxyholder duly appointed by a registered shareholder who would have been entitled to vote shall have one vote and, on a poll, every registered shareholder present in person or represented by proxy or other proper authority and entitled to vote shall have one vote for each share of which such shareholder is the registered holder. Shares represented by proxy will only be voted if a ballot is called for. A ballot may be requested by a registered shareholder or proxyholder present at the Meeting or required because the number of votes attached to shares represented by proxies that are to be voted against a matter is greater than 5% of the votes that could be cast at the Meeting.

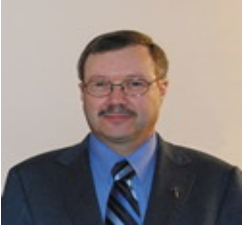



To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company.


ELECTION OF DIRECTORS

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. **Unless such authority is withheld, Management Appointees intend to vote the shares represented by proxy for the election of the nominees herein listed on any ballot that may be called for.**

MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR. IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY THE PERSON NAMED IN THE PROXY TO VOTE THE SHARES REPRESENTED BY PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS AS DIRECTORS ON ANY BALLOT THAT MAY BE CALLED FOR.

Management proposes that the number of directors for the Company be determined at five for the ensuing year, subject to such increases as may be permitted by the Articles of the Company, and to nominate each of the following persons for election as a director.

Name, Jurisdiction of Residence and Present Office Held	Director Since	Number Of Shares Beneficially Owned, Directly Or Indirectly, Or Over Which Control Or Direction Is Exercised At December 12, 2008 ⁽³⁾	Principal Occupation
 <p>DONALD S. BUBAR Ontario, Canada <i>President and Chief Executive Officer and Director</i></p>	February 17, 1995	1,347,000	President and Chief Executive Officer of the Company
 <p>ALAN FERRY⁽¹⁾ Ontario, Canada <i>Chairman and Director</i></p>	February 24, 2000	125,000	Self-employed
 <p>BRIAN D. MacEACHEN⁽¹⁾ Nova Scotia, Canada <i>Director</i></p>	November 16, 1998	362,500	Mining Company Executive; Chartered Accountant
 <p>JOSEPH G. MONTEITH⁽¹⁾⁽²⁾ Ontario, Canada <i>Director</i></p>	February 24, 2000	820,000	Retired Chemical Engineering Technologist

Name, Jurisdiction of Residence and Present Office Held	Director Since	Number Of Shares Beneficially Owned, Directly Or Indirectly, Or Over Which Control Or Direction Is Exercised At December 12, 2008 ⁽³⁾	Principal Occupation
 <p>PETER McCARTER⁽²⁾ Ontario, Canada <i>Director</i></p>	November 27, 2007	30,000	Retired Executive since September, 2007

(1) Denotes a member of the Audit Committee.

(2) Denotes a member of the Compensation, Governance and Nominating Committee.

(3) The information as to shares beneficially owned or over which control or direction is exercised has been furnished by the respective nominees individually.

No proposed director (including any personal holding company of a proposed director):

- (a) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that
- (i) was the subject of a cease trade or similar order (including a management cease trade order whether or not such person was named in the order) or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, (an “Order”) while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer other than Peter McCarter, who was a director and officer of Compressario Corporation when it became subject to a cease trade order that was issued by the Ontario, B.C. and Alberta Securities Commissions for failure to file financial statements; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director chief executive officer or chief financial officer.
- (b) is, as at the date of this Information Circular, or has been, within the preceding 10 years, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

- (d) has been subject to:
- (i) since December 31, 2000, 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 before December 31, 2000, the disclosure of which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director;
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director;
- (e) is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

EXECUTIVE COMPENSATION

"CEO" means each individual who served as chief executive officer of the Company or acted in a similar capacity during the most recently completed financial year.

"CFO" means each individual who served as chief financial officer of the Company or acted in a similar capacity during the most recently completed financial year.

"executive officer" means the chair, a vice-chair, the president, a vice-president in charge of a principal business unit, division, or function of the Company and any other individual performing a policy-making function in respect of the Company.

"Named Executive Officer" means:

- (i) each CEO and CFO;
- (ii) each of the Company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeded \$150,000; and
- (iii) any additional individuals who would have been included in (ii) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

The following table sets forth all annual and long term compensation for services to the Company for the three most recently completed financial years as at August 31, 2008 in respect of the Named Executive Officers. At the end of the Company's most recently completed financial year, the Company had two Named Executive Officers, Donald S. Bubar, the Company's CEO, and R. James Andersen, the Company's CFO. There were no other executive officers of the Company, or other individuals that served as executive officers, whose total compensation exceeded \$150,000 during the financial year ended August 31, 2008.

Summary Compensation Table

Named Executive Officer and Principal Position	Year ⁽¹⁾	Annual Compensation			Long Term Compensation	All Other Compensation (\$) ⁽²⁾
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$) ⁽⁴⁾	(\$) Securities Under Options/ (#)	
Donald S. Bubar CEO	2008	180,000	100,000	9,750 ⁽³⁾	175,000	Nil
	2007	120,000	Nil	54,500 ⁽³⁾	550,000	Nil
	2006	85,000	Nil	57,500 ⁽³⁾	100,000	Nil
R. James Andersen CFO	2008	48,000	Nil	Nil	75,000	Nil
	2007	36,000	Nil	Nil	Nil	Nil
	2006	29,000	Nil	Nil	250,000	Nil

- Notes:
- (1) Ended August 31.
 - (2) The Company has not granted any Stock Appreciation Rights (SAR's) nor does it have any Long Term Incentive Plans (LTIP's).
 - (3) Paid or accrued to D.S. Bubar and Associates as fees for mineral exploration consulting services.
 - (4) No pension plan or retirement benefit plan has been instituted by the Company and none are proposed at this time.

STOCK OPTION PLAN

The Company's Stock Option Plan (the "Option Plan"), which was approved by shareholders on January 31, 2008, is a fixed percentage plan that provides that the maximum number of options which may be outstanding under the Option Plan and any other compensation arrangement of the Company is 10% of the Company's issued and outstanding common shares ("Shares"). Eligible participants under the Option Plan include an insider or employee of the Company or any of its subsidiaries, and any other person or company engaged to provide ongoing management, consulting or advisory services to the Company ("Eligible Persons").

Incentive stock options ("Options") granted under the Option Plan entitle the purchase of shares at a price and for the length of time determined by the Board of Directors (the "Board"); provided that the price shall not be lower than the market price of the shares on the stock exchange upon which the Company's shares are listed on the day prior to or on the day of the grant and the expiry date shall be no more than 10 years after the date of the grant, respectively. All Shares subject to Options that have been exercised or that have expired or have been otherwise terminated or cancelled without having been exercised, shall be available for issuance pursuant to the exercise of any subsequent Options granted under the Option Plan.

Option Plan Amendment Provisions

The Option Plan contains provisions that set out certain specific matters with respect to which the Board cannot make amendments to the Option Plan without the approval of shareholders. These matters are:

- an increase in the maximum number of shares issuable under the Option Plan or a change from a fixed maximum number of shares to a fixed maximum percentage of issued and outstanding shares;

- a reduction in the exercise price of outstanding options held by an insider, including a cancellation of outstanding options for the purpose of reissuance of such options to the same optionee at a lower exercise price;
- an extension of the expiry date of an option held by an insider;
- any change to the eligible participants in the Option Plan which would have the potential of broadening or increasing insider participation;
- the addition of any form of financial assistance or any amendment to the existing financial assistance provisions of the Option Plan which would be more favourable to participants than the existing Option Plan provisions;
- the addition of a cashless exercise feature which provides for the payment in cash or securities on exercise of options which does not provide for a deduction of the number of shares reserved for issuance pursuant to the Option Plan equal to the number of shares that would otherwise have been issuable upon the exercise of the relevant option; and
- the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Corporation.

Subject to the foregoing, the Option Plan also provides that the Board may make other amendments to the Option Plan, including, but not limited to, with respect to the following matters, without the approval of shareholders:

- “housekeeping” and administrative or technical changes or changes designed to comply with the applicable laws or regulatory requirements or tax provisions;
- corrections of any ambiguity, defective provision, error or omission in the provisions of the Option Plan;
- the terms, conditions and/or mechanics of the granting, vesting, exercising and early expiry or termination of options; and
- changes to the expiry or termination provisions of options which do not entail an extension beyond the original expiry date of such options.

The rules of the Toronto Stock Exchange (the “TSX”) require that all unallocated options, rights or other entitlements under plans such as the Option Plan must be re-approved by a majority of the relevant issuer’s directors and by shareholders every three years after institution of the relevant plan.

Stock Appreciation Rights

Incentives to participants under the Option Plan may also be provided by the granting of stock appreciation rights. Stock appreciation rights, which can be attached to a Option at the discretion of the Company at any time, entitle a participant in the Option Plan to elect, in lieu of exercising an outstanding Option, to receive the number of Shares equivalent in value to the difference between his or her option exercise price and the then existing market value of the Shares multiplied by the number of Shares over which he or she could otherwise exercise his or her option. No stock appreciation rights have been granted under the Option Plan to date.

OPTION GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

The following table sets forth all Options granted during the most recently completed financial year to the Named Executive Officers.

Named Executive Officer	Securities Under Options Granted (#)	% Of Total Options Granted To Employees In Financial Year	Exercise Price (\$/Security)	Market Value Of Securities Underlying Options On The Date Of Grant (\$/Security)	Expiration Date
Donald S. Bubar	175,000	38.9	\$1.20	\$1.20	April 21, 2013
R. James Andersen	75,000	16.7	\$1.20	\$1.20	April 21, 2013

AGGREGATED OPTION EXERCISES

The following table sets forth details of all exercised Options during the most recently completed financial year by the Named Executive Officers and the value of unexercised in-the-money Options on an aggregated basis.

Named Executive Officer	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$) ⁽¹⁾	Unexercised Options at Financial Year End (#) Exercisable/Unexercisable	Value Of Unexercised In-The-Money Options at Financial Year End (\$) ⁽²⁾ Exercisable/Unexercisable
Donald S. Bubar	175,000	129,500	637,500/362,500	509,750/127,500
R. James Andersen	75,000	64,500	325,000/75,000	237,750/22,500

Notes:

- (1) Calculated as being the closing market price of the Shares on the TSX on the date of the exercise less the per Share exercise price of the relevant Options times the number of Shares involved.
- (2) Calculated as being the closing market price of the Shares on the TSX as at August 29, 2008, being \$1.50, less the per share exercise price of the relevant Options times the number of shares involved.

TERMINATION OF EMPLOYMENT, CHANGES IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

Under an Employment Agreement dated January 1, 2008, the Company employs Donald S. Bubar as the Company's President and Chief Executive Officer at an annual salary of \$210,000. This Agreement is for a 12 month term, automatically renewable for additional 12 month periods thereafter unless either party advises the other, in writing, at least 60 days before the end of the period that it does not wish to renew. The Employment Agreement also provides that if Mr. Bubar's employment is terminated by the Company without cause, or by Mr. Bubar within six months of a change of control of the Company, the Company will pay to Mr. Bubar, within five days of termination, a lump sum in cash equal to:

- (a) the amount that the Company would have been required to pay to Mr. Bubar for the six month period following termination, in the case of termination by the Company, or the balance of the term of the Employment Agreement, in the case of termination by Mr. Bubar; and
- (b) the amount equal to an additional two months' salary for every full or partial year of service to the Company, recognizing that Mr. Bubar's employment originally began on March 1, 1995.

However, the maximum amount payable to Mr. Bubar as indicated above, shall not exceed 3 times his annual salary amount in effect at the time.

This Employment Agreement provides that a change of control of the Company will be evidenced by the acquisition by any person, or by any person and its affiliates (as such terms are defined in the British Columbia *Business Corporations Act*), and whether directly or indirectly, of Shares which, when added to all other Shares at the time held by such person and its affiliates, totals for the first time 20% of the outstanding Shares.

The Company was previously party to a Consulting Agreement dated August 1, 2005 with D.S. Bubar and Associates ("Bubar and Associates"), a firm of consulting geologists which included Donald S. Bubar, pursuant to which Bubar and Associates agreed to provide mineral exploration and geological consulting services to the Company, which was terminated effective December 31, 2007.

REPORT ON EXECUTIVE COMPENSATION

The Compensation, Governance and Nominating Committee (the "CGN Committee") is responsible for making recommendations to the Board with respect to the compensation of the executive officers of the Company as well as, among other things, with respect to the Option Plan and any other employee benefits and/or plans. The Board (exclusive of the CEO who is also a member of the Board) reviews such recommendations and gives final approval to the compensation of the executive officers.

The CGN Committee of the Board consists of Mr. McCarter (Chair), Mr. Corman and Mr. Monteith, all of whom are independent. The CGN Committee does not engage any specific advisor or consultant to assist it in its performance of its duties.

The overall objective adopted by the CGN Committee is to ensure that executive compensation is fair and reasonable, rewards management performance and is sufficient to attract and retain experienced and talented executives. This objective also recognizes the fundamental value added by a motivated and committed management team. Historically, the compensation provided by the Company to its executive officers, including the CEO, has had two components: base salary and long term incentive compensation in the form of stock options. In 2008, bonus compensation was also added as a component of management compensation.

Base Salary and Bonus

Base salary is the principal component of each executive officer's overall compensation. In terms of the setting of base salaries, the CGN Committee annually reviews and considers the individual performance of the CEO and of each other executive officer and compares executive compensation for other companies operating in the mining industry. The CGN Committee, in particular in respect of the CEO, has compared the executive compensation of the Company to the compensation paid by a peer group of 15 or so other TSX listed junior mining companies selected by the CGN Committee as being comparable to the Company in terms of market capitalization, size, assets and/or stage of

development of its mineral properties. CEO compensation in particular is, before the consideration of other factors, initially targeted to be near the average for the peer group of companies.

In setting the salary and bonus, if any, to be awarded to the CEO for each year, the CGN Committee, in addition to reviewing the peer group data, reviews the achievements of the CEO measured against objectives established by the Board and management for the prior year and looks at the overall performance of the Company in terms of the acquisition and advancement of its projects. Also typically included in such overall assessment are specific initiatives undertaken in the year by the Company that have advanced the growth and progress of the Company and the enhancement of shareholder value during the year, including the Company's share price performance. In setting the compensation of the other executive officers of the Company, the CGN Committee reviews with the CEO, the CEO's evaluation of each executive officer's performance during the year as well as the responsibilities, experience and qualifications of such executive officer and comparable industry compensation data. Given the nature of the Company as a junior resource company without existing mineral production and without any attendant revenues derived therefrom, compensation is generally based on qualitative, rather than quantitative or objective, measures. No specific weights or percentages, however, are assigned to any of the measures or objectives upon which the executive compensation is generally based.

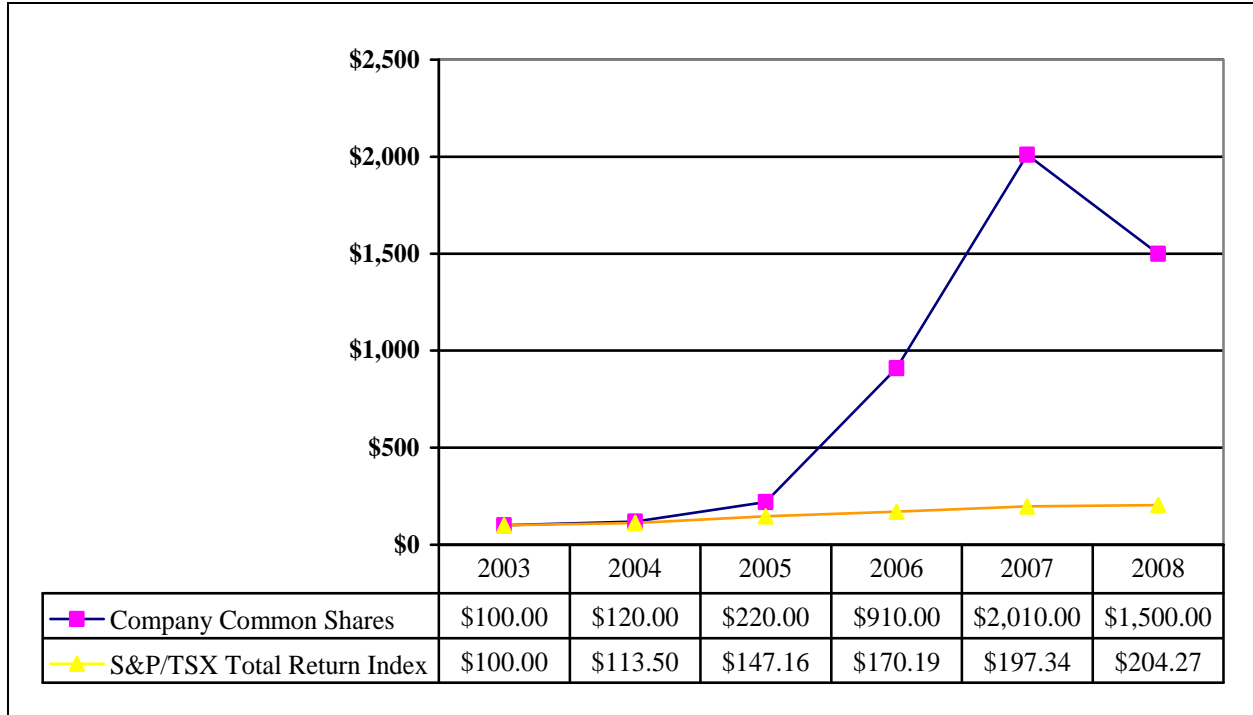
Based on the recommendations of the CGN Committee, the Company granted the CEO a bonus of \$100,000 in 2008 in recognition of the CEO's achievements in 2007 and in prior years. In particular, the bonus was to recognize the acquisition by the Company of its Thor Lake property, the consequent increase of its market capitalization and the raising of \$16.8 million of equity capital in late 2007, thereby ensuring that the Company had sufficient working capital to meet TSX listing requirements and to complete the necessary drilling to bring the Thor Lake property to the pre-feasibility stage and to subsequently carry out a pre-feasibility study on the property.

Stock Options

The CGN Committee is of the view that the granting of stock options is an appropriate method of providing long-term incentives to senior management of the Company and, in general, aligns the interests of senior management with those of the shareholders by enabling senior management to participate in the long term growth of the Company. Participation in the Option Plan also provides incentive to the participants to enter into and subsequently to continue their employment with the Company. In addition, the CGN Committee is of the view that the Company's compensation levels and components must be consistent with industry norms and industry norms dictate that the Company provide a long-term compensation incentive, which is best realized by providing compensation linked to share performance such as stock options. The number and terms of options previously granted to the named executives have been and are expected to continue to be taken into account, as well as the number and terms of options granted by the peer group companies, in determining whether and in what quantity new option grants should be made in any year. New options were granted to the Named Executive Officers during the Company's 2008 fiscal year, the particulars of which are set out in the table on page 10.

PERFORMANCE GRAPH

The following graph and table compares the yearly percentage change in the cumulative total shareholder return of the Shares for the period from August 31, 2003 to August 31, 2008 with the cumulative total return of the S&P/TSX Total Return Index for the same period⁽¹⁾.



Note:

(1) Assumes \$100 invested in Shares on August 31, 2003 and in the S&P/TSX Composite Total Return Index, which assumes dividend reinvestment.

COMPENSATION OF DIRECTORS

The Directors of the Company (except for Donald S. Bubar) received the following directors' fees during the financial year ended August 31, 2008:

Name of Director	Compensation Received
F. Dale Corman	\$8,000
Joseph Monteith	\$8,000
Brian D. MacEachen	\$10,000
Alan Ferry	\$10,000
Peter McCarter	\$6,000

Each of the Company's directors, except for Donald S. Bubar, now receives a fee of \$8,000 per year payable in quarterly instalments of \$2,000 for serving as a director of the Company. The Chairman of the Board and the Chairman of the Audit Committee receive additional remuneration of \$500 per quarter. Directors are reimbursed for their out-of-pocket expenses incurred in attending directors' and committee meetings.

The directors are indemnified by the Company against all costs, charges and expenses reasonably incurred by such director in respect of any action or proceeding to which such director is made a party by reason of being a director of the Company, subject to the limitations in respect thereof contained in the British Columbia *Business Corporations Act*.

The Company maintains insurance coverage in respect of directors' and officers' liability which is limited to \$10,000,000 per claim and \$10,000,000 per policy period, subject to a deductible of \$25,000 as defined in the policy. The current policy is for a one-year term and expires on July 20, 2009.

Directors are also eligible to be granted Options and the following directors were granted Options during the most recently completed financial year on April 21, 2008:

Name	Securities Under Options Granted (#)	Exercise Price	Expiration Date
Alan Ferry	50,000	\$1.20	April 21, 2013
Brian MacEachen	50,000	\$1.20	April 21, 2013
F. Dale Corman	25,000	\$1.20	April 21, 2013
Joseph Monteith	50,000	\$1.20	April 21, 2013

The CGN Committee periodically reviews the compensation of the directors of the Company, with particular regard to the compensation of directors of comparable mining companies, and is satisfied that the current directors' compensation is appropriate.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at August 31, 2008 with respect to Shares issuable by the Company pursuant to the Option Plan, which is the only equity compensation plan of the Company:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	4,327,500 ⁽¹⁾	\$1.13	2,137,475 ⁽²⁾
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,327,500	\$1.13	2,137,475

- (1) As at December 12, 2008 the total number of Shares issuable under outstanding Options is 4,327,500 which is 6.79% of the number of Shares issued and outstanding.
- (2) The Option Plan provides for the issuance of Options to purchase up to an aggregate of 10% of the issued and outstanding Shares. As at December 12, 2008, the Company may issue up to an additional 2,137,475 Options which is 3.3% of the number of Shares issued and outstanding.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The TSX requires that the Company disclose its policies established in accordance with National Instrument 58-201 – *Corporate Governance Guidelines* with respect to corporate governance. This disclosure must be made in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The Company's approach to corporate governance matters is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to protect and enhance shareholder value. The Company's Statement of Corporate Governance Practices is set out in Schedule "A" to this Information Circular.

AUDIT COMMITTEE

Information regarding the Company's Audit Committee is contained in the Company's Annual Information Form ("AIF") for the year ended August 31, 2008 under the heading "Audit Committee" and a copy of the Company's Audit Committee Charter is attached to the AIF as Schedule "A". The AIF is available on SEDAR at www.sedar.com under the Company's profile and on the Company's website at www.avalonventures.com.

APPOINTMENT OF AUDITOR

It has been proposed that Bolton & Bolton, Chartered Accountants, be re-appointed as auditor of the Company for the ensuing year. Bolton & Bolton, Chartered Accountants, was first appointed auditor of the Company on August 11, 2005.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, no management proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as disclosed under the headings "Executive Compensation" and "Particulars of Matters to be Acted Upon".

ADDITIONAL INFORMATION

Additional information relating to the Company can be found at www.sedar.com and on the Company's website at www.avalonventures.com. Financial information is provided in the Company's comparative financial statements for the financial year ended August 31, 2008.

A copy of the following documents may be obtained, without charge, upon request to the Corporate Secretary of the Company at Suite 1901, 130 Adelaide Street West, Toronto, ON Phone: (416) 364-4938, Fax: (416) 364-5162:

- (a) the comparative financial statements of the Company for the financial year ended August 31, 2008 together with the accompanying report of the auditor thereon and related Management Discussion and Analysis and any interim financial statements of the Company for periods subsequent to August 31, 2008 and related Management Discussion and Analysis; and

(b) this Information Circular.

DIRECTORS' APPROVAL

The Board has approved the contents of this Information Circular and the mailing of it to shareholders of record on December 19, 2008.

**BY ORDER OF THE BOARD OF DIRECTORS
OF AVALON VENTURES LTD.**

"Donald S. Bubar"

Donald S. Bubar
President

SCHEDULE “A” TO INFORMATION CIRCULAR

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

General

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines and, as prescribed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, hereby discloses its corporate governance practices.

Disclosure Requirements	Comments
Disclose the identity of directors who are independent.	<ul style="list-style-type: none"> • Alan Ferry • F. Dale Corman • Brian D MacEachen • Joseph Monteith • Peter McCarter <p>For more information about each director, please refer to the section entitled “Election of Directors” on page 5 of this Information Circular.</p>
Disclose the identity of directors who are not independent, and describe the basis for that determination.	<p>Donald S. Bubar, the President and Chief Executive Officer of the Company, is considered not independent by virtue of his position with the Company.</p> <p>For more information about each director, please refer to the section entitled “Election of Directors” on page 5 of this Information Circular.</p>
Disclose whether or not a majority of directors are independent.	<p>The Board is currently composed of six directors. After consideration of the criteria set forth in applicable securities legislation, the Board has concluded that five of the directors are independent. The remaining director is the President and Chief Executive Officer of the Company.</p>
If a director is presently a director of another issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>List directors and held directorships</p> <ul style="list-style-type: none"> • Donald S. Bubar – n/a • Alan Ferry – Guyana Goldfields Inc., Inter-Rock Minerals Inc., Macusani Yellowcake Inc., Merged Enterprises Inc., Coronation Minerals Inc. • F. Dale Corman – Western Copper Company • Brian D MacEachen – Ucore Uranium Inc., Rhino Resources Inc. • Joseph Monteith – n/a • Peter McCarter – Thundermin Resources Inc.
Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year end.	<p>The Board meets without management present (and therefore without the presence of non-independent directors) at the end of every Board meeting under the chairmanship of Mr. Ferry.</p> <p>The number of such meetings held since September 1, 2007 is 5.</p>
Disclose whether or not the chair of the board is an independent director. If the board has a chair	<p>Mr. Ferry is the Chairman of the Board and is an independent director.</p>

<p>or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his role and responsibilities.</p>	<p>The Chairman has the responsibility, among other things, of ensuring that the Board discharges its responsibilities effectively. The Chairman acts as a liaison between the Board and the President and Chief Executive Officer and chairs Board meetings.</p>
<p>Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The Board has held 5 meetings since September 1, 2007 with the attendance record of each director as follows:</p> <ul style="list-style-type: none"> • Alan Ferry – 5 Board meetings • F. Dale Corman – 3 Board meetings • Brian D MacEachen – 5 Board meetings • Joseph Monteith – 5 Board meetings • Donald S. Bubar – 5 Board meetings • Peter McCarter – 5 Board meetings
<p>Disclose the text of the board's written mandate.</p>	<p>Please refer to Schedule "B" attached to this Information Circular.</p>
<p>Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such positions.</p>	<p>The Board has developed and adopted a written position description for each of the following, as recommended by the CSA Guidelines:</p> <ul style="list-style-type: none"> • Chair of the Board; • Chair of the Audit Committee; and • Chair of the Compensation, Governance and Nominating Committee
<p>Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>The Board and the President and Chief Executive Officer have developed a written position description for the President and Chief Executive Officer, and the Board has adopted such position descriptions.</p>
<p>Briefly describe what measure the board takes to orient new directors regarding:</p> <p>(i) the role of the board, its committees and its directors, and</p> <p>(ii) the nature and operation of the issuer's business.</p>	<p>There is currently no formal orientation program in place for new Board members. The Board as a whole and the Company informally provide such orientation and education as required, and provide copies of corporate policies and the Company's strategic plan. In light of the Company's size, the Board believes this approach is practical and effective.</p>
<p>Briefly discuss what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>There is currently no formal continuing education program in place. Each director is responsible for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director, and Board members are entitled, at the Company's expense, to attend seminars they determine necessary to keep them up-to-date with current issues relevant to their service as directors of the Company.</p> <p>From time to time, outside consultants have attended Board meetings and made presentations on current issues and, in particular, matters relating to the Company's work programs.</p>

<p>Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code,</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code, and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Board has adopted a written code of conduct for its directors, officers and employees and an affirmation of the code is signed annually by each director, officer and employee.</p> <p>(i) the Company's code of conduct referred to above can be viewed on the Company's website at www.avalonventures.com or a copy may be obtained by written request to the Company's Corporate Secretary, at Suite 1901, 130 Adelaide Street West, Toronto, Ontario M5H 3P5</p> <p>(ii) The Board monitors compliance with its code by requiring that each director, officer and employee annually affirm, in writing, that he/she has read and understood the code of conduct and has agreed to abide by it in all aspects.</p> <p>(iii) None.</p>
<p>Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Each director and executive officer is required to fully disclose his interest in respect of any transaction or agreement to be entered into by the Company. Once such interest has been disclosed, the Board as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement.</p>
<p>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Management, with the support of the Board, has put structures in place to ensure effective communication between the Company and its shareholders and the public. The Company provides disclosure as required by law.</p> <p>The Board manages the business of the Company on behalf of the shareholders and is responsible for, among other things, strategic planning and management of the Company's principal risks. Any responsibility that is not delegated to senior management or a committee of the Board remains with the full Board. In addition to those matters, which must by law be approved by the Board, the approval of the Board is required for major transactions or expenditures.</p>
<p>Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The Board's Compensation, Governance and Nominating Committee is responsible for recommending candidates for nomination to the Board, and governing the desirable characteristics for directors. In making such recommendations, the Compensation, Governance and Nominating Committee considers:</p> <p>(a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;</p> <p>(b) the competencies and skills that the Board considers each existing director to possess; and</p> <p>(c) the competencies and skills each new nominee will bring to the boardroom.</p>

<p>Disclose whether or not the board has a nominating committee composed entirely of independent directors.</p>	<p>The Board has a Compensation, Governance and Nominating Committee composed of three directors, each of whom is independent.</p>
<p>If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Compensation, Governance and Nominating Committee (the “Committee”) is responsible for, among other things, identifying and recommending to the Board new candidates for the Board, annually reviewing the credentials of existing Board members to assess their suitability for re-election and ensuring that appropriate orientation and continuing education programs for new Board members and continuing education, as required, for all Board members are in place.</p> <p>The Committee meets as often as is necessary to carry out its responsibilities.</p> <p>The Committee is permitted access to all records and corporate information that it determines are required in order to perform its duties. The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors engaged by it.</p>
<p>Describe the process by which the board determines compensation for the issuer’s directors and officers.</p>	<p>The Board’s Compensation, Governance and Nominating Committee is responsible for reviewing the compensation of the Company’s directors and officers and making recommendations to the Board with respect thereto.</p>
<p>Disclose whether or not the board has a compensation committee composed entirely of independent directors.</p>	<p>The Board has a Compensation, Governance and Nominating Committee composed of three directors, all of whom are independent (Messrs. McCarter, Corman and Monteith).</p>
<p>If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Compensation, Governance and Nominating Committee (the “Committee”) reviews compensation levels for all officers and in particular compensation levels for the CEO and for potential new officers as management composition expands. The Committee is responsible for, among other things, developing or approving performance indicators and corporate objectives which the President and Chief Executive Officer is responsible for meeting, determining or recommending to the Board the compensation of the President and Chief Executive Officer, and reviewing the adequacy and form of compensation of the Board and members of the Board committees in light of the responsibilities and risks involved in being a director, in the case of the Board, and a chairman, in the case of Board committees. The Committee meets as often as is necessary to carry out its responsibilities.</p> <p>The Committee is permitted access to all records and corporate information that it determines are required in order to perform its duties. The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors engaged by it.</p>
<p>If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly</p>	<p>Not applicable.</p>

<p>summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	
<p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has a Compensation, Governance and Nominating Committee. The governance responsibilities in such Committee's mandate include:</p> <ul style="list-style-type: none"> • to develop and enforce policy in the area of corporate governance and the practices of the Board in light of the Company's particular circumstances, the changing needs of investors and the Company, and changes in corporate governance guidelines. • to prepare and recommend to the Board annually a statement of corporate governance practices to be included in the Company's information circular and ensure that such disclosure is complete and provided in accordance with the regulatory requirements. • to monitor developments in the area of corporate governance and the practices of the Board and advise the Board accordingly; and • to develop, implement and maintain appropriate policies with respect to disclosure, confidentiality and insider trading.
<p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.</p> <p>If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>There is currently no formal assessment procedure in place. Consistent with the Company's strategic plan, the Board, as a whole, intends to consider the development of an assessment program to evaluate the effectiveness of individual directors, Board committees and the Board as a whole.</p> <p>Board effectiveness is assessed by the Board as a whole, considering the operation of the Board committees, the adequacy of information provided to the directors, the quality of communication between the Board and management and the historic growth and performance of the Company. The Board believes that this information assessment has permitted the Board to operate effectively.</p>
<p>The audit committee should be composed entirely of independent directors and should have a specifically defined mandate.</p>	<p>The Board has an Audit Committee composed of three directors, each of whom is independent. (Messrs. MacEachen, Ferry and Monteith). A copy of the Audit Committee Charter can be found on the Company's website at www.avalonventures.com.</p>

SCHEDULE “B” TO INFORMATION CIRCULAR**MANDATE OF THE BOARD OF DIRECTORS**

The Board of Directors of the Company explicitly acknowledges responsibility for the stewardship of the Company, including responsibility for:

- i) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer, (“CEO”) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;
- ii) adoption of a strategic planning process and approving on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- iii) identification of the principal risks of the Company’s business and ensuring the implementation of appropriate systems to manage these risks;
- iv) succession planning, including appointing, training and monitoring senior management;
- v) adopting a communication policy for the Company;
- vi) the integrity of the Company’s internal control and management information systems; and
- vii) developing the Company’s approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company.

Approved by the Board of Directors the 18th day of July, 2006.