

7 December 2016

ASX ANNOUNCEMENT



AVALON RAISES \$2.5M TO ADVANCE COPPER AND GOLD PROJECTS

Highlights

- Firm commitments to raise \$2.5 million from oversubscribed share placement
- Funds are to be directed to:
 - Drilling at the Viscaria Copper Project to follow-up high grade copper intersected outside of the Mineral Resource boundary
 - Environmental permitting activities to advance the Viscaria Copper Project towards development
 - Geophysical surveys and drilling to be undertaken at the Satulinmäki Gold Prospect, within the Southern Finland Gold Project, to follow up previous high grade results

Avalon Minerals Ltd (**ASX: AVI**) ('Avalon') is pleased to announce that it has received firm commitments to place up to 125 million new shares at an issue price of A\$0.02 per share to raise up to \$2.5 million (before costs) (**Placement**).

Hartleys Limited is Lead Manager to the Placement, which was strongly oversubscribed.

Funds raised by the Placement will be primarily applied to exploration and development activities at the large Viscaria Copper Project in the Kiruna mining region of Northern Sweden, where the Company has an existing JORC Resource of **52.4Mt at 1.2% Cu for over 600,000 tonnes contained copper** (refer to Table 1 below and Annual Report released 16 August 2016), and a number of high priority exploration targets.

Key activities to occur in the weeks and months ahead to advance the Viscaria Copper Project include:

- Drilling targeted at extending known Mineral Resources;
- Progressing the Environmental and Social Impact Assessment Studies; and
- Progressing components of the Pre-Feasibility Study.

Avalon's Managing Director, Malcolm Norris said:

"Our Viscaria Copper Project is a very large deposit, located in the well-established and mining-friendly jurisdiction of Kiruna in northern Sweden.

We consider Viscaria provides a low risk development opportunity with very significant leverage to an increasing copper price, so we are very pleased to have received a strong endorsement from the market to push ahead with our work plan, focused on reaching copper production in the medium term".

ASX: AVI

REGISTERED OFFICE

Avalon Minerals Ltd
ABN 68 123 184 412
9 Gardner Close
Milton Qld 4064 Australia
P + 61 7 3368 9888
F + 61 7 3368 9899
info@avalonminerals.com.au
www.avalonminerals.com.au

It is envisaged that project execution time will be minimal due to Viscaria's proximity to well-established infrastructure. For example, existing facilities include, low cost available power at the development site, established mining town, commercial airstrip, and significant site access.

In addition to progressing the PFS and key permitting at Viscaria, the Company will recommence exploration drilling activities to follow up previous strong results from outside of the current Resource boundary including the deepest drill hole in the North Shoot resource area (VDD193 - refer to ASX Announcement dated 21 September 2015), which intersected: **26.7m at 2.6% Cu from 564.6m**; including

- **6.6m at 3.5% Cu from 565.4m; and**
- **5.2m at 2.9% Cu from 573.0m, and**
- **6.9m at 2.6% Cu from 584.4m.**

The Company also plans to undertake further exploration at its Southern Finland Gold Project and has commissioned a geophysical survey at the Satulinmäki Prospect to assist in better understanding the potential scale of the gold mineralisation, and prioritising the next round of gold drill targets.

The Placement was made to sophisticated, professional and institutional investors, and a number of existing larger shareholders of Avalon utilising the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A. In addition to the Placement, directors and management have committed to subscribe for 1,500,000 shares (\$30,000) on the same terms as the Placement, with the allotment to the Chairman of Avalon, Graham Ascough and the CEO & Managing Director, Malcolm Norris, of 1,000,000 shares being subject to shareholder approval.

About Avalon

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

1. The **Viscaria Copper project in northern Sweden** - Prefeasibility studies and permitting to allow for mine development, and ongoing exploration, are underway following positive outcomes from the April 2016 updated Scoping Study. The project has a mineral resource estimate of **52.4 Mt at 1.2% Cu - 65% Measured and Indicated** (Refer Annual Report released 16 August 2016). Considerable exploration upside exists and low technical risk extensional drill targets have been defined to increase the resource estimate
2. The **Southern Finland Gold Project**, which includes the Satulinmäki and Riukka gold prospects. These prospects have received shallow diamond drilling by the Geological Survey of Finland (GTK) and Avalon Minerals has now completed a 7-hole diamond drilling program. Intersections from GTK include 18m @ 4.1g/t Au from 50m downhole, including 3m @ 9.3g/t Au, and 4m @ 10.3g/t Au in drill hole R391 at Satulinmäki. Intersections by Avalon include 23.5m at 3.3g/t in SMDD007 and 2m at 10.5g/t in SMDD005 (see ASX announcement dated 14 November 2016). The Satulinmäki and Riukka gold prospects are part of an earn-in JV with Canadian company Nortec Minerals, where Avalon can earn up to an 80% interest (see ASX announcement dated 19 May 2016). Avalon has acquired a significant land position in its own right in the district.

3. The **Kietymäki lithium pegmatite project in southern Finland**. The project is part of the earn-in JV with Canadian company Nortec Minerals. 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. Drilling by Avalon has returned 24.2m at 1.44% Li₂O (see ASX announcement dated 12th September 2016).
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.

Table 1: Currently Defined Mineral Resource for Copper reported on the Viscaria Project (JORC 2012)

Resource Name	Classification	Tonnes (t)	Cu Grade (%)	Cu Metal (t)
A Zone	Measured	14,439,000	1.7	240,000
	Indicated	4,690,000	1.2	57,200
	Inferred	2,480,000	1.0	25,500
	Subtotal	21,609,000	1.5	322,700
B Zone	Measured	123,000	1.3	1,600
	Indicated	4,118,000	0.7	29,700
	Inferred	15,410,000	0.8	118,700
	Subtotal	19,651,000	0.8	149,000
D Zone	Indicated	10,360,000	1.21	125,000
	Inferred	780,000	1.56	12,200
	Subtotal	11,140,000	1.23	137,200
Overall Cu	Total	52,400,000	1.2	608,900

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Competent Persons Statement

The information in this report that relates to exploration results and exploration targets and results is based upon information reviewed by Mr Malcolm Norris who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Norris is a full-time employee of Avalon Minerals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Refer to Annual Report released 16 August 2016 for the Competent Persons Statement in relation to the estimates of mineral resources. The Company confirms that it is not aware of any new information or data that materially affects the information and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The information in this report that relates to the updated D Zone Mineral Resource estimate is based on the information compiled by Chris Grove who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Measured Group Pty Ltd. Measured Group is an independent mining consultancy who have been engaged by Avalon Minerals Limited to perform geological consulting on a fee for service basis. Mr Grove has sufficient experience that is relevant to the style of mineralisation being considered and to the activity being undertaken to qualify as a competent person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Grove consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further information, please visit www.avalonminerals.com.au or contact:

Mr Malcolm Norris
Managing Director
Avalon Minerals Ltd
Tel: 07 3368 9888

Email: malcolm.norris@avalonminerals.com.au

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