

**FORM 11**

**NOTICE OF PROPOSED STOCK OPTION GRANT OR AMENDMENT**

Name of Listed Issuer: **Avarone Metals Inc.** (the “Issuer”).

Trading Symbol: **AVM**

Date: **July 8, 2016**

**1. New Options Granted:**

Date of Grant: **July 8, 2016**

<b>Name of Optionee</b>	<b>Position (Director/ Officer/ Employee/ Consultant/ Management Company)</b>	<b>Insider Yes or No?</b>	<b>No. of Optioned Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>No. of Options Granted in Past 12 Months</b>
CJC Technologies Inc.	Consultant	No	400,000	\$0.08	July 8, 2026	Nil
RSD Capital Corp.	Consultant	No	400,000	\$0.08	July 8, 2026	Nil
Juniper Consulting Inc.	Consultant	No	500,000	\$0.08	July 8, 2026	Nil
Shauna Walter	Consultant	No	25,000	\$0.08	July 8, 2026	Nil

Total Number of optioned shares proposed for acceptance: **1,325,000**.

**2. Other Presently Outstanding Options:**

<b>Name of Optionee</b>	<b>No. of Optioned Shares<sup>(1)</sup></b>	<b>Exercise Price</b>	<b>Original Date of Grant</b>	<b>Expiry Date</b>
Marc Levy	190,000	\$0.05	May 20, 2008	May 20, 2018
Marc Levy	100,000	\$0.05	February 4, 2009	February 4, 2019
Marc Levy	100,000	\$0.05	February 18, 2009	February 18, 2019
Marc Levy	127,500	\$0.05	October 12, 2010	October 12, 2020
Max Pinsky	50,000	\$0.05	October 12, 2010	October 12, 2020
Marc Levy	97,500	\$0.05	April 26, 2012	April 26, 2022
Max Pinsky	40,000	\$0.05	April 26, 2012	April 26, 2022
Jordan Shapiro	25,000	\$0.05	April 26, 2012	April 26, 2022
Anita Algie	50,000	\$0.05	January 27, 2014	January 27, 2024
Peter Born	50,000	\$0.05	January 27, 2014	January 27, 2024
Marc Levy	590,000	\$0.05	April 23, 2015	April 23, 2025
Kristina Loganchuk	25,000	\$0.05	April 23, 2015	April 23, 2025
Max Pinsky	90,000	\$0.05	April 23, 2015	April 23, 2025
Jordan Shapiro	25,000	\$0.05	April 23, 2015	April 23, 2025
Anita Algie	50,000	\$0.05	April 23, 2015	April 23, 2025
Peter Born	50,000	\$0.05	April 23, 2015	April 23, 2025
CJC Technologies Inc.	234,166	\$0.05	April 23, 2015	April 23, 2025
Sheri Rempel	100,000	\$0.05	February 23, 2016	February 23, 2016
Kristina Loganchuk	25,000	\$0.05	February 23, 2016	February 23, 2016
Paul Searles	500,000	\$0.115	February 25, 2016	February 25, 2016
Tania Motuzas	250,000	\$0.115	February 25, 2016	February 25, 2016
Mohamed Elsaghir	250,000	\$0.115	February 25, 2016	February 25, 2016
Marc Levy	300,000	\$0.115	February 25, 2016	February 25, 2016
Anita Algie	200,000	\$0.115	February 25, 2016	February 25, 2016
Peter Born	150,000	\$0.115	February 25, 2016	February 25, 2016
Max Pinsky	125,000	\$0.115	February 25, 2016	February 25, 2016
Sutton Ventures Ltd.	500,000	\$0.12	March 3, 2016	March 3, 2026
Nav Dhaliwal	500,000	\$0.12	March 3, 2016	March 3, 2026
Rahamim Amram	250,000	\$0.11	April 25, 2016	April 25, 2026

**FORM 11 – NOTICE OF PROPOSED STOCK OPTION GRANT  
OR AMENDMENT**

Tekfund Capital Corp.	250,000	\$0.11	April 25, 2016	April 25, 2026
Loy Chunpongton	250,000	\$0.11	April 25, 2016	April 25, 2026
Gladys Chan	40,000	\$0.09	May 26, 2016	May 26, 2026
Janet Francis	100,000	\$0.09	May 26, 2016	May 26, 2026

(1) Set out number of optioned shares for each grant with different terms.

### 3. Additional Information

- (a) If shareholder approval was required for the grant of options (including prior approval of a stock option plan), state the date that the shareholder meeting approving the grant was or will be held.

**Shareholder approval was not required for the grant of options.**

- (b) State the date of the news release announcing the grant of options.

**Not applicable.**

- (c) State the total issued and outstanding share capital at the date of grant or amendment.

**As of the date of grant, a total of 82,277,495 common shares of the Issuer are issued and outstanding.**

- (d) State, as a percentage of the issued and outstanding shares of the Issuer indicated in (c) above, the aggregate number of shares that are subject to incentive stock options, including new options, amended options and other presently outstanding options.

**The aggregate number of shares that are subject to incentive stock options, including new options, amended options and other presently outstanding options represent 8.52% of the issued and outstanding shares of the Issuer.**

- (e) If the new options are being granted pursuant to a stock option plan, state the number of remaining shares reserved for issuance under the plan.

**The number of remaining shares reserved for issuance under the Issuer's Stock Option Plan equals 1,218,584.**

- (f) If the Issuer has completed a public distribution of its securities within 90 days of the date of grant, state the per share price paid by the public investors.

**On July 6, 2016, the Issuer closed the first tranche of a private placement offering issuing 1,750,000 units at a price of \$0.08 per unit. Each unit consisted of one (1) common share**

**and one-half (1/2) common share purchase warrant, whereby each full warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months from closing at an exercise price of \$0.12 per share.**

- (g) Describe the particulars of any proposed material changes in the affairs of the Issuer.

**There are no proposed material changes in the affairs of the Issuer.**

**4. Certificate of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 11 Notice of Proposed Stock Option Grant or Amendment is true.

Dated July 8, 2016.

Marc Levy  
Name of Director or Senior Officer

/s/ "Marc Levy"  
Signature

Director/Chief Executive Officer  
Official Capacity