

AVARONE ACQUIRES LITHIUM BRINE PROJECT IN THE BIG SMOKY VALLEY, NEVADA

MOAB LITHIUM PROJECT

The Moab Lithium Project covers an area of 3200 acres of placer claims in the Big Smoky Valley, Nevada, directly adjacent to claims controlled by Ultra Lithium.

The Big Smoky Valley is located 25 km immediately north of the Clayton Valley, home to Albemarle's Silver Peak Lithium Mine, the only producing lithium brine facility in the United States and which has been in continuous operation since 1967. Recently, Esmeralda County Nevada has seen resurgence in exploration activity, culminating with Pure Energy's identification of a NI 43-101 inferred resource of 816,000 metric tonnes of lithium carbonate equivalent (LCE)* at a cut-off of 20mg/L in brine. (*Technical Report (2015) Spanjers, MS. PG.)

The Moab Lithium Project is located some 225 km SE of the Gigafactory site. Access to the Moab Lithium Project is excellent and lies adjacent to highway 95.

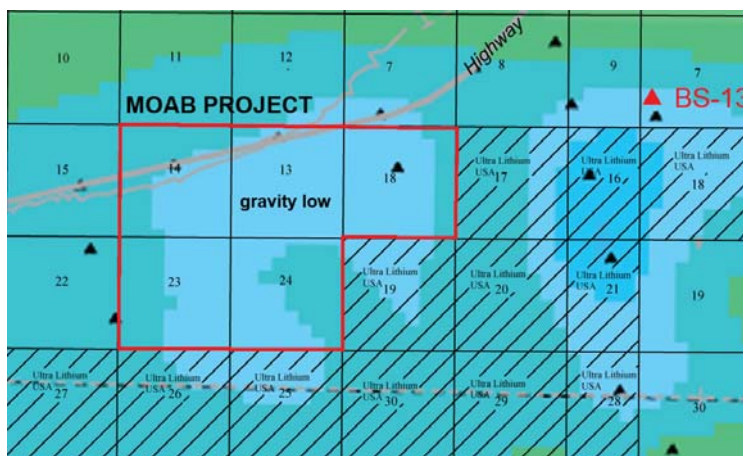
The primary target at the Moab Lithium Project is a horseshoe shaped gravity low anomaly that has been interpreted as an in filled basin. Exploration of the Big Smoky Valley by the USGS in the 1970's culminated in the drilling of two Reverse Circulation holes, both of which encountered anomalous concentrations of lithium that were highly similar to those encountered in the Clayton Valley, just to the south, and where the Silver Peak Mine is located. Hole BS-13, which is located just 2.4 kilometers east of the Moab project border was designed to test the same basin covered by the Moab Project and Ultra Lithium's Big Smoky Valley Project. Hole BS-13 was terminated at 200 m, and geochemical analysis revealed lithium in sediments ranging from 48ppm to 365ppm and averaging 160ppm. This is considered significant, as the cut-off grade used by Pure Energy for their resource calculation is only 20ppm.

TRADING SYMBOLS



CSE: AVM
FSE: W2U

ISSUED AND OUTSTANDING
77,044,995



MANAGEMENT

MARC LEVY - CEO & Director
PETER BORN, P.GEO - Director
ANITA ALGIE - CFO & Director

ABOUT LITHIUM IN NEVADA

Lithium is a scarce and technologically important element produced primarily from brines and pegmatites. Although it is a non-renewable resource, it is used in conjunction with renewable energy technologies and hybrid automobiles, primarily in the form of Li-ion batteries, currently the most widely applied battery technology in many electronic devices. The consumption of lithium carbonate is on the rise and so far global production has kept pace with demand.

The recent interest in Nevada lithium exploration is largely due to the explosive success of electric car manufacturer Tesla Motors Inc. (NASDAQ: TSLA), which in September of 2015 signed an off-take agreement with Pure Energy to provide lithium carbonate to its battery factory. The factory, which is located just outside of Sparks, is called Gigafactory and is expected to be completed and operational by 2017. The rationale for sourcing local lithium resources, as opposed to those from outside of the USA, is that transportation costs would be very low as the Big Smoky Valley and Clayton Valley are only ~225km away by highway 95.



Driven by power storage demand (everything from power tools and handheld devices to electric vehicles), the global lithium industry should, we believe, enjoy a CAGR of roughly 12% through the end of the decade (starting in the mid/high single digits and accelerating afterwards as the EV market enjoys further penetration)"

"We estimate lithium consumption in 2013 was of the order of ~160k tonnes of LCE"

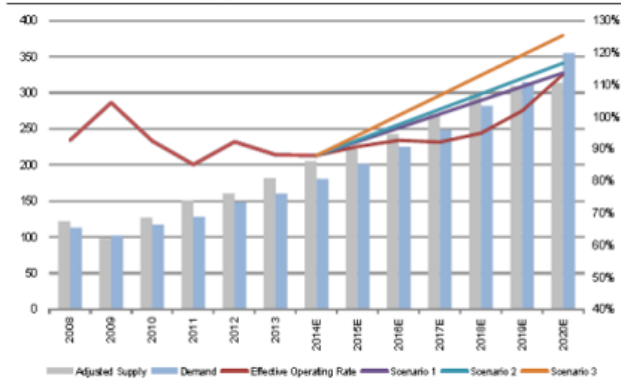
"Supply will be short: There have been investor concerns about the supply side of the equation given a number of announced projects in the lithium industry. Upon a detailed review of the projects, we believe the risk is that demand will actually outstrip supply as we approach the later part of the decade, with demand potentially as high as 125% of total capacity"

Source: Credit Suisse Equity Research. American Region Specialty Chemicals 27 May, 2014



The technical contents in this document have been prepared under the supervision of Peter Born P. Geo., a Qualified Person as defined in NI 43-101.

Exhibit 1: Adjusted Supply-Demand w. Scenarios



Source: Credit Suisse Report, 2014

LITHIUM'S GROWING DEMAND

The market is expected to grow and it is anticipated that new economically viable sources of lithium will be required to meet the growth in demand that is predicted for lithium battery development and applications. Battery manufacturers are expected to be looking for new lithium sources that can provide a long term supply of high quality lithium carbonate, which are equally scalable to keep pace with demand growth, and provide a geographic diversity of supply. This breadth of global interest will serve to enhance the market.

Previous use of lithium compounds and minerals was rooted in the production of ceramics, glass, and other industrial purposes. Due to demand for greener technology, there has been rapid growth in lithium battery use, especially for larger and greener electric car batteries. Overall demand for lithium has been growing at a rate of 7-12% per year, while future demand for lithium is predicted to grow by 20% per year. The result is that lithium battery use has gained a significant portion of the market, with rechargeable lithium-ion and lithium-polymer batteries showing great promise in shifting the market to cleaner technologies. Lithium is ideally suited for use in battery applications as it has the highest electric output per unit weight of any battery material.

Portable consumer goods such as cell phones, portable computers, wireless handheld devices, electronic games, calculators, watches, video cameras and handheld power tools, are expected to provide growth in demand for lithium batteries as well. Over 60% of mobile phones and 90% of laptop computers feature lithium-ion batteries due to their higher energy density and lighter weight than current alternatives. However, it is the start of mass production of hybrid, plug-in hybrid and electric vehicles using lithium batteries by major automotive manufacturers such as Nissan, Toyota, Honda, Mitsubishi, and Hyundai, in Asia, and Ford, Chevrolet and GM in North America that is the real cause of the interest in the market and the potential for growth of lithium demand.

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