

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **AVM**

Number of Outstanding Listed Securities: **82,277,495**

Date: **October 6, 2016**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer controls the Rushton Lake, the McWilliams Lake and the Borys Lake Properties in Saskatchewan and is committed to the exploration and development of precious metal deposits in jurisdictions with favourable mining regulations.

The Issuer is concurrently focused on the exploration and development of its Wildnest and Phantom Lake Gold Properties (Manson Lake Gold Zone), as well as fulfilling its option to acquire a 100% interest in the Moab Lithium Project, which covers an area of 3,200 acres of placer claims in the Big Smoky Valley, Nevada.

During the month of September 2016, the Issuer completed its quotation process in the United States, and its common shares are currently trading on the OTC Open Market under the trading symbol "AVRTF". Given the approval from the Financial Industry Regulatory Authority (FINRA), the Issuer is now proceeding with Depository Trust Company (DTC) eligibility, which, barring any unforeseen delays or concerns with the Company's application, is expected to take approximately 3 to 4 weeks to complete.

2. Provide a general overview and discussion of the activities of management.

In addition to Item 1 above, during the month of September 2016, management continued to search for additional opportunities to enhance shareholder value.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None during the month of September 2016.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None during the month of September 2016.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

None during the month of September 2016.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None during the month of September 2016.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None during the month of September 2016.

8. Describe the acquisition of new customers or loss of customers.

None during the month of September 2016.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None during the month of September 2016.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None during the month of September 2016.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None during the month of September 2016.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None during the month of September 2016.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None during the month of September 2016.

14. Provide details of any securities issued and options or warrants granted.

An aggregate of 275,000 stock options, each exercisable at \$0.05 into a common share in the capital of the Issuer until September 19, 2026, were granted on September 19, 2016.

15. Provide details of any loans to or by Related Persons.

None during the month of September 2016.

16. Provide details of any changes in directors, officers or committee members.

None during the month of September 2016.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Changes in commodity prices, in particular metal prices, and changes in the share performance of other junior mineral exploration companies may affect the Issuer's ability to raise financing. A full description of trends and risk factors are disclosed in the Issuer's Management Discussion and Analysis dated October 31, 2015 (filed on SEDAR January 4, 2016), which is available under the Issuer's profile on the SEDAR website at www.sedar.com and under the Issuer's Disclosure Page on the Canadian Securities Exchange's website at www.thecse.com.

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 7 Monthly Progress Report is true.

Dated October 6, 2016

Marc Levy
Name of Director or Senior Officer

/s/ "Marc Levy"
Signature

President/Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer Avarone Metals Inc.	For Month End September 2016	Date of Report YY/MM/DD 16/10/06
Issuer Address Suite 610, 700 West Pender Street		
City/Province/Postal Code Vancouver, BC V6C 1G8	Issuer Fax No. (604) 669-9768	Issuer Telephone No. (604) 669-9788
Contact Name Marc Levy	Contact Position President & CEO	Contact Telephone No. (604) 669-9788
Contact Email Address mlevy@mosamventures.com	Web Site Address www.avarone.com	