

5 April 2017

ASX ANNOUNCEMENT



Viscaria Copper Project Update Drilling Commenced

Highlights

- **Diamond drilling has commenced at the Viscaria Copper Project**
- **All planned drilling is outside of existing mineral resource areas**
- **Ground magnetic surveys completed delivering better defined target areas**
- **Detailed structural studies identify additional high grade copper targets**

The Directors of Avalon Minerals Limited (“**Avalon**” or “**Company**”) (**ASX:AVI**) are pleased to provide an update on progress for the Viscaria Copper Project, located near Kiruna, northern Sweden.

Diamond drilling has commenced at Viscaria. Figure 1 shows the planned drilling areas with the area immediately east of the A Zone orebody being the first to be drilled. All drilling targets are outside of any existing mineral resource domain (see also ASX announcement dated 20th February 2017).

The drilling schedule, based on ready access, will progress from the old Viscaria Mine to the target which is an interpreted northern extension of the D Zone orebody, and then test the southern shoot at D Zone.

Ground magnetic surveys have been completed and reinforce the targets which have been identified. The surveys also identify additional potentially significant targets along the D Zone horizon to the north and south. These additional target areas will be modelled and considered for drilling.

Detailed structural geology studies have been progressed and are aimed at delivering:

- a 3-D structural model that will be used to target interpreted high grade copper zones, at the deposit scale, associated with thickened magnetite zones and potentially higher copper grade feeder zones; and
- a set of prioritised, new and existing, targets within 2.5km of the Viscaria copper deposit.

This work has already provided significant breakthroughs in the geological understanding of Viscaria, and building a predictive exploration model at the district scale.

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

For
more
information
please
contact
the
company
secretary
at
info@avalonminerals.com.au





Avalon's Managing Director, Malcolm Norris said:

"Our Viscaria Copper Project continues to deliver very strong targets and this latest round of geophysical surveys and technical studies has reinforced that. Multiple targets with characteristics similar to those of the D Zone orebody have been defined. Results from the current drilling program will be released as assay results are received and assessed.

The VMS (volcanogenic massive sulphide) model has been strongly reinforced by the recent studies and provides an increased level of confidence in a predictive model, upon which we can plan drilling aimed at increasing mineral resources."

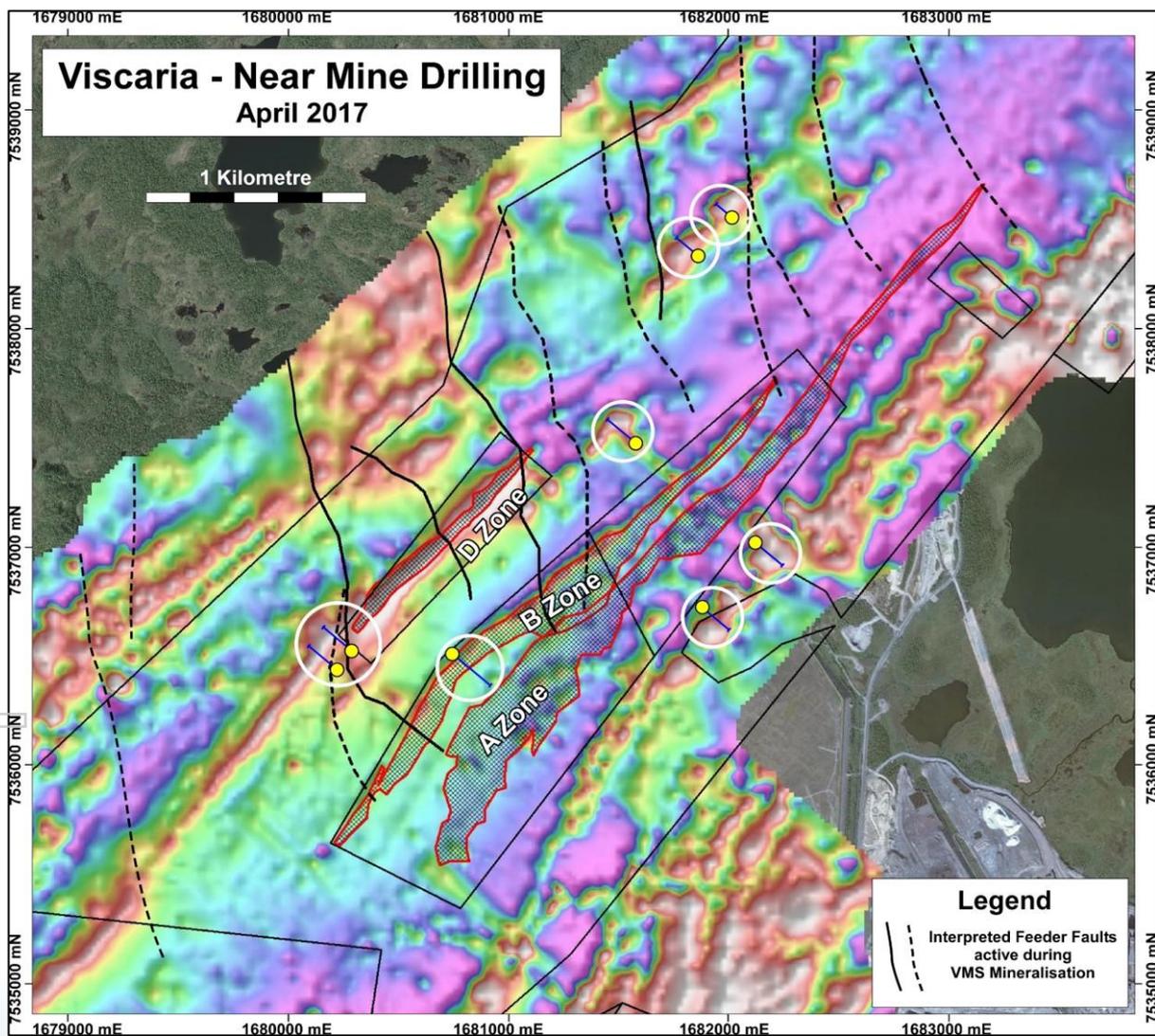


Figure 1: Drilling underway at Viscaria. The first holes are those over the target to the east of A Zone. The A Zone, B Zone and D Zone orebodies are outlined over a ground magnetics image.

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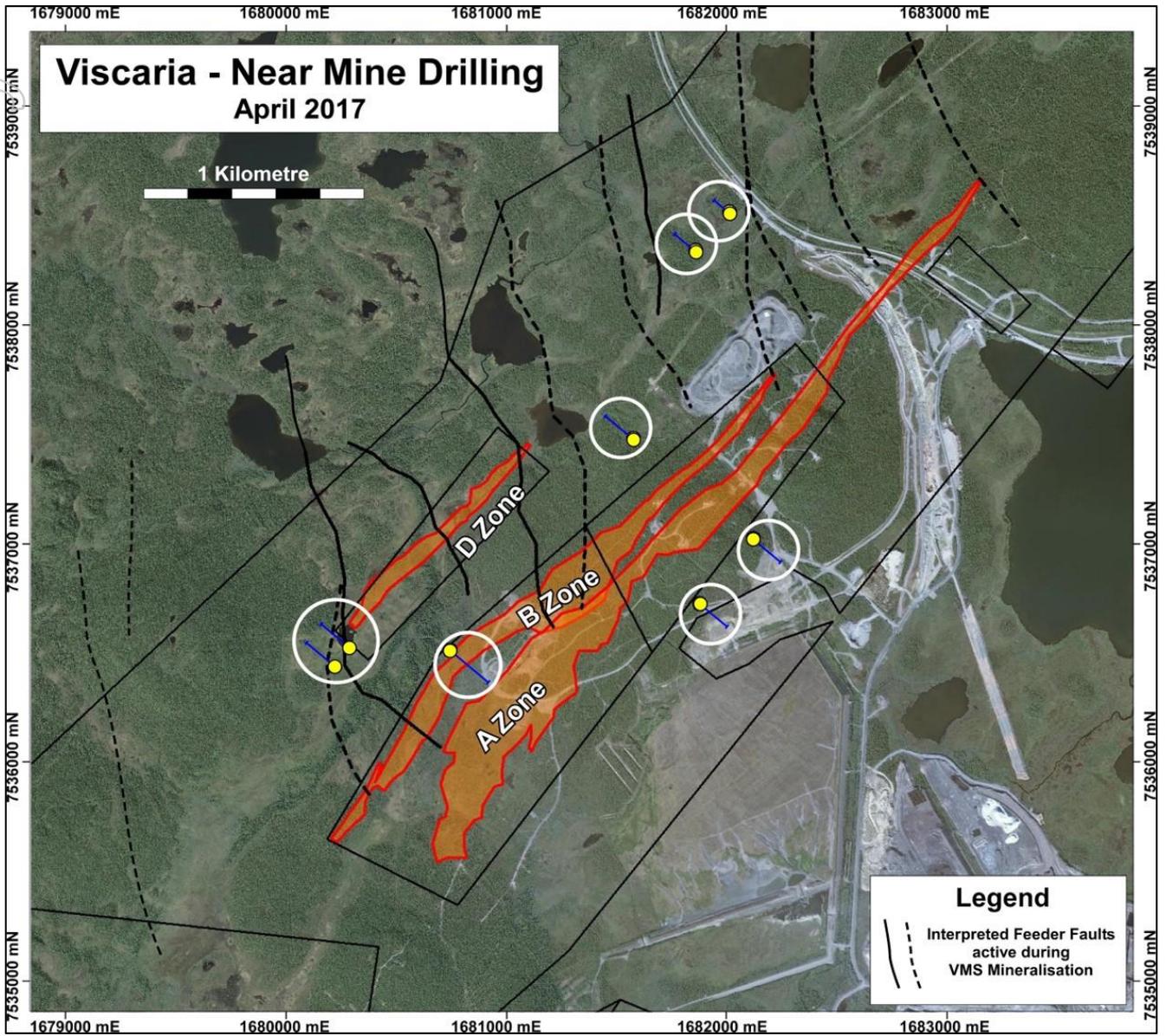


Figure 2: The same figure as Figure 1, with the magnetics removed and showing drilling relative to the old mine site infrastructure

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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 has a completed Scoping Study (see ASX announcements dated 16th December 2015 and 5th April 2016) 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 (see Table 1 below). Considerable exploration upside exists and low technical risk extensional drill targets have been defined.
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. 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 19th May 2016). Avalon has already earned a 51% interest, and has also acquired a significant land position in its own right in the district.
3. **The Kietyönmäki Lithium Pegmatite Project** in southern Finland where Avalon has completed a 6-hole drilling program and channel sampling over outcropping spodumene-bearing pegmatites. The project is part of the earn-in JV with Canadian company Nortec Minerals. Historical drilling by GTK in the mid 1980's 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).

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Table 1 Total combined resource figure for A Zone, B Zone and D Zone at Viscaria

Resource Area	Classification	Tonnes (Mt)	Cu Grade (%)	Contained Cu (kt)
A Zone	Measured	14.44	1.7	240.0
	Indicated	4.69	1.2	57.2
	Inferred	2.48	1.0	25.5
	Subtotal	21.61	1.5	322.7
B Zone	Measured	0.12	1.3	1.6
	Indicated	4.12	0.7	29.7
	Inferred	15.41	0.8	118.7
	Subtotal	19.65	0.8	149.0
D Zone	Indicated	3.11	0.81	25.2
	Inferred	0.01	0.32	0.02
	Subtotal	3.11	0.81	25.2
	Indicated	7.26	1.37	99.8
	Inferred	0.78	1.57	12.2
	Subtotal	8.03	1.39	111.9
Overall Cu	Total	52.4	1.2	608.9

Note: D Zone subtotals represent open pit at an average grade of 0.81% copper, and underground at an average grade of 1.39% copper.

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.

Competent Persons Statement

The information in this report that relates to exploration results is based upon information reviewed by Dr Bruce Rohrlach who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Rohrlach 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". Dr Rohrlach consents to the inclusion in the 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

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

Email: malcolm.norris@avalonminerals.com.au

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