

9 October 2015

ASX ANNOUNCEMENT



AVALON NOT TO PROCEED WITH DISCOVERY ZONE ACQUISITION

Highlights

- **Avalon Minerals has not extended the Binding Heads of Agreement for the acquisition of the Discovery Zone copper-iron deposit.**
- **Avalon has issued a Refund Notice to Hannans Reward (HNR) for the First Payment of A\$1 million.**
- **On receipt of the refund amount Avalon will have no residual rights to the Discovery Exploitation Concession area.**
- **Avalon's focus is firmly on the development of its wholly owned Viscaria Copper Project.**

Avalon Minerals Limited ('Avalon' or 'Company') (**ASX: AVI**) entered into a Binding Heads of Agreement ('HoA') with Hannans Reward Ltd. ('Hannans') on 2nd May 2013 regarding acquisition by Avalon of the Discovery Zone copper-iron deposit located 10km south of the Viscaria Copper Project (Figure 1). A Variation to the HoA was signed on 30 September 2013 which outlined the modified terms of payment for the acquisition. On October 8th 2013 Avalon paid to Hannans A\$1 million as the First Payment.

The HoA stipulated that if the Discovery Exploitation Concession was not granted within 2 years of the first payment, or any later date that may be mutually agreed by Avalon and Hannans, then Hannans will refund the First payment within 90 days of receiving a Refund Notice from Avalon, and the requirement for the Final Payment of A\$3 million to Hannans will cease.

Avalon has not agreed to an extension of the agreement and has therefore issued Hannans with a refund notice for the initial payment of A\$1 million. The agreement considers that the refund of the First Payment may be either by cash or the transfer of assets of similar value.

Upon receipt of the refund the HoA is at an end and Avalon will transfer to Hannans a 100% legal and beneficial title to the Discovery Zone Exploitation Concession Application. Avalon will have no residual rights to, or obligations on the tenure.

Avalon's focus is now firmly on the development of its wholly owned Viscaria Copper Project.

ASX: AVI

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



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F + 61 7 3368 9899
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www.avalonminerals.com.au

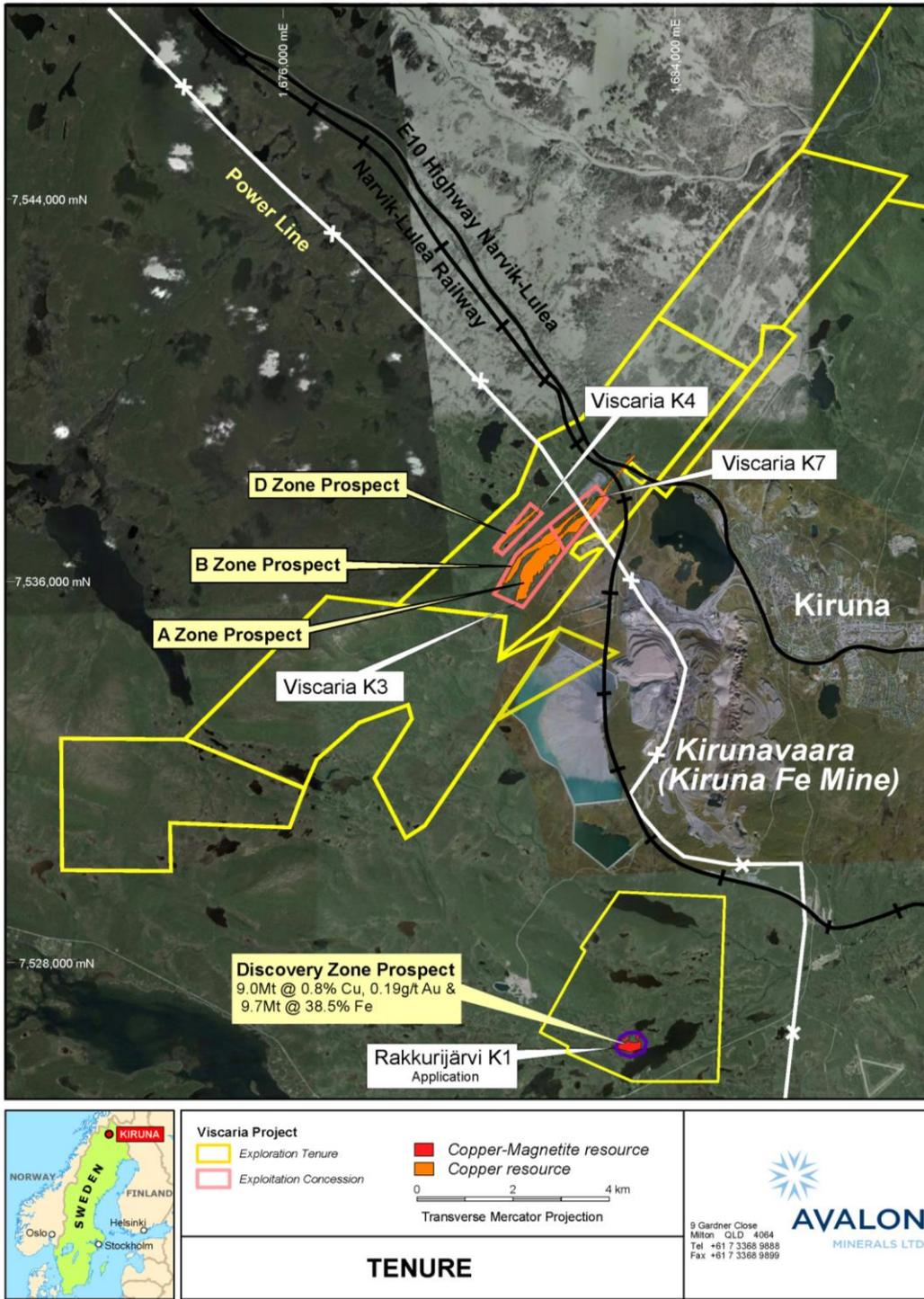


Figure 1: Location of the Discovery Zone copper-iron deposit relative to the Viscaria Copper Project.

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

Mr Malcolm Norris
Managing Director
Avalon Minerals Limited
Tel: 07 3368 9888

Email: malcolm.norris@avalonminerals.com.au

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Avalon Minerals Ltd
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