

24 April 2015

# ASX ANNOUNCEMENT



## AVALON MINERALS LTD MARCH 2015 QUARTERLY REPORT

**ASX: AVI**

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

- Diamond drilling commenced at Viscaria D Zone;
- Copper anomaly identified through bedrock auger sampling over the 900m x 300m Nihka magnetic target;
- Copper anomalism at Nihka is open along strike and currently has been defined over >600m;
- Environmental and Social Impact Assessment (ESIA) process on track.

### REGISTERED OFFICE

Avalon Minerals Ltd  
ABN 68 123 184 412  
9 Gardner Close  
Milton Qld 4064 Australia  
P + 61 7 3368 9888  
F + 61 7 3368 9899  
info@avalonminerals.com.au  
www.avalonminerals.com.au

### Corporate Highlights

- A\$1.54 million net Research & Development tax incentive received;
- Placement to existing major shareholders and new, professional investors to raise a total of AUD\$2 million at \$0.025 per share:-
  - 33.5M shares issued under the Company's available capacity under the ASX Listing Rules to raise \$0.84 million;
  - a further 46.4 million shares to be issued on receipt of shareholder approval to raise \$1.16M;
  - General Meeting to be held 28 April 2015;
- Half Year Report to 31 Dec 2014 released;
- Change of registered office;
- Cash at bank of \$3.4 million;
- Release of Breakaway Research Report, 'Dirt Cheap Dirt'. Speculative Buy recommendation.



## **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 over the new Nihka target have generated a significant copper anomaly that requires drill testing (Figure 2).

### **Nihka Target**

The Nihka target is defined by a 900m x 300m magnetic anomaly approximately 3km south of D Zone, and 2 km south of A Zone (Figure 3). The anomaly displays similarities to the magnetic response of the Viscaria D Zone copper-magnetite deposit, but is significantly larger (Figure 3).

A 42 hole auger drilling program was completed in February to sample the base of till and the uppermost bedrock. The drilling demonstrated that copper anomalism and alteration extends over at least 600m of strike extent and is open to the east and west (Figure 4). Four of the holes intersected trace visible chalcopyrite (a copper bearing sulphide mineral). The copper bedrock anomalism overlaps the northern margin of the magnetic anomaly. The host rocks are mafic volcanic rocks, with local areas of gabbroic and other intrusive rocks. The domains of magnetite and copper anomalism correlate with areas of enhanced epidote and potassium feldspar alteration.

Ongoing magnetic modelling is underway which will allow for the definition of diamond drill hole targets and drilling is expected to commence in the current quarter.

### **Viscaria D Zone drilling**

Diamond drill hole VDD183 (Figure 2) was drilled to target high grade copper mineralisation approximately 120m down plunge from the previously drilled hole VDD166, which intersected 5.9m at 1.5% Cu and 13m at 1.6% Cu. Hole VDD183 was completed after the quarter end and assay results are expected to be returned in early May. Preliminary results were announced to the market on 20<sup>th</sup> April and reported variable amounts of chalcopyrite within ironstone from 530m to 600m downhole.

Further drilling is being undertaken at D Zone. Hole VDD 184 was collared 230m south of VDD 183, but was abandoned at 73m due to buckled casing. Hole VDD 185 has commenced and is located adjacent to VDD 184 (Figure 2).

Once drilling is completed at D Zone the drill rig will move to A Zone targeting high grade mineralisation in the southern area. Specifically, a shallow zone where historical drill holes have returned intersections including 4.7m at 3.5% Cu in D-7843 and 3.4m at 2.9% Cu in D-6114, and in the deeper main down plunge domain where structural interpretation suggests a shallowing of the plunge orientation, and adjacent historical holes have intersected up to 6.5m at 3.4% Cu in hole VDD127.

The drilling program 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 updated Scoping Study.

### **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 a consulting group.

### **Development Studies at Viscaria**

Further development studies are underway and are assessing lower capital expenditure, higher grade copper development opportunities for Viscaria. These development scenarios will be advanced during 2015. 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.

**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** - a Research & Development tax incentive of net A\$1.54 million was received in March 2015 for eligible Research & Development expenditure for the 2012-13 financial year.

The Company's unaudited cash position for March 31, 2015 is A\$3.4 million.

Subject to shareholder approval at the General Meeting on April 28 2015, an additional A\$1.16 million will be received.

**Director to Retire**

Mr Paul Niardone has informed the Company of his intention to retire as a non-executive director of Avalon, effective from the close of the General Meeting to be held on 28 April 2015.

The Board thanks Mr Niardone for his commitment and contribution to the Company over the past three years and wishes him success in his future endeavours.

**General Meeting**

On 25 March 2015, the Company announced the dispatch of a Notice of General Meeting to all shareholders. The General Meeting will be held at 2.00pm on Tuesday, 28 April 2015 at the company's registered office at 9 Gardner Close Milton, Queensland. Shareholder approval will be sought for the ratification of the prior issues of shares and options, approval for participation in the placement for Malcolm Norris and Graham Ascough, and the approval to issue up to 50M new shares.

**Capital Raising**

On 2 March 2015, Avalon announced a placement to raise up to AUD\$2 million (before costs). The funds raised from the placement 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. Viaticus Capital LLC (New York), the Company's corporate advisors, assisted with the placement.

The issue and allotment of the initial 33,583,902 shares, which is within the Company's available capacity under the ASX Listing Rules, was completed on 9 March 2015.

**Half Year Report to 31 December 2014**

The Company released its Half Year Financial Report during the quarter.

**Change of Registered Office**

Effective 25 February 2015, the Company's registered office and principal place of business will be located at 9 Gardner Close, Milton, Qld 4064.

The Company's postal address and office contact information remains unchanged.

## Research report

On 18 February 2015, Avalon announced that Breakaway Research had completed a commissioned research report on the Company. The report titled 'Dirt Cheap Dirt' included a Speculative Buy recommendation.

To view a copy of the report, please visit our website: [www.avalonminerals.com.au](http://www.avalonminerals.com.au). The report is located under Investors/Brokers research

## Shareholder Information

As at 31 March 2015, the Company had 178,319,478 fully paid ordinary shares on issue and approximately 927 shareholders.

## Notes Specific – March 2015 Quarter ASX Announcements

*The following announcements 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:*

Drilling and Corporate Update	31 Mar 2015
Notice of General Meeting	25 Mar 2015
ASX Query and Response Appendix 3Y	16 Mar 2015
Form 604 Substantial Holder Change	13 Mar 2015
AVI Half Year Report to 31 Dec 2014	12 Mar 2015
Form 605 Ceasing to be substantial shareholder	12 Mar 2015
Form 604 Substantial Holder Change	11 Mar 2015
Disclosure LR 3.10.5A	11 Mar 2015
Cleansing Notice	11 Mar 2015
Appendix 3B (issue of shares and options)	11 Mar 2015
Change of Director's Interest Notice	03 Mar 2015
Avalon Minerals to Complete \$2M Placement	02 Mar 2015
Trading Halt	26 Feb 2015
Change of registered office	26 Feb 2015
Research Report AVI	18 Feb 2015
Investor Presentation January 2015	02 Feb 2015
Quarterly Activities and Cashflow Reports to 31 Dec 2014	28 Jan 2015
Drilling confirms new Footwall Copper Zone	12 Jan 2015
Drilling and Corporate Update	06 Jan 2015

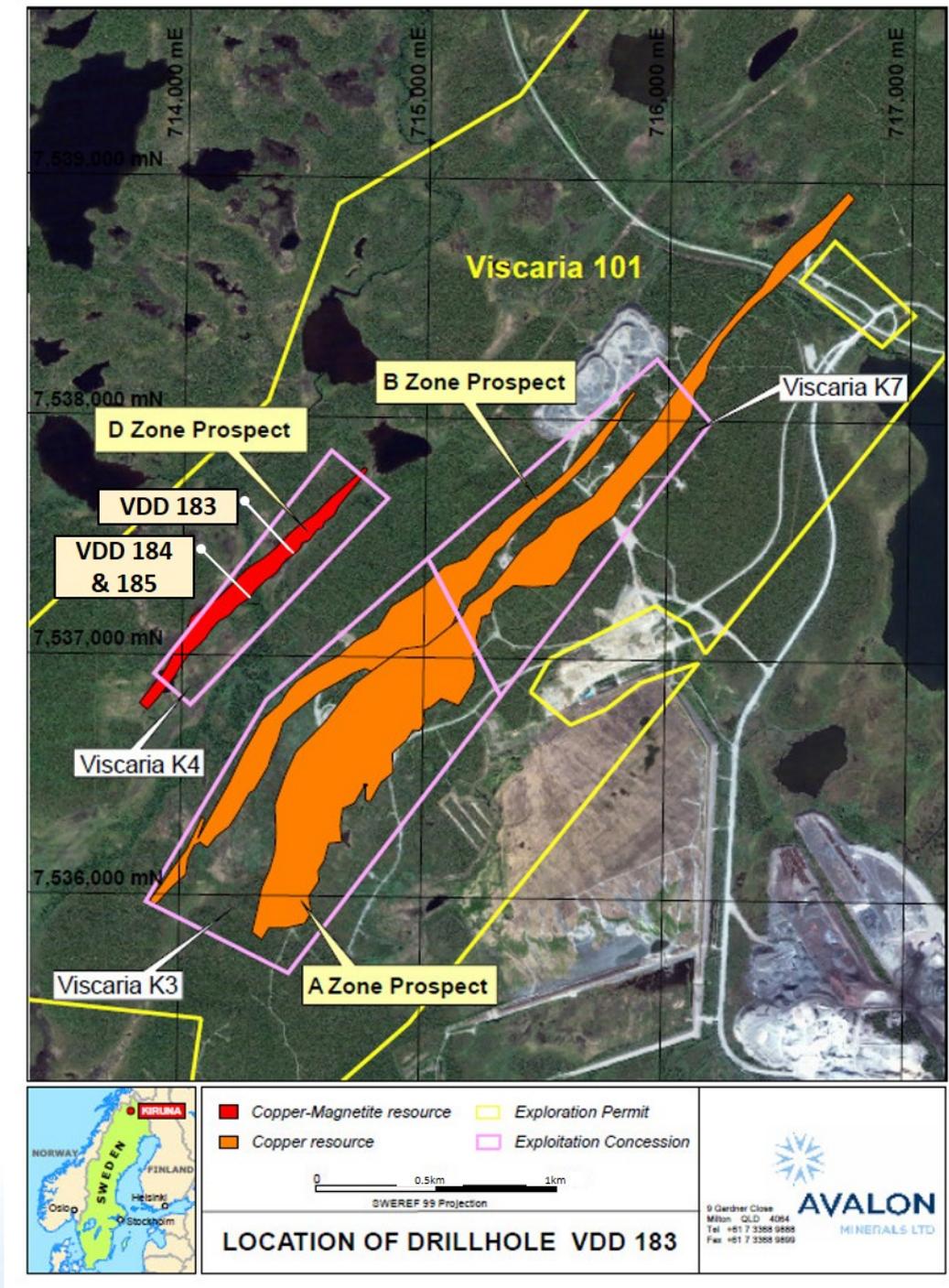


Figure 1: Project Location





Figure 2: Location of VDD 183 (completed) and VDD 185 (in progress) at the Viscaria Copper Project, D Zone





**Figure 3: Location of the Nihka target relative to the Viscaria A, B and D Zone deposits. Background image is TMI magnetics**

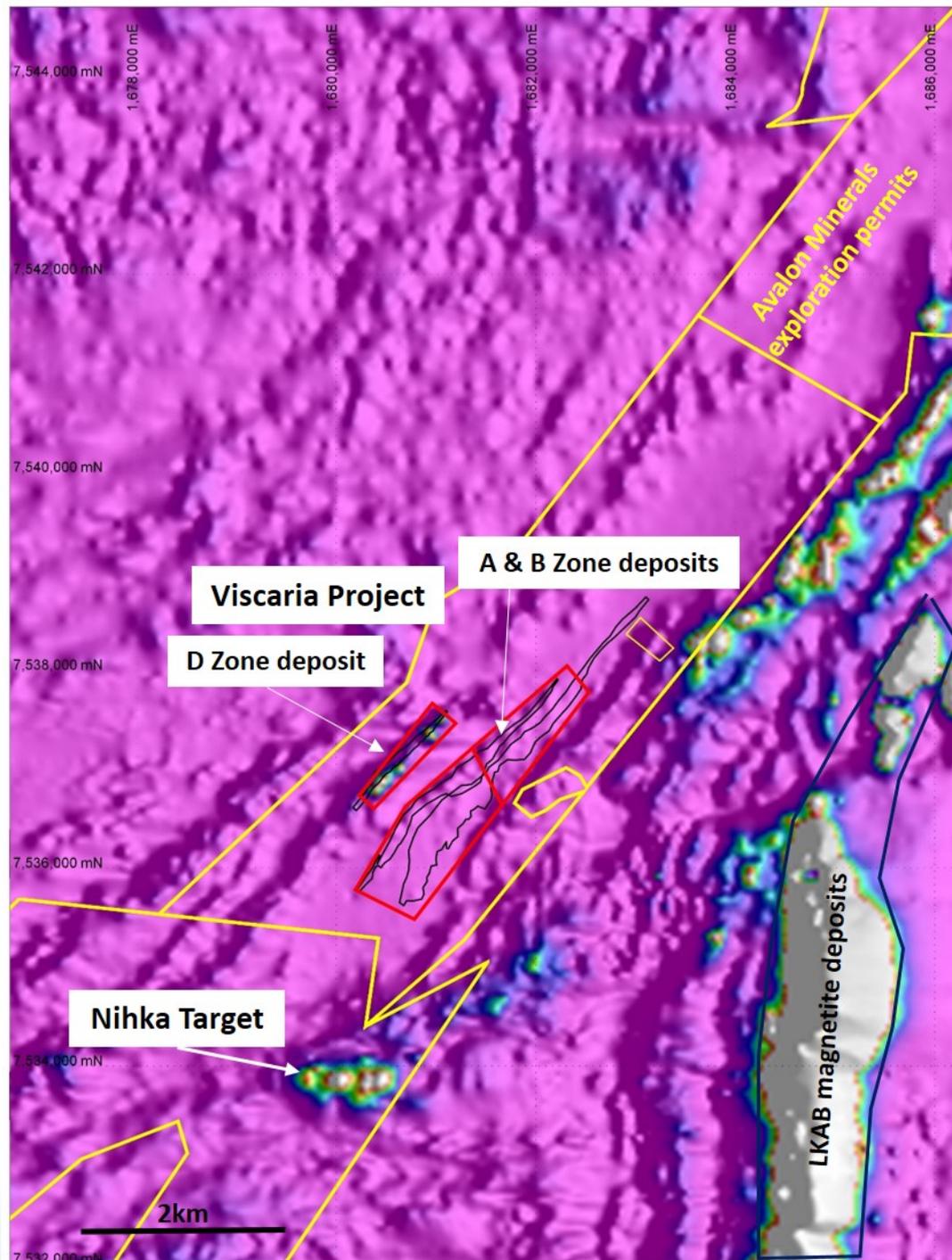
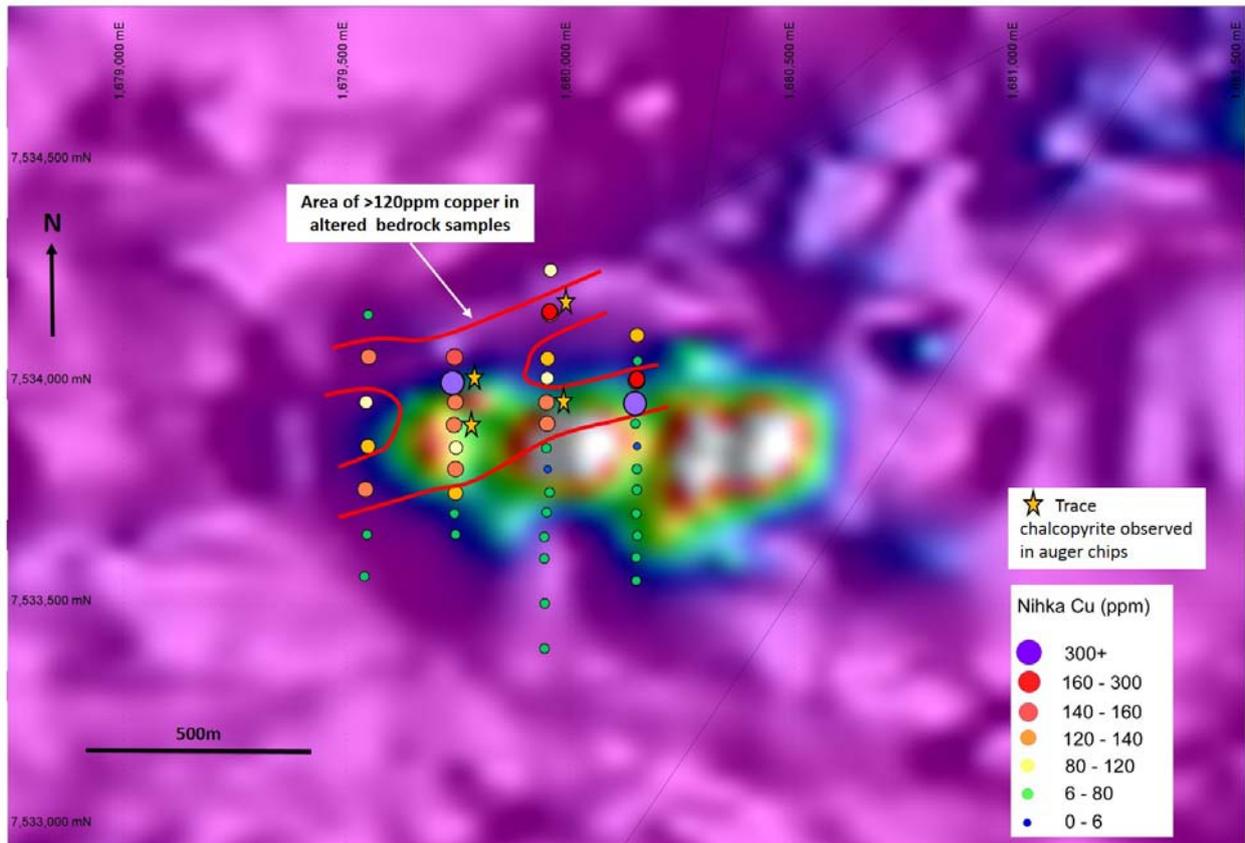


Figure 4: Nihka target – backdrop image is TMI magnetics. Auger holes shown on 4 x 200m spaced traverses. Colour coding represents copper anomalism. Stars indicate samples with visible trace chalcopyrite.



## 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 (New)	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 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)

\*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** **ABN 68 123 184 412**

**Web site:**

[www.avalonminerals.com.au](http://www.avalonminerals.com.au)

**Email:**

[info@avalonminerals.com.au](mailto:info@avalonminerals.com.au)

### **Stock Exchange Listing**

Australian Stock Exchange

ASX Code: AVI

### **Investor Information Contacts:**

Ms Roslynn Shand - Company Secretary  
Avalon Minerals Limited  
Tel: 07 3368 9888  
Mob: 0407 413 666  
Email: [ros.shand@avalonminerals.com.au](mailto:ros.shand@avalonminerals.com.au)

### **Shareholder Enquiries:**

Share registry matters should be directed to:

Computershare Investor Services  
Phone: 1300 850 505  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### **Registered Office:**

9 Gardner Close  
Milton Queensland 4064  
Phone: 07 3368 9888  
Fax: 07 3368 9899

### **Issued capital:**

Ordinary shares: 178,319,478 (AVI)  
(at 31 March 2015)

### **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](http://www.avalonminerals.com.au) or contact:

Avalon Minerals Limited  
T: 07 3368 9888  
E: [info@avalonminerals.com.au](mailto:info@avalonminerals.com.au)  
[www.avalonminerals.com.au](http://www.avalonminerals.com.au)

# 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")

31 March 2015

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	79
1.2 Payments for (a) exploration & evaluation	(567)	(1,719)
(b) development	-	-
(c) production	-	-
(d) administration	(416)	(1,478)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	51	93
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received <i>(gross amount - R&amp;D tax rebate)</i>	1,708	3,075
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>775</b>	<b>50</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>775</b>	<b>50</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	<b>775</b>	<b>50</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	840	2,752
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	(22)	(103)
	<b>Net financing cash flows</b>	<b>817</b>	<b>2,649</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,592</b>	<b>2,699</b>
1.20	Cash at beginning of quarter/year to date	1,802	684
1.21	Exchange rate adjustments to item 1.20	14	25
1.22	<b>Cash at end of quarter</b>	<b>3,408</b>	<b>3,408</b>

**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	76
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.	76

**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	1,465
4.2 Development	-
4.3 Production	-
4.4 Administration	330
<b>Total</b>	<b>1,795</b>

### 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	489	170
5.2 Deposits at call	2,918	1,632
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,408</b>	<b>1,802</b>

### 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 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
7.3 <b>+Ordinary securities</b>	178,319,478	178,319,478		
7.4 Changes during quarter				
(a) Increases				
- Placement participation approved	33,583,870	33,583,870	\$0.025	\$0.025
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	2,600,000	Nil	50 cents	30/09/2015
	2,100,000	Nil	6 cents	03/11/2017
	1,000,000	Nil	8 cents	12/01/2018
	2,500,000	Nil	6 cents	03/11/2019
	1,000,000	Nil	8 cents	12/01/2020
<b>Performance Rights</b>	662,500		Nil	
7.8 Issued during quarter	Options		<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000	Nil	6 cents	12/01/2018
	1,000,000	Nil	8 cents	12/01/2020
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
Options	-	-	-	-
Performance Rights	325,000	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <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: 24 April 2015  
(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.

== == == == ==