

12 October 2015

ASX ANNOUNCEMENT



VISCARIA PROJECT – ESIA AND PROJECT PLANNING UPDATE

ASX: AVI

Highlights

- **The Environmental and Social Impact Assessment (ESIA) program has commenced**
- **The ESIA is the key element of the approval process for the development of the Viscaria Copper Project**
- **Project planning activities are underway and a Scoping Study is to be released in December 2015**

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Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to provide an update on the Environmental and Social Impact Assessment (ESIA), project permitting processes and planning activities at its Viscaria Copper Project.

The Viscaria Copper Project is covered by 3 approved Exploitation Concessions (Mining Leases) valid to 2037 and 2039.

Environmental and Social Impact Assessment (ESIA):

The ESIA is the key element of the approval process required to deliver an authorisation to mine from the Swedish Land and Environmental Court.

The ESIA has commenced with the appointment of consulting groups ERM and Hifab to manage and undertake baseline studies, impact assessments and permitting activities.

Avalon is committed to building a strong track record in environmental and social performance and is excited by the commencement of this work and to be working with highly regarded consultants with many years of experience in permitting local operations. Ray Robinson, Avalon's General Manager – Studies and Technical Services, is in Sweden managing the ESIA and permitting processes.

Project Planning Activities:

Project planning studies are underway as we move towards the release of a Scoping Study on a copper only mining project at Viscaria. We expect to release the Scoping Study in December 2015.

Activities to date include a preliminary geotechnical assessment for open pit and underground mining operations, a benchmarking exercise to support assumptions on capital and operating costs, approaches to local contractors for budget pricing of mining activities, preliminary reviews of waste and tailings management options, scenario assessment of open pit and underground mining options, hydrological assessments, infrastructure planning, metallurgical testwork and process flowsheet development.

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Viscaria is supported by high quality and available infrastructure. Significant components of capital costs that would normally be required to establish a mining operation are already in place, including the availability of grid energy supply sourced from hydroelectric power, sealed highway access to site, local airport, local engineering and construction contractors and a community with well-established town facilities. Additionally, options for the sale of copper concentrate include European smelters with associated low-cost transportation costs.

Studies to date are indicating low implementation risk and a short development timeline to forecast first production in 2018.

About ERM: Environmental Resources Management (ERM) is a leading global provider of environmental, health, safety, risk, social consulting services and sustainability related services. ERM has more than 150 offices in over 40 countries and territories employing more than 5,000 people. ERM is committed to providing a service that is consistent, professional and of the highest quality to create value for our clients. Over the past three years they have worked for more than 50 per cent of the Global Fortune 500 companies delivering innovative solutions for business and selected government clients helping them understand and manage the sustainability challenges that the world is increasingly facing.

For over 40 years they have been working with clients around the world and in diverse industry sectors to help them to understand and manage their environmental, health, safety, risk and social impacts. The key sectors they serve include Oil & Gas, Mining, Power, and Manufacturing, Chemical and Pharmaceutical. All face critical sustainability challenges and their clients in these and many other areas rely on ERM's ability to assist them operate more sustainably which has a positive impact on our planet.

About Hifab: Hifab is a leading Swedish project management company. Hifab provides project management and advisory services in the sectors of mining and resources, building and industry, transport and infrastructure, environment and energy process technology, always with a focus on sustainability. Hifab's engagement in international development projects spans some 20 countries and today have a total of approximately 425 dedicated employees. Hifab have previously managed the permitting process for companies operating in Sweden such as Dragon Mining at their Svartliden operation.

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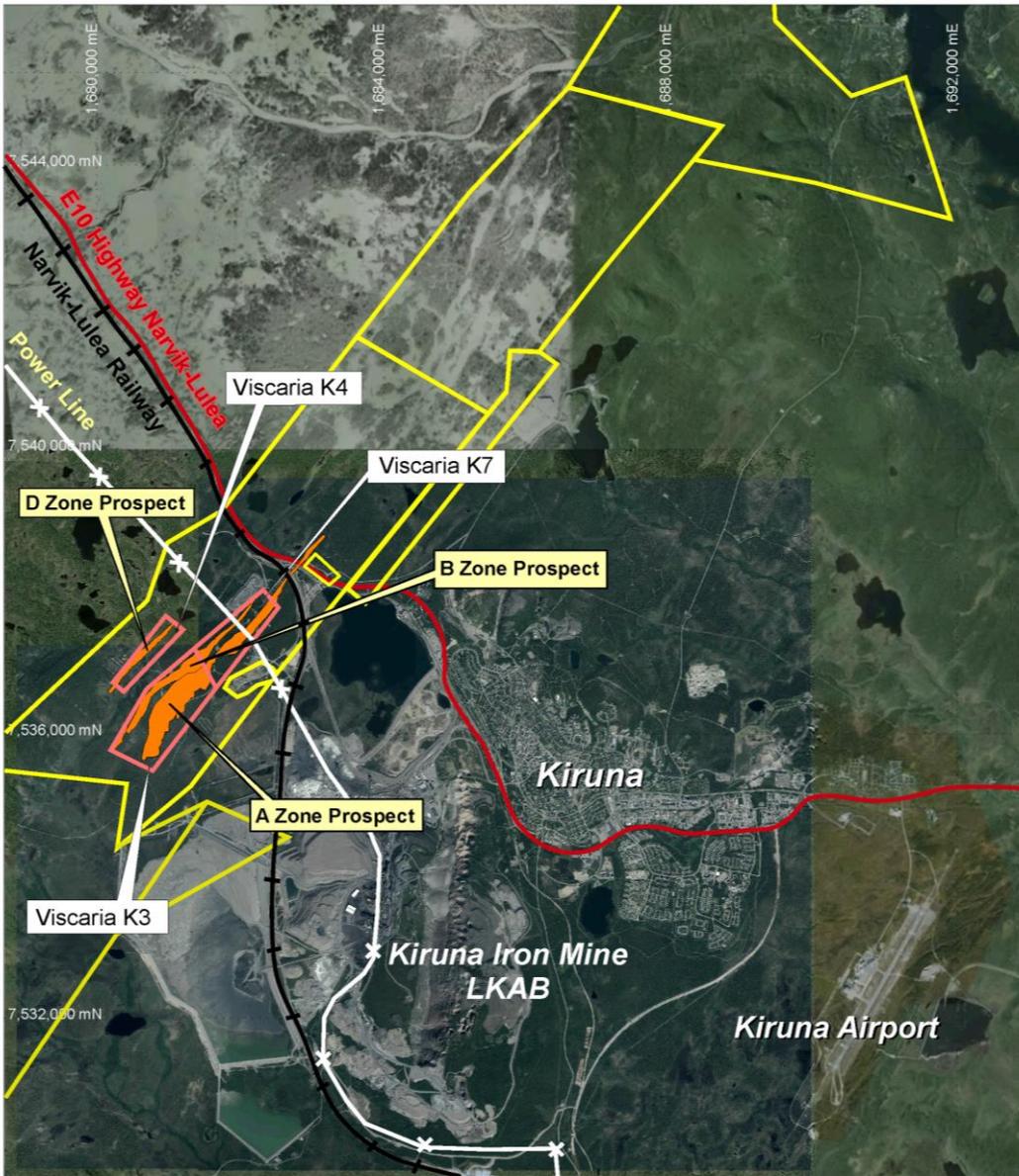


Figure 1: Location of the Viscaria deposits shown in orange, relative to the town of Kiruna (population 20,000), and LKAB's large magnetite mining and beneficiation facilities. Sealed roads, electric rail, powerlines, and airport facilities are shown.

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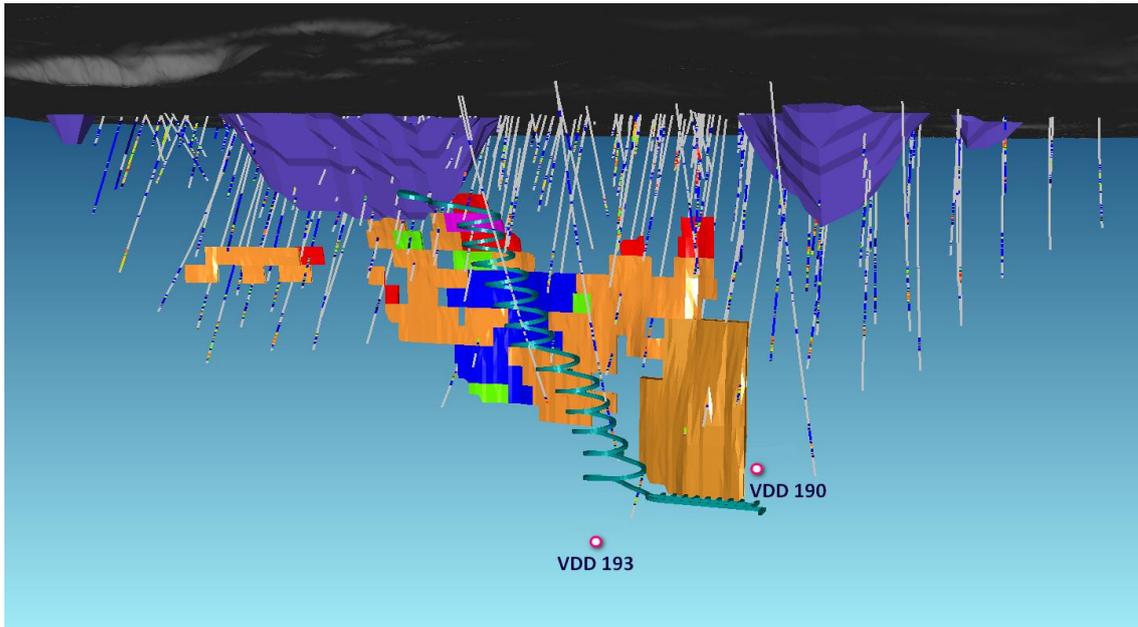


Figure 2: D Zone mine planning scenarios under consideration showing potential open pits and decline development to access potential underground mining positions. With the recent very positive results from VDD 193 (26.7m at 2.6% Cu; see ASX announcement dated 21 September 2015) further mine planning studies will focus on this newly discovered thicker and high grade zone.

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