

5 July 2017

ASX ANNOUNCEMENT



Avalon to raise up to \$3.3m to fund exploration at Bramaderos gold-copper project in Ecuador

Avalon Minerals Limited (“**Avalon**” or “**Company**”) (**ASX:AVI**) is pleased to advise that it has received firm commitments to raise approximately \$2.3 million via a heavily over-subscribed share placement (**Placement**).

Avalon will also raise up to \$1 million via a Share Purchase Plan (**SPP**).

The proceeds of the Placement and SPP will be used primarily to fund exploration at the Bramaderos gold-copper project in southern Ecuador.

The Placement of up to 162.7 million new shares and the SPP are at 1.4c per share, representing a discount of 6.7% to Avalon's previous closing price of 1.5c. Hartleys Limited is Lead Manager to the Placement.

Several institutional investors, including the well-regarded micro-cap specialist Acorn Capital, subscribed to the Placement and Avalon has once again received strong support from its existing major shareholders. Acorn Capital will become a substantial shareholder in Avalon upon the closing of this Placement.

Most of the funds raised will be directed to exploration of the highly prospective Bramaderos gold-copper project in Ecuador where Avalon has the right to earn a majority interest in the concession from TSXV-listed Cornerstone Capital Resources.

The team at Avalon and Cornerstone have a highly successful track record, having led the discovery of the world-class Cascabel copper-gold deposit in Ecuador, which is majority-owned by AIM-listed SolGold plc (market capitalisation of more than A\$900 million). Key executives at Avalon also led the discovery of the giant Tujuh Bukit copper-gold deposit in Indonesia.

The Company believes Bramaderos has strong potential to host large-volume gold and copper mineralisation. Exploration will be undertaken across several prospects and include:

- a trenching program to further define the West Zone gold system, which has delivered results such as 42m at 3.7g/t from historical trench sampling;
- trenching across the Bramaderos Main and Limon Prospects where historical rock chip sampling has delivered up to 1.8% copper and 1.45g/t gold in areas that contain intense stockwork veining and alteration;
- a detailed soil geochemistry and alteration mapping program across several prospects, and
- detailed ground magnetics across the entire concession area to further refine drill targets.

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



The exploration program outlined above is expected to take four to five months and culminate in a maiden drilling program targeted for Q4 2017. Permitting for that drill program has commenced and involves a targeted environmental impact assessment and stakeholder meetings.

A component of funds raised will be directed to a 1,500m diamond drilling program at Avalon's Satulinmäki gold prospect in southern Finland as follow-up to previous drilling that delivered 23.5m at 3.3g/t gold, and to the recent geophysical survey that pointed to the existence of a much larger gold system.

Discussions are ongoing with several parties regarding potential partnerships involving the large Viscaria Copper Project in Sweden. As a result of these discussions and Avalon's immediate focus on exploration activities at Bramaderos in Ecuador and Satulinmäki in Finland, spending at Viscaria will be kept to a minimum. A portion of the funds raised will be directed to working capital.

The placement of up to 162.7 million new shares will be within the Company's issue capacity under ASX Listing Rules 7.1 and 7.1A, and accordingly, no shareholder approval is required for the Placement.

So that all shareholders have the potential to participate, a Share Purchase Plan (**SPP**) will be undertaken to raise up to \$1 million at the same issue price as the Placement. Under the SPP, eligible Avalon shareholders who were registered holders of Avalon at 7pm on the Record Date of 4 July 2017 will be invited to subscribe for new shares in Avalon at the issue price up to a maximum of A\$15,000 per shareholder.

An offer letter and the terms and conditions for the SPP will be dispatched to eligible shareholders on Monday 10 July 2017.

The proposed key dates for the SPP are as follows*

Event	Date
Record Date (7.00pm AEST)	4 July 2017
Announcement of SPP	5 July 2017
Offer Opens and SPP Document Dispatched	10 July 2017
Offer Closes (5.00pm AEST)	21 July 2017
Issue Date of New Shares	28 July 2017

*AVI reserves the right to vary these times and dates in its absolute discretion



About Avalon

Avalon has an advanced portfolio of exploration and development projects in Scandinavia and Ecuador. The portfolio comprises:

1. **The Bramaderos Gold-Copper Project** where Avalon has signed an earn-in agreement with TSXV listed Cornerstone Capital Resources (see ASX announcement dated 10th April 2017). The Bramaderos gold-copper project is located in Loja province, southern Ecuador, and is considered to be highly prospective for the discovery of large copper-gold systems. Historical results from drilling at Bramaderos include wide intervals such as 260m at 0.6g/t Au and 0.14% Cu. Trenching results at the West Zone breccia include intersections at surface of up to 42m at 3.7g/t Au. These results, together with the distribution of alteration, and large coincident gold-copper-molybdenum surface anomalies indicate a fertile mineralised system with significant discovery potential.
2. **The Viscaria Copper Project** in northern Sweden has a completed Scoping Study (see ASX announcements dated 16th December 2015 and 5th April 2016) and is moving towards PFS and permitting to allow for mine development. The project has a mineral resource estimate of 52.4 Mt at 1.2% Cu (see Table 1 below). Considerable exploration upside exists and low technical risk drill targets continue to be tested.
3. **The Southern Finland Gold Project**, includes the Satulinmäki gold prospect. Shallow diamond drilling was completed by the Geological Survey of Finland (GTK) during the period 2000-2005 and this was followed by a 7-hole diamond drilling program by Avalon Minerals in 2016. Intersections from GTK include 18m @ 4.1g/t Au from 50m downhole, including 3m @ 9.3g/t Au, and 4m @ 10.3g/t Au in drill hole R391. Intersections by Avalon include 23.5m at 3.3g/t in SMDD007 and 2m at 10.5g/t in SMDD005. The Satulinmäki gold prospect is part of an earn-in JV with Canadian company Nortec Minerals, where Avalon can earn up to an 80% interest (see ASX announcement dated 19th May 2016). Avalon has already earned a 51% interest, and has also acquired a significant land position, in its own right, in the district.



Table 1 Total combined resource figure for A Zone, B Zone and D Zone at Viscaria

Resource Area	Classification	Tonnes (Mt)	Cu Grade (%)	Contained Cu (kt)
A Zone	Measured	14.44	1.7	240.0
	Indicated	4.69	1.2	57.2
	Inferred	2.48	1.0	25.5
	Subtotal	21.61	1.5	322.7
B Zone	Measured	0.12	1.3	1.6
	Indicated	4.12	0.7	29.7
	Inferred	15.41	0.8	118.7
	Subtotal	19.65	0.8	149.0
D Zone	Indicated	3.11	0.81	25.2
	Inferred	0.01	0.32	0.02
	Subtotal (Open pit)	3.11	0.81	25.2
	Indicated	7.26	1.37	99.8
	Inferred	0.78	1.57	12.2
	Subtotal (Underground)	8.03	1.39	111.9
Overall Cu	Total	52.4	1.2	608.9

Note: D Zone subtotals represent open pit at an average grade of 0.81% copper, and underground at an average grade of 1.39% copper.

Refer to Annual Report released 16 August 2016 for the Competent Persons Statement in relation to the estimates of mineral resources. The Company confirms that it is not aware of any new information or data that materially affects the information and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Competent Persons Statement

The information in this report that relates to exploration results is based upon information reviewed by Dr Bruce Rohrlach who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Rohrlach 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 Rohrlach 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

Mr Malcolm Norris
 Managing Director
 Avalon Minerals Ltd
 Tel: 07 3368 9888
 Email: malcolm.norris@avalonminerals.com.au

Media:
 Paul Armstrong
 Read Corporate
 +61 8 9388 1474