

17 August 2016

ASX ANNOUNCEMENT



DRILLING COMMENCED INTO HIGH GRADE KIETYÖNMÄKI LITHIUM PROJECT

ASX: AVI

Highlights

- Drilling has commenced on hole KMD001 at the Kietyönmäki lithium project.
- The hole will drill adjacent to, and extend the historical intersection in R307.
- The drilling program will comprise approximately 16 diamond drill holes, for a total of 3,000m, testing an initial strike extent of 300m, and depth extent of 250m.
- First assay results are expected to be returned in mid-September
- Historical geophysical data comprising detailed ground magnetics and Induced Polarisation is being sourced to define additional targets.

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Avalon Minerals Ltd (**ASX: AVI**) ('Avalon') is pleased to report that drilling at the high grade Kietyönmäki Lithium deposit in southern Finland has commenced.

Diamond drill hole KMD001 is in progress and is expected to be completed within the next several days. The diagrams below show the location of the drill hole which will test the main lithium bearing pegmatite dyke. KMD001 is being drilled adjacent to historical hole R307 which was completed in 1985 by the Geological Survey of Finland. Hole R307 intersected 23m at 1.53% Li₂O, and finished within the pegmatite dyke, so did not test the full width of the lithium bearing dyke unit.

KMD001 will test the full width of the main dyke and test other adjacent projected dyke positions on the north side.

It is expected that first assay results from this drilling program will be returned mid-September.

The Kietyönmäki drilling program will comprise approximately 16 diamond drill holes, for a total of 3,000m. It will test an initial strike extent of 300m, depth extent of 250m, across a 200m wide zone of sub-parallel outcropping pegmatite dykes individually up to 20m thick.

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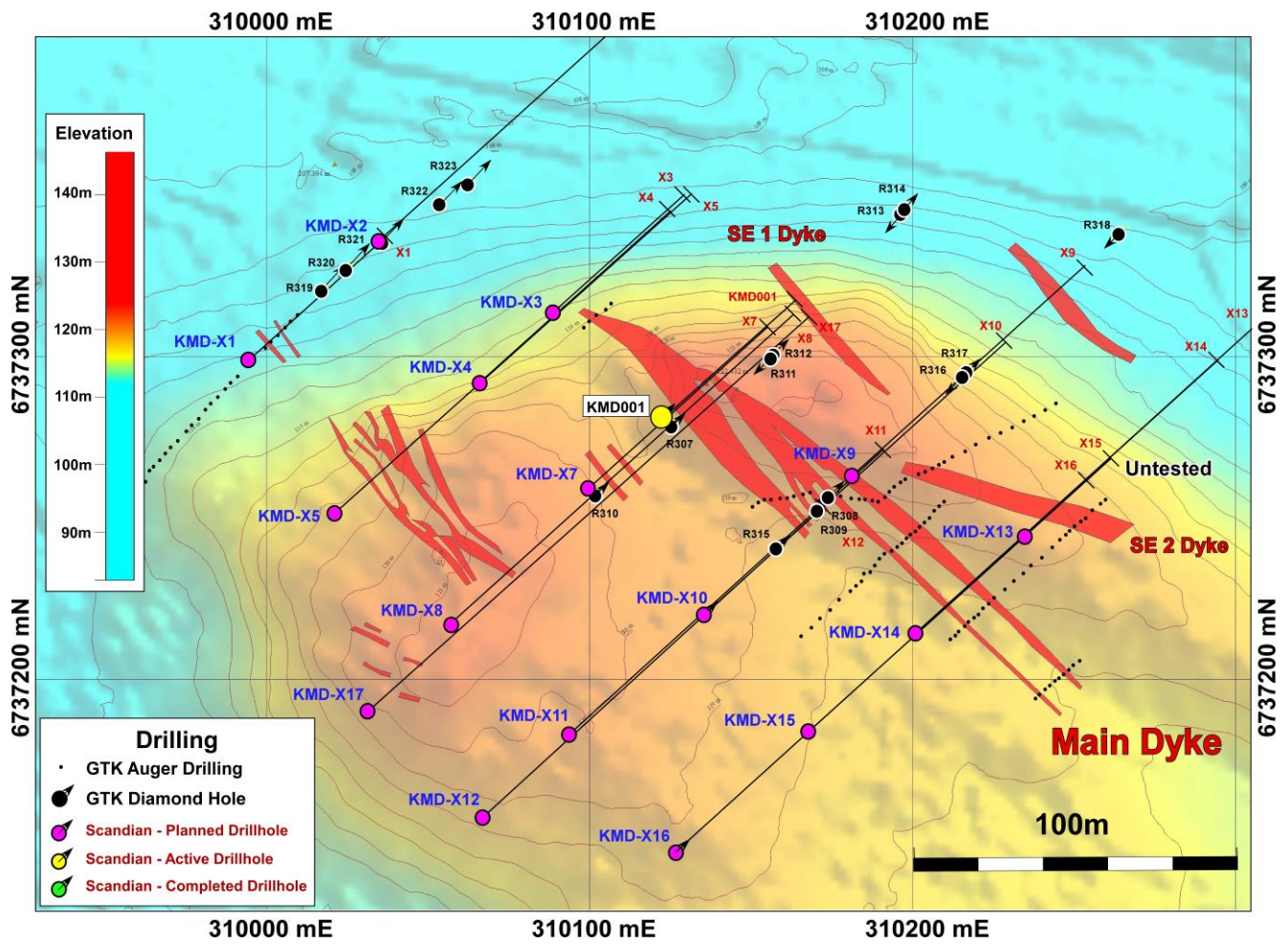


Diagram showing a plan of the Kietyönmäki deposit area and the location of historical and proposed drill holes. KMD001 is shown in yellow.



Photograph showing the location of the drill rig on drill hole KMD001 at the Kietyönmäki main pegmatite dyke.

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Kietyönmäki Lithium Pegmatite Dyke Swarm Tammela Project

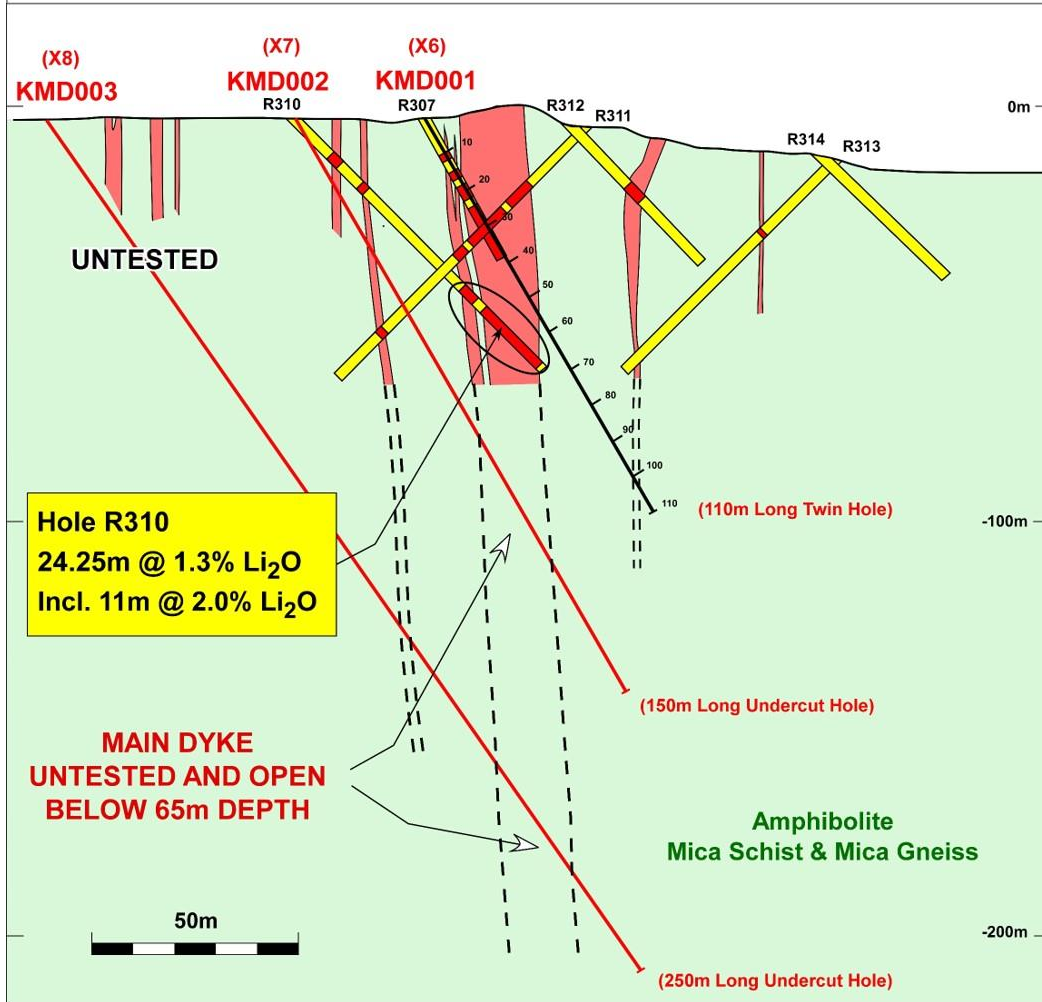


Diagram showing a section through the Kietyönmäki deposit on the traverse of KMD001.

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About Avalon

Avalon has an advanced portfolio of exploration and development projects in Scandinavia. The portfolio comprises:

1. The Kietyönmäki lithium pegmatite project in southern Finland which is scheduled for a 3,000m resource drilling program commencing in late August 2016. The project is part of an earn-in agreement with Canadian company Nortec Minerals, where Avalon can earn up to an 80% interest (see ASX announcement dated 19th May 2016). Historical drilling by the Geological Survey of Finland (GTK) identified a high grade lithium pegmatite deposit including diamond drill intersections of up to 18m at 1.8% Li₂O. Proposed work will deliver a mineral resource estimate and preliminary metallurgical studies by the end of 2016.
2. The Viscaria Copper project in northern Sweden which has a completed Scoping Study and is moving towards PFS and permitting to allow for mine development. The project has a mineral resource estimate of 52.4 Mt at 1.2% Cu, and a Mining Inventory considered for the 2016 Scoping Study Update (see ASX announcement dated 5th April 2016) of 18Mt at 1.2% Cu. Considerable exploration upside exists and low technical risk extensional drill targets have been defined to increase the resource estimate.
3. The Satulinmäki and Riukka gold prospects in southern Finland. These prospects have received shallow diamond drilling by GTK and are now the subject of plans for follow-up drilling by Avalon. Intersections include 25m @ 3.17g/t Au from 50m downhole, including 3m @ 9.3g/t Au, and 4m @ 10.3g/t Au in drill hole R391 at Satulinmäki.
4. A portfolio of early stage lithium exploration projects in Sweden and Finland. These cover areas of documented lithium bearing pegmatite rocks and are being advanced to allow for drill testing in 2017.

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