ASX ANNOUNCEMENT



HIGH GRADE DISCOVERY SIGNIFICANTLY EXPANDS D ZONE AT THE COMPANY'S VISCARIA COPPER PROJECT

Highlights

- Diamond drill hole VDD 193 has returned intersections of:
 - 26.7m at 2.6% Cu from 564.6m; including
 - 6.6m at 3.5% Cu from 565.4m; and
 - 5.2m at 2.9% Cu from 573.0m, and
 - o 6.9m at 2.6% Cu from 584.4m.
- These results represent a very significant development in the growth of the D Zone orebody.
- The results extend the thicker and higher grade target area at D
 Zone which is now measuring:
 - o approximately 400m in strike length;
 - o ranges from 10-25m estimated true thickness; and
 - is at least 400m in vertical extent but completely open at depth.
- VDD 193 is the best hole drilled to date at D Zone.
- On schedule to release an updated Mineral Resource Estimate in November 2015, followed by an updated Scoping Study on a copper only development scenario.

Avalon Minerals Limited ('**Avalon**' or '**Company**') (**ASX: AVI**) is pleased to announce a very significant development in the growth of the D Zone orebody (Figure 1). High grade copper assay results have been returned from a wide interval in VDD 193 at Viscaria D Zone. Avalon announced on 7th September 2015 that VDD 193 had intersected a strongly copper mineralised interval with visible chalcopyrite across a 70m down hole interval, and that on visual inspection appeared to be the best hole drilled to date at D Zone.

Assay results for VDD 193 have strongly confirmed this assessment. Key intersections are:

A broad variably mineralised zone grading 73.25m @ 1.29% Cu from 535.25m hosted within ironstone, marble, tuff and altered basalts (Figure 3).

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- This interval contains **47.5m** @ **1.8%** Cu from **561m** which represents the main ironstone hosted mineralised interval.
- Within this wide interval are several high grade zones which consolidate to 26.7m @
 2.6% Cu from 564.6m including
 - o 6.6m @ 3.5% Cu from 565.4m
 - 5.2m @ 2.9% Cu from 573m, and
 - o 6.9m @ 2.6% Cu from 584.4m

Additional narrower zones occur both to the west and east of the main lode.

Assay results are incomplete for precious metals and these assays are pending.

Several individual intervals of approximately 0.8 meters down hole width returned Cu assays in excess of 4% Cu.

More comprehensive results are tabulated below:

VDD 193

From (m)	To (m)	Interval (m)	Cu %	Mineralisation area
493.85	495.7	1.85	0.27	Eastern
504.05	506.5	2.45	0.32	Eastern
535.25	548.4	13.15	0.8	Eastern
561	608.5	47.5	1.77	Main Lode
including				
564.6	591.3	26.7	2.60	Main Lode
including				
565.4	572	6.6	3.46	Main Lode
573	578.2	5.2	2.91	Main Lode
584.4	591.3	6.9	2.58	Main Lode
625	627.7	2.7	0.88	Western

The intervals presented are down hole widths, and true widths are expected to be approximately 60% of the downhole width.

VDD 193 was targeted to deliver significant vertical extension to the higher grade, and thicker portion of D Zone copper mineralisation outside of the current Mineral Resource Estimate (Figures 2 and 3). This has been delivered. The strike extent of this thicker and higher grade zone now measures approximately 400m, the interpreted true width ranges from 10m to 25m, the vertical extent is greater than 400m, and remains completely open at depth along the full 400m strike extent (Figure 2).

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Drill hole VDD 193W2 (Figure 2) is in progress. This is a wedge hole off VDD 193 and will intersect the mineralised lode above and to the north of VDD 193. Drill hole VDD 194 will be drilled after VDD 193W2 and is targeted to intersect the plane of mineralisation approximately 100m south of, and at a similar RL to, the VDD 193 intersection.

It is expected that an updated Mineral Resource Estimate for D Zone will be completed and released in November 2015, followed by a Scoping Study in December 2015.

Avalon's Managing Director, Mr Malcolm Norris said, "These results are extremely encouraging, and are potentially a 'game changer' for how we view development options at Viscaria. The team at Avalon has delivered the discovery of a significant copper zone that will expand the D Zone orebody. The upside is significant and will be the focus of our ongoing work. We have previously said that we are optimistic that the vertical extent will be considerable, and now we are adding thick high grade copper intersections to that upside."

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Drillhole No.	Easting (mE)	Northing (mN)	RL (m)	Dip (degrees)	Azimuth (degrees)	EOH (m) comments
VDD 193	1,680,924	7,537,037	525	-65	313	632.5
VDD 193W2	1,680,854	7,537,094	324	-63	313	Wedge off VDD 193
VDD 194	1,680,845	7,536,985	520	-65	311	Targeted 550m

Table 1: Drillhole details.

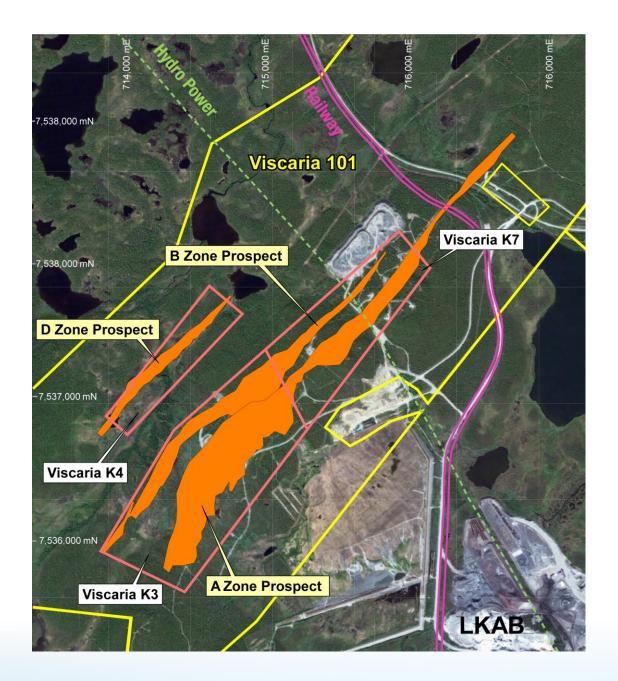


Figure 1: Location of D Zone at the Viscaria Copper Project



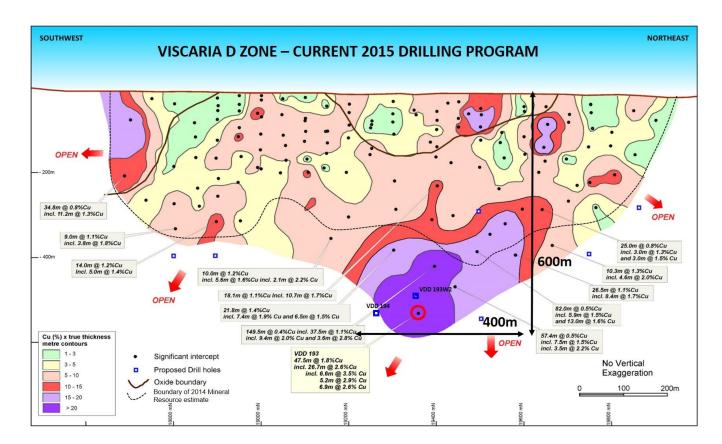


Figure 2: Location of VDD 193 (circled in red) on schematic long section showing Cu grade (%) x interpreted true ore zone thickness contours for D Zone ironstone hosted copper mineralisation at the Viscaria Copper Project. Quoted intercepts are downhole intervals. Southwest plunging lenses of improving grade and thickness at depth are being defined as further drilling is undertaken. The limit of the existing published Mineral Resource estimate is shown by the black dashed line.



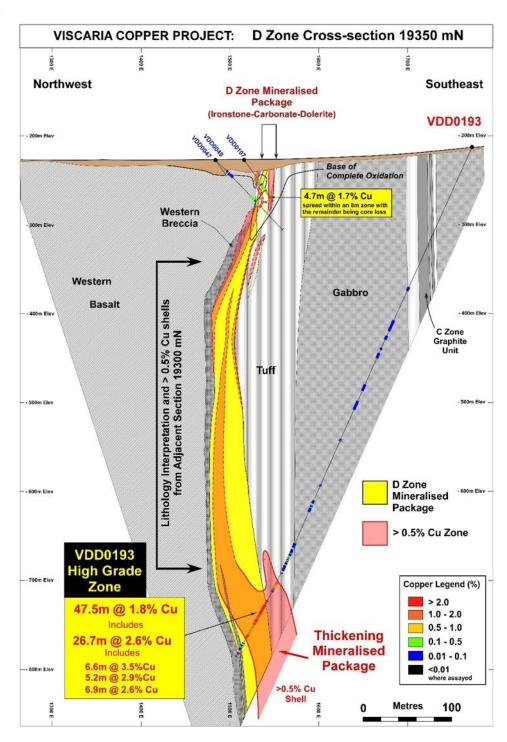


Figure 3: Drill hole cross section containing hole VDD 193.



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.

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

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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 are from diamond drill core samples. The sampling was carried out using half 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.	Core recovery was good and core aligned prior to splitting.
	• 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 (see first point above) from which 3-5 kg was sent to the laboratory to be 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 (63.5mm) and NQ (47.6 mm) in size (diameter).
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 core recovery was approximately 100% throughout.
	• Measures taken to maximise sample recovery and ensure representative nature of the samples.	• Ground conditions at D Zone are good based on previous drilling, no extra measures were taken to maximise sample recovery.
	• 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	• If core, whether cut or sawn and whether quarter, half or all core taken.	• Half core was used to provide the samples that were assayed and reported here. Half core is left in the core trays.
techniques and sample	• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Core samples collected.
preparation	• 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 procedure is to always take 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). Once assay results are received the results from duplicate samples are compared with the corresponding routine sample to ascertain whether the sampling is representative.

Criteria	JORC Code explanation	Commentary		
	• 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 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. No other measurement tools/instruments were used. 		
	• 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.			
 Nature of quality control procedures adopted (e.g. standards, blank duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have bee established. 		 The values of the standards range from low to high grade and are considered appropriate to monitor performance of values near cut-off and near the mean grade of the deposit. The check sampling results are monitored and performance issues are communicated to the laboratory if necessary. 		
Verification of	• The verification of significant intersections by either independent or alternative company personnel.	• Photographs of sampled intervals are taken and the Competent Person for exploration results for this announcement has viewed photographs of the core.		
sampling and	The use of twinned holes.	Twin holes have not been drilled in this area.		
assaying	• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Avalon sampling data were imported and validated using an Access database package.		
	• Discuss any adjustment to assay data.	Assay data were not adjusted.		
down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. down-hole surveys), trenches, mine workings and other locations to a high level of accuracy (It has been standard proced collar points since Avalon's the surface drill holes at D Z		 Surface collar co-ordinates are surveyed by Differential GPS in Swedish coordinate 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. High quality down-hole dip and azimuth survey data are recorded. 		
	Specification of the grid system used.	RT90 Map projection parameters:		
		Parameter Value		
		Reference Ellipsoid Bessel 1841		
		Semi Major Axis 6377397.155 m		
		Inverse Flattening (1/f) 299.1528128		

Criteria	JORC Code explanation	Commentary		
		Type of Projection	Gauss-Krüger (Transverse Mercator)	
		Central Meridian:	E15°48'29.8" (2.5 gon West of the Stockholm Observatory)	
		Latitude of Origin	0°	
		Scale on Central Meridian	1	
		False Northing	0 m	
		False Easting	1500000 m	
	Quality and adequacy of topographic control.	RT90 gon vast (west) 2.5 grid north is sit		is situated 4.01° to the east of True North.
		cadastral and la metre square an surfaces and 60 topographic surf estimation. The	nd registration auti d is specified as a cm in planimetry. ace was considere	m Lantmäteriet (the Swedish mapping, hority). Data point resolution is 0.5 per ccurate to 20cm in elevation on distinct. The level of accuracy of the LIDAR d adequate for the purposes of resource ic surface has also been verified by the y co-ordinates.
Data spacing and distribution	Data spacing for reporting of Exploration Results.	the nearest drill continuity between • Diamond drill sa	 The drilling was from surface and intersected a point approximately 80m from the nearest drill hole. Data spacing was sufficient to establish interpreted 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.		lassification of the	y and mineralisation has been established Company's existing Mineral Resources
	• Whether sample compositing has been applied.	No sample compo	ositing was done.	
Orientation of data in relation	 Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 			te for the predominantly high angle of the representative samples.

Criteria	JORC Code explanation	Commentary
to geological structure	• 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 good 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, and D 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. All historical data has been validated and migrated into an access database. Checking was carried out at the data entry stage for interval error and any significant data issues were resolved. Procedures exist to standardise data entry and senior geological staff from Avalon regularly vetted sampling procedures.

<u>TABLE 1 – Section 2: Exploration Results</u>

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.	Zone Mineral Resource is also covered by Exploitation Concession Viscaria I		
	• 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 Permit Viscaria nr 101 is valid until the 16/10/2015. Exploitation Concession Viscaria K nr 4 is valid until the 16/01/2037.		

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The historic drilling at the D Zone Prospect was completed by Viscaria AB (owned by Outokumpu OY) during the period 1985 to 1997.
Geology	Deposit type, geological setting and style of mineralisation.	The D Zone deposit is interpreted to be either a volcanic hosted massive sulphide-type (VHMS) ore system or an iron oxide copper gold-type(IOCG) ore system. This deposit 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.	Information included in announcement.
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.	The Weighted Averaging method was used to calculate drill hole intersections for copper grade based on the assay results received, and the down hole width of the assayed interval.
	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.	• The results in the announcement show both aggregated intercepts and specific higher grade intercepts within the broader interval. The aggregated intervals are identified on the basis of the presence of chalcopyrite within altered rock and delivering an aggregated assay of greater than or equal to 0.5% Cu. The specific higher grade intervals are identified based on continuity of mineralisation.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Metal Equivalents have not been applied.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and	• If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.	• The orientation of VDD 193 is at a moderate and acceptable angle to the mineralization at the D Zone Prospect. The mineralised interval, from other nearby drilling, is sub-vertical indicating that the estimated true width of the mineralized intersection is approximately 50% of the down hole thickness of the mineralization.
intercept lengths	• 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').	See above – estimated true widths are approximately 50% of intersected widths.
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.	Figure 3 above shows the geological interpretation on cross section of this hole relative to surrounding drill holes.
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.	• Figure 3 above shows the geological interpretation on cross section of this hole relative to surrounding drill holes.
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). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	 Exploration for further extensions of the D Zone Mineral Resource is currently in progress. See figure 2 which shows areas for further drilling at D Zone.