

28 October 2015

ASX ANNOUNCEMENT



DISCOVERY ZONE

Avalon Minerals Limited ('Avalon' or 'Company') (**ASX: AVI**) entered into a Binding Heads of Agreement ('HoA') with Hannans Reward Ltd. (ASX: HNR) ('Hannans') on 2nd May 2013 regarding acquisition by Avalon of the Discovery Zone copper-iron deposit located 10km south of the Viscaria Copper Project. 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.

On October 9th 2015, Avalon advised Hannans, and released an ASX announcement, that it had not extended the agreement and had issued Hannans with a refund notice for the initial payment of A\$1 million. Avalon is of the view that this amount remains payable.

Avalon also notified the Mines Inspectorate of Sweden of these developments on October 9th.

Subsequent to October 9th, the final documentation required for the exploitation concession application, being the Social Impact Assessment (SIA), was finalised and lodged with the Mines Inspectorate by Avalon.

Avalon is in receipt of a letter from the Mines Inspectorate dated 21 October 2015 which advises that the Discovery Zone exploitation concession is removed from further processing.

Avalon has subsequently written to the Mines Inspectorate seeking clarification.

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

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