

MEDIA RELEASE

AVALON WORKS CORP.
ANNOUNCES PROPOSED ACQUISITION OF
DANEK ASSOCIATES INC. AS QUALIFYING TRANSACTION

Symbol: (CDNX: AWB)

January 22, 2001

Calgary, January 22, 2001- Avalon Works Corp. ("Avalon" or the "Corporation"), a capital pool company, is pleased to announce that it has entered into a letter of intent (the "Letter Agreement"), dated January 9, 2001, for the non-arm's length acquisition (the "Proposed Qualifying Transaction") of Danek Associates Inc. ("DAI"), a private corporation based in Ottawa, Ontario, incorporated under the laws of Ontario. DAI is a e-business facilitator, founded by Jirka V. Danek, a director of Avalon, which provides electronic service delivery solutions to both the public and private sectors.

Pursuant to the terms of the Letter Agreement, Avalon will acquire all of the issued and outstanding Class A and Class B shares of DAI ("DAI Shares"), in exchange for common shares in the capital of Avalon ("Avalon Shares") on the basis of 11.32075 Avalon Shares for each DAI Share (the "Exchange Ratio"). The Avalon Shares will be issued at a deemed price of \$1.00 per Avalon Share, for an aggregate acquisition value of the Proposed Qualifying Transaction of \$12 million. Avalon does not currently hold any securities of DAI.

The Corporation intends to make this proposed acquisition of DAI its "Qualifying Transaction" under Rule 46-501 of the Alberta Securities Commission and Policy 2.4 of the Canadian Venture Exchange Inc. ("CDNX"). The Proposed Qualifying Transaction, if completed, will not result in a change of control of Avalon.

DAI is an Ottawa based, e-business facilitator organization. The company has developed a suite of electronic service delivery solutions for the Government of Canada. In particular, DAI has focused its scalable application service provider initiatives on front-end interactivity, electronic commerce applications, back-end web-enabling of legacy systems, network connectivity and security of overall solution. The architecture of its delivery model enables the company to continuously enhance its electronic service solution with the latest best-of-class technologies, while simultaneously expanding the capacity and capability of its delivery.

These DAI solutions are currently deployed, pursuant to a long-term service contract, on behalf of 48 federal government departments. In addition, in 2000, the company launched an in-house web hosting facility to deliver its services to the private sector in Canada.

For the audited year end August 31, 2000, DAI had revenue of \$3,961,636 and income before taxes of \$360,490 as compared to revenues of \$3,975,942 and income before taxes of \$311,892 for the year ended 1999. For the three month period ended November 30, 2000 DAI had revenue of \$1,115,169 and income before taxes of \$133,034, as compared to revenue of \$949,021 and income before taxes of \$98,323 for the same period ended 1999. DAI currently has 14 employees and 34 full time contractors.

Vitold Jordan, CEO of Avalon, expressed his enthusiasm about the proposed transaction by stating, "DAI is quite unique among the internet companies, as it has an earnings track record and a recurring revenue base. While considering the capabilities and expertise of its personnel and the soundness of its business model, DAI represents a correct foundation to build the Avalon business."

Jirka Danek, President of DAI, concurred by stating, "This market is all about people and windows of opportunity. The Avalon transaction will enable us to take advantage of the opportunities by accelerating the investments in our growth and

even more importantly, to attract and retain top-talent personnel required to sustain the anticipated expansion”.

In the event that the transactions disclosed herein are completed, Avalon will be owned or controlled, directly or indirectly, as to approximately 78.8% by the current directors of Avalon, as to 4.1% by employees of DAI and the remaining 17.1% by public shareholders.

The closing of the Proposed Qualifying Transaction is subject to a number of conditions including: (i) each of Avalon and DAI being satisfied in its sole discretion with its due diligence review of the other and its assets and operations including, without limitation, the financial statements, obligations and liabilities of the other; (ii) all of the shareholders of DAI having approved the acquisition and having agreed to exchange their DAI Shares for Avalon Shares; (iii) obtaining all necessary regulatory approvals including the qualification of the acquisition as Avalon's "Qualifying Transaction"; and (iv) approval of the acquisition of DAI and the issuance of Avalon Shares in connection with the Proposed Qualifying Transaction by the majority of the minority shareholders of Avalon in accordance with Policy 2.4 of CDNX.

Avalon currently has 4,400,000 Avalon Shares outstanding, 440,000 Avalon Shares under option to its directors and 250,000 options previously granted to the agent of the Corporation's initial public offering. There are currently 1,060,000 DAI Shares outstanding. Upon closing of the Proposed Qualifying Transaction, the Corporation will have outstanding 16,400,000 Avalon Shares. Jirka V. Danek, will be the controlling shareholder of Avalon after giving effect to the Proposed Qualifying Transaction, holding or controlling, directly or indirectly, 12,120,750 Avalon Shares, which will represent 73.9% of the then issued and outstanding Avalon Shares.

After completion of the Proposed Qualifying Transaction, the directors and senior officers of the Corporation will remain:

- Vitold Jordan of Westmount, Quebec, the current President, Chief Executive Officer, Chief Financial Officer and a Director of Avalon since incorporation. Mr. Jordan was previously Chief Executive Officer of New World Power Corp. ("NWPC"), a National Association of Securities Dealers over-the-counter bulletin board listed renewable energy company. Prior thereto, Mr. Jordan served as Vice President of Dominion Bridge Corp., a NASDAQ listed company and President of its subsidiary Dominion Bridge Technology Inc., a construction technology development company and interim CEO of NWPC, joint venture partner of Dominion Bridge.
- Jirka V. Danek of Ottawa, Ontario, a director of Avalon since incorporation, and the President and sole director of DAI since incorporation. Prior thereto, Mr. Danek served as Country Managing Partner of AT&T Global Information Solutions.
- Thomas M. Sheppard of Toronto, Ontario, a current director of Avalon, who is a practicing lawyer and President of CCPC Biotech Inc., a CDNX listed company.

The Corporation may add additional independent directors for election to the board of directors of the Corporation upon giving effect to the Proposed Qualifying Transaction, which directors, if any, have yet to be determined.

Goepel McDermid Inc., subject to the completion of satisfactory due diligence, has agreed to act as sponsor to Avalon in connection with the Proposed Qualifying Transaction. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion. Goepel McDermid Inc. will receive a sponsorship fee and will be reimbursed for their legal and other expenses.

For further information, please contact Vitold Jordan, President, Chief Executive Officer, Chief Financial Officer and a Director of Avalon Phone: (514) 944-8058 or Fax: (514) 485-7153 or Jirka V. Danek, President and sole Director of DAI at Phone: (613) 741-3673 or Fax: (613) 741-8473.

Completion of the transaction is subject to a number of conditions, including but not limited to, CDNX acceptance and majority of the minority shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

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

The Canadian Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

(Not for dissemination in the United States of America)