

31 JULY 2014

ASX ANNOUNCEMENT



AVALON MINERALS LTD JUNE 2014 QUARTERLY REPORT

HIGHLIGHTS

Viscaria Copper-Iron Project, Sweden (Avalon - 100%)

- **The A Zone, B Zone and D Zone Mineral Resource Estimates have been reclassified according to JORC 2012 guidelines;**
- **A portion of D Zone has been upgraded to Measured Mineral Resource classification and will result in less drilling required to complete further studies;**
- **Preliminary metallurgical test work on an oxide copper mineralised sample from the D Zone Prospect indicates that this mineralisation is amenable to acid leaching;**
- **The D Zone oxide copper domain is open to the south. Further oxide zone drilling and metallurgical test work is scheduled for the final quarter of 2014;**
- **These results support the ongoing Options Study to assess project scope expansion opportunities beyond the 2013 Scoping Study.**

CORPORATE – POST 30 JUNE 2014

- **Placement to raise AUD\$1.95M.**

EXPLORATION ACTIVITIES

A Zone and B Zone Mineral Resource Estimates reclassified according to JORC 2012

On 1 July 2014, Avalon announced that the Mineral Resource estimates for the A Zone and B Zone prospects on the Viscaria Project in northern Sweden (Figures 1 and 2) had been reviewed and reclassified according to the guidelines outlined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). Avalon commissioned CSA Global Pty Ltd ('CSA'), mining consultant independent to Avalon, to conduct the review of A Zone and B Zone Mineral Resource Estimates.

The reclassification of the A Zone and B Zone Mineral Resource Estimates according to JORC 2012 was completed with no change to the overall tonnes and grade or Mineral Resource classification.

ASX: AVI

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A Zone Mineral Resource Estimate

The Mineral Resource for A Zone is reported as:

- **21,609,000 tonnes @ 1.5% Cu above a 0.4% copper cut-off grade;**

The A Zone Prospect was previously mined by Outokumpu OYJ between 1983 and 1997. Development consisted of underground mining utilising sub-level stoping methods. A total of 12.54Mt of ore with an average diluted grade of 2.3% copper was produced during this time. The current resource model has been depleted of these historically mined areas. Table 1 displays the remaining Mineral Resource at A Zone for copper according to Inferred, Indicated and Measured classification.

Table 1: Remaining A Zone Mineral Resource for Copper reported above a 0.4% Cu cut-off

Mineral Resource Category	TONNES (t)	Cu (%)	Copper Metal (t)
Measured	14,439,000	1.7	240,000
Indicated	4,690,000	1.2	57,200
Inferred	2,480,000	1.0	25,500
Total	21,609,000	1.5	322,700

Note: Any discrepancies in the sums and weighted averages are introduced by rounding.

The A Zone Mineral Resources are reported in accordance with the guidelines of JORC 2012.

B Zone Mineral Resource Estimate

The Mineral Resource for B Zone is reported as:

- **19,650,000 tonnes @ 0.8% Cu above a 0.4% copper cut-off grade;**

Table 2 displays the Mineral Resource at B Zone for copper according to Inferred, Indicated and Measured classification.

Table 2: B Zone Mineral Resource for Copper reported above a 0.4% Cu cut-off

Mineral Resource Category	TONNES (t)	Cu (%)	Copper Metal (t)
Measured	123,000	1.3	1,600
Indicated	4,118,000	0.7	29,700
Inferred	15,410,000	0.8	118,700
Total	19,650,000	0.8	149,000

Note: Any discrepancies in the sums and weighted averages are introduced by rounding.

The B Zone Mineral Resources are reported in accordance with the guidelines of JORC 2012.

Metallurgical Testwork results for oxide copper mineralisation from the D Zone Prospect

On 29 May 2014, the Company announced the results of a preliminary metallurgical investigation into oxide copper mineralisation from the D Zone Prospect of the Viscaria Copper-Iron Project (Figure 2). After seven days, the Bottle Roll Acid leach testing of the crushed oxide copper mineralisation achieved 64% copper extraction at minus 13mm and 81% copper extraction at minus 4mm. The leach rate was moderate at day 7 and further tests will determine the rate and extent of ongoing leaching over an extended time period. Acid consumption is moderate (based on industry averages) at less than 3 kg per kg copper extracted. Therefore, this sample is considered amenable to acid leaching justifying further metallurgical studies and the Company will proceed with studies into whether an economically viable leaching operation could be established at Viscaria for the oxide zone. Avalon commissioned Ausenco Services Pty Ltd ('Ausenco'), recognised internationally as a specialist in minerals processing and independent to Avalon, to conduct this metallurgical investigation.

Demonstrating that the oxide copper mineralisation on the Viscaria Copper-Iron Project is amenable to acid leaching allows Avalon to consider other options for expanding the base case outlined in the Scoping Study announced on 9 July 2013.

This provides Avalon with the confidence to complete further drilling and metallurgical studies in order to understand the full impact this oxide copper mineralisation will have on the project economics. These results will also allow for reviews of project scheduling, capital cost allocation and potential expansion opportunities.

Upgraded D Zone Mineral Resource Estimate

On 22 May 2014, the Company announced an upgraded Mineral Resource estimate for the D Zone Prospect on the Viscaria Project (Figure 2). The Mineral Resource for D Zone is reported according to the guidelines outlined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012). Avalon commissioned Salva Resources Pty Ltd ('HDR|Salva'), mining consultant independent to Avalon, to conduct a review of previous studies.

The reclassification of the D Zone Mineral Resource to comply with JORC 2012 was completed by a different independent mining consultant company to the previous D Zone Mineral Resource estimate. This involved a review of all the data and resource modelling and serves as a third party verification of the D Zone Mineral Resource estimate. No change was made to the overall tonnes and grade of the D Zone Mineral Resource.

The increase in resource category classification of the D Zone Mineral Resource means that less drilling will be required to advance this resource to a level that will support future studies.

The upgrading of a portion of the D Zone Mineral Resource to the Measured resource classification is the result of further Quality Control and Quality Assurance (QA/QC) validation of drill assay results and a continuity analysis of the variography of the resource estimate. The QA/QC validation of drill assay results involved completing a detailed investigation into assay results from the D Zone prospect prior to 2012, which improved the quality and confidence in the assay database. The portion of the D Zone Mineral Resource that was upgraded to the Measured resource classification was previously part of the Indicated resource classification and is within the D Zone open pit shell from the Viscaria Copper-Iron Project Scoping Study as announced on 9 July 2013.

D Zone Mineral Resource Estimate

The copper and magnetite iron ore Mineral Resources whilst broadly coincident, are modelled and reported separately to avoid mixing geological domains. The Mineral Resources for D Zone are reported as:

- **13.6 million tonnes (Mt) @ 1.00% Cu above a 0.4% copper cut-off grade;**
- **25.6 million tonnes (Mt) @ 26.5% Fe at a cut-off above a 15% Mass Recovery grade.**

Table 3 and Table 4 display the Mineral Resources at D Zone for copper and magnetite iron according to Inferred, Indicated and Measured classification.

Table 3: D Zone Mineral Resource for Copper-Gold reported above a 0.4% Cu cut-off

Mineral Resource Category	TONNES (Mt)	Cu (%)	Copper Metal (t)
Measured	1.0	1.25	12,000
Indicated	4.2	1.02	43,000
Inferred	8.5	0.96	81,000
Total	13.6	1.00	136,000

Table 4: D Zone Mineral Resource for Iron reported above a 15% Mass Recovery cut-off

Mineral Resource Category	TONNES (Mt)	Fe (%)	Mass Recovery (%)	Recoverable Fe (Mt)
Measured	2.0	28.7	35.1	0.5
Indicated	9.7	27.2	33.1	2.2
Inferred	13.9	25.7	31.0	3.0
Total	25.6	26.5	32.1	5.7

Note: Any discrepancies in the sums and weighted averages are introduced by rounding. Recoverable Fe = Tonnes x Mass Recovery x Fe % in concentrate (69% Fe) and is based on DTR test work at a 75 micron grind size.

The D Zone Mineral Resources are reported in accordance with the guidelines of JORC 2012.

Overall Viscaria Copper-Iron Project Mineral Resources

The Viscaria Copper-Iron Project is composed of four ore deposits. D Zone and Discovery Zone are copper-magnetite iron ore deposits, while A Zone and B Zone are copper only deposits. The A Zone, B Zone and D Zone deposits are located in close proximity to each other and the Discovery Zone is located approximately 10kms to the south (Figure 2). The individual Mineral Resource estimates for each of these deposits are shown in Table 5 and Table 6.

Table 5: Current Mineral Resources for Copper reported on the Viscaria Project above a 0.4% Cu cut-off.

Resource Name	Classification	Tonnes (t)	Cu Grade (%)	Cu Metal (t)
A Zone	Measured	14,439,000	1.7	240,000
	Indicated	4,690,000	1.2	57,200
	Inferred	2,480,000	1.0	25,500
	Subtotal	21,609,000	1.5	322,700
B Zone	Measured	123,000	1.3	1,600
	Indicated	4,118,000	0.7	29,700
	Inferred	15,410,000	0.8	118,700
	Subtotal	19,651,000	0.8	149,000

D Zone Cu Resource	Measured	1,000,000	1.25	12,000
	Indicated	4,200,000	1.02	43,000
	Inferred	8,500,000	0.96	81,000
	Subtotal	13,600,000	1.00	136,000
Discovery Zone Cu Resource	Indicated	2,800,000	0.89	25,000
	Inferred	6,100,000	0.75	46,000
	Subtotal	9,000,000	0.80	71,000
Overall Cu	Total	63,860,000	1.05	680,000

Table 6: Current Mineral Resources for Iron reported on the Viscaria Project above a 15% Mass Recovery cut-off.

Resource Name	Classification	Tonnes (Million Tonnes)	Fe Grade (%)	Mass Recovery (%)	Estimated recoverable iron (Million Tonnes)
D Zone Fe Resource	Measured	2.0	28.7	35.1	0.5
	Indicated	9.7	27.2	33.1	2.2
	Inferred	13.9	25.7	31.0	3.0
	Subtotal	25.6	26.5	32.1	5.7
Discovery Zone Fe Resource	Indicated	3.0	40.6	53.2	1.1
	Inferred	6.7	37.7	49.0	2.3
	Subtotal	9.7	38.5	50.3	3.4
Overall Fe	Total	35.3	29.8	37.1	9.1

Note:

- All Copper Mineral Resource estimates are reported above a block cut-off Grade of 0.4% Cu.
- All Iron Mineral Resource estimates are reported above a block cut-off of 15% Mass Recovery.
- Estimated recoverable iron is based on Davis Tube Recovery test work at a 75 micron grind size. Estimated recoverable iron is: tonnes x mass recovery % x Fe % in concentrate (69% Fe).
- Total D Zone Measured, Indicated and Inferred Mineral Resource reported for the Copper above a cut-off grade of 0.4% Cu and Iron above 15% Mass Recovery are broadly spatially coincident. However, they are modelled and reported separately to avoid mixing geological domains.
- Total Discovery Zone Indicated and Inferred Mineral Resource reported for Copper-Gold above 0.4% Cu cut-off and for Iron above 15% Mass Recovery are broadly spatially coincident. However, they are modelled and reported separately to avoid mixing geological domains.
- Any discrepancies in the sums and weighted averages are introduced by rounding.

Viscaria Project Studies

Mining Exploitation Concession (MEC)

a) Viscaria MEC

The Mining Exploitation Concession (MEC) for the Viscaria Project was submitted to the Bergsstaten (Swedish Mines Department) in April 2010 and was significantly amended in early 2011 following submissions from the city of Kiruna. The Bergsstaten approved two of the MEC areas; Viscaria K3 and Viscaria K4 (Figure 2). The two MEC's granted cover the D Zone and the southern area of the A Zone and B Zone mining areas.

A third MEC application (Viscaria K7) was held by the Bergsstaten until the Kiruna town planning committee could rezone the land, which includes the power generation windmills and a powerline, to allow for the grant of a mining lease affected by the northern parts of A Zone and B Zone. In December 2013, Avalon was informed that the amendment to the Kiruna town planning act had been completed. The Bergsstaten requested updated information in the forms of maps and stakeholder lists; this information has been provided. It is estimated that this application will be decided in Q3 2014.

b) Discovery Zone MEC

Work is progressing on the submission of additional information in support of the Mining Exploitation Concession (MEC) application at the Discovery Zone (Rakkurijärvi K1) as requested by the regulator. The Company has contracted Golder Sweden, based out of Luleå, to assist with the application and complete a final peer review prior to submission.

Avalon is committed to ensuring that it engages with all stakeholders as it progresses the work programs and the related permitting requirements. During the quarter, Swedish Geological AB (SGAB) has been contracted to complete a stakeholder engagement study as it relates to the reindeer herding activities. This study will be completed, with the submission of the Discovery Zone MEC application expected to occur by the end of August 2014.

Environment Impact Assessment

The Company is also undertaking various studies in relation to environmental baseline data across the Viscaria Copper-Iron Project (including the Discovery Zone). These include a site-wide hydrological survey and water management plan, and planning for additional flora and fauna studies. The results of this work will be utilised in the Viscaria Project Environmental Impact Assessment (EIA) submission which is required ahead of further project approvals.

Sulphide Metallurgy

Subsequent to the quarter end, Avalon announced that it had undertaken an independent review of the historical sulphide metallurgical studies. This review was completed by Ausenco Services Pty. Ltd. D Zone copper sulphide mineralisation is amenable to flotation and produces a concentrate with 26% copper and 94% copper recovery. D Zone iron mineralisation produces a high quality magnetite concentrate with 70% iron, and low impurity levels.

A Zone and B Zone mineralised material is amenable to flotation and produces a concentrate with 23% copper and 80% copper recovery.

Further metallurgical drilling is planned to commence in Q4 2014 and further studies are planned for 2015.

CORPORATE

Administration – A review of staffing requirements has led to 2 roles in the Brisbane corporate office being made redundant. Further efficiency measures aimed at maximising the percentage of project directed expenditure are being investigated.

Placement - On 28 July 2014, the Company announced that it has arranged a placement to raise AUD\$1.95M through the issue of approximately 244M shares at an issue price of \$0.008 per share.

The placement will be made to new, professional investors in Australia, UK and Hong Kong as well as a major, existing Australian shareholder. The funds will be applied to progressing the Company's Viscaria Copper-Iron Project in northern Sweden and to working capital.

The Company will require further funds to support its strategy of progressing the Viscaria Project through feasibility and permitting stages, in readiness for mine development. Directors are currently considering several suitable capital raising options to ensure the Company is well funded to move forward to its next stage of development.

Cash Resources - at 30 June 2014, the Company had cash reserves of \$0.684M.

Shareholder Information - at 30 June 2014, the Company had 1,203,604,886 fully paid ordinary shares on issue and approximately 910 shareholders.

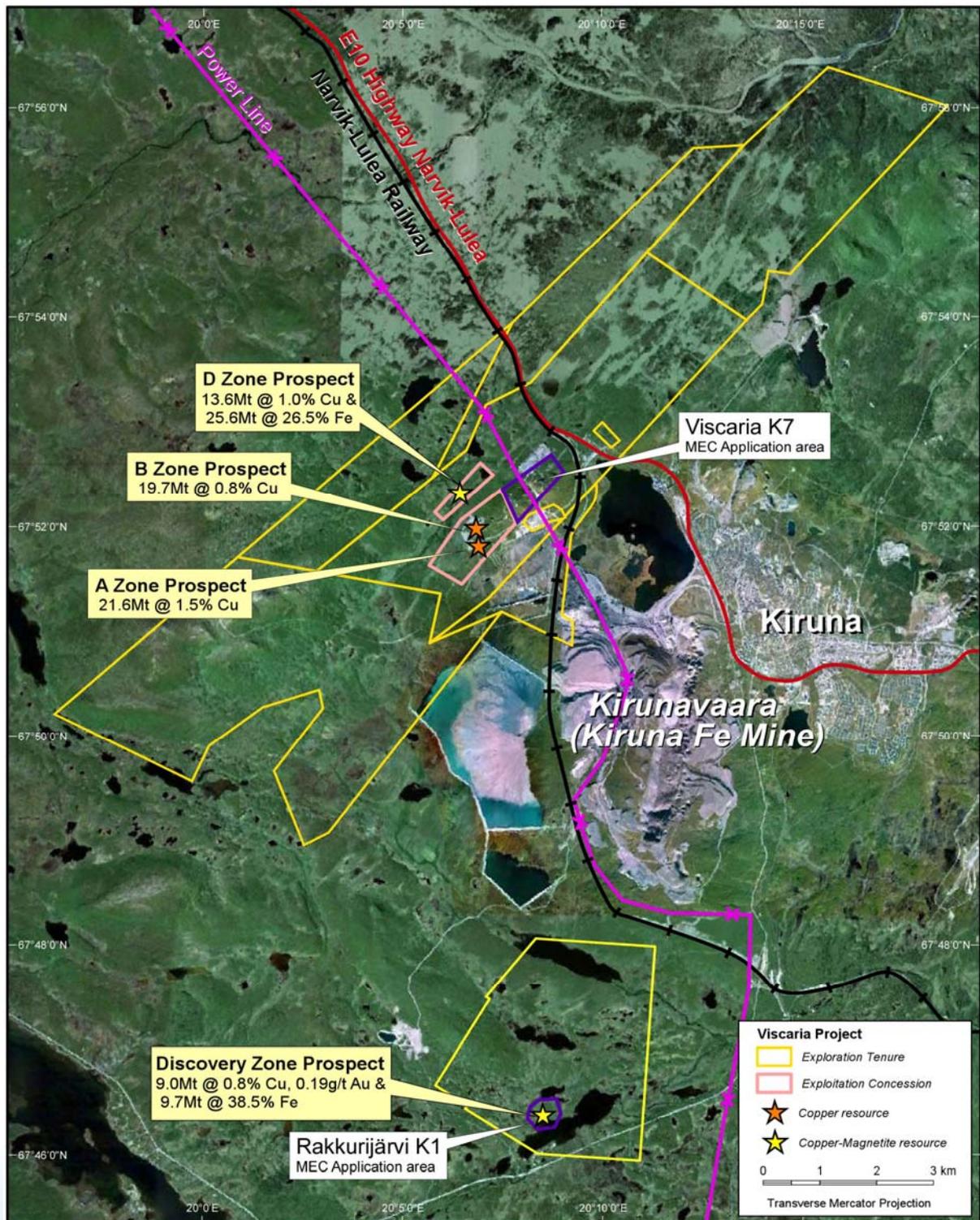




Figure 1 – Project Location



Figure 2 – Location of the A Zone, B Zone, D Zone and Discovery Zone Mineral Resources in relation to established infrastructure and Avalon Minerals tenure.



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 104	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 105	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 106	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	Vittangjarvi No 1	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Huornas No 1	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 3	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 4	Norrbottn, Sweden	Granted	100%
Avalon Minerals Viscaria AB	Viscaria No 7	Norrbottn, Sweden	Application	100% (upon grant)
Avalon Minerals Adak AB	Rakkurijarvi No 1	Norrbottn, Sweden	Granted	100% (once acquisition from HNR* complete)
Avalon Minerals Adak AB	Rakkurijarvi K No 1	Norrbottn, Sweden	Application	100% (upon grant and once acquisition from HNR* complete)

*HNR – Hannans Reward Ltd (ASX:HNR)

ABOUT AVALON

Avalon is an ASX listed mineral exploration company with high quality assets in Sweden, one of the leading metal producing countries in the European Union. Avalon's flagship asset is the Viscaria Copper-Iron Project located 1,200km north of Stockholm. The Viscaria Project is surrounded by established infrastructure, lying immediately adjacent to LKAB's Kirunavaara Iron Ore operation and in close proximity to high-capacity rail and ports.

ABOUT SWEDEN

Sweden has a 1,000 year mining history, is the largest producer of iron ore in the European Union and is a leading producer of base metals (copper, zinc, lead) and precious metals (gold and silver). There are excellent discovery opportunities, with much of the country underexplored by modern standards.

Furthermore, Sweden possesses a world-class geological database and favourable minerals legislation, is politically and economically stable and has mining know-how, highly trained personnel and excellent infrastructure. In early 2014, Sweden was ranked by the Fraser Institute as the best country in the world for developing mineral projects.

DIRECTORY

AVALON MINERALS LIMITED
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Stock Exchange Listing

Australian Stock Exchange

ASX Code: AVI

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Shareholder Enquiries:

Share registry matters should be directed to:

Computershare Investor Services
Phone: 1300 850 505
Website: www.computershare.com.au

Registered Office:

Level One
65 Park Road
Milton Queensland 4064
Phone: 07 3368 9888
Fax: 07 3368 9899

Issued capital:

Ordinary shares: 1,203,604,886 (AVI)
(at 30 June 2014)

Directors:

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

Company Secretary:

Roslynn Shand

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.

The information in this report that relates to the D Zone and Discovery Zone Mineral Resources are based on the information compiled by Trevor Ellice who is a Member of the Institute of Mining and Metallurgy and is a full time employee of Salva Resources Pty Ltd ("HDR | Salva"). HDR | Salva are an independent mining consultancy who have been engaged by Avalon Minerals Limited to perform geological consulting on a fee for service basis. Mr Ellice has sufficient experience that is relevant to the style of mineralisation being considered and to the activity being undertaken 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 Ellice consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the A Zone and B Zone Mineral Resources are based on the information compiled by Dr Bielin Shi who is a Member of the Institute of Mining and Metallurgy and is a full time employee of CSA Global Pty Ltd (CSA). CSA are an independent mining consultancy who have been engaged by Avalon Minerals Limited to perform geological consulting on a fee for service basis. Dr Bielin Shi has sufficient experience that is relevant to the style of mineralisation being considered and to the activity being undertaken 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 Shi consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to metallurgical results is based upon information reviewed by Edward McLean who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McLean is a full-time employee of Ausenco Services Pty 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 McLean consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(546)	(2,089)
(b) development	-	-
(c) production	-	-
(d) administration	(495)	(3,939)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,034)	(5,986)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(1,000)
(b) equity investments	-	-
(c) other fixed assets	-	(4)
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	-	(1,004)
1.13 Total operating and investing cash flows (carried forward)	(1,034)	(6,990)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,034)	(6,990)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	6,575
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	-	(77)
	Net financing cash flows	-	6,498
	Net increase (decrease) in cash held	(1,034)	(492)
1.20	Cash at beginning of quarter/year to date	1,718	1,176
1.21	Exchange rate adjustments to item 1.20	-	0
1.22	Cash at end of quarter	684#	684#

On 28 July 2014, the Company announced that it had arranged a placement of approximately 224M shares at an issue price of \$0.008 per share to raise AUD\$1.95M. These additional funds will be utilised to progress the Company's Viscaria project and for working capital requirements.

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	98
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.	98

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	(900)
4.2 Development	-
4.3 Production	-
4.4 Administration	(446)
Total	(1,346)#

On 28 July 2014, Avalon announced a placement to raise a total of AUD\$1.95M. These additional funds will be utilised to progress the Company's Viscaria Project and for ongoing working capital requirements.

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	684	1,718
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	684	1,718

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	Nil			

+ 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	1,203,604,886	1,203,604,886		
7.4 Changes during quarter				
(a) Increases	-			
Rights Issue				
(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>	500,000 6,000,000 20,000,000	Nil Nil Nil	<i>Exercise price</i> 30 cents 5 cents 5 cents	<i>Expiry date</i> 01/07/2014 30/09/2015 30/09/2015
Performance Rights	11,125,000	Nil	Nil	05/06/2019
7.8 Issued during quarter	-			
7.9 Exercised during quarter	-			
7.10 Expired during quarter				
Performance Rights	4,000,000	Nil	Nil	<i>Expiry Date</i> 05/06/2019
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: 31 July 2014
(Company Secretary)

Print name: ROSLYNN SHAND

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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