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ASX ANNOUNCEMENT

AVALON MINERALS LTD

Positive Oxide Copper Drill Intersections at the Viscaria Copper-Iron Project

ASX: AVI

REGISTERED OFFICE

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Highlights

- **Recent drilling into Oxide Copper Mineralisation at D Zone intersects 5.6m @ 1.6% Cu and 23.95m @ 0.4% Cu;**
- **Drill hole VDD0180 targeting oxide copper mineralisation at the north-eastern end of D Zone intersected 5.6m @ 1.6% Cu from 33.75m within a wider zone of 15.55m @ 0.7% Cu from 26.20m;**
- **Drill hole VDD0181 targeting oxide copper mineralisation at the south-western end of D Zone intersected 23.95m @ 0.4% Cu from 98m but was abandoned in mineralisation due to hole collapse and stuck rods;**
- **Drill hole VDD0181 demonstrates that the D Zone oxide copper domain is open to the south and further drilling will be completed to expand its extent;**
- **Drill hole VDD0180 was drilled adjacent to VDD0085, which intersected 10.6m @ 1.2% Cu from 30 metres down hole;**
- **Core from these drill holes will be used to further metallurgical and mining studies into establishing if an economically viable leaching operation could be established at Viscaria for the oxide copper zone.**

Avalon Minerals Limited ('**Avalon**' or '**Company**') (**ASX: AVI**) is pleased to announce the assay results of drill holes VDD0180 and VDD0181, which targeted copper oxide mineralisation from the D Zone Prospect of the Viscaria Copper-Iron Project (Figures 1 and 2).

Drill Hole VDD0180 intersected 5.6m @ 1.6% Cu from 33.75m with approximately 0.35m of core loss within the mineralised zone (Table 1). This high grade copper intersection was within a broader interval of 15.55m @ 0.7% Cu from 26.20m with 2.82m of core loss. Drill Hole VDD0181 intersected 23.95m @ 0.4% Cu from 98.m with approximately 5.35m of core loss within the mineralised zone (Table 1).

Avalon's Managing Director, Malcolm Norris, said "These results are very encouraging as we have enhanced the oxide copper potential and further de-risked the Viscaria Copper Project. The results give Avalon the confidence to complete further oxide copper drilling, particularly in the southern area where the mineralisation is not closed off and we have the opportunity to increase mineral resources."

On 29 May 2014, Avalon announced encouraging results from a preliminary metallurgical investigation into oxide copper mineralisation from the D Zone Prospect of the Viscaria Copper-Iron Project. This metallurgical test work indicated that the oxide copper material was amenable to acid leaching and that further metallurgical test work needed to support a Scoping Study into a copper oxide leaching operation at Viscaria. The drill hole that provided this material was VMD0003 and was drilled into the central oxide zone at D Zone (Figures 3 and 4). In order to test if this result was characteristic of all the copper oxide mineralisation areas at D Zone, further drill holes were planned to obtain sample from other copper oxide areas. The first of these drill holes were VDD0180 and VDD0181.

VDD0180 was planned with two objectives: 1) obtain copper oxide mineralisation from the north-eastern copper oxide zone at D Zone (Figure 3) for further metallurgical test work; and 2) drill adjacent to drill hole VDD0085 to confirm the validity of this historic copper assay result (Figure 4). VDD0181 was also planned with two objectives: 1) obtain copper oxide mineralisation from the south-western copper oxide zone at D Zone for further metallurgical test work; and 2) to test for further copper oxide mineralisation from the south-western end of the copper oxide zone at D Zone.

Drill hole VDD0180 was drilled adjacent to hole VDD0085, which was drilled in 2010. VDD0085 intersected 10.6m @ 1.2% Cu from 30 metres down hole. Unfortunately, some sections of VDD0085 (outside the reported mineralised zone) had poor core recovery, which could mean that this area of oxide mineralisation actually contains more copper than VDD0085 indicated. When the result from VDD0180 is compared with the result of VDD0085 it is observed that VDD0180 has a wider mineralised zone than VDD0085 and therefore it is reasonable to assume that the sections immediately adjacent to the mineralised zone in VDD0085 where the core recovery was poor, probably contained economic accumulations of copper oxide. As a consequence, VDD0085 will now be excluded from resource calculations due poor core recovery and VDD0180 will be used instead.

Drill hole VDD0181 is located in an area open to the southwest and at depth which delivers considerable optimism for further oxide copper intersections in areas outside the current oxide copper domain. It is located 50m along strike from the nearest drill hole VDD0171, which intersected 14.7m @ 1.5% Cu from 80m within a broader zone of 39.0m @ 0.9% Cu from 74m. Unfortunately VDD0181 was abandoned due to hole collapse and stuck rods prior to drilling through the full target zone (Figure 5).

Table 1: VDD0180 and VDD0181 Drill Hole Details.

Hole	Prospect	Easting (RT90, m)	Northing (RT90, m)	Azi. (°)	Dip (°)	From (down hole m)	To (down hole m)	Interval Width (down hole m)	% Cu	Core loss (m)	End of Hole (m)
VDD0180	D Zone	1,680,952	7,537,425	134	-55	33.75	39.35	5.6	1.6	0.35	65.2
						within					
						26.20	41.75	15.55	0.7	2.82	
VDD0181	D Zone	1680251	7536816	135	-50	98	121.95	23.95	0.4	5.35	121.95

Follow-up work to be completed

Avalon plans to use the sample obtained from VDD0180 and VDD0181 for further metallurgical test work. The test work planned has been proposed to more fully understand the extent and kinetics of copper extraction, the influence of crush size, the corresponding acid consumption and the physical characteristics for treatment of this mineralisation using heap leach methods.

In order to ensure that the metallurgical test work results that have been achieved are representative of all copper oxide mineralisation on the Viscaria Copper-Iron Project, more drilling will need to be completed. The D Zone oxide copper domain is open to the south and further drilling will be completed to define its extent (see Figure 4). Avalon plans to undertake further D Zone oxide copper zone drilling in 2015.

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

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Competent Persons Statement

The information in this report that relates to exploration results is based upon information reviewed by Dr Quinton Hills who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Hills 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 Hills consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Figure 1 – Project Location

Figure 2 – Location of Mineral Resources of the Viscaria Copper-Iron Project.

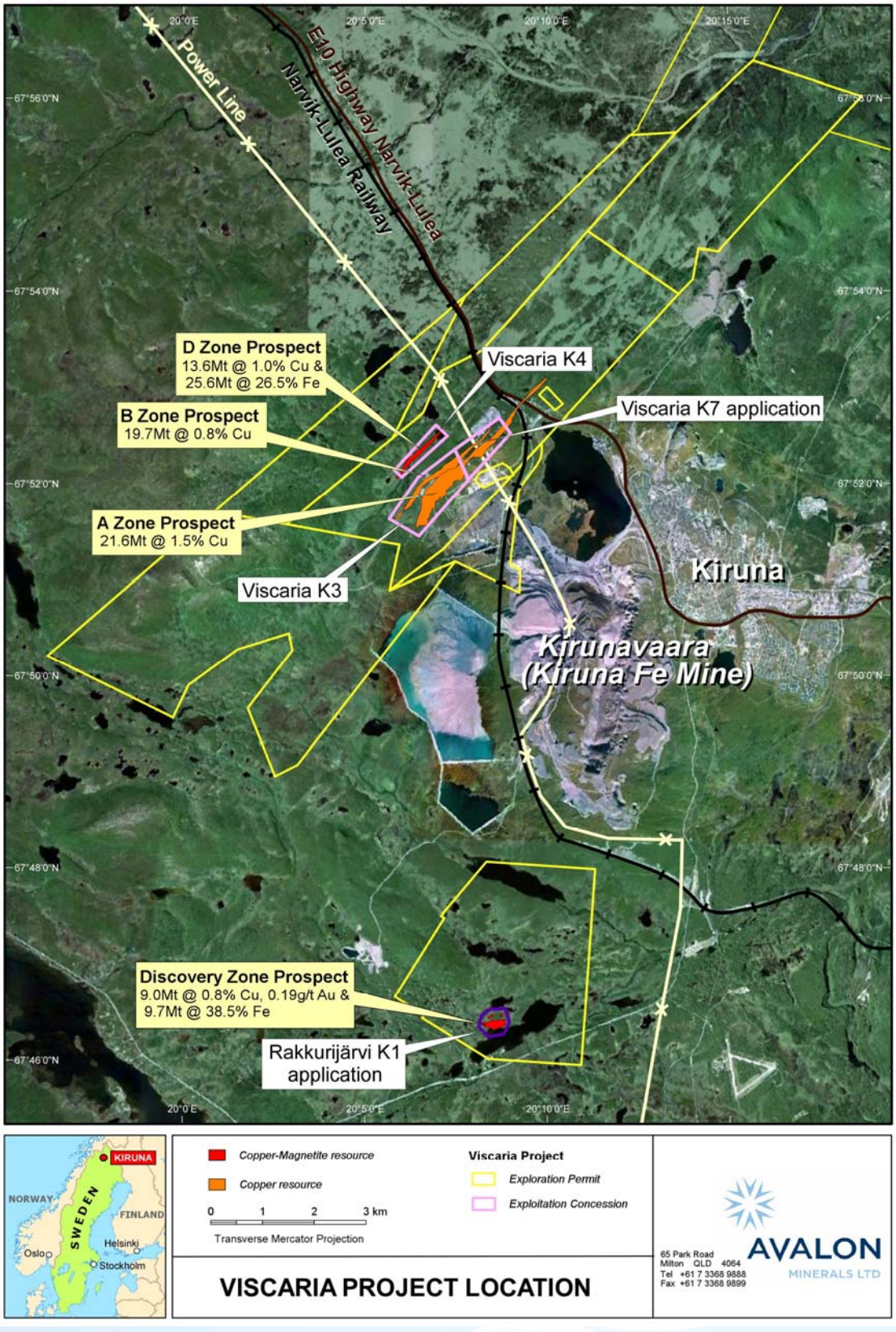


Figure 3: Schematic diagram showing the location of VDD0180 and VDD0181 relative to the VMD003 and the D Zone Mineral Resource in plan view.

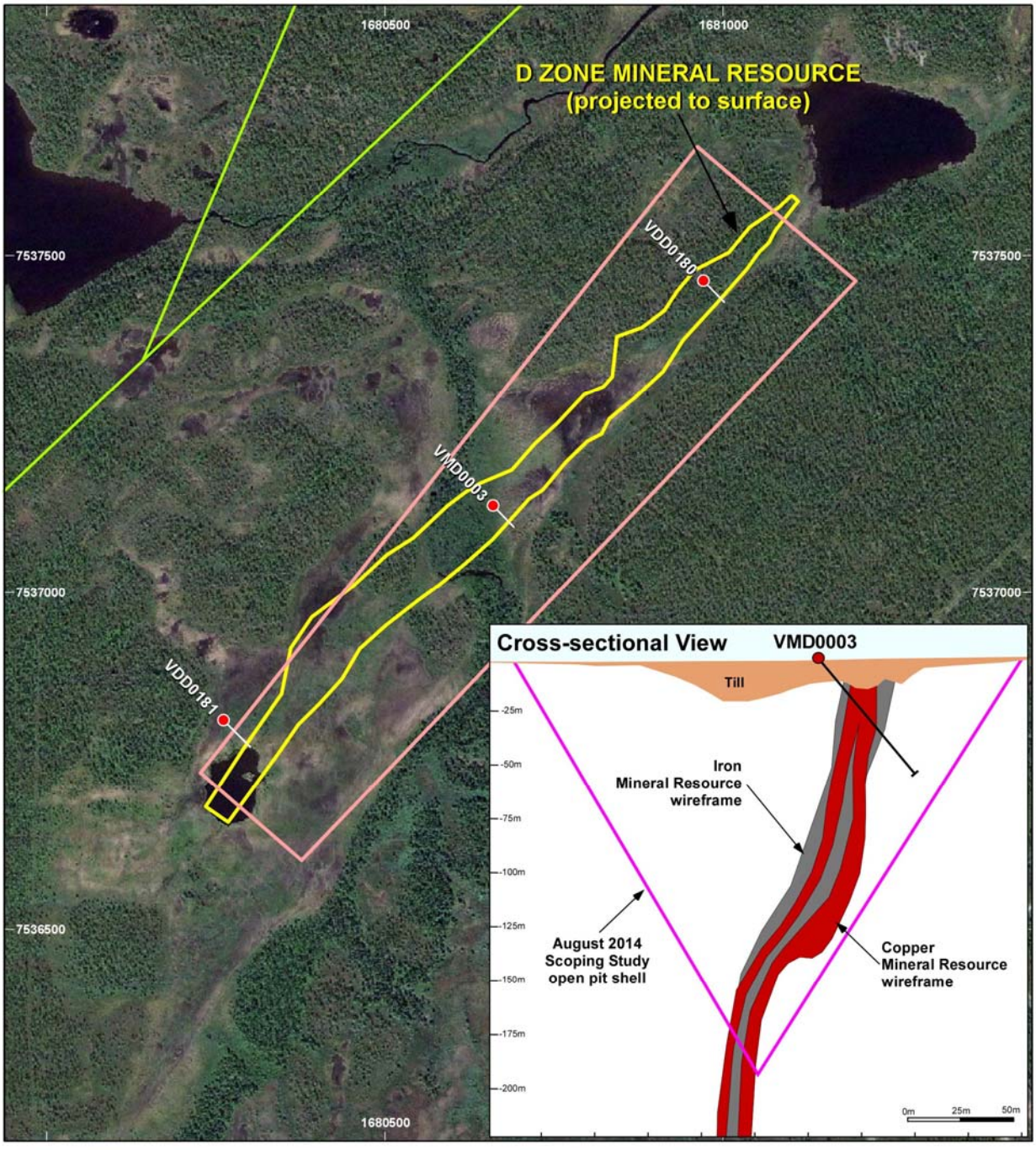


Figure 4: Schematic diagram showing a D Zone long section and the outline of oxide zone material (above the green dashed line) within the broader D Zone resource. Drill hole VDD0180 is delineated with a blue circle. Squares are pre-2012 drilling; Circles 2012-13 drilling. Yellow indicates moderate copper intersection, orange good intersection, red very good intersection; green is below copper cut-off grade

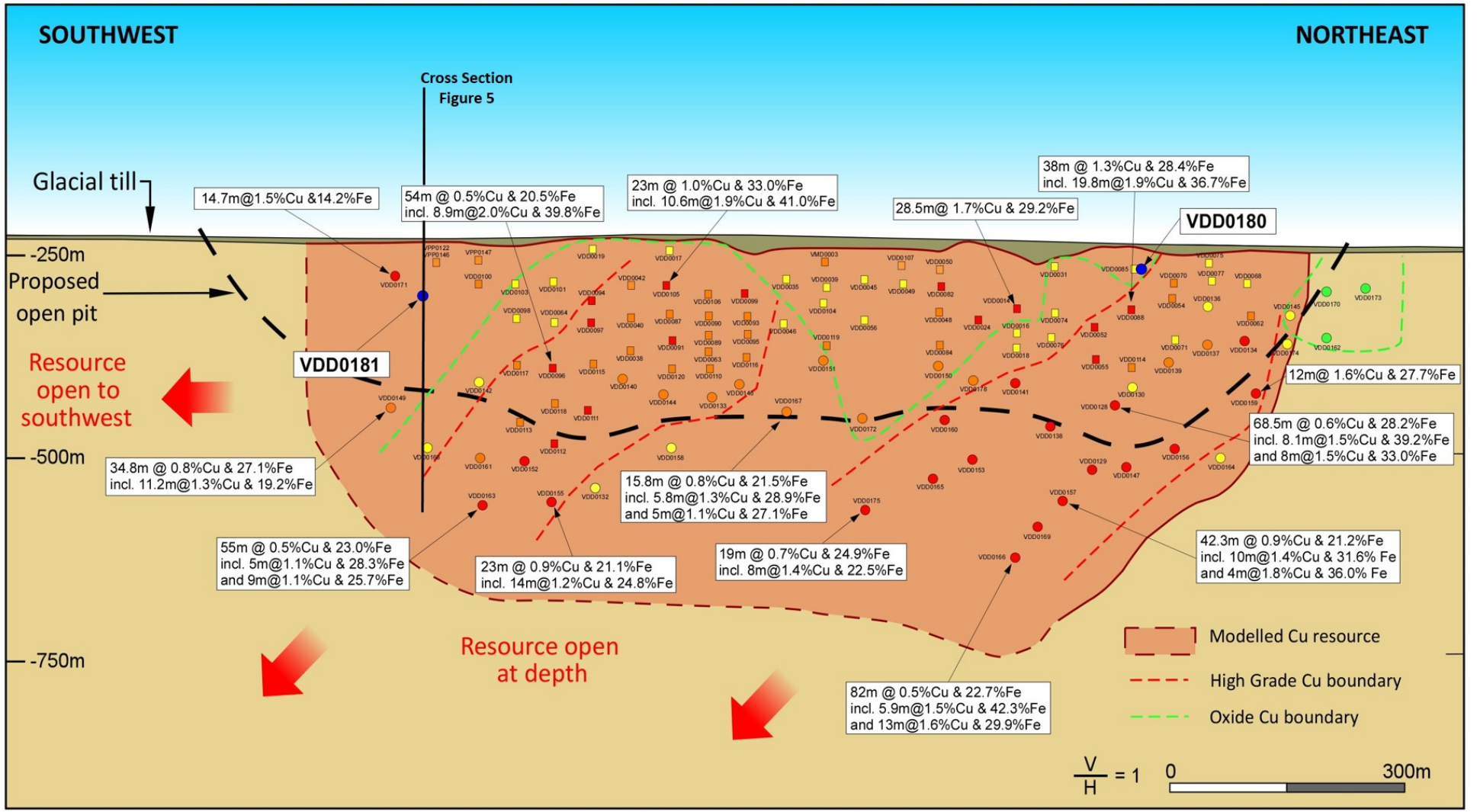
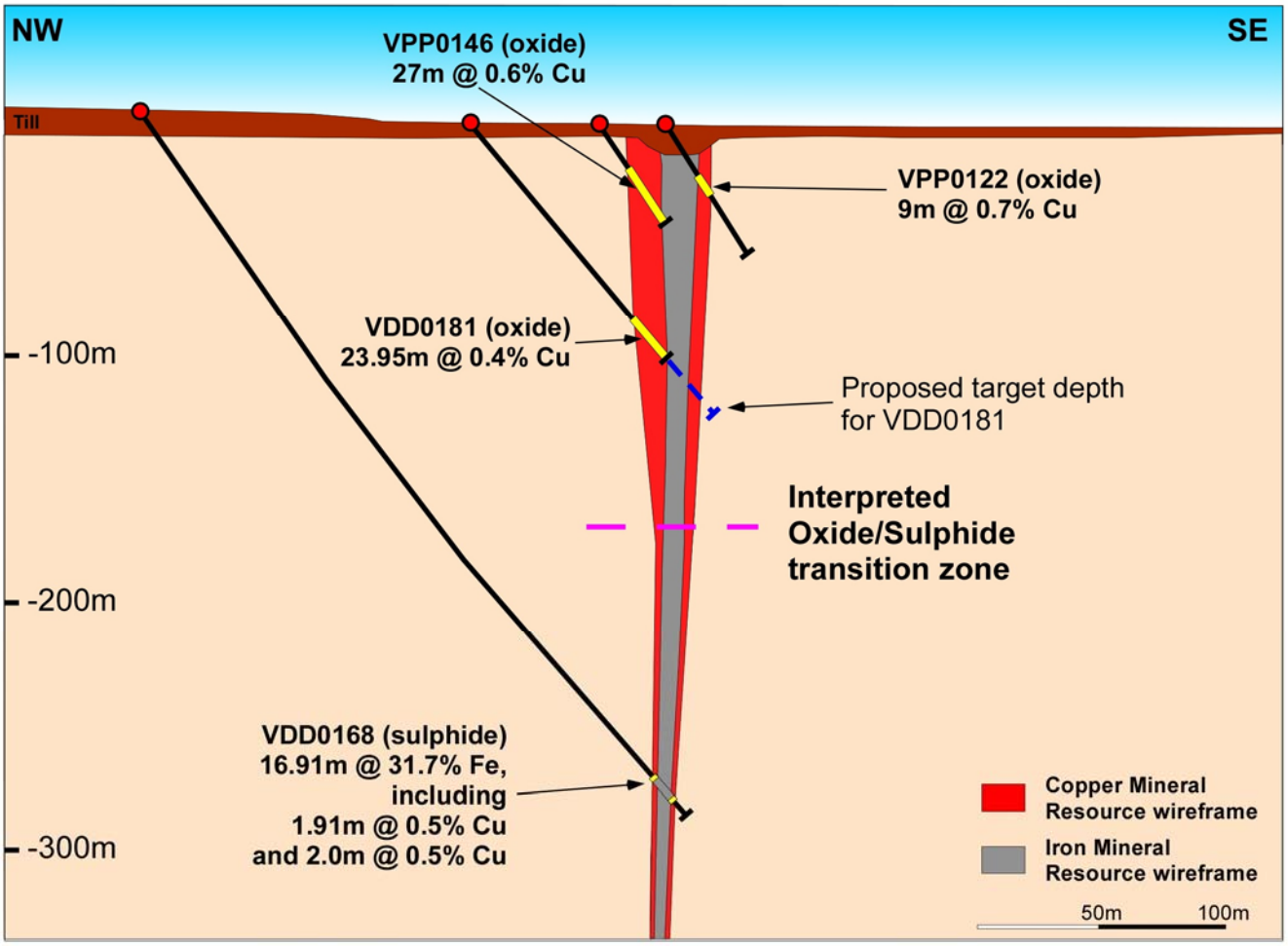


Figure 5: Cross-section showing the actual depth of VDD0181, compared to the planned target depth.



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 are from diamond drill core samples. The sampling was carried out using quarter core, generally at one meter intervals except where adjusted to geological boundaries.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Not applicable.
	• *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.*	• Diamond drilling was used to obtain 1m samples from which 3-5 kg was pulverised to produce a 250g sample. Then a 50g portion of this sample was then used for multi-element analysis.
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).*	• The diamond core was HQ in size (63.5mm) and was drilled using triple tube. The core was also oriented.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Diamond core recovery data for this drilling was measured for each drill run and captured in a digital logging software package. The data has been reviewed and within the mineralised sections announced here, the drilling had approximately 80% core recovery.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• As the ground conditions at D Zone with the oxide areas is difficult, these holes were drilled with triple tube.
	• *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.*	• Drill samples were logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Logging and sampling was carried out according to Avalon's internal protocols and QAQC procedures which comply with industry standards.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Drill samples are logged for lithology, weathering, structure (diamond core), mineralogy, mineralisation, colour and other features. Core is photographed both wet and dry.
	• *The total length and percentage of the relevant intersections logged.*	• All drill holes are logged in full from start to finish of the hole.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Quarter core was used to provide the samples that were assayed and reported here. Half core has also been sampled for metallurgical purposes. Only quarter core is left in the core trays.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• Not applicable.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Avalon samples were sent to the ALS Sample Preparation Facility in Pitea, Sweden for sample preparation. The standard ALS sample preparation for drilling samples is: drying the sample, crushing to size fraction 75% >2mm and split the sample to 250g portion by riffle or Boyd rotary splitter. The 250g sample is then pulverised to 85% passing 75 microns and then split into two 50g pulp samples. Then one of the pulp samples was sent to the Vancouver ALS laboratory for base metal analysis. • The sample preparation is carried out according to industry standard practices.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Avalon used an industry standard QAQC programme involving Certified Reference Materials "standards" (with Cu grades ranging from near cut-off, average resource grades and very high grades) and blank samples, which were introduced in the assay batches. • Standards, blanks and duplicates were submitted at a rate of 1 in 20 samples or one standard, blank and duplicate per hole if the hole has less than 20 samples. • The check assay results are reported along with the sample assay values in the preliminary and final analysis reports.
	• *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.*	• For diamond core, the routine sample was always take as the half/quarter core to the right of the orientation line (looking down hole) or the cut line (in cases where the orientation line was not reliable).

Criteria	JORC Code explanation	Commentary
		• The results from duplicate samples were compared with the corresponding routine sample to ascertain whether the sampling was representative. These results indicated that there was no discernible bias between the routine sample and the duplicate.
	• *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.*	• Avalon used assay method was ME-ICP81, which involves sample decomposition by sodium peroxide fusion. They are then analysed by ICP-AES. The lower detection limit for copper using ME-ICP81 is 0.005% and the upper detection limit is 50%. • This analysis technique is considered suitable for this style of mineralisation.
	• *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 other measurement tools/instruments were used.
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The values of the standards range from low to high grade and were considered appropriate to monitor performance of values near cut-off and near the mean grade of the deposit. • The check sampling results were monitored and performance issues were communicated to the laboratory as they occurred. • The assay results from Avalon's check samples, as well as the ALS laboratory's own internal check samples indicated the drill core sample assay results were of a suitable accuracy and precision.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Photographs of sampled interval taken and the Competent Person for exploration results for this announcement has viewed remaining core in trays.
	• *The use of twinned holes.*	• Assay results from a twinned drill hole is reported in this announcement.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Avalon sampling and assay data were imported brought together and validated using in an Access database package.
	• *Discuss any adjustment to assay data.*	• No adjustments or calibrations were made to assay data.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td rowspan="3">Location of data points</td><td>• 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.</td><td>• The majority of surface collar co-ordinates were surveyed by Differential GPS in Swedish co-ordinate system RT90 gon vast (west) 2.5 by qualified local contract surveyors to a high level of accuracy (1-3cm).
• It has been standard procedure to use the same contract surveyors to survey collar points since Avalon’s involvement, so there is high confidence that all the surface drill holes at D Zone are supported by accurate location data.
• These co-ordinates were then converted into the existing mine grid co-ordinates from the historic mining for resource estimation purposes.
• High quality down-hole dip and azimuth survey data support the Avalon diamond.</td></tr>
<tr><td>• Specification of the grid system used.</td><td>• RT90 Map projection parameters:
<table><tr><th>Parameter</th><th>Value</th></tr><tr><td>Reference Ellipsoid</td><td>Bessel 1841</td></tr><tr><td>Semi Major Axis</td><td>6377397.155 m</td></tr><tr><td>Inverse Flattening (1/f)</td><td>299.1528128</td></tr><tr><td>Type of Projection</td><td>Gauss-Krüger (Transverse Mercator)</td></tr><tr><td>Central Meridian:</td><td>E15°48'29.8" (2.5 gon West of the Stockholm Observatory)</td></tr><tr><td>Latitude of Origin</td><td>0°</td></tr><tr><td>Scale on Central Meridian</td><td>1</td></tr><tr><td>False Northing</td><td>0 m</td></tr><tr><td>False Easting</td><td>1500000 m</td></tr></table>• RT90 gon vast (west) 2.5 grid north is situated 4.01° to the east of True North.</td></tr>
<tr><td>• Quality and adequacy of topographic control.</td><td>• The topographic surface was taken from LIDAR data (airborne laser scanning) that was purchased from Lantmäteriet (the Swedish mapping, cadastral and land registration authority). Data point resolution is 0.5 per metre square and is specified as accurate to 20cm in elevation on distinct surfaces and 60cm in planimetry. The level of accuracy of the LIDAR</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
		topographic surface was considered adequate for the purposes of resource estimation. The LIDAR topographic surface has also been verified by the many Differential GPS collar survey co-ordinates.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• The drilling was from surface on a 50m x 50m spacing, grading to a 200m x 50m patterns at depth. Data spacing was sufficient to establish continuity between drill holes. • Diamond drill sampling was generally taken over 1 meter intervals except when adjusted to geological boundaries.
	• *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.*	• Sufficient continuity in both geology and mineralisation has been established to support the classification of the Company's existing Mineral Resources under JORC Code2012.
	• *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.*	• Drilling orientations were appropriate for the predominantly high angle of the mineralised intersections providing representative samples.
	• *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.*	• The company does not believe that any sample bias had been introduced which could have a material effect on the resource model, particularly given the strong correlation of mineralisation between holes.
Sample security	• *The measures taken to ensure sample security.*	• Avalon sampling procedures indicate individual samples were given due attention. • ALS is an internationally accredited laboratory that has all its internal procedures heavily scrutinised in order to maintain their accreditation.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Avalon's sampling techniques and data have been audited multiple times by independent mining consultants during the process of reporting a JORC Compliant Mineral Resource on the various mineral deposits that make up the Viscaria Copper Project (A Zone, B Zone, D Zone and Discovery Zone). These audits have always resulted in the conclusion that Avalon's sampling techniques and data are industry standard and suitable for the purposes of reporting a JORC Compliant Mineral Resource.

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 D Zone Prospect is contained with a granted Exploitation Concession, Viscaria K nr 4. This tenure is held100% by Avalon Minerals Viscaria AB, a subsidiary of Avalon Minerals Limited.
	• *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.*	• Tenure for Viscaria K nr 4 is valid until 16/01/2037.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The historic drilling at the D Zone Prospect was completed by LKAB prospecting until 1985 and then by Viscaria AB (owned by Outokumpu OY) from 1985 till 1997.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The D Zone Prospect is composed of magnetite-chalcopyrite mineralization that is variably oxidised. • The D Zone mineralisation is interpreted to be a VHMS-type ore system. This mineralisation has subsequently been strongly attenuated by shearing associated with a lower amphibolite facies metamorphic event. Subsequent to the lower amphibolite facies metamorphism and associated deformation, these rocks have been overprinted by locally constrained shear zones displaying retrograde, greenschist metamorphic mineralogy (chlorite, epidote, actinolite, and talc). •
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.*	• Details of the drill holes discussed in this announcement are in the body of the text.
	• *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.*	• Not applicable.

Criteria	JORC Code explanation	Commentary
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.*	• Weighted Averaging method used to calculate drill hole intersections for copper grade. The mineralised sections were delineated using a 0.1% Cu cut-off for the broadest/low grade intersections and a 0.3% Cu cut-off for the thinner/high grade intersections. No high grade copper top-cut was used.
	• *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.*	• Not applicable.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal Equivalents have not been used.
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 orientation of VDD0180 and VDD0181 ais at a high angle to the mineralization at the D Zone Prospect indicating that the length of the mineralized intersection assayed is approximately 90% of the true thickness of the mineralization.
	• *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').*	• Not Applicable.
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 Figures for maps and cross-sections showing distribution of drill collars.
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.*	• Not applicable.
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.*	• Not applicable.

Criteria	JORC Code explanation	Commentary
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).*	• Sample collected will be used for metallurgical analysis. • Exploration for further extensions of the D Zone Mineral Resource is currently being planned. • Further drilling for metallurgical sample is currently being planned.
	• *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 D Zone Long-section Figure 4. It clearly highlights the areas of possible mineralisation extension exist.