

23 DECEMBER 2014

ASX ANNOUNCEMENT



ADDENDUM TO 2014 ANNUAL REPORT

Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) wishes to provide additional information to the Company's 2014 Annual Report in accordance with Listing Rule 5.21.

2014 Annual Report – Pages 5-6:

Mineral Resource Estimation Governance Statement

All Mineral Resource estimates reported by Avalon Minerals Limited are prepared by independent, qualified mining industry professionals and in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Competent Persons named by the Company are Members or Fellows of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code. The Competent Persons have reviewed Avalon's sampling and Quality Control and Quality Assurance (QA/QC) practices to ensure samples are representative and unbiased; and that assay results are obtained with the appropriate level of confidence. Avalon Minerals Limited also produces internal Mineral Resource estimates synchronously with, but independent of, the Mineral Resource estimates calculated by the qualified mining industry professionals as an audit of the external result.

The tables below set out Mineral Resources for 2014 and 2013 for comparative purposes. It should be noted that the reclassification of the A Zone Mineral Resource and B Zone Mineral Resource occurred post 30 June 2014 and has been included for completeness.

Review of material changes

Discovery Zone

During the 2013-2014 annual report period the most significant change to Mineral Resources held by Avalon Minerals Limited was the addition of the Discovery Zone Mineral Resource. The Discovery Zone Mineral Resource acquisition is subject to a Heads of Agreement between Avalon Minerals Limited and Hannans Reward Limited as announced on 6 May 2013, with a variation announced on 1 October 2014.

The Discovery Zone Mineral Resource was significantly upgraded in terms of copper and gold grade, as well as resource classification. The copper grade increased to 0.8% Cu, compared to 0.31% Cu in previous estimates, which resulted in a 110% increase in contained copper to 71,000 tonnes. The gold grade of the Discovery Zone Mineral Resource also increased to 0.19g/t Au from 0.08g/t Au, which has resulted in a 96% increase in contained gold to 55,000 ounces. The increase in copper and gold grade and contained metal related to a re-interpretation of the geology of the Discovery Zone mineralisation and some changes to the modelled distribution of copper and gold grades, within the broader magnetite model.

In conjunction with the copper and gold grade increase, 30% of the Discovery Zone Mineral Resource was upgraded to Indicated resource classification as a result of a validation exercise of historic drill assay results and a continuity analysis of the variography of the resource estimate. The validation of historic drill assay results involved re-assaying historic drill samples, which delivered an improved assay database of enhanced quality and confidence.

ASX: AVI

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D Zone

During the 2013-2014 annual report period the D Zone Mineral Resource was reclassified according to the guidelines outlined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012). The reclassification to JORC 2012 was completed with no change to the overall tonnes and grade but included a Mineral Resource classification upgrade. The upgrading of a portion of the D Zone Mineral Resource to the Measured resource classification was the result of further (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

A Zone and B Zone

Immediately after the 2013-2014 annual report period the A Zone Mineral Resource and the B Zone Mineral Resource were reclassified according to the guidelines outlined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012). The reclassification to JORC 2012 was completed with no change to the overall tonnes and grade or Mineral Resource classification.



Mineral Resources for Copper reported on the Viscaria Project above a 0.4% Cu cut-off – as at 30 June 2014

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

Mineral Resources for Iron reported on the Viscaria Project above a 15% Mass Recovery cut-off – as at 30 June 2014

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:

- The A Zone and B Zone JORC 2012 Mineral Resources were announced to the ASX on 1 July 2014.
- The D Zone JORC 2012 Mineral Resource was announced to the ASX on 22 May 2014.
- The Discovery Zone JORC 2012 Mineral Resource was announced to the ASX on 9 April 2014.
- 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.

Competent Persons Statement

The information in this report that relates to mining project evaluations is based upon information compiled by, or under the supervision of Manish Garg B.Eng. (Hons.), Master of Applied Finance, MAusIMM, MAICD; Tim Horsley B.Sc. (Hons) (Mining Engineering), MAusIMM; and Trevor Ellice B.Sc. (Hons), M.Sc. (Geology), MAusIMM. Mr. Garg, Mr. Horsley, and Mr. Ellice have sufficient technical and techno-economic assessment experience, which is relevant to the activity that they are undertaking, to qualify as an Experts as defined in the 2005 Edition of the "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports" (VALMIN Code).

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 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 is an independent mining consultancy 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 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.

Mineral Resource for Copper reported on the Viscaria Project above a 0.4% Cu cut-off – as at 30 June 2013

Resource Name	Classification	Tonnes (t)	Cu Grade (%)	Cu Metal (t)
A Zone	Measured	14,439,000	1.66	240,000
	Indicated	4,690,000	1.22	57,000
	Inferred	2,480,000	1.03	26,000
	Subtotal	21,609,000	1.49	323,000
B Zone	Measured	123,000	1.33	2,000
	Indicated	4,118,000	0.72	30,000
	Inferred	15,410,000	0.77	119,000
	Subtotal	19,651,000	0.76	150,000
D Zone Cu Resource	Indicated	5,100,000	1.07	55,000
	Inferred	8,500,000	0.96	81,000
	Subtotal	13,600,000	1.00	136,000
Overall Cu	Total	54,860,000	1.11	609,000

Mineral Resource for Iron reported on the Viscaria Project above a 15% Mass Recovery cut-off – as at 30 June 2013

Resource Name	Classification	Tonnes (Mt)	Fe Grade (%)	Mass Recovery (%)	Contained Iron (Mt)	Estimated recoverable iron (Mt)
D Zone Fe Resource	Indicated	11.7	27.5	33.4	3.2	2.7
	Inferred	13.9	25.7	31.0	3.6	3.0
Overall Fe	Total	25.6	26.4	32.1	6.8	5.7

Note:

- Mineral Resources for A Zone, B Zone and D Zone are reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2004 Edition.
- 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 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.
- Any discrepancies in the sums and weighted averages are introduced by rounding.

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

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