7 April 2017

ASX ANNOUNCEMENT

AVALON MINERALS LTD

Southern Finland Gold Project - Update

Highlights

- **A large Induced Polarisation (IP) geophysical survey across areas of known gold mineralisation has been completed at the Satulinmäki gold prospect, and processed results are expected in mid-April**
- **Several highly rated local and regional targets have been identified for follow-up, including some with very significant historical rock chip assays of up to 77g/t gold in addition to assays up to 6.5 g/t gold identified southeast of Satulinmäki**
- **Next phase of drilling is planned and will be further refined once processing and interpretation of IP data is finalised.**

The Directors of Avalon Minerals Limited (**"Avalon" or "Company"**) **(ASX:AVI)** are pleased to provide an update on progress at the Southern Finland Gold Project.

The compilation of regional, prospect and deposit scale results indicates a large gold mineralised system is present that has largely been untested to date.

Prospect Scale Targeting - IP Survey

The large Induced Polarisation (IP) geophysical survey at the Satulinmäki prospect is now complete with processing expected to be completed by mid-April. The survey covers an area of 1.5 x 1.1kms (Figure 2) and is designed to cover gold mineralisation identified from historical government drilling and recent Avalon drilling. Drilling to date has only covered an area of approximately 300m x 300m and outside this area, known altered outcrops are considered favourable for gold mineralisation. The recent IP survey can assist in mapping the extent of this mineralised system.

Preliminary results from the IP survey suggest that anomalous domains are present, extensive and extend to at least 250m deep. It is interpreted that these anomalous domains are mapping a sulphide envelope to gold mineralisation.

Interpretation of historical data has also shown additional gold mineralised rock approximately 1.5km to the southeast where rock chip samples have returned up to 6.5 g/t Au (Figure 2). The alteration system, as mapped by the distribution of arsenopyrite, also extends to the northwest. This is a very significant development and expands the target area of gold mineralisation at Satulinmäki to nearly 3.5km long and 1 km wide.

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Deposit Scale

Additional intervals from historical government drill holes at Satulinmäki that were not previously assayed have been identified for assay. These will cover areas between known gold lodes, and may identify additional mineralised areas.

Drilling Plans

The next phase of drilling will target definition of high grade zones in the shallow parts of the Satulinmäki gold system (see ASX announcements dated 22 Feb 2017, 14 Nov 2016, and 17 Oct 2016) and will include drilling:

- on the north-western most vein set which has returned results of **1m at 19.5 g/t** Au and **2m at 10.5g/t** Au correlating along strike for at least **60m**.
- on the shallower portions of the main vein (Figure 4), where intervals up to **3m at 5.9g/t Au** and **10m at 4.5 g/t Au** correlate with deeper intervals of **9.2m at 7.3g/t Au delivering at least a 100m vertical extent**.
- on an interpreted third vein set where historical drilling has delivered **1m at 17.8g/t Au** and **3m at 5.9g/t Au**.

Regional Targeting Results

Ongoing regional targeting and assessments of all available data has identified several priority targets (Figure 3), including some with very significant historical rock chip assays of **up to 77g/t Au**, and some that correlate with the identification of regional structures. These areas will be the subject of follow-up programs to define prospect-scale targets.

Gold mineralisation appears to be controlled by a combination of northwest trending structures and arcuate east-west structures, with local splay faults. Alignment of areas of very significant anomalous gold values in rock chips and boulder samples along these structures provides a strong targeting regime. Several areas of gold anomalism have been identified associated with regional structures that incorporate the Satulinmäki system, and occur along a strike length of 16km (Figure 3).

Updates on progress at Satulinmäki will be provided during April with processed geophysical IP data and drill planning.

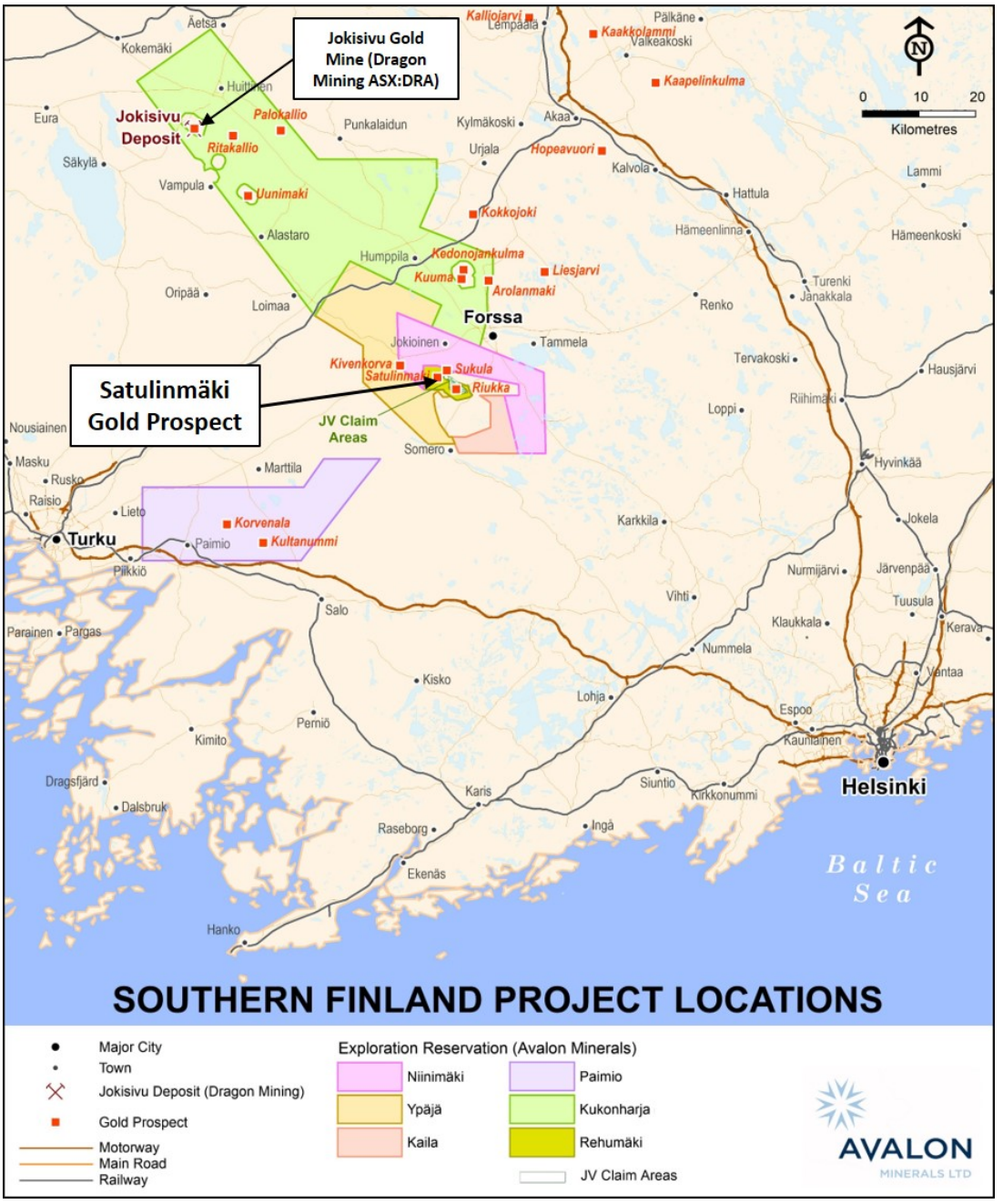

Figure 1: Location of the Southern Finland Gold Project, and Satulinmäki prospect.

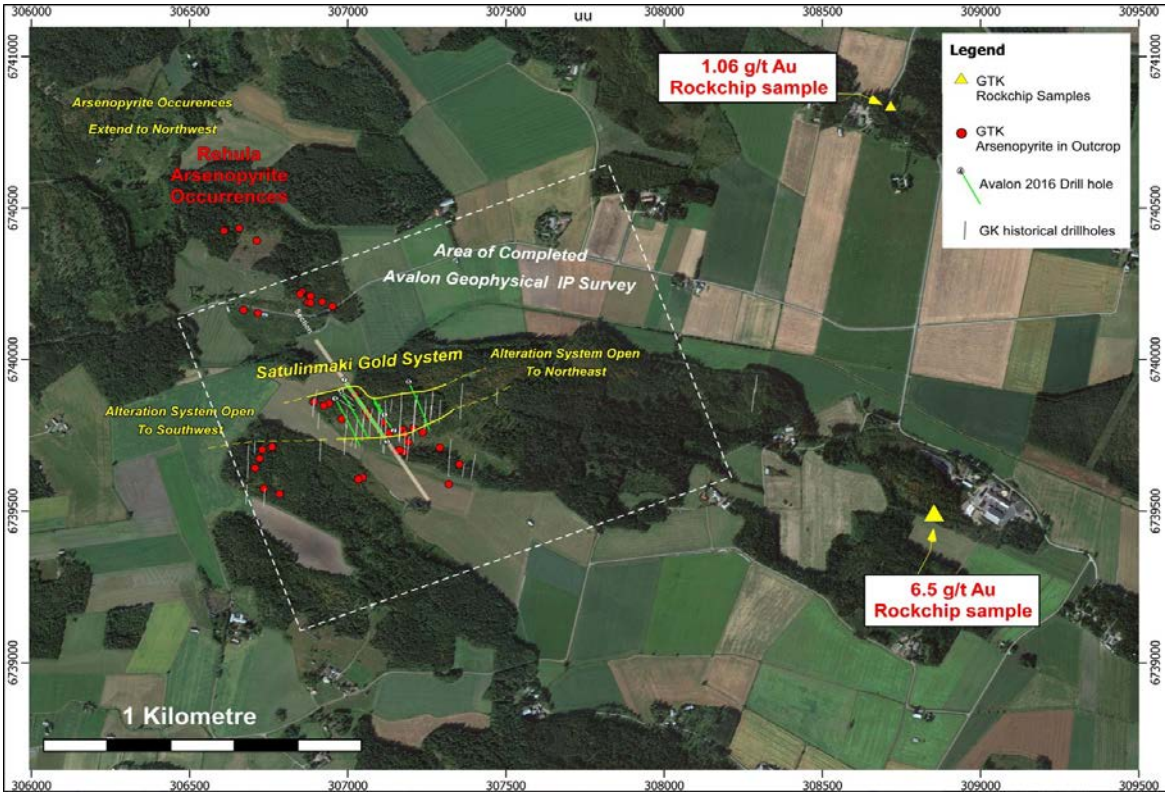

Figure 2: Satulinmäki Prospect showing area of the completed IP geophysical survey within the large gold-bearing alteration area that extends along a strike extent of 3km, and the location of the cross section shown in Figure 4.

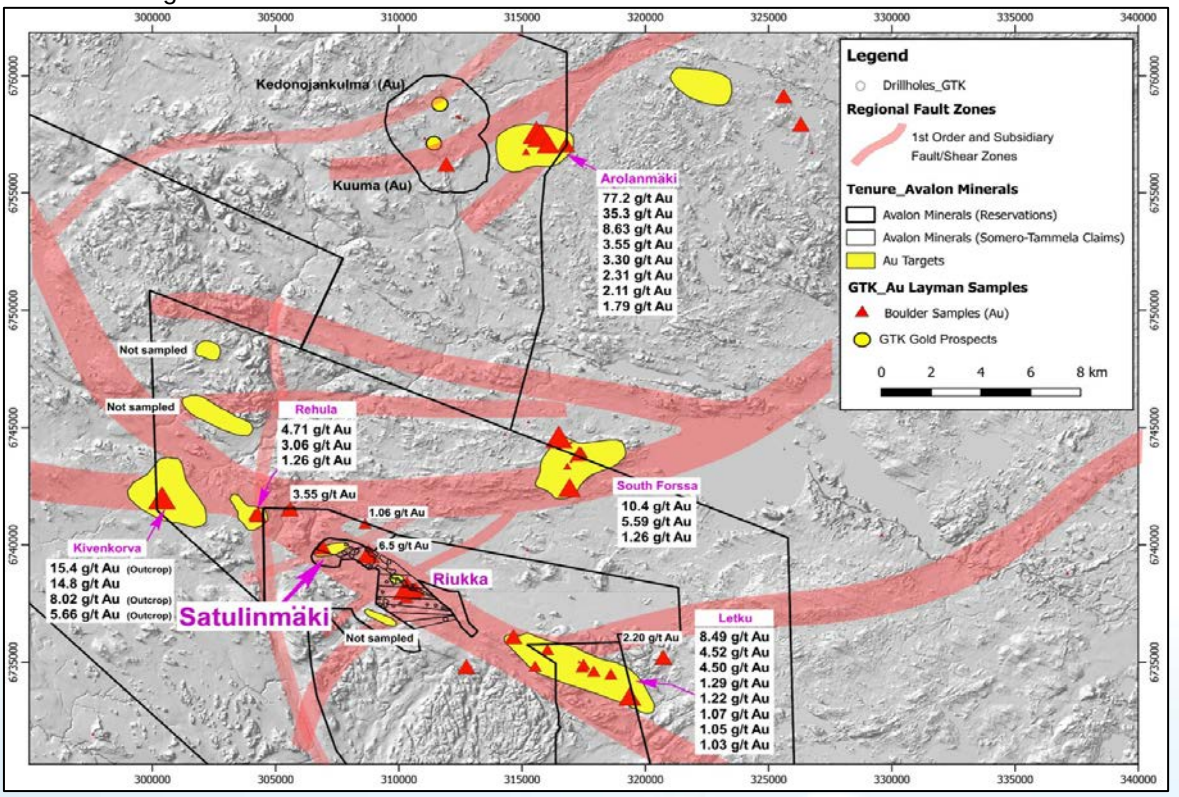

Figure 3: Regional geological interpretation showing significant boulder rock chip assays from GTK boulder analyses, and the interpreted controlling structures in this area, including Satulinmäki.
See Figure 1 for details of Avalon Exploration Reservations.

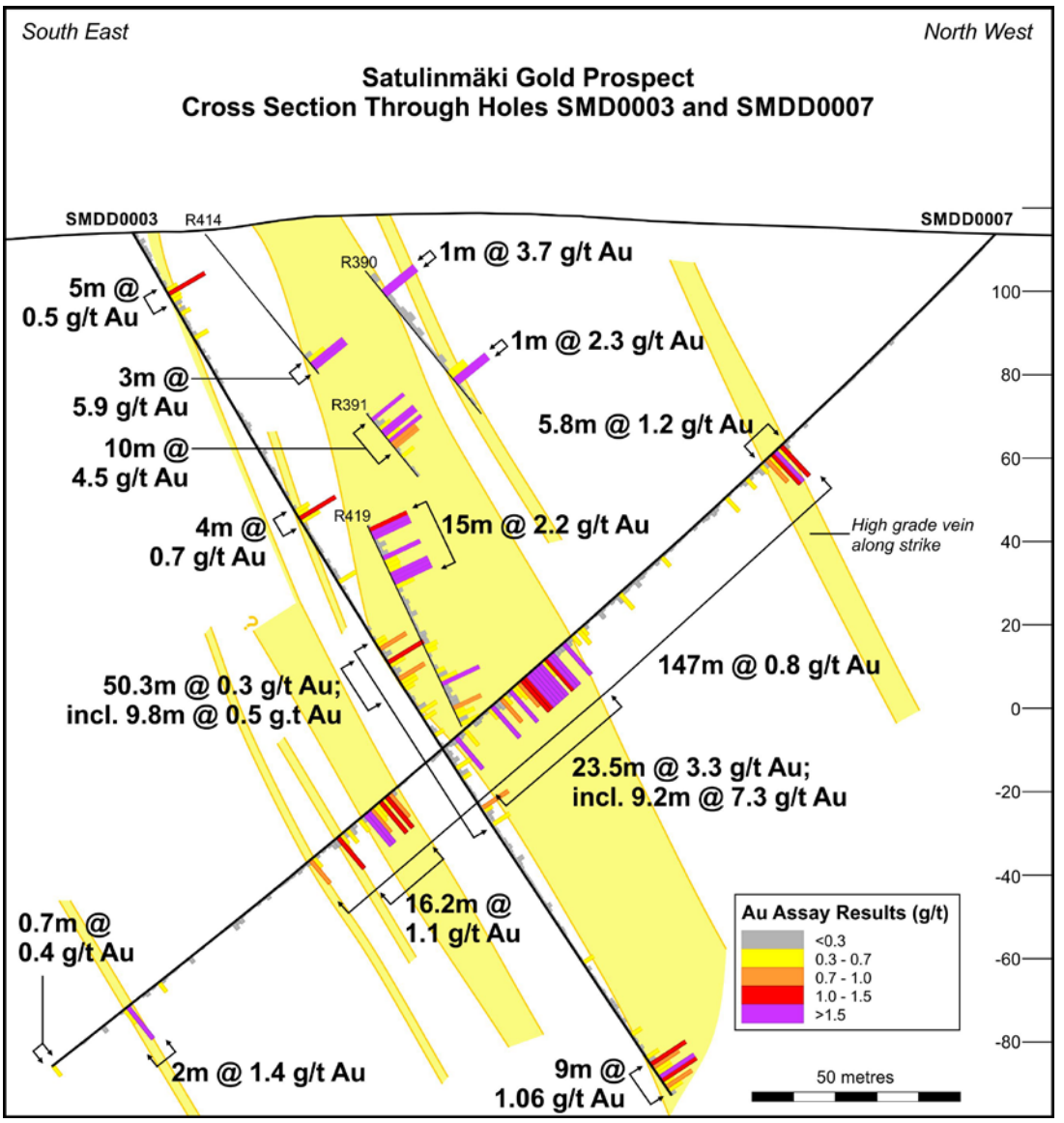

Figure 4: Satulinmäki Gold Prospect cross section through the main vein sets. The yellow areas are interpreted gold mineralised vein sets and breccia zones shown dipping and plunging to the northwest (see ASX announcements on 17th Oct 2016 and 14th Nov 2016).

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% Li_2O. Drilling by Avalon has returned 24.2m at 1.44% Li2O (see ASX announcement dated 12th September 2016).

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.

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APPENDIX 1
The following Table and Sections are provided to ensure compliance with the JORC Code (2012 Edition)

TABLE 1 – Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	• The results announced here in "Regional targeting results" and shown in Figure 3 are from historical boulder rock chip samples compiled from reports sourced through the Geological Survey of Finland (GTK).
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Samples collected from boulders at surface.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Rock chip samples were collected from boulders and outcrops and analysed by GTK.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Results do not refer to drilling samples. • The drilling information pertaining to Figure 4 has been previously reported in Appendix 1 of ASX announcements on the 17th October 2016 and 14th Nov 2016.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Results do not refer to drilling samples.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Results do not refer to drilling samples.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No relationship between sample recovery and grade has been established.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Results do not refer to drilling samples and therefore not to drill core logging.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*	• Results do not refer to drilling samples and therefore not to drill core logging.
	• *The total length and percentage of the relevant intersections logged.*	• Results do not refer to drilling samples and therefore not to drill core logging.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Not core samples. • The drilling information pertaining to Figure 4 has been previously reported in Appendix 1 of ASX announcements on the 17th October 2016 and 14th Nov 2016.
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• Rock chip samples assumed to be whole sample with no splitting.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample preparation was undertaken at the GTK laboratory in Finland and is considered appropriate for assessing a gold mineralised system. Extensive sampling and preparation by GTK is undertaken in this manner.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• GTK manage QAQC procedures which are considered adequate to provide a guide to anomalous gold mineralised areas.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• No record of these procedures.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample sizes are considered to be appropriate and correctly represent the style and type of mineralisation.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Au was assayed by GTK method 521U-K (Au, Pd, Te) - Alkuainemääritykset GFAAS-tekniikalla - Elemental determinations by Graphite Furnace Atomic Absorption Spectroscopy technique
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• No handheld XRF measurements were taken as part of this sampling.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• The Geological Survey of Finland (GTK) standard internal QAQC procedures which are considered adequate at this stage and scale of mineral exploration.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• There has been no independent verification of these GTK results by Avalon. Such work will be undertaken as part of the next phase of exploration by Avalon.
	• *The use of twinned holes.*	• No twinning of holes.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• The Finnish Geological Survey (GTK) data have been sighted in available databases.
	• *Discuss any adjustment to assay data.*	• Assay data was not adjusted. Reported numbers have been standardised to g/t (ppm).
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Historical hole locations are shown on detailed maps from GTK reports and have been digitised by Avalon.
	• *Specification of the grid system used.*	• The current projection used for map preparation in Finland is ETRS-TM35FIN, with Datum EUREF89.
	• *Quality and adequacy of topographic control.*	• Detailed topographic data and digital maps are available and have been used to apply topographic control.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Data spacing is random and is dictated by boulder and outcrop locations.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• No JORC 2012 mineral resource has yet been estimated for the Satulinmäki Gold Project, or other regional gold occurrences.
	• *Whether sample compositing has been applied.*	• No sample compositing was done.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Sampling points have random orientations and so are appropriate for regional scale assessment for potential mineralised districts.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Results do not refer to drilling samples. • The company does not believe that any sample bias had been introduced which could have a material effect.
Sample security	• *The measures taken to ensure sample security.*	• GTK's sampling procedures indicate individual samples were given due attention.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits were completed.

TABLE 1 – Section 2: Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• The Satulinmäki gold occurrence is covered by approved exploration claims, under the Finnish Mining Act. Regional areas are covered by granted Exploration Reservations.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Exploration claims are valid and are held by Nortec Minerals Corp. Avalon has a joint venture with Nortec to explore the claims and has earned a 51% interest. The Exploration Reservations are held 100% by Avalon for the purpose of gold exploration.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The historic drilling at Satulinmäki was undertaken by the Finnish Geological Survey in 2001-2005, and was re-logged and re-sampled by Nortec Minerals Corp. in 2010 and Avalon in 2016. • GTK has undertaken several phases of regional scale exploration including geological mapping, sampling and analysis of samples presented by third parties.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Satulinmäki gold occurrence is interpreted to be an orogenic gold system hosted by a series of quartz veins.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *a. easting and northing of the drill hole collar* *b. elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *c. dip and azimuth of the hole* *d. down hole length and interception depth* *e. hole length.*	• No drilling completed. Assay results relate to regional boulder and outcrop rock chip samples only. • The drilling information pertaining to Figure 4 has been previously reported in Appendix 1 of ASX announcements on the 17th October 2016 and 14th Nov 2016.
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Assay results reported do not relate to drilling samples.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Results reported are as received from the assay laboratory. No grade truncations have been applied.

Criteria	JORC Code explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• No aggregations applied.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal Equivalents have not been applied.
Relationship between mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.*	• The orientations of the mineralised areas are interpreted to be sub-vertical based on geological mapping.
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• No drilling completed to date.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See main announcement for appropriate diagrams and tabulations.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Both recent and historical results are included in this announcement.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported) including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other significant geological data has been reviewed at this stage.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Follow-up exploration is expected and will be planned during 2017. • Comprehensive data compilation is ongoing. The GTK have extensive open file data available. Field work is ongoing during 2017.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• See main announcement for appropriate diagrams which show potential areas of additional gold mineralisation.