

21 July 2017

ASX ANNOUNCEMENT



AVALON MINERALS LTD JUNE 2017 QUARTERLY REPORT

Avalon Minerals Limited (“**Avalon**” or “**Company**”) (**ASX:AVI**) is pleased to present the June 2017 Quarterly Activities Report and associated Quarterly Cashflow Report (Appendix 5B).

In addition, the directors would like to remind shareholders that the Share Purchase Plan (**SPP**) announced by Avalon on July 5th **closes 5.00pm this Friday July 21st**.

Shareholders as at July 4th are invited to apply for new shares at the issue price of \$0.014, up to a maximum of A\$15,000 per shareholder.

ASX: AVI

REGISTERED OFFICE

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AVALON MINERALS LTD JUNE 2017 QUARTERLY ACTIVITIES REPORT

ASX: AVI

Bramaderos Gold-Copper Project, Ecuador (Avalon earning up to 80%)

- Earn-in agreement signed to earn a majority interest in the Bramaderos gold-copper project located in Ecuador
- Ecuador is host to world-class gold and copper-gold deposits, in one of the most highly prospective belts for porphyry and epithermal copper-gold deposits globally
- Historical drilling results at Bramaderos include wide intervals such as 260m at 0.6g/t Au and 0.14% Cu. Trenching results at the West Zone breccia include intersections at surface of up to 42m at 3.7g/t Au
- Field investigations at Bramaderos have identified several target areas for high priority follow-up exploration

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Viscaria Copper Project, Sweden (Avalon - 100%)

- Low risk copper development opportunity – will add significant value within an increasing copper price environment
- 4 successful holes drilled during the quarter - significant results include:
 - 5.1m at 2.23% copper from 266m (VDD200)
- The result significantly enhances the prospectivity of the 4km long D Zone South target

Gold Portfolio, Scandinavia (Avalon earning 80%; & 100% owned tenure)

- Outstanding results from an Induced Polarisation geophysical survey at Satulinmäki were returned during the quarter and drill targets identified on multiple structural corridors up to 1.2km long, and with significant vertical extent
- Represents a 'scale change' at Satulinmäki and potential for a large gold system

Corporate Highlights

- A\$0.5 million in cash at 30 June 2017
- Placement and SPP to raise up to \$3.3 million announced 5 July 2017
- SPP closes Friday 21 July 2017



Exploration and Development Activities

Bramaderos Gold-Copper Project

On 10 April 2017, Avalon announced the signing of a binding agreement with Cornerstone Capital Resources Inc. ("Cornerstone") (TSXV-CGP) through its subsidiary La Plata Minerales S.A. ("PLAMIN"), whereby Avalon will have the right to earn a majority interest in the 4,949 hectare "Bramaderos" concession in southern Ecuador subject to satisfaction of certain conditions.

The Avalon team has worked previously with Cornerstone on other projects in Ecuador which have led to significant discoveries and shareholder value growth, and the Avalon team will work towards repeating that success at Bramaderos.

The Bramaderos concession is located in Loja province, some 90 km (1.5-hour drive) from the city of Catamayo and is considered to be highly prospective for the discovery of large gold-copper systems. Easy access to the Bramaderos concession is provided by the sealed Pan American Highway that crosses the western part of the concession.

Bramaderos was sporadically explored during the periods 1970 to 1984, 2001 to 2002 and 2004 to 2007. Porphyry-style gold-copper mineralisation has been found mainly associated with quartz vein stockworks and breccias hosted by a north-east aligned cluster of potassic altered quartz-diorite porphyry intrusions. An extensive, 5km by 1-2 km, gold and copper (+/- molybdenum) multi-element soil geochemical anomaly located in the central part of the property has been partially tested by trenching and diamond drilling with very encouraging results. Several zones are yet to be followed up.

Historical drilling results at Bramaderos include wide intervals such as **260m at 0.6g/t Au and 0.14% Cu**. Trenching results at the West Zone breccia include intersections at surface of up to **42m at 3.7g/t Au**.

Previous rock chip sampling in the Limon area has returned up to 1.8% Cu and 1.45g/t Au in rock chip samples, and paired samples of 1.24g/t Au and 0.23% Cu, and 1.45g/t Au and 0.45% Cu. Historic soil sampling has defined areas of coincident Cu, Au and Mo anomalies over an area of approximately 1.4km x 0.5km.

These results, together with the distribution of alteration, and large coincident gold-copper-molybdenum surface anomalies indicate that the Bramaderos Project contains a fertile mineralised system with significant discovery potential.

The initial field program undertaken in May/June 2017 was aimed at further defining and prioritising the exploration program. Thirteen surface rock chip samples were collected across multiple prospects within the property. Assay results from these samples were released to the ASX on July 18 and included:

- **4.4 g/t gold (and 6.85 g/t silver) from the West Zone prospect**
- **1.2 g/t gold and 0.40% copper from Limon prospect**

Early results further highlight the potential for the discovery of large gold-copper porphyry and epithermal gold within the Bramaderos Project.



Viscaria Copper Project

Exploration Targets and Opportunities

During the quarter, Avalon drilled 4 diamond drill holes, based on targets identified in January 2017.

Drill hole **VDD 197** was drilled into the A Zone East target, which comprises a string of magnetic anomalies over a 3km strike length with minor copper mineralisation reported from historical drill holes.

The hole intersected two zones of **copper-gold** mineralisation which appear to correlate with outcropping copper-gold mineralisation of similar style 1km to the north east. Outcropping mineralisation has returned samples with **1.65% Cu and 8.28g/t Au**, and **1.55% Cu and 0.52g/t Au** from altered and veined rocks adjacent to granites. The mineralised zones in VDD 197 comprises graphite-magnetite-sulphide brecciated rock and chalcopyrite-veined rock within domains adjacent to a granite intrusive.

VDD 197 intersected a peak interval of **1m at 1.31% Cu and 0.2g/t Au**, within **4m at 0.43% Cu** and an interval of **6.1m at 0.27% Cu, including 1.1m at 0.68% Cu and 0.45g/t Au** (refer to ASX Announcement dated 8 June 2017).

Importantly, this mineralisation is potentially related to that defined to the south at Nihka prospect (see ASX announcements dated 9 April and 13 May 2015), and to the north at Bahpagobba and West Nukutus (see ASX announcement dated 10 June 2015) where copper-gold domains have been defined with limited drilling in altered rocks that show similarities to Iron Oxide Copper Gold systems, and similar to the Pahtohavare-style mineralisation located 8km south within the same belt.

VDD 198 was drilled into the B Zone and A Zone footwall targets to further understand the potential for additional mineralisation within the proposed open pit at the southern end of A Zone and B Zone.

Peak copper in VDD 198 was within the B Zone horizon where the drill hole intersected **1m at 2.21% Cu and 15.9g/t Ag within 4.6m at 1% Cu** in a shallow interval starting from just 49.6m down hole (refer to ASX Announcement dated 8 June 2017).

The B Zone horizon at Viscaria is considered to be prospective for structurally-controlled high grade zones that have yet to be fully defined as shoots (because of limited drilling), within a broader lower grade domain. High grade shoots (>2% Cu) are consistent with recent structural studies at D Zone and A Zone. High grade shoots within B Zone will significantly upgrade the mineral resource potential to be captured within the planned open pits.

D-Zone Extension Target

Drill hole **VDD 200** was drilled into the D Zone southern extension area to test continuity of copper mineralisation from D Zone outside of the existing resource, and within the 900m long southern extension magnetic anomaly. The hole intersected several mineralised intervals including **5.1m @ 2.23% Cu** from 266.1m within a broader zone of 13.4m @ 1.06% Cu from 265m (Table 1). The results demonstrate significant potential strike extent of mineralisation immediately southwest of D Zone, and extends beyond this to the even larger D Zone South target, which has a strike extent of 4km (refer to ASX Announcement dated 26 June 2017).

This result is very significant as each hole Avalon has drilled at D Zone, but outside of the current D Zone mineral resource, targeting higher grade shoots has delivered >2% copper - a 100% hit rate with 3 from 3 holes, VDD 195, VDD 196 and VDD 200, intersecting >2% copper.

D Zone South Target

The result from VDD 200, together with newly acquired ground magnetic data, opens-up the highly prospective 4 km-long D Zone South horizon (Figure 4). The area was only very shallowly tested by Avalon in 2010 and 2011. Four historical drill holes intersected weak, but encouragingly very pervasive, copper mineralisation in an area near the southwest end of a 600m-long magnetic anomaly (refer to ASX Announcement dated 26 June 2017).

Modelling of ground magnetic data in 2017 indicated that three of the holes had only tested the very uppermost corners of an 80m-wide magnetic anomaly that broadens substantially at depth where it remains completely untested. The modelling also indicated that the fourth hole drilled parallel to and only tested the south-east edge of a 40m-thick and relatively strong magnetic anomaly.

The widespread and consistent copper mineralisation within the poorly tested D Zone South environment is very encouraging and brings this 4km-long anomaly to the top of the priority list for future testing with potential to significantly expand the Viscaria copper project.

D Zone North target

At D Zone North, **VDD 199** intersected copper mineralised ironstone and altered basalts. This is only the second drill hole into this discrete magnetic anomaly that is located 1km to the north of D Zone, and on magnetic trend. The drill hole intersected an intensely altered interval from 95.6m to 193.55m down hole, correlating with the target zone. The most consistently mineralised interval from 101.30m to 138.8m assayed 37.5m @ 0.11% Cu within the zone of most abundant magnetite alteration (refer to ASX Announcement dated 26 June 2017). The one historical drill hole from the 1970's intersected 1m at 0.49% Cu, 1m at 1.6% Cu and 1m at 2.45% Cu.

Environmental and Social Impact Assessment (ESIA) and Permitting

The environmental permitting is the primary focus of activities at this stage to further de-risk the project and support ongoing studies.

The Viscaria ESIA process is being progressed, which will deliver the necessary documents for application for a Permit to Mine from the Swedish Land and Environmental Court. The process is focussed on the immediate Viscaria area and supports planning for mine development initially within the approved Exploitation Concessions K3 and K4.



Gold Portfolio

Tammela Gold Opportunity, Finland (Avalon earning 80% from Nortec Minerals)

The Nortec earn-in agreement, for which Avalon has completed the requirements to earn 51%, includes two known gold opportunities, Satulinmäki and Riukka, held within the claim areas. All historical drilling is shallow and only tested to ~70m below surface. Historical assays from diamond drilling by the Finnish Geological Survey (GTK) **included 22m @ 3.6 g/t Au from 50 metres** (hole 391) at Satulinmäki.

A large Induced Polarisation (IP) geophysical survey was completed at Satulinmäki during the period January – April 2017. The key objective of the survey was to define areas of altered host rock within which gold mineralisation is expected to occur.

The survey has delivered outstanding results which will enable Avalon to undertake focused targeting of other potential gold-bearing zones in the project area. Geophysical mapping of interpreted sericite alteration and distribution of sulphides, both known to be associated with gold mineralisation from drilling, has shown (Figure 7) two main trends –

- The main Satulinmäki gold trend, which had been outlined over a ~300m strike length from drilling, has been extended to 1.2 kilometres by the IP survey; and
- A new northwest trending zone measuring 800m long.

In addition, the survey has defined:

- Subordinate trends to the south of Satulinmäki, each up to 400m long; and
- Subtle trends to the north of Satulinmäki showing both ENE and NW patterns.

Conductivity results have identified discrete anomalies that coincide with the high-grade intersections delivered by holes such as SMDD007, **23.5m at 3.3g/t Au including 9.2m at 7.3g/t Au**, as well as providing an explanation for the lower grade results such as that achieved in SMDD006 (refer ASX announcement dated 14 November 2016).

Chargeability results, which are interpreted to map the sulphides commonly associated with the gold mineralisation, demonstrate significant vertical extent, to well beyond the depth of previous drilling and to at least 300m below surface (Figure 9).

Historical data have also now shown an extension of gold mineralised rock approximately 1.5km to the southeast where rock chip samples have returned up to 6.5g/t (refer ASX announcement dated 7 April 2017). 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 to nearly 3.5km long and 1 km wide.

Assays undertaken by Avalon from several historical drill holes completed by the Finnish Geological Survey during the period 2000-2005 were found to be gold bearing, and continue to support the definition of a significant gold system at Satulinmäki.

The intersection in R390 (12m @ 1.62 g/t Au) further confirms and strengthens the main lode, and in hole R396 (5m @ 2.33 g/t) maps the northeast continuation of the main lode. This mineralisation remains open to the northeast. Intersections in 393 and 394 are potentially mapping lodes that could develop along strike since this area is poorly drilled (refer to ASX Announcement dated 22 February 2017).



Other Gold Opportunities (Avalon 100%)

Based on Avalon's regional assessment of gold prospectivity in southern Finland, areas of interest are held under approved Exploration Reservations, and recently 4 applications have been lodged for Exploration Permits covering known gold occurrences. These areas are held 100% by Avalon and will be explored systematically.

Lithium Portfolio***Kietyönmäki Lithium Project (Avalon's 80% subsidiary Scandian Metals Pty Ltd (Scandian) earning 80%)***

The Nortec gold and lithium earn-in agreement area, for which Scandian has completed the requirements to earn 51%, includes the Kietyönmäki lithium occurrence which was discovered by the Finnish Geological Survey (GTK) in the mid-1980's. There was no significant activity during the quarter.

Kaustinen Lithium Project

Avalon, through Scandian, holds 2 approved Exploration Permits in the Kaustinen area. No activity during the quarter.

Ladum Lithium Project

In Sweden Avalon, through Scandian, has entered into a Heads of Agreement with private Australian interests to explore four approved Exploration Concessions in Vasternorrlands, collectively referred to as the Ladum Project.

Tenements

During the quarter, Avalon's 80% owned subsidiary Scandian Metals Pty Ltd (through its 100% owned Swedish subsidiary Scandian Metals AB) had the Hietahauta and Viitala Exploration Permits in the Kaustinen area, Finland approved. Also, 4 applications for Exploration Permits were lodged over gold targets in southern Finland, with the Exploration Reservations around these areas expiring (Niinimäki, Kaila, Loulus and Kivijärvi).

In addition, the Viscaria East tenement in Sweden was granted to Avalon Minerals Viscaria AB and the Goddeväri tenement was transferred between 100% owned Avalon subsidiaries Avalon Minerals Adak AB to Avalon Minerals Viscaria AB.



Corporate

Cash Resources - The Company's unaudited cash position for 30 June 2017 was A\$0.5 million.

Shareholder Information

As at 30 June 2017, the Company had 650,847,134 fully paid ordinary shares on issue and 845 shareholders.

On 5 July 2017, Avalon announced that it had received firm commitments to raise approximately \$2.3 million via a heavily over-subscribed share placement, and in addition would raise up to a further \$1 million via a Share Purchase Plan (SPP), both priced at 1.4c per share.

The **closing date** for participation in the **SPP is 5pm Friday 21 July 2017**.

Several institutional investors, including the well-regarded micro-cap specialist Acorn Capital who have become a substantial shareholder, subscribed to the Placement and Avalon once again received strong support from its existing major shareholders.

1 million Shares were released from voluntary escrow on 26 May 2017.



Notes Specific – June 2017 Quarter ASX Announcements

The following announcements, which relate to information in this Quarterly Report, were lodged with the ASX during the Quarter. Further details (including JORC 2012 Code Reporting Tables, where applicable) for the results summarised above can be found in the announcements:

<i>Drilling Commenced at Viscaria Copper Project</i>	<i>05/04/2017</i>
<i>Southern Finland Gold Project Update</i>	<i>07/04/2017</i>
<i>Avalon to farm into gold-copper project Ecuador</i>	<i>10/04/2017</i>
<i>Corporate Update April 2017</i>	<i>12/04/2017</i>
<i>Quarterly Activities and Cashflow Report</i>	<i>26/04/2017</i>
<i>Release of Shares from Voluntary Escrow</i>	<i>11/05/2017</i>
<i>Satulinmäki Gold Outstanding Geophysical Results</i>	<i>17/05/2017</i>
<i>Project Update and RRS Presentation</i>	<i>30/05/2017</i>
<i>Numerous Targets Identified-Bramaderos Gold-Copper Project</i>	<i>06/06/2017</i>
<i>Shallow High Grade Copper Intersections at Viscaria</i>	<i>08/06/2017</i>
<i>Viscaria Drilling Significantly Enhances D Zone South Target</i>	<i>26/06/2017</i>
<i>Avalon Minerals to Complete Placement and SPP</i>	<i>05/07/2017</i>
<i>Security Purchase Plan</i>	<i>10/07/2017</i>
<i>Bramaderos Rock Chip Sampling Results Highlight Potential</i>	<i>18/07/2017</i>



	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)	Notes
VDD 197							
A Zone East	5.9	12.0	6.1	0.27	0.13		anomalous Mo & Co
<i>includes</i>	5.9	7.0	1.1	0.68	0.45		
	157.0	161.0	4.0	0.43	0.08		
<i>includes</i>	158.0	159.0	1.0	1.31	0.20		
VDD 198							
B Zone	49.6	55.2	5.6	0.88		5.63	
<i>includes</i>	51.2	52.2	1.0	2.21		15.90	
	49.6	67.2	17.6	0.40		2.34	anomalous Co
	103.8	106.8	3.0	0.48		1.93	anomalous Co
	193.0	196.0	3.0	0.14			A Zone Footwall
VDD 199							
D Zone North	101.3	138.8	37.5	0.11			
<i>including</i>	101.3	109.6	8.3	0.12	Including peak value of 1m at 0.34% Cu		
	114.6	123.5	8.9	0.13			
	130.5	134.8	4.3	0.16	Including 1m at 0.25% Cu		
VDD 200							
D Zone Southern Extension	211.7	215.2	3.5	0.32			
	265	278.4	13.4	1.06	Ironstone host		
<i>including</i>	266.1	271.2	5.1	2.23			
	314.9	316.9	2	0.57			
	337.3	357.3	20	0.11			

Table 1: Key intersections in VDD 197 to VDD 200



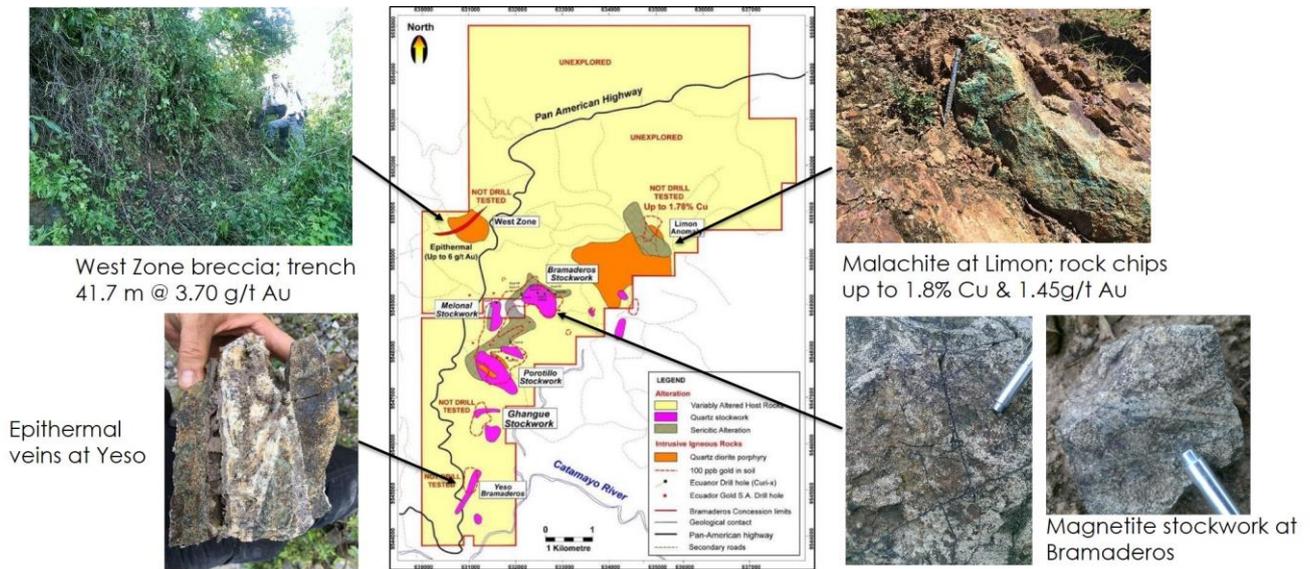


Figure 1: Representative images of veining and mineralisation from some of the mineral prospects on the Bramaderos property, including intense, malachite-bearing, stockwork veining at Limon.



Figure 2: Limon prospect in foreground showing argillic alteration on slopes surrounding area of outcropping porphyry-style mineralisation



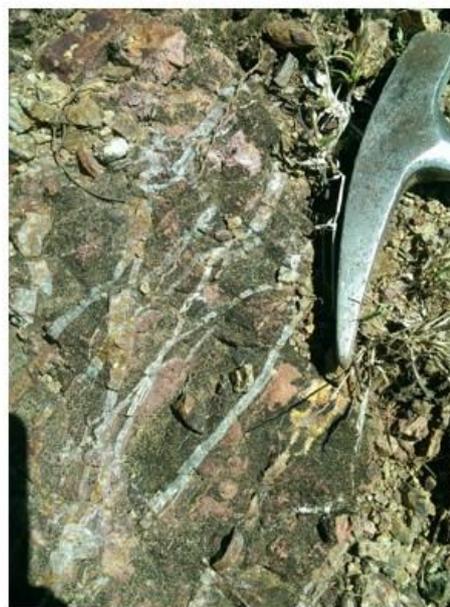
Sheeted veins



Intense stockwork veining



Malachite staining in area of anomalous historical gold and copper rock chip samples



Thick stockwork veins in altered host rocks

Figure 3: Bramaderos Limon gold-copper prospect exhibiting surface mineralisation, and intense stockwork and sheeted quartz veining indicative of a porphyry-style mineralised system. The area of veining at surface is surrounded at a more regional scale by extensive areas of intense argillic alteration which is interpreted to represent an epithermal alteration overprint.



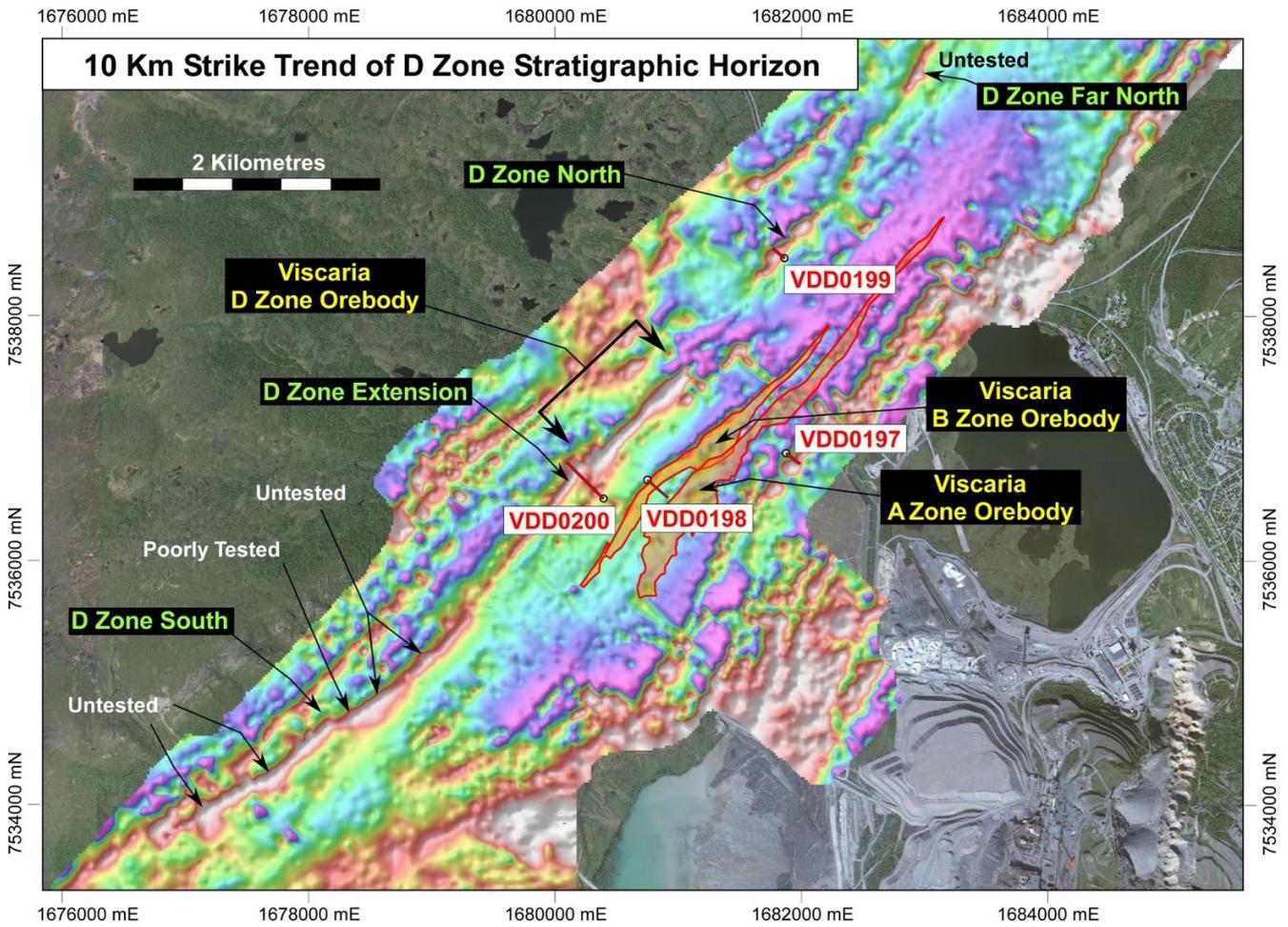


Figure 4: Plan view showing location of drill holes VDD 197 to VDD 200, and the highly prospective D Zone extension and D Zone South targets.



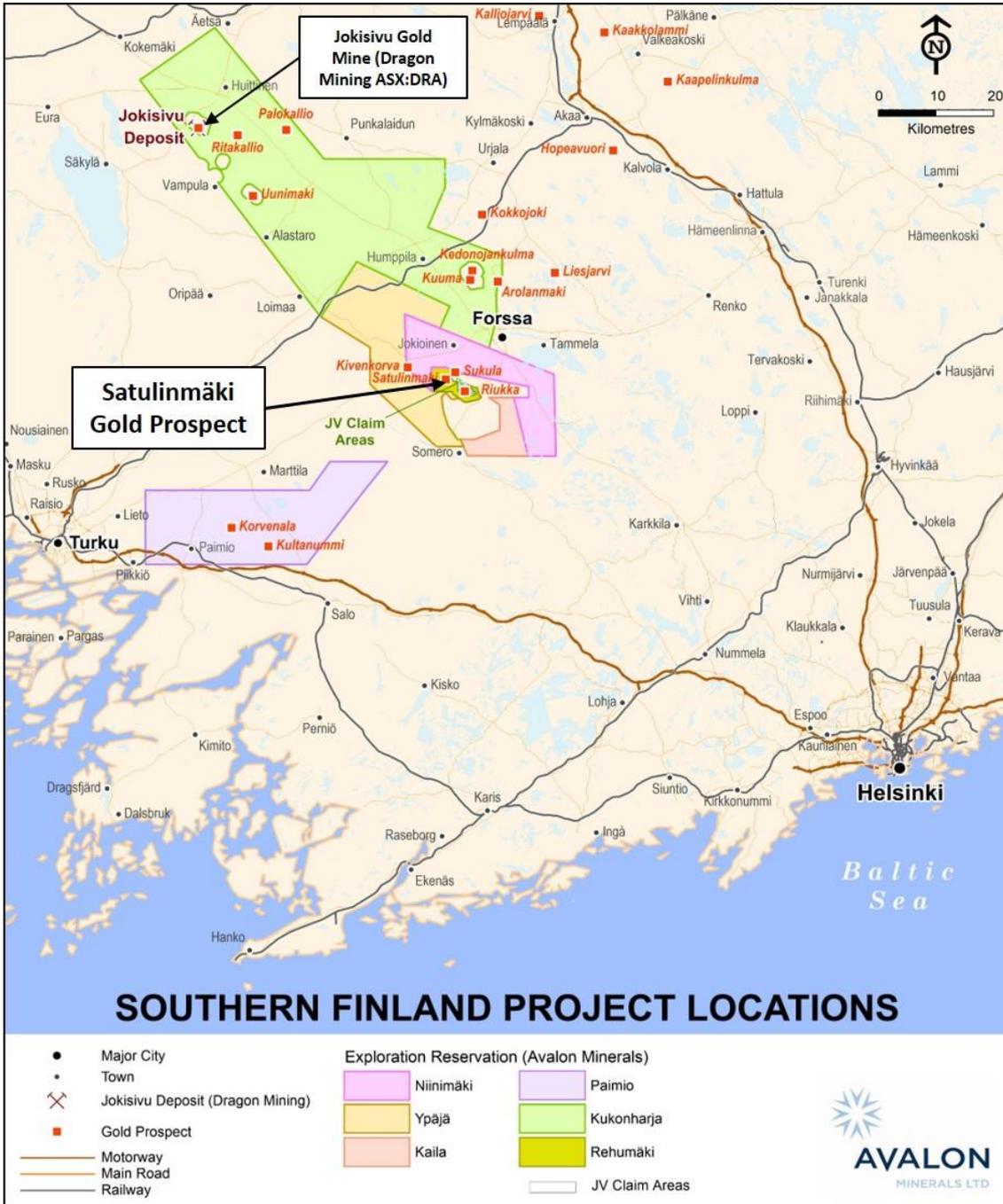


Figure 6: Location of the Satulinmäki gold prospect in southern Finland. The area is supported by high quality infrastructure and exploration can be undertaken year round.

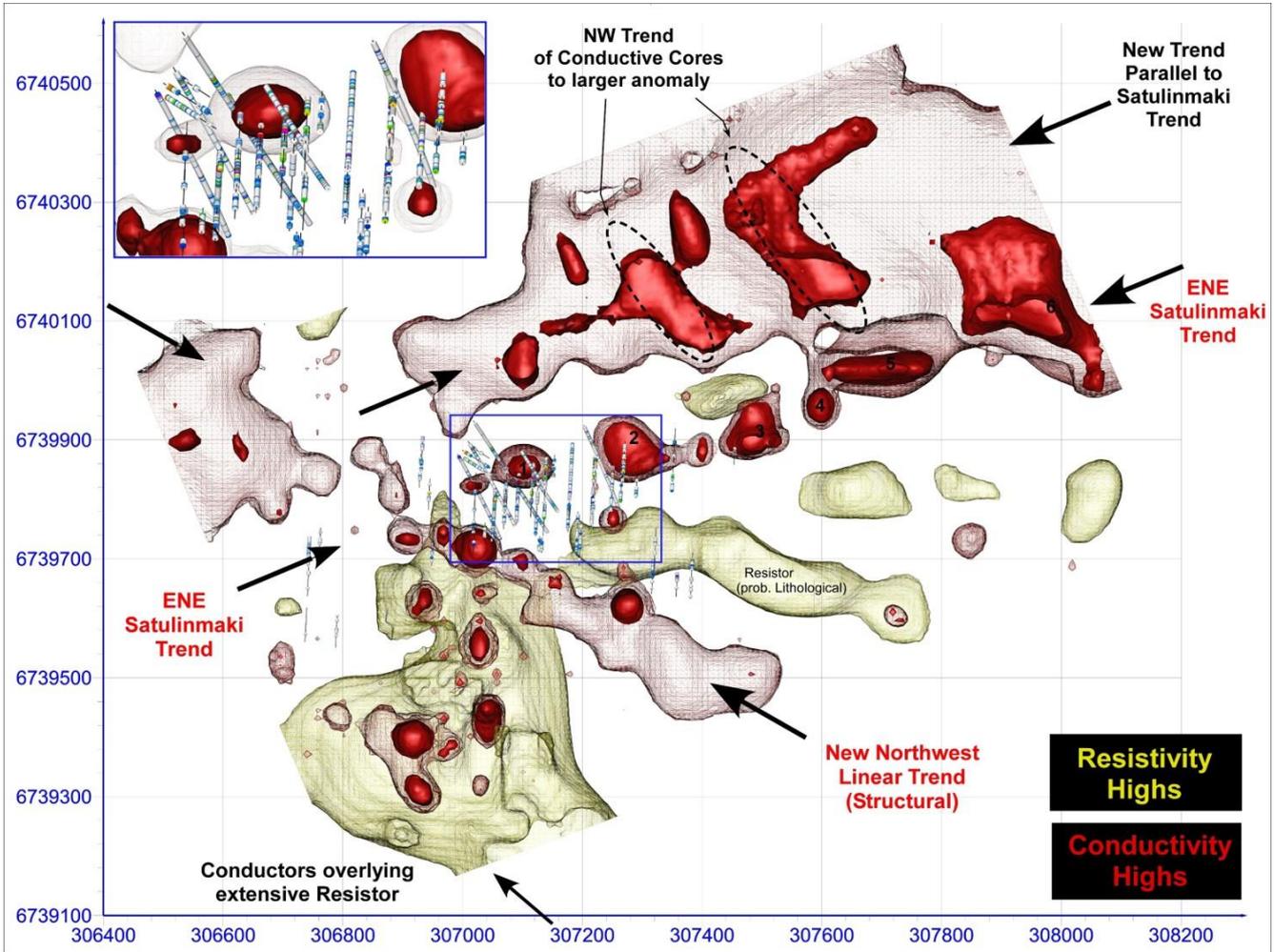


Figure 7: Compilation of IP survey results showing trends identified as being prospective for gold mineralisation relative to the existing drilling. The ENE Satulinmäki trend is now 1.2km long and significantly expands the gold target.



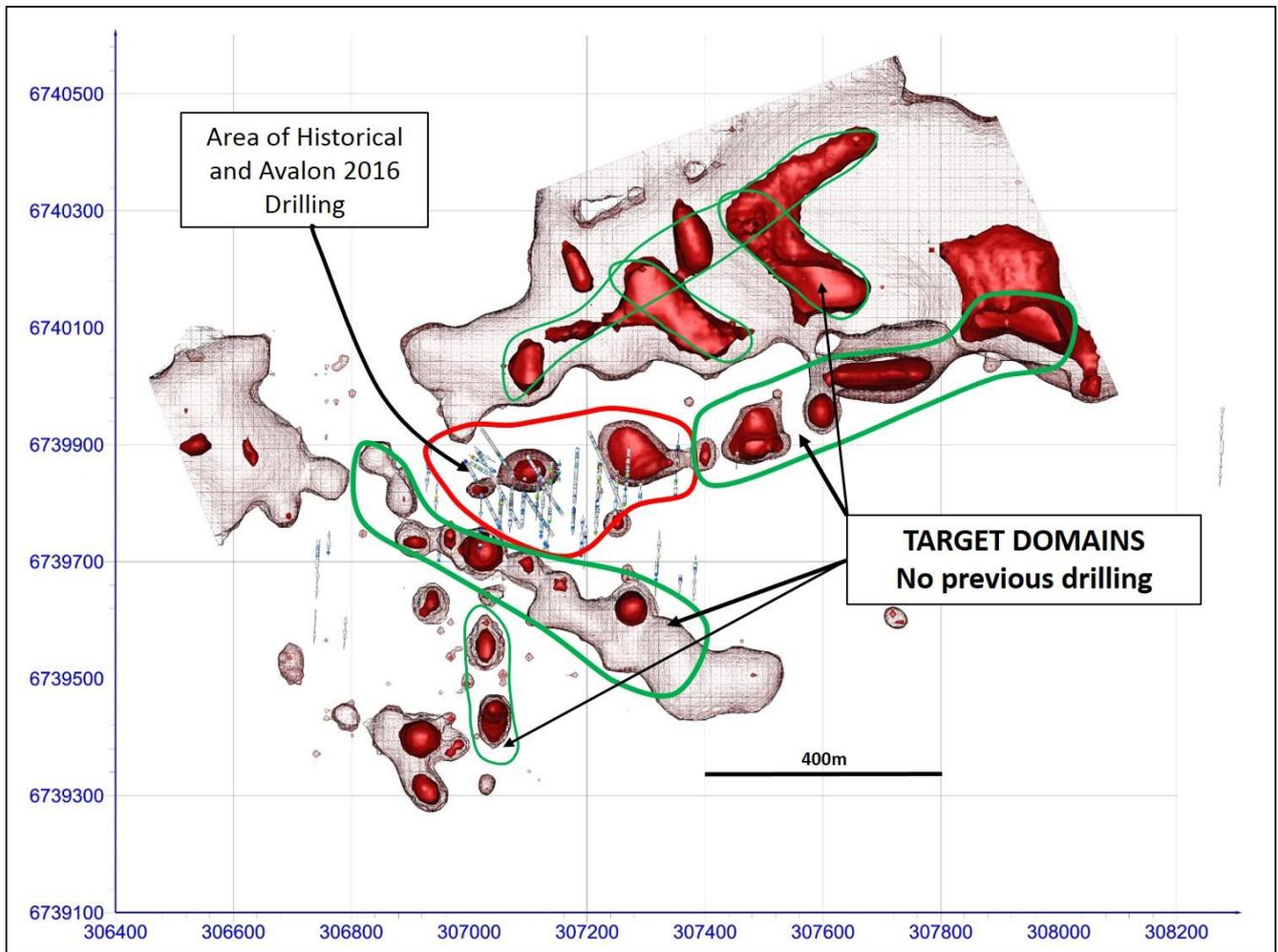


Figure 8: Target domains as defined from IP survey.



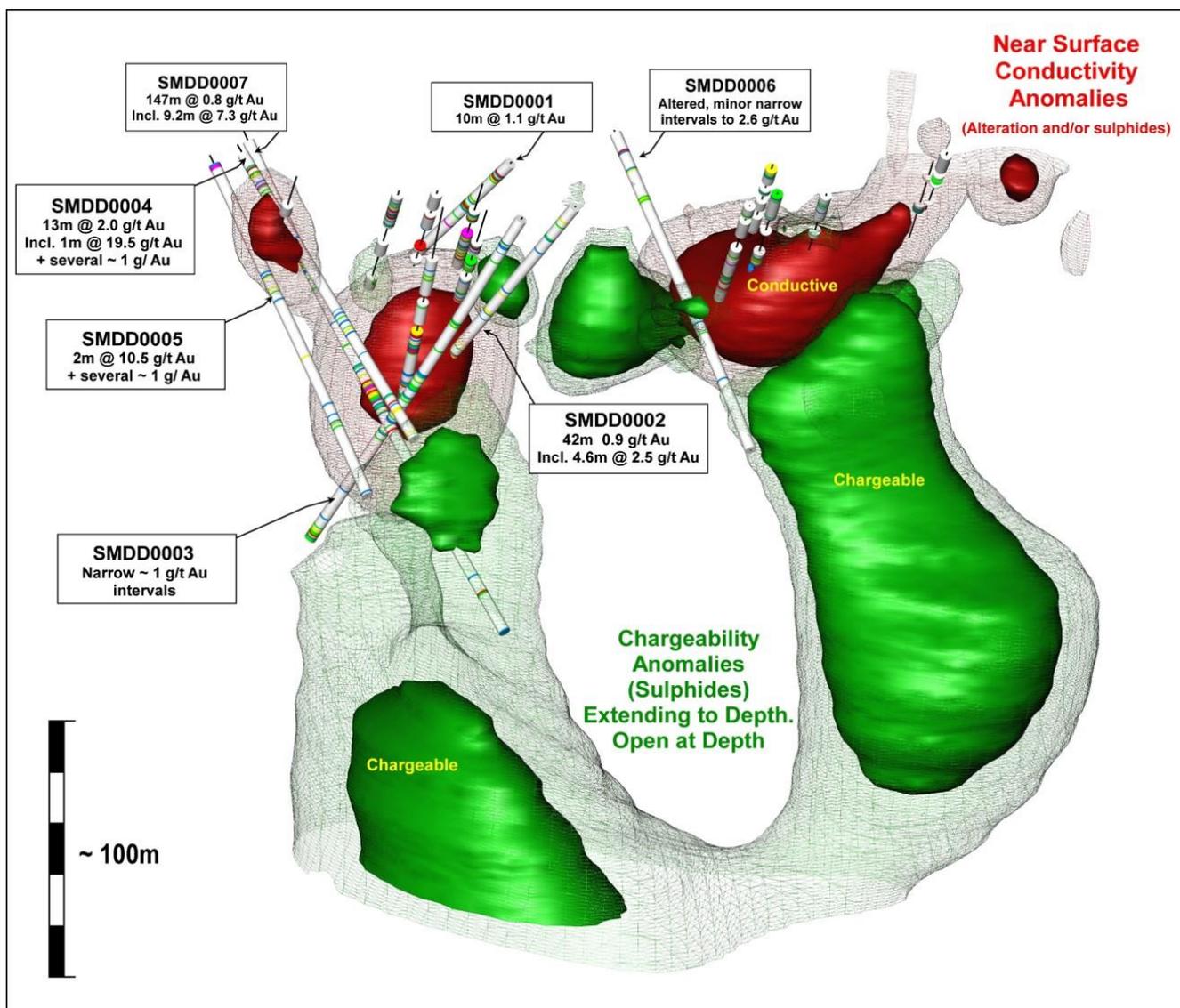


Figure 9: 3-D image of the Satulinmäki Prospect drilling area showing considerable depth extent of chargeability anomalies that may be related to gold mineralisation. Unmarked holes are those drilled by the Finnish Geological Survey (GTK).

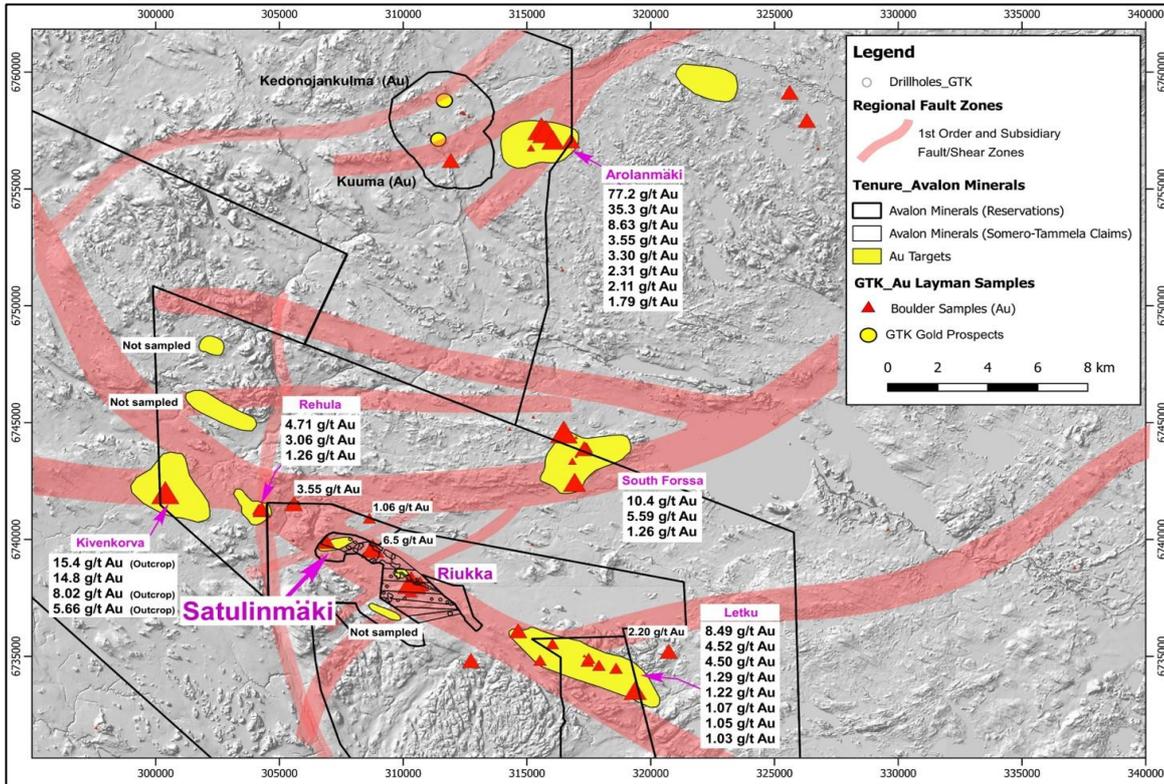


Figure 10: Regional geological interpretation showing significant boulder rock chip assays from GTK boulder analysis, and the interpreted controlling structures on these area, including Satulinmäki.

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.



TENEMENT SCHEDULE

At the end of the quarter, the Company holds the following tenements:

Gold Tenements

Tenement Holder	Tenement Name	Location	Status	Avalon Ownership
Tammela Minerals Oy	Somero 1-12	Somero, Finland	Granted	51%*
Tammela Minerals Oy	Rehumäki	Somero, Finland	Granted	51%*
Scandian Metals AB	Ypäjä	Somero, Finland	Granted	100%
Scandian Metals AB	Kukonharja	Somero, Finland	Granted	100%
Scandian Metals AB	Paimio	Somero, Finland	Granted	100%
Scandian Metals AB	Myllykulma	Somero, Finland	Application	100%
Scandian Metals AB	Häiviä	Somero, Finland	Application	100%
Scandian Metals AB	Palikkala	Somero, Finland	Application	100%
Scandian Metals AB	Uusikallio	Somero, Finland	Application	100%

Lithium Tenements

Tenement Holder	Tenement Name	Location	Status	Avalon Ownership
Scandian Metals AB	Ladumyrberget nr 1	Vasternorrlands, Sweden	Granted	80%
Scandian Metals AB	Ojaklacken nr 1	Vasternorrlands, Sweden	Granted	80%
Scandian Metals AB	Fannbyasen nr 1	Vasternorrlands, Sweden	Granted	80%
Scandian Metals AB	Fannbyasen nr 2	Vasternorrlands, Sweden	Granted	80%
Tammela Minerals Oy	Tammela 1-3	Somero, Finland	Granted	40.8%*
Tammela Minerals Oy	Rehumäki	Somero, Finland	Granted	40.8%*
Scandian Metals AB	Hietahauta	Kaustinen, Finland	Granted	80%
Scandian Metals AB	Viitala	Kaustinen, Finland	Granted	80%

Copper Tenements

Tenement Holder	Tenement Name	Location	Status	Avalon Ownership
Avalon Minerals Viscaria AB	Viscaria No 1	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 2	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 101	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 107	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 112	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Huornas No 1	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Huornas No 2	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria K No 3	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria K No 4	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria K No 7	Norrbottn, Sweden	Application	100% ^x
Avalon Minerals Viscaria AB	Nihka East	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Goddevarri	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria East	Norrbottn, Sweden	Granted	100%

*Subject to earn-in joint venture with Nortec Minerals Corp. (Tammela Minerals Oy). 51% earned by Avalon for gold and Scandian for lithium, and tenements in process of being transferred to JV entity.

^x The approved, but under appeal, K7 Exploitation Concession at Viscaria has been returned to the Swedish Mines Inspectorate for further review as part of an industry wide review of appealed exploitation concessions in Sweden.

DIRECTORY

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Shareholder Enquiries:

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Website: www.computershare.com.au

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Phone: 07 3368 9888
Fax: 07 3368 9899

Issued capital:

Ordinary shares: 650,847,134 (AVI)
Quoted Options: 154,837,500 (AVIO)*
(at 30 June 2017)

* exercisable at 3 cents on or before 31 August 2019

Directors:

Graham Ascough – Non-Executive Chairman
Malcolm Norris – CEO/Managing Director
Crispin Henderson – Non-Executive Director
Don Hyma - Non-Executive Director

Company Secretary:

Gavin Leicht

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

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Avalon Minerals Limited

ABN

68 123 184 412

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(641)	(2,732)
(b) development		
(c) production		
(d) staff costs	(352)	(1,479)
(e) administration and corporate costs	(115)	(736)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	0	468
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,106)	(4,469)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	0	0

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	0	4,647
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(0)	(330)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	0	4,317

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,626	631
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,106)	(4,469)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	0	0
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	4,317
4.5 Effect of movement in exchange rates on cash held	(44)	(3)
4.6 Cash and cash equivalents at end of period	476	476

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	397	56
5.2 Call deposits	79	1,570
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	476	1,626

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

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Directors remuneration includes Managing Director salary.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,000
9.2 Development	
9.3 Production	
9.4 Staff costs	345
9.5 Administration and corporate costs	225
9.6 Other (provide details if material) Tax Payment	258
9.7 Total estimated cash outflows	1,828

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Niinimaki; Kaila; Loulus; and Kivijarvi In Finland	Exploration Reservations in Finland expired, replaced with Exploration Permits (granted and in application)		
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Hietahauta and Viitala Kaustinen, Finland	Exploration Permits under 80% owned Scandian Metals AB	0%	80%
	Bramaderos, Ecuador	Subject to earn in agreement announced April 2017	0%	0%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 21 July 2017

Print name: GAVIN LEICHT

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.