14 June 2016

ASX ANNOUNCEMENT

AVALON MINERALS LTD

LITHIUM PORTFOLIO UPDATE AND PRESENTATION RELEASE

Highlights

- Avalon has consolidated its lithium portfolio in Scandinavia to include an additional new Exploration Reservation application in Finland over a documented lithium pegmatite, and secured interests in lithium pegmatites in Sweden.
- **In Finland:** data compilation over the highly prospective Tammela claims (subject to a joint venture with Canadian company Nortec Minerals Corp.), is in progress and drilling aimed at defining a maiden resource is expected to commence in Q3, 2016.
- The Tammela drilling program will focus on defining the geometry and scale of Kietyönmäki lithium pegmatite which includes **24m at 1.3% Li_2O** in historical diamond drilling by the Finnish Geological Survey. Peak assays include **3m at 4.35% Li_2O**.
- **In Sweden:** Avalon has entered into a joint venture with private Australian interests over known lithium properties in the Vasternorrlands Province. The Australian interests include a private company held by well-known and highly respected geologist and analyst David Ransom.
- A Corporate Presentation on the lithium portfolio has been released separately on ASX and Avalon's website.
- Avalon's move into the lithium sector builds on its Scandinavian expertise and network, and is a complementary business to its flagship Viscaria Copper Project.
- Avalon continues to advance its 100% owned Viscaria Copper Project in Sweden and is proceeding with permitting for a 2-3Mtpa operation producing >20,000t per annum of copper in concentrate.

Avalon Minerals Ltd **(ASX: AVI) ('Avalon')** is pleased to provide an update on its recently compiled lithium portfolio.

Finland:

In the Somero district in southern Finland, Avalon has lodged three Exploration Reservation applications, and has entered into an earn-in joint venture with Canadian company Nortec Minerals Corp. over the Kietyönmäki lithium deposit and surrounding areas.

The Kietyönmäki lithium pegmatite deposit was drilled during the period 1987 and 1988 by the Finnish Geological Survey (GTK). Seventeen shallow diamond drill holes were completed to test down to 70m below surface across two traverses, and one traverse of very shallow holes to identify bedrock. Assay results are tabulated below:

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Drill hole	From (m)	To (m)	Interval (m)	Li_2O %
R307	14.1	37.1	23.0	1.53
including				
	14.1	16.4	2.3	1.78
	18.0	21.8	3.8	1.77
	24.2	37.1	12.9	1.83
R308	3.7	11.3	7.6	1.37
including				
	3.7	6.0	2.3	2.01
	8.3	11.3	3.0	1.63
R309	3.0	10.5	7.5	1.49
including				
	3.0	4.2	1.2	1.40
	6.0	10.5	4.5	1.99
R310	11.7	14.7	3.0	1.23
	65.0	83.0	18.0	1.79
including				
	68.0	77.0	9.0	2.60
	70.0	73.0	3.0	4.35
R311	20.3	41.9	21.6	1.42
R315	24.1	36.8	12.7	1.10
R316	86.0	99.0	13.0	1.66
including				
	86.0	95.0	9.0	1.88
	98.0	99.0	1.0	3.90
R317	41.4	45.3	3.9	1.28

Nortec resampled selected intervals of drill hole R310, with grab samples of half drill core and confirmed these assay levels (see (http://www.nortecminerals.com/tammela.php)

The Kietyönmäki lithium deposit is held under approved claims and field work can commence immediately.

Avalon has included an Exploration Target of 8-15Mt at 1.4 – 1.8% Li_2O. The potential quantity and grade is conceptual in nature. There has to date been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The Corporate Presentation provides further background on this target.

For comparison, Appendix 3 of the presentation released today shows Avalon's exploration target by comparison with other lithium deposits.

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Applications for exploration reservations in the Tammela, Kaustinen and Seinäjoki areas are still being processed by the Finnish safety and Chemicals Agency (Tukes), and some of the areas under application have competing applications, but these do not compromise Avalon's exploration and proposed resource definition drilling program at the Kietyönmäki deposit.

In the Kaustinen district in central Finland, Avalon has also lodged applications for 2 Exploration Permits.

Sweden:

Avalon has entered into an agreement (terms outlined below) to acquire two approved exploration concessions and an application for an exploration concession in Vasternorrlands, referred to as the Ladum Project.

The properties are held through Australian interests which include a private company held by well-known and highly respected geologist and analyst David Ransom.

The Ladum Project covers areas within a regional pegmatite district that has seen minor historical exploration primarily for tin. Most of this exploration was undertaken by LKAB in the 1980's. The exploration included geophysics, till-sampling, and general geological mapping and investigations. This work resulted in a number of tin, niobium, tantalum and lithium bearing pegmatites being defined. After this initial program LKAB ceased all exploration and focussed its business on iron ore developments in northern Sweden near Kiruna.

The main prospect secured under approved Exploration Concession consists of NE-trending lithium-bearing pegmatite dykes.

The main prospect area is within forested terrain with easy access through logging roads. Main roads, power lines and local towns such as Solleftea are all nearby. Ports are located approximately 75km to the south-east. The climate in the area is relatively mild due to proximity to the Baltic Sea.

All exploration areas within the Scandinavian portfolio are supported by high quality infrastructure. Good quality open file data exists and compilation and interpretation of this data has commenced. Data from joint venture partners is also undergoing review.

Low sovereign risk in Finland and Sweden, and Avalon's operating base from Kiruna in northern Sweden, together with local partnerships, support this initiative. Securing an advanced, drill ready lithium deposit at Kietyönmäki, and documented lithium-bearing pegmatites in all other areas held and under application, allows for rapid advancement towards definition of a maiden resource.

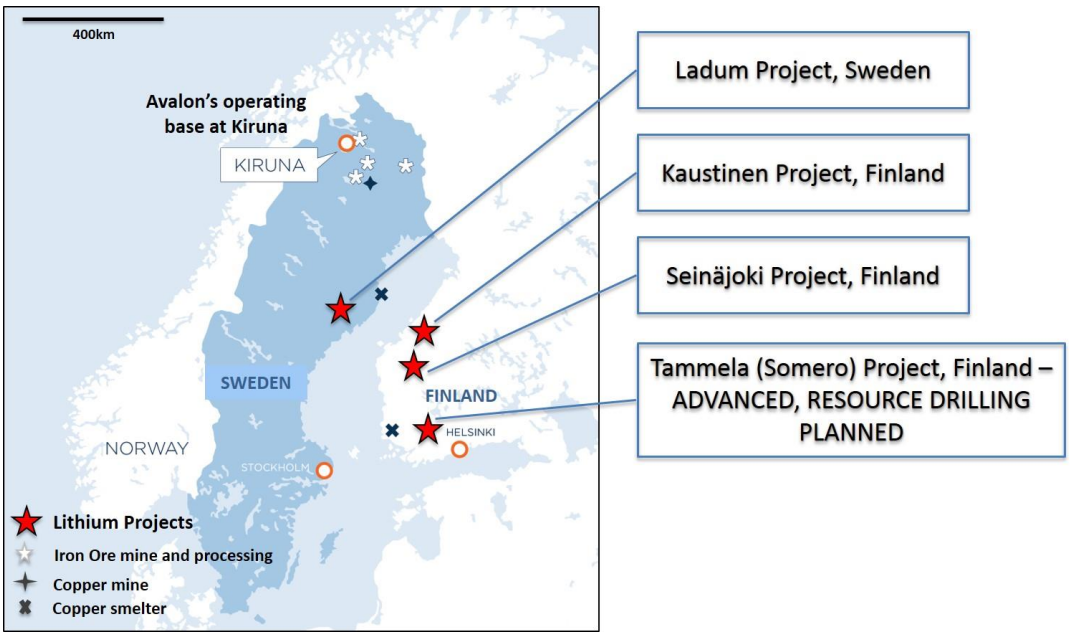

Figure 1: Regional locations of lithium projects within the Avalon portfolio.

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Key Terms of the Agreement with private Australian interests:

Avalon, through subsidiary Scandian Metals, has entered into an agreement with private Australian interests which vends 2 approved Exploration Concessions and one application for an Exploration Concession in Sweden into Scandian in exchange for a 20% equity position in Scandian, and the issuance of 5,000,000 million shares in Avalon.

Avalon, through Scandian Metals assumes responsibility for a 1% net smelter royalty payable to the original Swedish claim owner.

Avalon will fund exploration on the Scandian portfolio of lithium projects and standard dilution clauses apply once expenditure thresholds are exceeded.

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 historical diamond drill core samples drilled in 1985 by the Geological Survey of Finland (GTK) and subsequently re-logged and selectively re-sampled by Nortec Minerals Corp. 17 drill holes were completed by GTK and Nortec's check sampling was from one drill hole, R310.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• No reports of core recovery have been sighted.
	• *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 were sent to the laboratory to be pulverised to produce a 250g sample. Then a 50g portion of this sample was 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).*	• Diamond drill core.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Diamond core recovery data for this historical drilling has not been sighted.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Details of geological logs suggest good core recovery.

Criteria	JORC Code explanation	Commentary
	• *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.
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. No further studies were undertaken.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*	• Drill samples were logged for lithology and hence logging is qualitative.
	• *The total length and percentage of the relevant intersections logged.*	• All drill holes were logged in full from start to finish of the hole, based on historical reports. Nortec then re-logged selected intervals.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Half core was sampled and the remaining core is stored in GTK's core storage facility.
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• Core samples.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The check samples were processed and analysed at a recognised laboratory and sample preparation was carried out according to industry standard practices.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• There is no record of specific QAQC processes during the historical drilling or on the check assays, although assays from both were consistent with one another hence providing some confidence in the results.
	• *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.*	• No record of these procedures
	• *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.*	• Nortec samples were submitted to ALS Chemex in Outokumpu for 48 element ICP-MS finish. Ore grade results for lithium were analysed using a 4-acid digest method and an AAS finish. This analysis technique is considered suitable for this style of mineralisation.
	• *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.*	• No handheld XRF measurements were taken on this hole.

Criteria	JORC Code explanation	Commentary
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Re-sampling by Nortec confirmed earlier assay results received by the Geological Survey of Finland.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Verification of GTK results by subsequent sampling by Nortec.
	• *The use of twinned holes.*	• Twin holes have not been drilled in this area.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Nortec data and the Finnish Geological Survey data have been sighted in reports.
	• *Discuss any adjustment to assay data.*	• Assay data were not adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Hole locations are shown on detailed maps from 1985 reports.
	• *Specification of the grid system used.*	• The current projection used for map preparation in Finland is ETRS-TM35FIN, with Datum EUREF89
	• *Quality and adequacy of topographic control.*	• No reports of topographic control have been sighted.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• The historical drilling was comprised of 17 drill holes on three traverses at approximately 30 and 60m apart.
	• *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.*	• Sufficient continuity in both geology and mineralisation has been established based on geological mapping and cross-section representation.
	• *Whether sample compositing has been applied.*	• No sample compositing was done.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Drilling orientations were appropriate for the predominantly high angle of the mineralised intersections providing representative samples.
	• *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.
Sample security	• *The measures taken to ensure sample security.*	• Nortec's sampling procedures indicate individual samples were given due attention.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits were completed.

TABLE 1 – Section 2: Exploration Results

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.*	• The Kietyönmäki lithium occurrence is covered by approved exploration claims, under the Finnish Mining Act.
	• *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 claims are valid and are held by Nortec Minerals Corp. Avalon has a joint venture with Nortec to explore the claims.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The historic drilling at Kietyönmäki was undertaken by the Finnish Geological Survey in 1985, and was re-logged and re-sampled by Nortec Minerals Corp. in 2010.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Kietyönmäki lithium occurrence occurs in a pegmatite dyke swarm.
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 referenced to Nortec Minerals Corp reports at http://www.nortecminerals.com/index.php. • 17 drill holes were completed by GTK on 3 traverses. Holes were drilled at -60 and -45 degree angles, and orthogonal to one another so good cross section representation of the geology was established. The deepest hole was to 130m EOH at -45 degrees which tested to ~90m below surface.

Criteria	JORC Code explanation	Commentary
	• *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 above.
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 is used to calculate drill hole intersections for the lithium 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 from the Nortec re-assays show both aggregated intercepts and specific higher grade intercepts within the broader interval.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal Equivalents have not been applied.
Relationship between mineralisation widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.*	• The orientations of the mineralised horizons are interpreted to be sub-vertical based on geological mapping and cross-sectional interpretation.
	• *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 60% of intersected widths based on cross section construction.
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.*	• Reporting of historical holes only. No significant discovery reported here.
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.*	• Historical results only and this is stated in the text.
Other substantive	• *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*	• No other significant geological data has been reviewed at this stage.

Criteria	JORC Code explanation	Commentary
exploration data	*density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
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).*	• Comprehensive data compilation will commence immediately. The GTK have extensive open file data available and field work is expected to commence in July 2016.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Additional exploration reservation areas have been applied for which cover the interpreted extensions of the prospective domains.