

13 July 2015

ASX ANNOUNCEMENT



AVALON MINERALS LTD JUNE 2015 QUARTERLY REPORT

ASX: AVI

Viscaria Copper Project, Sweden (Avalon - 100%)

- A total of 6 diamond drill holes were completed at Viscaria D Zone. Assays were returned for 3 holes and these delivered very encouraging, and locally high grade, copper assay results;
- One diamond drill hole was completed at the Nihka Iron Oxide Copper Prospect which intersected mineralised, altered and brecciated rocks consistent with an iron oxide copper system;
- At West Nukutus a significant copper anomaly was identified through bedrock auger sampling over the 1000m x 300m magnetic target;
- Copper anomalism at West Nukutus is open along strike and to the west, and is supported by local gold anomalism. The West Nukutus target now has a strike extent of >1200m;
- The Viscaria Copper Project Environmental and Social Impact Assessment (ESIA) process is on track.

Corporate Highlights

- Appointment of General Manager Geology as well as CFO and Company Secretary;
- A\$3.2 million in cash at 30 June 2015;
- \$1.67M placement completed to existing major shareholders and new, professional investors;
 - 50M shares issued following approval at a General Meeting held 28 April 2015 at \$0.025 per share (\$1.25 million);
 - a further 12 million shares placed with a new European investor at \$0.035 per share (\$420,000) on June 12th, 2015.

REGISTERED OFFICE

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Exploration and Development Activities

Field activities are well underway on the company's flagship Viscaria Copper Project. Initial drilling results beneath D Zone extend the known mineralisation at depth and geochemical surveys followed by drill testing over the new Nihka and West Nukutus targets have generated significant copper anomalies that require further follow-up.

Viscaria D Zone drilling

Assay results from three diamond drill holes VDD 183, 185 and 186 (Table 2) were received during the quarter and significant intersections include:

- VDD183 - 57.4m at 0.5% Cu from 543.3m including;
 - 17.3m at 0.4% Cu from 543.3m;
 - 7.5m at 1.5% Cu from 577.15m with 3.5m at 2.2% Cu from 577.15m; and
 - 9.5m at 0.5% Cu from 591.5m.
- VDD185 - 10m at 1.2% Cu from 425.85m, including;
 - 5.6m at 1.6% Cu from 425.85m; and
 - 2.1m at 2.3% Cu from 425.85m.
- VDD186 - 149.45m at 0.38% Cu from 392m including;
 - 37.45m at 1.12% Cu from 504;
 - 9.4m @ 2% Cu from 506.7m; and
 - 3.55m @ 2.75% Cu from 527.6m.

Diamond drill hole VDD183 was targeted to intersect copper mineralised ironstone in a down plunge position outside of the existing mineral resource estimate. The hole intersected a thick copper mineralised zone containing narrower high grade intercepts. The mineralised zone is approximately 120m down plunge from a previously drilled hole VDD166, which intersected 5.9m at 1.5% Cu and 13m at 1.6% Cu.

VDD 185 targeted the southern margin of the interpreted south plunging sulphide lens approximately 300m south of the VDD 183 intercept. VDD 185 returned a significant copper intersection and broadened the zone of interest and the area of potential resource growth.

Drill hole VDD 186 is the first hole to be drilled by Avalon from the south-east towards the north-west. It intersected a very broad zone of mineralisation and has provided a complete view of the interpreted stratigraphic hangingwall to D Zone. The results support our confidence that the D Zone mineral resource estimate will grow. Two narrow intervals of very high grade copper in VDD 186 also returned anomalous gold assays; intervals 529.7 to 530.0m and 536.1m to 536.4m intersected 10.1% Cu, 0.86g/t Au, 6.6g/t Ag, and 7.2% Cu, 0.1g/t Au, and 1g/t Ag respectively within a 9.9m wide gold anomalous zone.

As with other holes drilled during 2015 in D Zone, the results demonstrate that mineralisation is improving in thickness and grade at depth in the central northern part of the deposit (Figures 3 & 4). Figure 3 clearly shows a domain, developing at depth, of significant grade thickness improvement.

Drill holes VDD 183, 185 and 186, are all outside of the area of the current resource estimate, and demonstrate that the D Zone mineralisation continues to be open at depth. Drill hole targeting at D Zone is being directed by key resource estimate growth opportunities in parallel with in-house mine planning scenarios. It is aimed at further definition of high grade copper zones to support an updated resource estimate on a high grade copper only development scenario at Viscaria, to be delivered later in 2015, followed by an optimised Scoping Study.

The true widths of mineralisation in VDD 183, 185 and 186 are estimated to be approximately 60% of the downhole widths.

Drill holes 187, 188 and 189 were drilled during the quarter and assay results are pending. Holes VDD 187 and 188 were drilled in the shallower portions of the northern zone of D Zone to explore for high grade zones that may connect broadly spaced historical high grade intersections. Drill hole VDD 189 was drilled in the deeper portion of D Zone north to explore this margin outside of the existing resources. VDD 190 is in progress.

Nihka Target

The Nihka target is defined by an 1100m x 500m magnetic anomaly located approximately 2 km south of A Zone (Figure 5). The anomaly displays similarities to the magnetic response of the Viscaria D Zone copper-magnetite deposit, but is significantly larger.

A 42 hole auger drilling program was completed in February to sample the base of till and the uppermost bedrock (Figure 6). Four of the holes intersected trace amounts of visible chalcopyrite (a copper bearing sulphide mineral). The copper bedrock anomalism overlaps the northern margin of the magnetic anomaly.

Diamond drill hole NDD001 was drilled to a depth of 326.5m in the northwest portion of the anomaly and intersected a sequence of altered and brecciated basaltic rocks consistent with an iron oxide copper system (IOC system). The alteration assemblage included magnetite-epidote-albite-biotite-chlorite-carbonate-sulphide domains, with sulphide veinlets containing trace chalcopyrite. Local hydrothermal breccias have been identified which again are consistent with an IOC system. The assay results from these intervals returned copper values up to 0.18% Cu (Table 1). Significant intervals of high iron (Fe) values were intersected and comprised primarily magnetite alteration, with some hematite alteration. The interval 90m to 202m averaged 11.5% Fe, and within this were intervals of up to 20% Fe. These intervals were coincident with modelled magnetic bodies from the ground magnetics survey.

The intensity of altered rock, together with the degree of brecciation and shearing suggests that the host rocks have undergone modification from a hydrothermal system. Avalon interprets these observations to support comparison to other magnetite-copper deposits in the district. Therefore further exploration is warranted. The area has no rock outcrop and is completely covered by glacial gravels.

From (m)	To (m)	Interval (m)	Cu (%)	Fe (%)
76.6	76.8	0.2	0.16	14.00
118.1	119.0	1.0	0.11	16.70
186.2	186.6	0.4	0.11	15.50
192.4	193.4	1.0	0.18	16.50
259.0	260.1	1.1	0.10	20.50

Table 1: Significant Cu intervals from exploration hole NDD 001

West Nukutus Target

The West Nukutus target comprises a north-south trending complex magnetic anomaly with a strike extent of at least 1200m (Figure 5). It is located 5km northeast of Viscaria A Zone.

A 49 hole auger drilling program was completed in May 2015 to sample the base of till and the uppermost bedrock. The drilling was completed on a 100 x 100m grid and copper anomalism has been detected across a broad area (Figure 7). Significantly, 18 of the 49 auger holes intersected minor amounts of visible chalcopyrite. Assay results from the bedrock samples have defined a 1000m x 300m area of greater than 200ppm copper with local lower level anomalous gold. The area of anomalous copper is open to the north, south and west.

One historical hole, drilled in 1986 to a depth of 259.5m, was collared approximately 220 meters east of the West Nukutus magnetic anomaly and drilled towards the west, but failed to intersect the modelled peak of the magnetic anomaly. The hole did intersect anomalous copper and gold, and intersected altered mafic rocks with up to 0.46g/t Au and 0.26% Cu over 1m in the bottom 43m.

Interpretation of all datasets is underway which will allow for planning of a first pass diamond drilling program at West Nukutus, which is expected to commence in mid-late July.

Discovery Zone

Following submittal of the amended application for the Exploitation Concession at Discovery Zone, Avalon has focussed on stakeholder engagement activities. A social impact assessment is currently being finalised through an external consulting group.

Development Studies at Viscaria

Development studies are ongoing to assess lower capital expenditure, higher grade copper development opportunities for Viscaria. Preliminary results are very encouraging and the current drilling program at Viscaria is targeted on delivering copper mineralised intersections that will support a resource estimate update. These development scenarios will continue to be advanced during 2015.

Environmental and Social Impact Assessment (ESIA)

The Viscaria ESIA process has commenced. These activities 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 within the granted Exploitation Concessions K3, K4, and K7.

Corporate

Cash Resources - The Company's unaudited cash position for June 30, 2015 is A\$3.2 million.

Appointment of key staff

Dr Bruce Rohrlach was appointed to the role of General Manager Geology and commenced on 9 April 2015. Mr Gavin Leicht was appointed as CFO and Company Secretary and commenced on 20 April 2015. With the appointment of these two senior positions Avalon has now strengthened the team across discovery, mining and finance and are well equipped to grow from our key foundation asset, the Viscaria Copper Project.

Retirement of Director

Mr Paul Niardone retired as a non-executive director of Avalon, effective from the close of the General Meeting held on 28 April 2015.

General Meeting

On 28 April 2015, the Company held a General Meeting of shareholders. At the General Meeting, shareholders approved the ratification of the prior issues of shares and options, approved the participation in the placement by Malcolm Norris and Graham Ascough, and approved the issue of up to 50M new shares as part of the Placement.

Capital Raising

Following shareholder approval at the General Meeting held on 28 April 2015, 50M new shares were issued as part of a placement announced on 2 March 2015, at a share price of \$0.025 per share.

A further placement was undertaken to a new European investor for 12M shares at \$0.035 per share as announced on 12 June 2015. The shares were issued at a 25% premium to Avalon's VWAP for the 5 trading days prior, and were issued under the Company's capacity under Listing Rule 7.1.

The funds raised from the placements to existing shareholders and new, professional investors in Australia and Europe will be used to progress the company's Viscaria Copper Project in northern Sweden and for working capital.

Shareholder Information

As at 30 June 2015, the Company had 240,319,478 fully paid ordinary shares on issue and approximately 901 shareholders.

Notes Specific – June 2015 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:

Near Mine Exploration Opportunities	10 July 2015
High Grade Copper Intersected Viscaria D Zone	2 July 2015
Appendix 3B & Cleansing Notice	17 June 2015
Placement of 12 million shares	12 June 2015
Copper Mineralisation at West Nukutus	10 June 2015
AVI - Investor Presentation June 2015	5 June 2015
Revised Assay Results at Viscaria D Zone	3 June 2015
Iron Oxide Copper System Drilled at Nihka Target	13 May 2015
Assay Results and Drilling Update	11 May 2015
Completion of Placement	8 May 2015
Appendix 3B & Cleansing Notice	8 May 2015
Appointment of CFO & Company Secretary and Chief Geologist	29 April 2015
Results of Meeting	28 April 2015
Quarterly Activities and Cashflow Reports to 31 March 2015	24 April 2015
First hole at Viscaria D Zone Completed	20 April 2015
Revised Nihka Target delivers Copper Anomaly	9 April 2015
Director Retires	2 April 2015



Figure 1: Project Location





Figure 2: Location of D Zone at the Viscaria Copper Project.

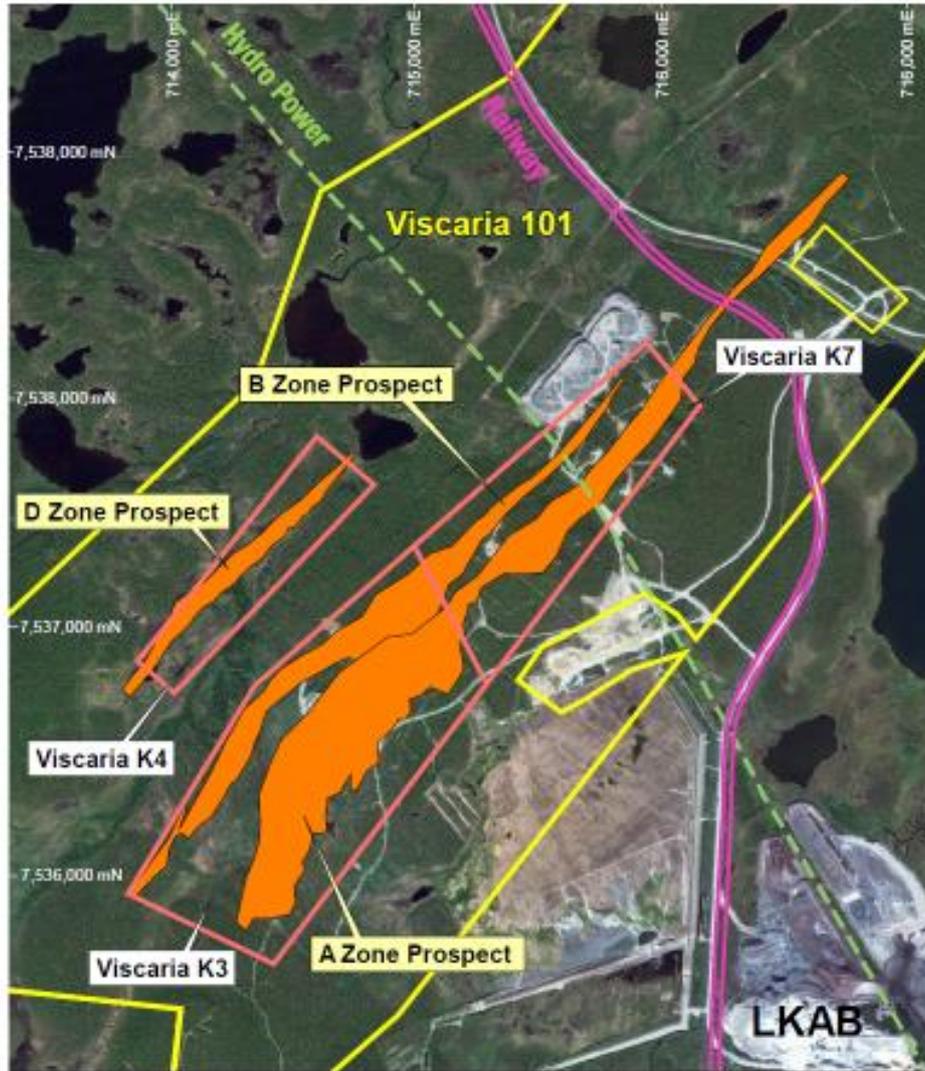




Figure 3: Location of VDD 183, 185 & 186 on schematic long section showing Cu grade x thickness contours for D Zone ironstone hosted copper mineralisation at the Viscaria Copper Project. Drill holes VDD 187-189 have been completed and assay results are pending. VDD 190 is in progress.

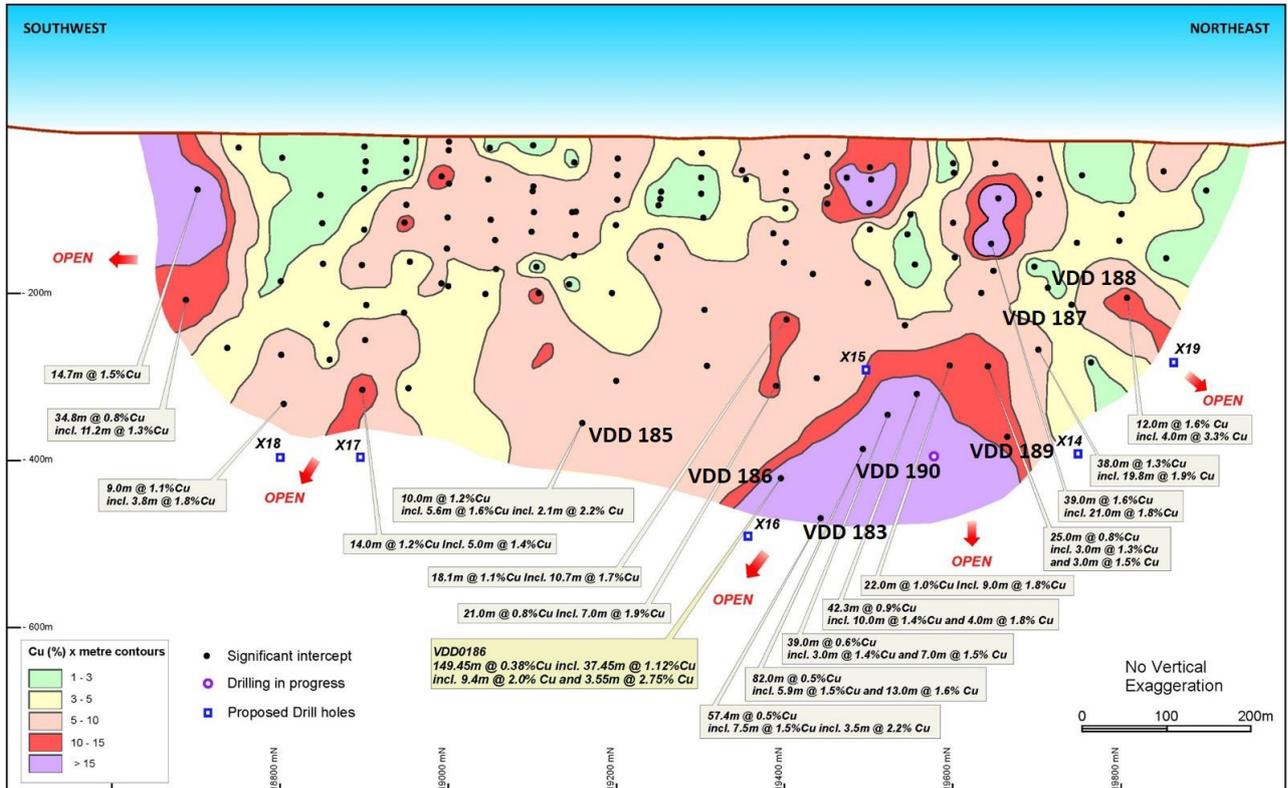


Figure 4: D Zone drill hole cross section showing results from VDD 186.

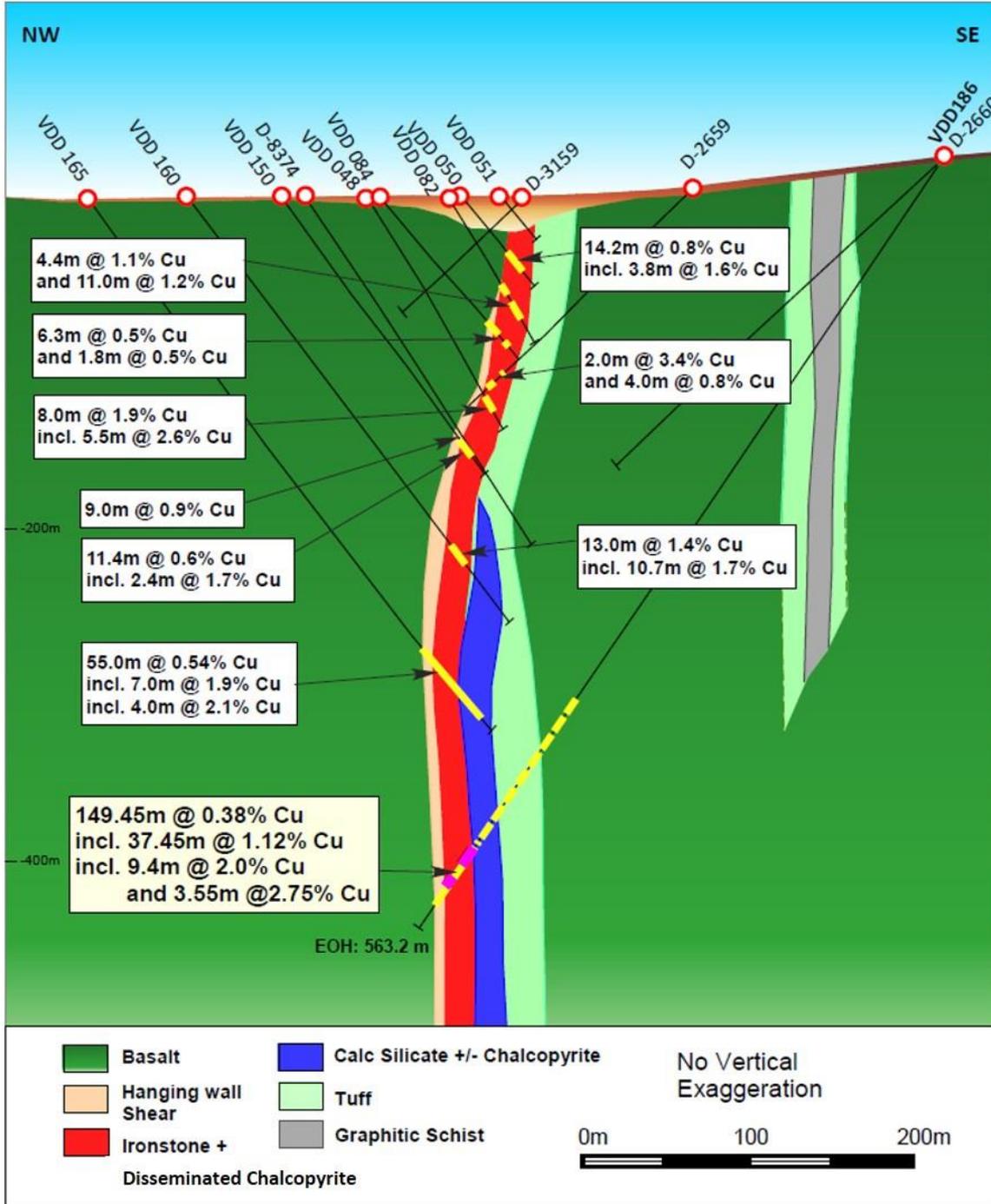


Figure 5: Location of the Nihka and West Nukutus targets relative to the Viscaria A, B and D Zone deposits. Background image is TMI magnetics

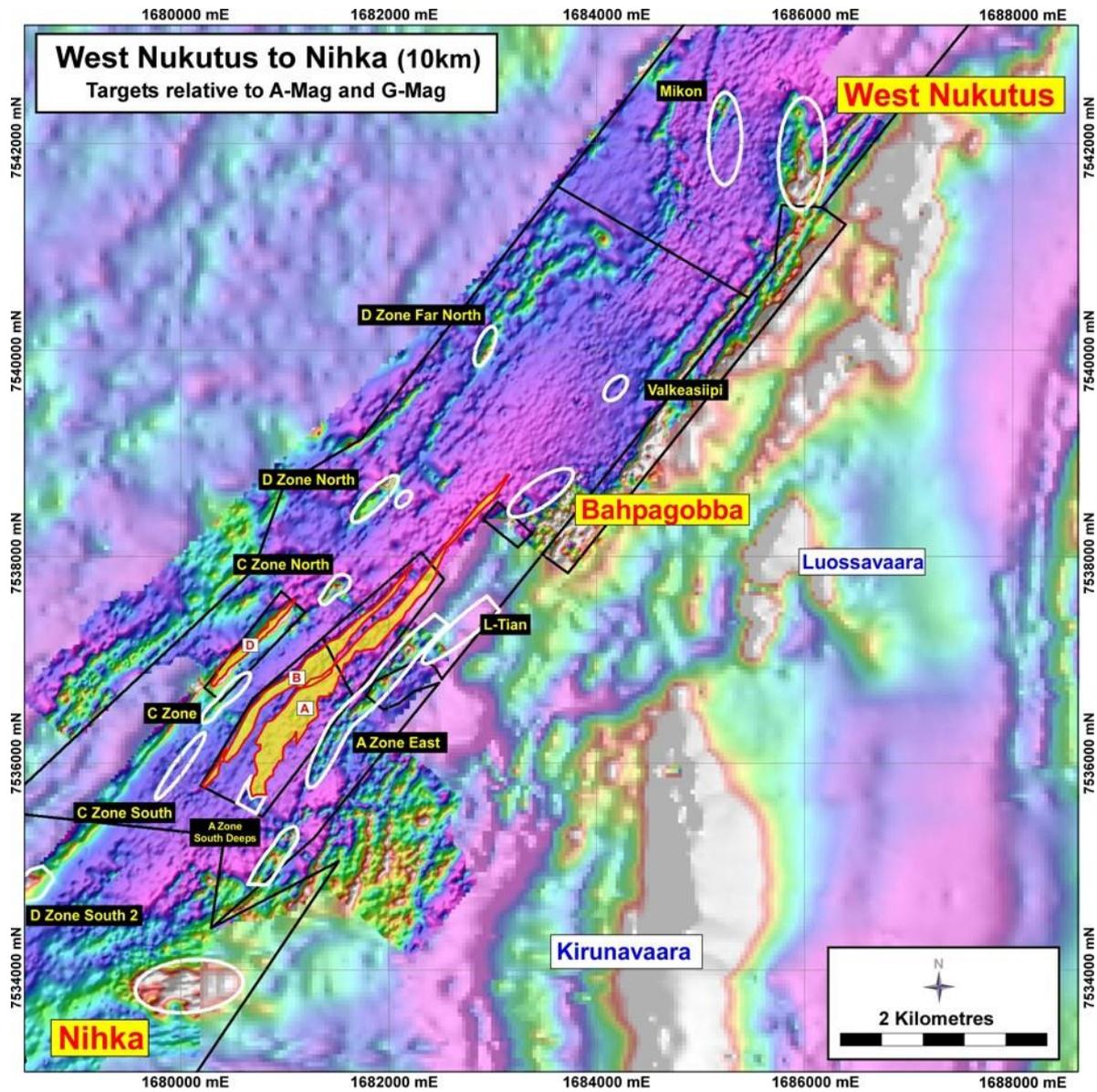




Figure 6: Nihka target – Location of drill hole NDD 001 on the northwest margin of the Nihka iron-oxide copper target. The Nihka magnetic anomaly is 1100m by 500m in dimension. Plotted overlying the magnetic anomaly is the location of base-of-till auger geochemical holes and contours on copper that were derived from this preliminary, surficial geochemical dataset

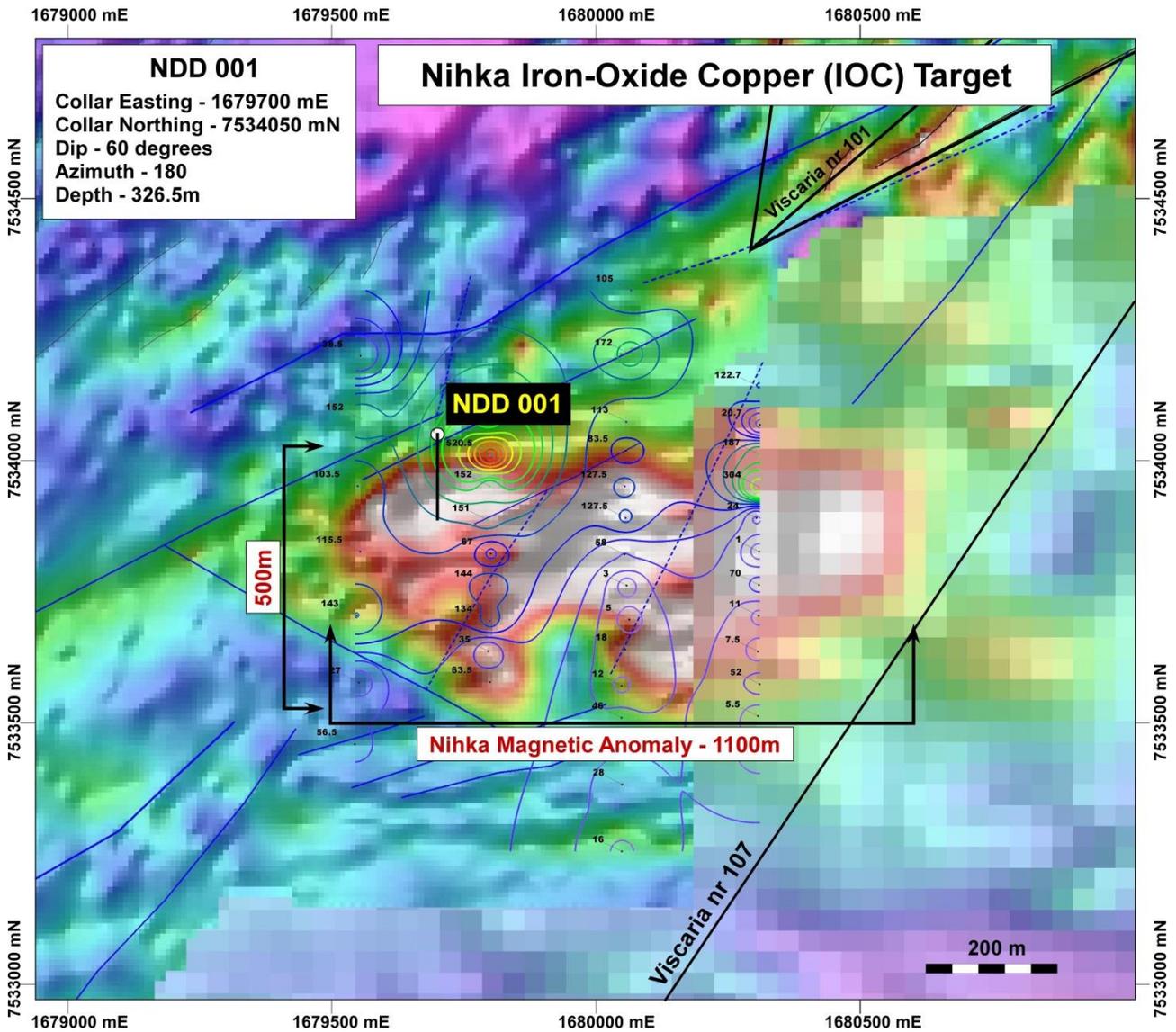
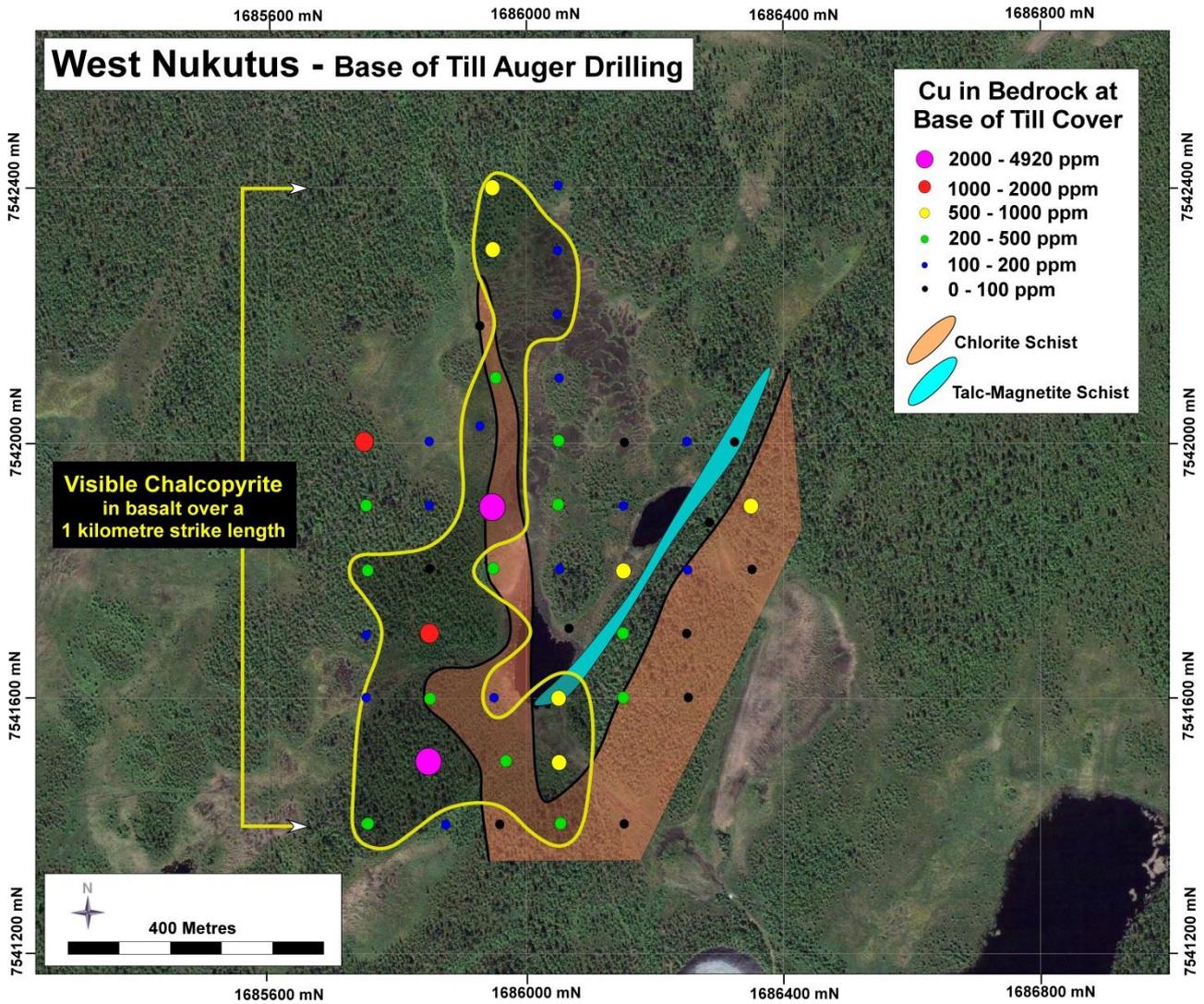


Figure 7: West Nukutus target – showing auger holes drilled on a 100m by 100m grid, and copper assay values in ppm plus an outline of visible chalcopyrite mineralisation at the top of the basement rocks and just below the transported till cover rocks.



TENEMENT SCHEDULE

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

Tenement Holder	Tenement Name	Location	Status	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 3	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 108	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 112	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 113	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	Granted	100%
Avalon Minerals Viscaria AB	Nihka East	Norrbottn, Sweden	Granted (New)	100%
Avalon Minerals Adak AB	Rakkurijärvi No 1	Norrbottn, Sweden	Granted	100% over the area covered by the HNR* acquisition agreement
Avalon Minerals Adak AB	Rakkurijärvi K No 1	Norrbottn, Sweden	Application	100% (upon grant and once acquisition from HNR* complete)
Avalon Minerals Adak AB	Goddevarri	Norrbottn, Sweden	Application (New)	100%

*HNR – Hannans Reward Ltd (ASX:HNR)

Competent Persons Statement

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

DIRECTORY

AVALON MINERALS LIMITED
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Stock Exchange Listing

Australian Stock Exchange

ASX Code: AVI

Investor Information Contacts:

Mr Gavin Leicht - Company Secretary
Avalon Minerals Limited
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Shareholder Enquiries:

Share registry matters should be directed to:

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Website: www.computershare.com.au

Registered Office:

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Fax: 07 3368 9899

Issued capital:

Ordinary shares: 240,319,478 (AVI)
(at 30 June 2015)

Directors:

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

Company Secretary:

Gavin Leicht

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Appendix 5B

Mining 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

Name of entity

Avalon Minerals Limited

ABN

68 123 184 412

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	79
1.2 Payments for (a) exploration & evaluation	(1,000)	(2,719)
(b) development	-	-
(c) production	-	-
(d) administration	(839)	(2,286)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	77
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received <i>(gross amount - R&D tax rebate)</i>	-	3,075
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,825)	(1,775)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(1,828)	(1,778)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,850)	(1,800)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,708	4,460
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital raising costs	(54)	(157)
	Net financing cash flows	1,653	4,302
	Net increase (decrease) in cash held	(175)	2,524
1.20	Cash at beginning of quarter/year to date	3,408	685
1.21	Exchange rate adjustments to item 1.20	(25)	0
1.22	Cash at end of quarter	3,209	3,209

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	108.3
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Director's remuneration.	108.3

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,800
4.2 Development	-
4.3 Production	-
4.4 Administration	460
Total	2,260

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	529	489
5.2 Deposits at call	2,680	2,918
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,209	3,408

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Nihka East	100%	NIL	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	240,319,478 (post consolidation)	240,319,478 (post consolidation)		
7.4 Changes during quarter				
(a) Increases				
- Placement participation approved	50,000,000	50,000,000	\$0.025	\$0.025
	12,000,000	12,000,000	\$0.035	\$0.035
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	2,600,000	Nil	<i>Exercise price</i> 50 cents (post consolidation price)	<i>Expiry date</i> 30/09/2015
	5,200,000	Nil	6 cents	2017 to 2018
	5,600,000	Nil	8 cents	2019 to 2020
Performance Rights	200,000	Nil	Nil	
7.8 Issued during quarter	2,100,000	Nil	6 Cents	May 2018
	2,100,000	Nil	8 Cents	May 2020
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
Options	-	-	-	-
Performance Rights	787,500	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 13 July 2015
(Company Secretary)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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