ACN 123 184 412

Annual Report

30 June 2008

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AVALON MINERALS LTD

Corporate directory

Directors
David McSweeney
Chairman and Managing Director

Gary Steinepreis
Non-executive
Stephen Stone
Non-executive

Secretary
Desmond Kelly

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Solicitors
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Bankers
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Stock exchange listings
Avalon Minerals Ltd shares are listed on the Australian Securities Exchange,
The home branch is Perth
Ordinary fully paid shares (ASX code AVI)

Principal place of business and registered office in Australia

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AVALON MINERALS LTD

Chairman's Review

Dear Shareholders

The 2008 Financial Year was one of significant achievement for Avalon Minerals Ltd ('Avalon') and was by far the most important in our short but active history.

I'm happy to report that we have achieved an outstanding result from our project generation activities with the purchase of the Viscaria and Adak Copper Mines in Northern Sweden for US$420,000 during the year. These two projects have between them produced over 20 million tonnes of copper and zinc ore historically, and represent our major focus moving forward.

At a time of unprecedented volatility in global financial markets, your Company has laid a solid foundation for future development of Viscaria through the delineation of a combined total JORC compliant resource inventory of 39.9 million tonnes grading 1.3% copper for 515,400 tonnes of contained copper from the A, B and D Zones at Viscaria.

I'm very pleased that within a relatively short amount of time we have been able to define these resources which are of sufficient size and grade to support a study looking into the commercial viability of re-establishing mining operations at Viscaria. This study will look at development of the project in a staged approach, with the potential for an initial open pit start-up operation to deliver cash flow within a few years.

Importantly the Viscaria copper deposits present your Company with a combination of higher grade underground copper resources and shallow open cut copper mineralisation.

The Viscaria Project benefits from the existence of a large drill data base of over 3,000 holes for 260,000 metres and over 30 kilometres of underground drives. Viscaria is well located and is within 4 kilometres of the regional center of Kiruna, (population - 20,000) and has access to low cost hydro power and a modern rail.

As the Company shifts its focus to Sweden the decision was taken during the year to realise the Company's Australian assets by sale or joint venture. Negotiations have already commenced and this process will be ongoing during the 2009 Financial Year.

I am confident that Avalon now has the ideal portfolio of advanced assets and management expertise to grow a mid-tier base metal company over the next few years. Your Company has a clear vision of becoming a copper producer in the near future whilst continuing to explore our tenement holdings for additional high-grade deposits and development opportunities. I strongly believe that we have the strategies in place to achieve our goal of substantially growing shareholder wealth.

I would like to take this opportunity to thank my fellow Directors and staff at Avalon in Australia and Sweden and also thank you, our loyal Shareholders, for your loyalty and support in what has been a difficult year in terms of global volatility.

I look forward to an exciting and rewarding 2009.

Yours sincerely

David McSweeney
Executive Chairman

AVALON MINERALS LTD

Activity Report

PRINCIPAL ACTIVITIES

During the period the principal activities of the group consisted of mineral exploration and evaluation. Avalon's corporate objective is to build a resource mining group based on cash flows from producing operations.

REVIEW OF OPERATIONS

Project Activities - Sweden

During the March Quarter of 2008, Avalon took a significant step forward in its project acquisition strategy after reaching an agreement to acquire the **Viscaria** and **Adak** copper projects in northern Sweden. Both projects have been the subject of earlier mining operations and are part of large mineralised systems with strong potential for additional copper and zinc deposits within the landholdings.

The acquisition of the two advanced copper projects was a landmark achievement for the Company and has enabled Avalon to make significant progress towards near-term production and cash flow through early exploration success.

The projects were acquired from Phelps Dodge ('PD') – a subsidiary of the world's largest publicly traded copper company, Freeport-McMoRan Exploration Corporation – for US$420,000 cash plus an aggregate 1% Net Smelter Royalty ('NSR') on production. This represents an attractive entry to a significant brownfields exploration and development opportunity in the Scandinavian region.

Avalon has moved quickly to apply for additional ground surrounding both the Adak and Viscaria mines including an application for the historical Viscaria tailings dam which contains 13 million tonnes of copper, zinc and iron-rich sands not recovered from the original Outokumpu concentration plant.

Exploration is advanced and the Company plans to commence a pre-feasibility study in the second half of 2008.

Figure 1 - Project Location Map

AVALON MINERALS LTD

Activity Report

Viscaria

Viscaria Overview

The historical Viscaria Copper mine is located in the Norrbotten area of Northern Sweden (see figure 1 above), 4 kilometres from the Kiruna Iron Ore mine, Sweden's largest iron ore mine and the world's second largest underground mine. Viscaria is 80 kilometres north of the 18Mt/annum grading 0.3% copper Aitik copper mine, Europe's largest open cut mine, which is owned by Boliden and currently being expanded to 35Mt/annum.

Outokumpu closed the Viscaria mine in 1997, after approximately **12.54 million tonnes of ore averaging 2.29% copper** had been produced, mainly from the A Zone over a period of 15 years. At the time of its closure, the spot copper price was approximately US$1.00/lb compared to a spot price of over US$2.40/lb today. Only minimal exploration has been conducted at Viscaria since the mine closed.

The main activity by the Company since acquiring the Viscaria project comprised data compilation and digital capture of drilling and mine mapping information. A large digital database inherited from PD was checked and augmented by information obtained from hard copy drill logs and assays stored at the Swedish Geological Survey (SGU) offices in Mala northern Sweden.

Concurrently extensive mine closure plans and sections obtained from the Bergsstaten (Swedish Mines Department) and from the archives of Outokumpu (the Finnish mining company who last mined the deposit up until 1998) were digitized and wireframed to build a three dimensional computerised model. Resource models were then constructed from the drilling data and the mine voids subtracted from these models to arrive at the volumes of remnant ore.

The Viscaria tailings dam is also being assessed through auger drilling and regional exploration targets are being generated through processing and interpretation of modern airborne electromagnetic data covering the Viscaria greenstone rock package within Avalon's tenements which extend along strike to the north and south.

Current JORC code reported Inferred Mineral Resources at Viscaria are:

- **A Zone South – 8.2Mt @ 2.7% Cu;**
- **A Zone North – 5.1Mt @ 1.2% Cu;**
- **B Zone – 24.1Mt @ 0.8% Cu; and**
- **D Zone – 2.5Mt @ 1.6% Cu.**

For a combined total of 39.9Mt @ 1.3% Cu and 515,400 tonnes of copper metal.

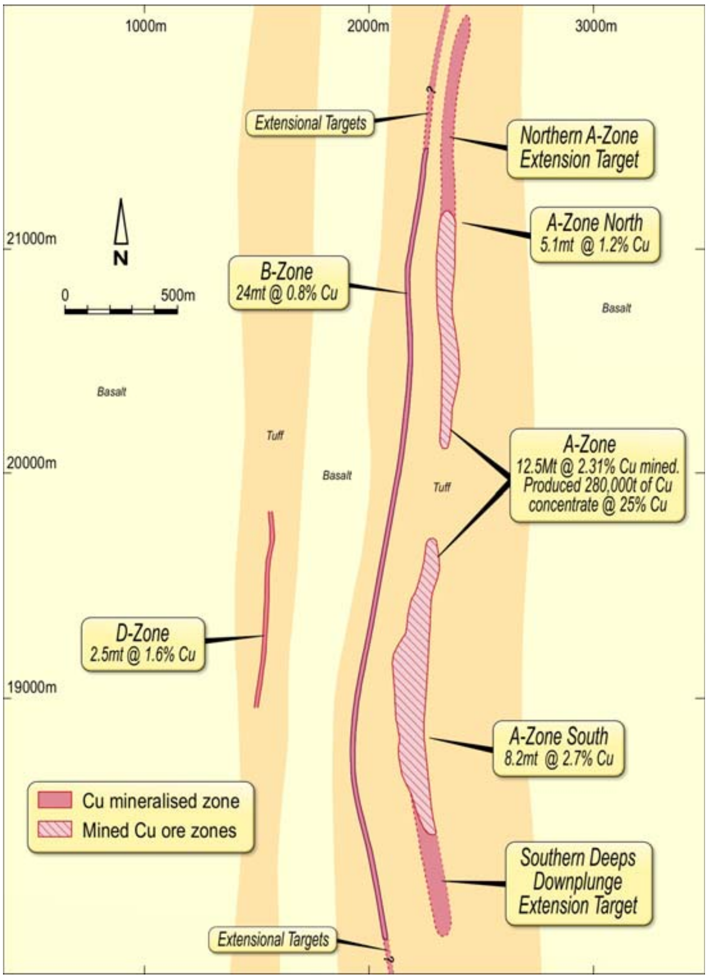

Figure 2 - Viscaria Project Plan View

The 'A' Zone

The Viscaria 'A' Zone is geologically continuous over a defined strike length of 4,000 metres with a central zone (200 metres) of low grade mineralisation separating the 'A' Zone North (2,100 metres) from that in the South (1,700 metres). (See Figure 2 above.)

'A' Zone South Resource

The 'A' Zone South Mineral Resource was estimated by CSA Global after an extensive review of historical data including drilling, mine voids, solid modelling and block modelling. Mine opening information was digitised and modelled from historical mine closure plans with this information used to define and exclude mineralisation in previously mined areas. Historical drilling within the 'A' Zone South ranges from closely spaced grade control drilling to drilling on 25 metre sections.

The 'A' Zone South accounted for more than half of the 12.3 million tonnes @ 2.3% copper ore produced by the previous operators, LKAB and Outokumpu between 1982 and 1997. Copper grades within the 'A' Zone South are commonly greater than 3% copper, with widths greater than 8 metres over considerable strike lengths in some areas of the mine. (See Figure 3).

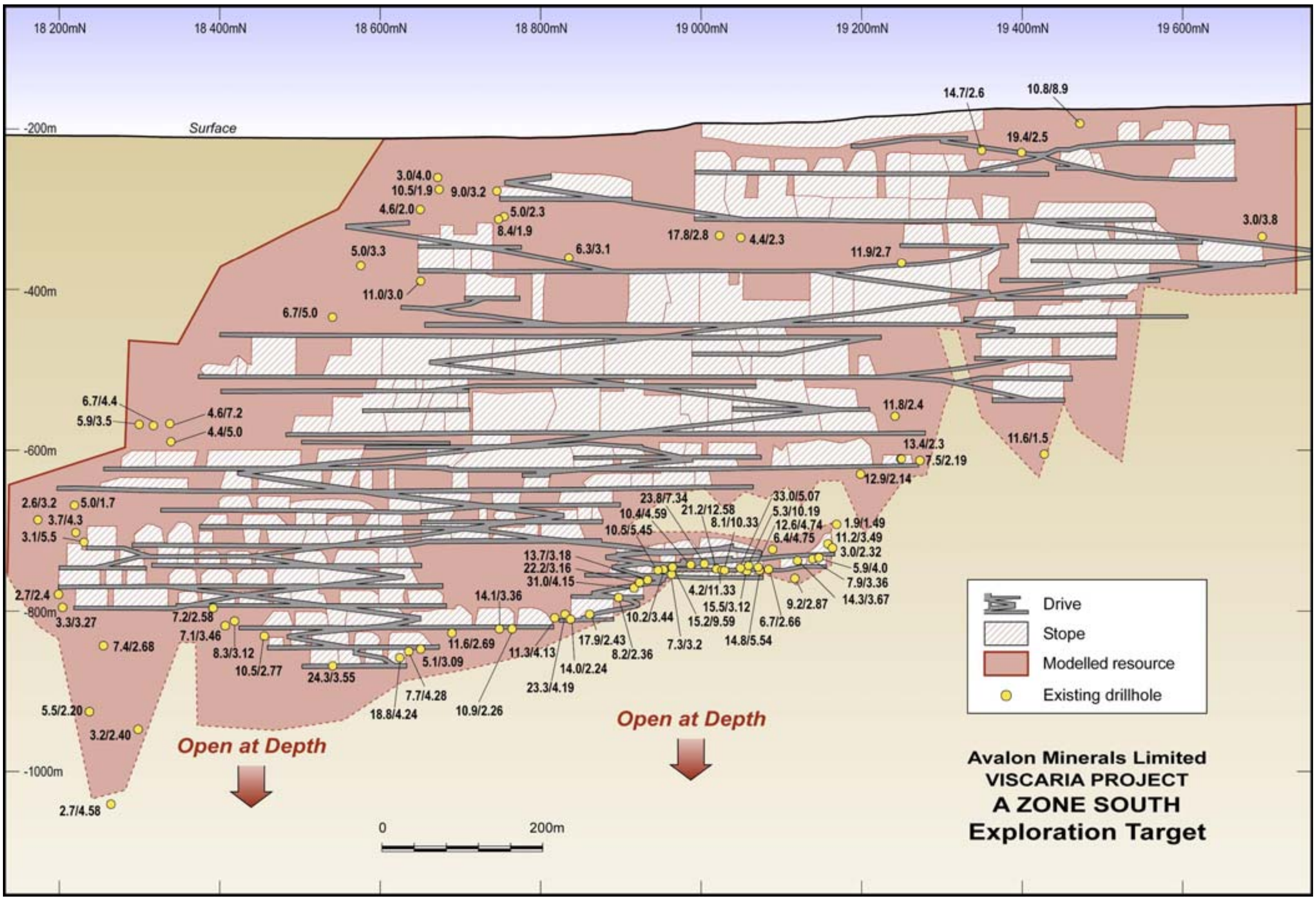

Figure 3 - 'A' Zone South long section – Remnant mining opportunities and high priority high grade exploration targets.

Mineralisation at 'A' Zone South is a tabular layer of mineralisation which dips steeply towards the east and appears to be affected by two shallow south-plunging offsets. The drillhole data and grade modelling show two distinct breaks or offsets in the south-western part of the 'A' zone with mineralisation appearing to overlap in some locations. The down-dip and lateral termination of mineralisation appears limited by lack of drilling rather than un-mineralised holes.

'A' Zone North – 5.1Mt @ 1.2% Cu

The mineralisation of 'A' Zone North is continuous throughout its strike length, steeply dipping towards the east in its northern extremity and thinning out along strike, where it remains largely untested by drilling. (See figure 4.)

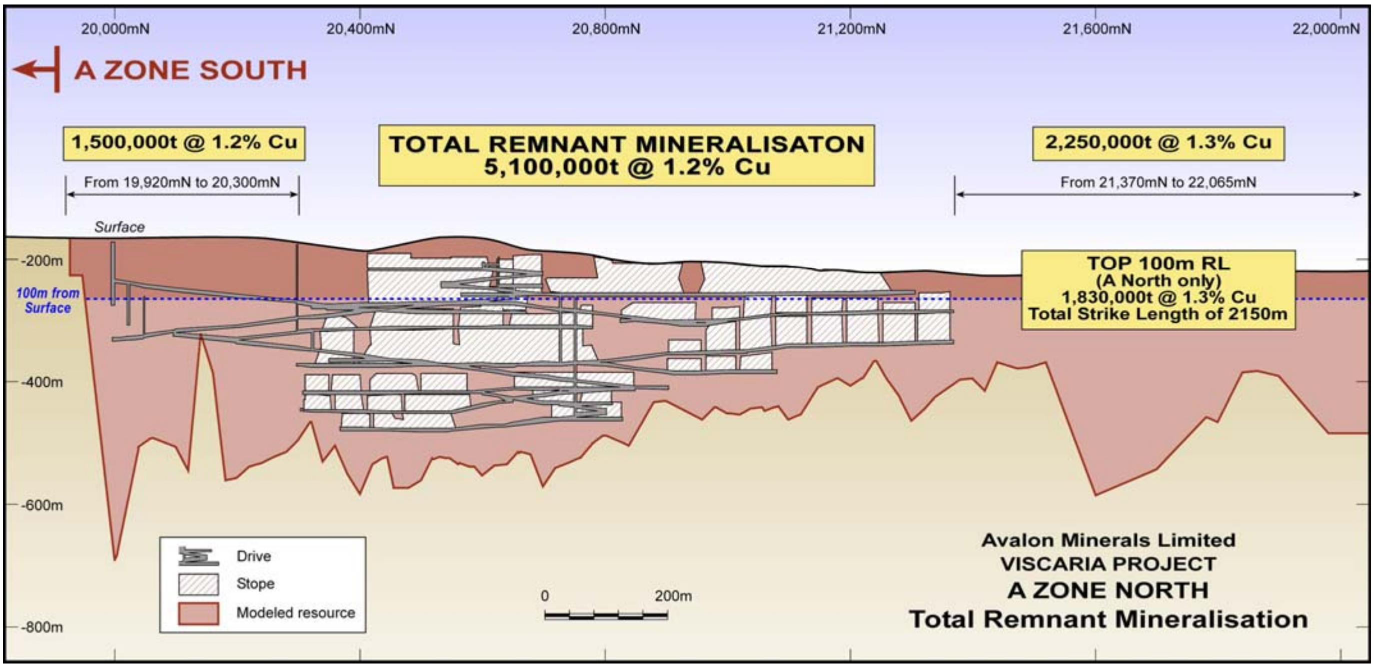

Figure 4 – 'A' Zone North Long Section

'B'Zone – 24Mt @ 0.8% Cu

The largest of the unmined mineralized zones is the 2.8 kilometre long 'B' Zone which lies 200 metres west of the 4 kilometre long 'A' Zone. The bulk of the inferred resources (16.5 million tonnes) in the 'B' Zone is 10 metres wide and below 100 metres. The extensive underground development in the 'A' Zone allows for underground drilling access to drill the 'B'Zone. In addition the 'B' Zone mineralisation is accessible from the existing 'A' Zone decline providing for a possible low-capex approach to underground mining of this zone.

'D' Zone – 2.5Mt @ 1.6% Cu.

The 'D' Zone is approximately 1.5 kilometres long and is situated 400 metres west of the 'B' Zone. The resources contained in the 'D' Zone are within the first 100 metres from the surface providing for an attractive open-cut mining proposition.

Mining Studies

A team of experienced consultants have been appointed to complete a scoping study into the re-opening of the Viscaria mine. Resource estimation and mine design (for both open pit and underground mining) as well as operating and capital budget estimates are being managed by the Company's engineering consultants, CSA Global.

Input into these estimates is being received from Peter George of Rapallo Engineering and Mike Kitney of MSP Consulting (Process Engineering). Peter George is an Australian-based Mining Engineer who has managed and operated underground copper mines in Sweden on behalf of Boliden AB (Sweden's largest base metal mining company).

Mining consultants at CSA Global have commenced open-pit optimisation studies of surface material in the 'D' Zone and the 'A' Zone (north and south) as well as underground mine design studies. With the existence of over 12 kilometres of decline and 20 kilometres of drives, access to remnant ore and new ore deposits at Viscaria will be subject to de-watering of the decline.

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Activity Report

Investigations into the estimated cost and time components involved into de-watererring the ‘A’ Zone have commenced with initial water studies indicating that the water is Ph neutral.

Inferred Mineral Resources will be taken to an Indicated category through drilling planned to start in the latter part of this year. Drilling will be primarily directed towards zones identified from mining studies where resources can be easily upgraded and have the potential to be brought quickly into production.

These remnant positions at shallow levels in the mine are being targeted as a priority for initial mine design studies, in conjunction with drilling to confirm widths and grades of copper mineralisation.

Importantly, the existing +12 km of decline developed to extract ore from the ’A’ Zone is believed to be in good working order and subject to Feasibility Studies and de-watering approvals, the decline could be re-opened. Development of an equivalent decline today would cost in excess of A$35 million.

With both near-surface and underground copper resources available, the Company is examining the opportunity to secure an early cash flow from open pit mining whilst de-watering the main decline to access shallower underground lodes.

Additionally, and in what is a boost to the Company’s development plans, several senior ex-Outokumpu personnel responsible for mining and geology at Viscaria have agreed to provide consulting services to Avalon in Sweden.

Infrastructure

The infrastructure at Viscaria is one of the key factors that initially drew Avalon to purchasing the Viscaria Project. The availability of such high-quality and world-class infrastructure will further enhance the results of the current Scoping Study and subsequent Feasibility Studies.

The key components of infrastructure are:

- **Power** - The Viscaria deposit benefits from access to cheap, readily available hydro-electric power on grid at the equivalent of A$0.05/kw hr;

- **Rail** -The Viscaria Project is crossed by a modern high-tonnage low-cost iron ore transport railway;

- **Plant and Equipment** - A review of available second hand plant and equipment capable of supporting a new flotation plant has commenced; and

- **Skilled workforce** - Sweden is a highly experienced mining country and Viscaria is adjacent to the mining town of Kiruna, which has a population of some 20,000. It is significant to note that labour rates in Sweden have been very stable and have not experienced the massive inflation which has occurred in Australia over the past three years.

Off-take

The Company has commenced marketing studies and has visited the Ronnskar Smelter owned by Boliden AB of Sweden, located 500 kilometres south of Viscaria by rail. Historically, the 25% copper concentrate produced by Outokumpu from Viscaria was sought after by European concentrators as a reliable and clean source of local concentrate.

Subject to the completion of Feasibility studies, the Viscaria mine could once again become a long-term European supplier of copper concentrate.

AVALON MINERALS LTD

Activity Report

Resource and Reserve drilling

The company is advanced in its plans to commence a program of infill drilling at the Viscaria Project. This drilling is designed to upgrade the classification of resource estimates in preparation for inclusion in a Bankable Feasibility Study.

Drilling can be undertaken all year round at Viscaria and is not conditional on seasonal weather conditions. Drilling approval has been obtained from the Swedish mines department and site visits have been made with drillers to provided costing and logistic advice.

An initial infill drilling program of 5000m of diamond drilling has been approved and is scheduled to commence before the end of the year.

<u>Adak</u>

The Adak project is located approximately 250 kilometres south of the Viscaria project with historical mining taking place between 1947 and 1977 for a total of 6.3 million tonnes at 2.02% copper plus 4.75 million tonnes @ 0.87% copper and 3.0% zinc with production of 447,000 tonnes of copper concentrate. The Adak mines were owned by the Swedish Government and operated by Swedish mining house Boliden.

A 600km line airborne VTEM geophysical survey was completed during the year. The data from this survey is being interpreted by Southern Geoscience with the aim of generating exploration resource drilling targets at Adak.

Adak is Avalon's secondary focus in Northern Sweden where digital capture of historical drilling and exploration data for the cluster of six historic Copper-Zinc mines has commenced The Company proposes to offer the Adak project as a joint venture to third parties in the future.

Project Activities – Australia

<u>Lennard Shelf Project Zinc-Lead Project – Rox Resources Earning 60%</u>

Avalon's 2,594km^2 Lennard Shelf Project - located in the acclaimed Lennard Shelf zinc province in the East Kimberley region of Western Australia - encompass a number of advanced zinc exploration targets, including the Oscar Range, Barramundi and Lawford Projects.

During 2008 Avalon signed a major Joint Venture with Rox Resources Ltd ("Rox"). Under the terms of the Joint Venture, Rox had the right to earn up to a 60% interest in the Lennard Shelf Project by the payment of $50,000 upon signing and by completing a minimum expenditure of $500,000 within the first 12 months, followed by the payment of $300,000 in Rox shares and further exploration expenditure totalling $2 million over 4 years. Due to delays with the commencement of exploration activities as a result of losing nearly 12 months in heritage clearance negotiations, Rox has agreed to pay Avalon $50,000 to withdraw from the Lennard Shelf Joint Venture. The Lennard Shelf tenements have subsequently been relinquished.

<u>Resource Properties Pty Ltd (RPPL) ELA's – Uranium</u>

Avalon strengthened its position in Australian uranium exploration through the acquisition of a substantial exploration portfolio covering 1,900km^2 in Western Australia's Kimberley and Yilgarn regions through the 100% acquisition of privately held company Resource Properties Pty Ltd.

Newly established Haliburn Resources Limited has entered into an agreement with Avalon's wholly owned subsidiary Resource Properties Pty Ltd to acquire a 100% interest in the tenements for a consideration of 5,000,000 ordinary shares in the Haliburn Resources Limited IPO plus $100,000 cash. The agreement is subject to the listing of Haliburn on the Australian Securities Exchange (ASX).

AVALON MINERALS LTD

Activity Report

<u>Empress Springs – Gold, Uranium and Base Metals – Avalon 70%</u>

In 2007, Avalon entered into a Joint Venture agreement with ASX-listed nickel producer, Independence Group NL, to earn a 70% interest in the Empress Springs gold, base metals and uranium project in North Queensland.

The project, located 40 kilometres south of Croydon, comprises one granted EPM (15416) and one application EPM (15414) which together cover a total area of 833 square kilometres.

The project is situated within a well-known gold producing region with historical production of 750,000oz at Croydon and the nearby recent discovery by Gold Aura Ltd of polymetallic mineralisation at Wallabadah, located 30 kilometres north of Croydon.

Avalon was successful in its application to the Queensland government with a grant of $65,000 in funds allocated by the government towards exploration drilling at Empress Springs to test beneath transported cover target zones of combined soil, geo-botanical and favourable structures**.**

During the year, Avalon conducted a field program of MMI soil and geobotanical sampling over some of the targets - previously identified by Mining Consultants SRK within EPM 15416 - to assist in defining priority drill targets. The samples were delivered to laboratories in Perth and two large coincident polymetallic geochemical anomalies - T1 & T2 (2150m and 5250m in length) - were confirmed by both geochemical methods.

A program of MMI and geobotanical sampling planned to both infill and extend coverage within EPM15416 and on to EPM15414 together with bedrock geochemical drilling and geophysical mapping was designed and costed. With Avalon's focus shifting to the Swedish copper projects the Company has decided not to proceed with further exploration at Empress Springs.

Project Generation

Avalon continued to assess additional mineral project opportunities both in Australia and internationally.

AVALON MINERALS LTD

Directors' report

Your directors present their report on Avalon Minerals Ltd ("Avalon" or "Company") and the entities it controlled ("Consolidated Entity" or "Group") for the financial year ended 30 June 2008.

Directors

The following persons were directors of Avalon Minerals Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

- D L McSweeney
- G C Steinepreis
- S Stone

Principal activities

During the period the principal activities of the group consisted of mineral exploration and evaluation.

Dividends

No dividends were paid to members during the financial period and the directors do not recommend the payment of a dividend.

Review of operations

A summary of consolidated revenues and results is set out below:

	2008 **$**	2007 $
Revenue	**190,249**	33,535
Loss before income tax expense	**(1,733,958)**	(367,207)
Income tax expense		-
Loss attributable to members of Avalon Minerals Ltd	**(1,733,958)**	(367,207)

Financial Position

During the period the Company had a net increase in contributed equity of $1,851,849 (from $5,273,763 to $7,125,612) as a result of:

- The issue of 4,000,000 ordinary fully paid shares at 22 cents each to acquire Resource Properties Pty Ltd;
- a placement of 6,600,000 ordinary fully paid shares at 15.5 cents each to raise $1,023,000; and
- payment of capital raising and share issue costs of $51,151.

At the end of the financial period the group had net cash balances of $1,458,455 and net assets of $5,201,410.

Total liabilities amounted to $541,432 and were limited to trade and other creditors.

AVALON MINERALS LTD

Directors' report

Review of operations (continued)

Exploration

Avalon's corporate objective is to build a resource mining group based on cash flows from producing operations.

Lennard Shelf Project Zinc-Lead Project – Rox Resources Earning 60%

Avalon's 2,594km^2 Lennard Shelf Project - located in the acclaimed Lennard Shelf zinc province in the East Kimberley region of Western Australia - encompass a number of advanced zinc exploration targets, including the Oscar Range, Barramundi and Lawford Projects.

During the first quarter Avalon signed a major Joint Venture with Rox Resources Ltd. Under the terms of the Joint Venture, Rox had the right to earn up to a 60% interest in the Lennard Shelf Project by the payment of $50,000 upon signing and by completing a minimum expenditure of $500,000 within the first 12 months, followed by the payment of $300,000 in Rox shares and further exploration expenditure totalling $2 million over 4 years. Rox has agreed to pay Avalon $50,000 to withdraw from the JV. The Lennard Shelf tenements have subsequently been relinquished.

Resource Properties Pty Ltd (RPPL) ELA's – Uranium

Avalon strengthened its position in Australian uranium exploration through the acquisition of a substantial exploration portfolio covering 1,900km^2 in Western Australia's Kimberley and Yilgarn regions through the 100% acquisition of privately held company RPPL.

Newly established Haliburn Resources Limited has entered into an agreement with Avalon's wholly owned subsidiary Resource Properties Pty Ltd to acquire a 100% interest in the tenements for a consideration of 5,000,000 ordinary shares in the Haliburn Resources Limited IPO. The agreement is subject to the listing of Haliburn on the Australian Securities Exchange.

Empress Springs – Gold, Uranium and Base Metals – Avalon 70%

In 2007, Avalon entered into a Joint Venture agreement with ASX-listed nickel producer, Independence Group NL, to earn a 70% interest in the Empress Springs gold, base metals and uranium project in North Queensland.

The project, located 40km south of Croydon, comprises one granted EPM (15416) and one application EPM (15414) which together cover a total area of 833km^2.

The project is situated within a well-known gold producing region with historical production of 750,000oz at Croydon and nearby the recent discovery by Gold Aura Ltd of polymetallic mineralisation at Wallabadah, located 30 km north of Croydon.

During the year, Avalon conducted a field program of MMI soil and geobotanical sampling over some of the targets - previously identified by Mining Consultants SRK within EPM 15416 - to assist in defining priority drill targets. The samples were delivered to laboratories in Perth and two large coincident polymetallic geochemical anomalies - T1 & T2 (2150m and 5250m in length) - were confirmed by both geochemical methods.

Further MMI and geobotanical sampling is planned to both infill and extend coverage within EPM15416 and on to EPM15414. Bedrock geochemical drilling and geophysical mapping is also proposed, and will assist with better definition of drill targets.

AVALON MINERALS LTD

Directors' report

Review of operations (continued)

Funding is to be received by Avalon to the value of $64,250 from the Queensland Government under their Collaborative Drilling Initiative for a program of bedrock drilling to test beneath transported cover target zones of combined soil, geo-botanical and favourable structure.

Sweden

During the March Quarter 2008, Avalon took a significant step forward in its project acquisition strategy after reaching agreement to acquire the **Viscaria** and **Adak** copper projects in northern Sweden. Both projects have been the subject of earlier mining operations and are part of large mineralised systems with strong potential for additional copper and zinc deposits within the landholdings.

The acquisition of the two advanced copper projects is a landmark achievement for the Company and will enable Avalon to progress towards near-term production and early exploration success.

The projects were acquired from Phelps Dodge – a subsidiary of the world's largest publicly traded copper company, Freeport-McMoRan Exploration Corporation – for US$420,000 cash plus an aggregate 1% Net Smelter Royalty (NSR) on production. This represents an attractive entry to a significant brownfields exploration & development opportunity in the Scandinavian region.

Avalon has moved quickly to apply for additional ground surrounding both the Adak and Viscaria mines including an application for the historical Viscaria tailings dam containing 13mt of copper, zinc and iron rich sands not recovered from the original Outokumpu concentration plant.

Exploration is advanced and the Company plans to commence a pre-feasibility study in the second half of 2008.

Project Generation

Avalon continued to assess additional mineral project opportunities both in Australia and internationally.

Corporate

On 2 August 2007 the Company issued 4,000,000 ordinary shares to a vendor as consideration for the purchase of 100% of the issued capital of Resource Properties Pty Ltd.

On 14 April 2008 the Company issued 6,600,000 ordinary shares to a sophisticated investor in order to raise $1,023,000.

Earnings per share	**2008 Cents**	2007 Cents
Basic and diluted earnings per share	**(3.85)**	(1.32)

Significant changes in the state of affairs

Other than those matters shown above, no significant changes in the state of affairs of the group occurred during the financial period.

AVALON MINERALS LTD

Directors' report

Matters subsequent to the end of the financial period

On 4 August 2008 the Company reached agreement with newly established company Haliburn Resources Limited ("Haliburn") whereby Haliburn will acquire a 100% right to all tenements held by the Company's wholly owned subsidiary Resources Properties Pty Ltd. The consideration for the sale is 5,000,000 ordinary shares in Haliburn. Haliburn plans to list on the Australian Securities Exchange.

On 22 August 2008 Rox Resources Limited withdrew from the Lennard Shelf Joint Venture. These tenements have now been relinquished.

No other matter or circumstance has arisen since 30 June 2008 that has significantly affected, or may significantly affect:

(a) the Consolidated Entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

Other than likely developments contained in the "Review of operations", further information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity is subject to the environmental laws and regulations imposed under the Mining Act 1978 (Western Australia), the Mineral Resources Act 1989 (Queensland) and the Environmental Code 1998 (Sweden) depending on the activities being undertaken. The group is currently engaged in exploration activities which are governed by conditions or recommendations imposed through the granting of a licence or permit to explore. Compliance with these laws and regulations is regarded as a minimum standard for the Consolidated Entity to achieve. There were no known breaches of any environmental laws or regulations during the year.

Information on directors

DAVID MCSWEENEY *Chairman – Executive*

Experience and expertise
Mr McSweeney holds a Bachelor of Law degree and is a member of the Institute of Company Directors. He has over 20 years experience in the resource sector ranging from exploration to project management, project finance, commercial and legal structuring and corporate development. A founder of Gindalbie Metals, Mr McSweeney was the Managing Director from 1998 to December 2006 and oversaw the discovery and commissioning of two successful gold production centres.

Other directorships of ASX listed companies in the past three years

Current
Bauxite Resources Limited – since 20 November 2007

Former
Gindalbie Metals – 1998 to December 2006
Dynasty Metals – 8 January 2007 to 6 September 2007

AVALON MINERALS LTD

Directors' report

Information on directors (continued)

GARY STEINEPREIS *Non-executive Director*

Experience and expertise
Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Other directorships of ASX listed companies in the past three years

Current

RMG Limited – since 31 January 2006
Signature Brands Ltd – since 1 June 2006
WAG Limited – since 22 December 2005
Black Fire Energy Limited – since 29 November 2006
Southern Pacific Petroleum – since 11 October 2007
Croesus Mining NL (subject to deed of company arrangement) – since 10 July 2007

Former

Deep Yellow Limited – 20 August 2004 to 10 October 2005
Western Metals Limited – 3 October 2005 to 26 June 2006
Monitor Holdings Ltd – 16 April 2004 to 18 January 2007
KarmelSonix Limited – 18 August 2003 to 21 November 2006
GB Energy Limited – 13 March 2006 to 29 August 2007
Toodyay Resources Ltd – 22 December 2005 to 23 October 2007
Gawler Resources Ltd – 17 May 2006 to 27 November 2007

STEPHEN STONE *Non-executive Director*

Experience and expertise
Mr Stone graduated with honours in Mining Geology from the University of Cardiff, Wales, and has over 25 years operating, management and corporate experience in the international mining and exploration industry including 18 years as chief executive of publicly listed exploration companies. He is a member of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors.

Other directorships of ASX listed companies in the past three years

Current

Azumah Resources Limited – since 8 November 2006

Former

Apex Minerals NL – 31 October 2001 to 3 July 2006

AVALON MINERALS LTD

Directors' report

Information on directors (continued)

Company secretary

DESMOND KELLY BComm, CPA, MAICD *Company Secretary*

Des Kelly has over 30 years financial and corporate management experience focused mainly in the resources sector. He was Dominion Mining's Group Chief Accountant in that company's key growth phase in the mid-eighties and, between 1994 and 1998 held the roles of Finance Director and Managing Director of Horizon Mining NL before establishing his own corporate management consulting business. Mr Kelly now contributes corporate and administration management expertise to several listed groups including Universal Resources, Nylex Limited and CI Resources Ltd.

Directors' interests in shares and options

As at the date of this report the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares		Options over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
D McSweeney	4,510,000	3,839,706	8,500,000	1,500,000
G Steinepreis	750,000	800,000	500,000	-
S Stone	720,000	30,000	500,000	-

Meetings of directors

The number of meetings of the Company's board of directors held during the period ended 30 June 2007 and the number of meetings attended by each director were:

	Full meetings of Directors	
	Held	**Attended**
D McSweeney	7	7
G Steinepreis	7	7
S Stone	7	7

Held – denoted the number of meetings held during the time the director held office.

Retirement, election and continuation in office of directors

Mr G Steinepreis was appointed as a director on 20 December 2006. In accordance with the Constitution Mr Steinepreis will retire as a director at the Annual General Meeting and, being eligible, will offer himself for re-election.

AVALON MINERALS LTD

Directors' report

Remuneration report (Audited)

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

A Principles used to determine the nature and amount of remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

The Consolidated Entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on exploration success as the creation of shareholder value and returns
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework currently consists of fixed salaries.

Director and executive remuneration is currently not linked to either long term or short term performance conditions. The board feels that the expiry date and exercise price of the options currently on issue to the directors and executives is sufficient to align the goals of the directors and executives with those of the shareholders to maximize shareholder wealth, and as seen, has not set any performance conditions for the directors or the executives of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

The overall level of executive reward takes into account the performance of the Consolidated Entity. The Consolidated Entity is involved in mineral exploration and did not derive a profit and therefore growth in earnings is not considered relevant. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly. During the same period, average executive remuneration has been maintained in accordance with industry standards.

Remuneration report (Audited) (continued)

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also has agreed to the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

The current base remuneration was last reviewed with effect from 16 January 2007. Directors' remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at $300,000.

Retirement allowances for directors

Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits
- long-term incentives through participation in the Employee Share Option Scheme and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

- *Base pay*

  Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

  Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market.

  There are no guaranteed base pay increases included in any senior executives' contracts.

- *Benefits*

  Executives may receive benefits including memberships, car allowances and reasonable entertainment.

- *Retirement benefits*

  Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

Remuneration report (Audited) (continued)

- *Employee Share Option Scheme*

  Information on the Employee Share Option Scheme is set out on page 50.

B Details of remuneration

Details of the remuneration of the directors and the key management personnel of Avalon Minerals Ltd are set out in the following tables.

2008	**Short-term benefits**		**Post-employment benefits**	**Share-based payments**		
Name	**Cash salary and fees $**	**Non-monetary benefits $**	**Superannuation $**	**Remuneration received as options %**	**Options $**	**Total $**
Directors of Avalon Minerals Ltd						
D McSweeney	300,000	3,174	29,250	-	-	332,424
G Steinepreis	35,000	3,174	-	-	-	38,174
S Stone	36,459	3,174	-	-	-	39,633
Other key management personnel						
D J Kelly	40,200	3,174	-	42.63%	32,239	75,613
G Hewlett	133,333	-	12,000	32.62%	70,375	215,708
Total	**544,992**	**12,696**	**41,250**		**102,614**	**701,552**

2007	**Short-term benefits**		**Post-employment benefits**	**Share-based payments**		
Name	**Cash salary and fees $**	**Non-monetary benefits $**	**Superannuation $**	**Remuneration received as options %**	**Options $**	**Total $**
Directors of Avalon Minerals Ltd						
D McSweeney*	135,031	265	11,250	23.91%	46,050	192,596
G Steinepreis**	8,750	265	-	17.37%	1,895	10,910
S Stone***	8,750	265	-	17.37%	1,895	10,910
D Steinepreis****	-	-	-	-	-	-
Other key management personnel						
D J Kelly*****	9,000	265	-	-	-	9,265
Total	**161,531**	**1,060**	**11,250**		**49,840**	**223,681**

* Mr D McSweeney was appointed a director on 20 December 2006. Executive Chairman's salary was paid from 1 February 2007.
** Mr G Steinepreis was appointed a director on 20 December 2006. Non-executive directors' fee was paid from 1 April 2007.
*** Mr S Stone was appointed a director on 15 January 2007. Non-executive directors' fee was paid from 1 April 2007.
**** Mr D Steinepreis was appointed a director on 20 December 2006 and resigned on 15 January 2007. No directors' fees were paid to Mr Steinepreis.
***** Mr D Kelly was appointed Company Secretary on 2 April 2007.

Other transactions with directors

There were no other transactions with directors.

Directors' report

C Service Agreements

Remuneration and other terms of employment for the Executive Chairman, Exploration Manager and the Company Secretary are formalised in service agreements.

The agreement for the Executive Chairman provides for the provision of other benefits including car allowances and participation, when eligible, in the Employee Share Option Scheme.

The agreement for the Exploration Manager provides for the provision of other benefits including car allowances and participation, when eligible, in the Employee Share Option Scheme.

The agreement for the Company Secretary provides for the provision of consulting fees and participation, when eligible, in the Employee Share Option Scheme.

Other major provisions of the agreements relating to remuneration are set out below.

D McSweeney, *Executive Chairman*

- Term of agreement – For a period of 3 years with a notice period 3 months and the payment of 9 months salary.

- Base salary, exclusive of superannuation and other benefits, for the year ended 30 June 2008 of $300,000, to be reviewed annually. Provision of four weeks annual leave.

D Kelly, *Company Secretary*

- Term of agreement – twelve months, notice period of two months.

- Annual consulting fees of $52,800 for the 12 months from 2 April 2008, renegotiable at the end of the contract period.

G Hewlett, *Exploration Manager*

- Term of agreement – not specified, notice period of one month.
- Salary of $200,000 to be reviewed annually.

D Share-based compensation (audited)

Options were granted pursuant to the Employee Share Option Scheme.

Options were granted for no consideration.

Remuneration report (Audited) (continued)

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
10 October 2007	31 January 2010	20 cents	$0.1006	At any time during the option period
10 October 2007	31 January 2010	40 cents	$0.0419	At any time during the option period
12 October 2007	31 January 2010	20 cents	$0.1006	At any time during the option period
12 October 2007	31 January 2010	40 cents	$0.0419	At any time during the option period
15 October 2007	31 January 2010	20 cents	$0.1005	At any time during the option period
15 October 2007	31 January 2010	40 cents	$0.0418	At any time during the option period
9 January 2008	31 January 2010	25 cents	$0.0504	At any time during the exercise period
9 January 2008	31 January 2010	40 cents	$0.0366	From 9 January 2009

Options carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

The amounts disclosed for emoluments relating to options issued to directors and other key management personnel are the assessed fair values at the date of grant and allocated equally over the period from grant date to vesting date. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Further details relating to options are set out below.

Name	A Remuneration consisting of options	B Value at grant date $	C Value at exercise date $	D Value at lapse date $	E Total of columns B-D $
D Kelly	42.63%	32,239	-	-	32,239
G Hewlett	32.62%	70,375	-	-	70,375
Total		**102,614**	**-**	**-**	**102,614**

A = The percentage of the value of remuneration consisting of options is based on the value at grant date as set out in column B.
B = The value at grant date is calculated in accordance with AASB 2 *Share-based Payments* for options granted during the year as part of remuneration.
C = The value at exercise date represents intrinsic value and determined at the date of exercise.
D = The value at lapse date of options represents intrinsic value and determined at the date of lapse.

Remuneration report (Audited) (continued)

	Number of Options Granted During the period	Number of Options Vested During the period
	2008	**2008**
Directors of Avalon Minerals Ltd		
D McSweeney	-	-
G Steinepreis	-	-
S Stone	-	-
Other key management personnel		
D J Kelly	500,000	500,000
G Hewlett	1,000,000	1,000,000

	Number of Options Granted During the period	Number of Options Vested During the period
	2007	**2007**
Directors of Avalon Minerals Ltd		
D McSweeney	10,000,000	10,000,000
G Steinepreis	500,000	500,000
S Stone	500,000	500,000
Other key management personnel		
D J Kelly	-	-

There were no ordinary shares issued as a result of the exercise of options.

E Additional information

Given Avalon Minerals Ltd is involved in mineral exploration and performance is measured by exploration success, the remuneration of the persons referred to above is not dependent on the satisfaction of a performance condition or company performance.

Share options granted to directors and the most highly remunerated officers

Options over unissued ordinary shares of Avalon Minerals Ltd granted during or since the end of the financial period to any of the directors and the most highly remunerated officers of the Consolidated Entity as part of their remuneration were as follows:

	Date of grant	Options granted
Other key management personnel of Avalon Minerals Ltd		
D Kelly, *Company Secretary*	10 October 2007	500,000
G Hewlett, *Exploration Manager*	10 October 2007	1,000,000

- End of Remuneration Report -

Directors' report

Share options

Un-issued Shares

As at the date of this report, as detailed below, there were 13,000,000 un-issued ordinary shares under option.

Shares under option

Unissued ordinary shares of Avalon Minerals Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
7 February 2007	31 January 2010	20 cents	5,400,000
7 February 2007	31 January 2010	40 cents	5,600,000
10 October 2007	31 January 2010	20 cents	800,000
10 October 2007	31 January 2010	40 cents	950,000
9 January 2008	31 January 2010	25 cents	125,000
9 January 2008	31 January 2010	40 cents	125,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Option holders do not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

Shares Issued as a result of the Exercise of Options

There were no shares issued as a result of the exercise of options in the financial period

Insurance of officers

During the period the Company paid a premium to insure the directors and officers of the Company. Under the terms of the policy the Company cannot publish amounts paid for premiums or the extent of the liabilities insured.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

No non-audit services were provided by the Company's auditor, Ernst & Young.

AVALON MINERALS LTD

Directors' report

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 27.

This report is made in accordance with a resolution of the directors.

D McSweeney
Executive Chairman
Perth, Western Australia

30 September 2008

AVALON MINERALS LTD

Auditors Independence Declaration

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Auditor's Independence Declaration to the Directors of Avalon Minerals Ltd

In relation to our audit of the financial report of Avalon Minerals Ltd. for the financial year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
30 September 2008

VT:LB:AVALON:017

AVALON MINERALS LTD

Corporate Governance Disclosures

During the financial year until 30 June 2008 the Company has complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Principle Ref.	Recommendation Ref.	Notification of Departure	Explanation for Departure
2	2.2; 2.3	The Chairman is the Managing Director of the Company	The board considers that the executive role carried out by the Chairman (David McSweeney) is in the best interests of the Company for the following reasons: (a) as the founder of the Company, Mr McSweeney's leadership, both from a long-term strategic and short-term day-to-day operational perspective is critical to the successful development of the Company; (b) given that the Group is in an exploration and evaluation phase, the board considers that the need for a separate Managing Director is not yet critical; and (c) as a result of (a), the carrying out of both roles by Mr McSweeney is in line with expectations of current investors and key to the attraction of future investors. The board intends to reconsider the duality of Mr McSweeney's role and the merits of appointing a new Managing Director as the Company moves closer to production.
2	2.4	There was no Nomination Committee	In the board's view there are no efficiencies to be gained by establishing a separate Nomination Committee. The full board carries out the functions of the Nomination Committee.
4	4.3	There was no audit committee	The full board carries out the functions of the audit committee. Of the three directors, two are considered independent. The Board considers that it is not necessary to form an audit committee at this stage given the size of the Company.
9	9.2	There was no separate Remuneration Committee	The full board carried out the functions of the Remuneration Committee. All matters of remuneration were determined by the board in accordance with the Corporations Act 2001 requirements, especially in respect of related party transactions. That is, no director participated in any deliberation regarding his own remuneration or related issues.

AVALON MINERALS LTD

Financial report – 30 June 2008

Contents

Avalon Minerals Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Avalon Minerals Ltd
Unit 2, 2 Richardson Street
West Perth WA 6005

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 30 September 2008. The Consolidated Entity has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Consolidated Entity. All press releases, financial reports and other information are available on our website: www.avalonminerals.com.au

For queries in relation to our reporting please call +61 8 9322 2752 or e-mail info@avalonminerals.com.au.

Income Statement
For the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Revenue from continuing operations	5	**190,249**	33,535	**190,249**	33,535
Employee benefits expense	6	**(487,190)**	(213,622)	**(483,669)**	(213,622)
Office occupancy costs		**(119,221)**	(16,403)	**(118,911)**	(16,403)
Corporate and administration expenses		**(345,392)**	(72,595)	**(334,303)**	(72,595)
Depreciation	6	**(37,158)**	(7,076)	**(37,070)**	(7,076)
Exploration expenditure	13	**(929,987)**	(14,147)	**(703,014)**	(14,147)
Provision for impairment	11	**-**	-	**(1,250,000)**	-
Provision for non-recovery of intercompany loan	11	**-**	-	**(531,677)**	-
Share issue costs on incorporation		**-**	(69,095)	**-**	(69,095)
Foreign exchange loss	6	**(806)**	-	**-**	-
Other expenses from ordinary activities		**(4,453)**	(7,804)	**(4,450)**	(7,804)
Loss before income tax		**(1,733,958)**	(367,207)	**(3,272,845)**	(367,207)
Income tax expense	7	**-**	-	**-**	-
Loss attributable to members of Avalon Minerals Ltd		**(1,733,958)**	(367,207)	**(3,272,845)**	(367,207)

Earnings per share for loss attributable to the ordinary equity holders of the Company

	Note	**Cents**	Cents
Basic earnings per share	28	**(3.85)**	(1.32)
Diluted earnings per share	28	**(3.85)**	(1.32)

The above Income Statements should be read in conjunction with the accompanying notes.

AVALON MINERALS LTD

Balance Sheet
As at 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Current assets					
Cash and cash equivalents	8	**1,458,455**	3,144,308	**1,365,710**	3,144,298
Trade and other receivables	9	**86,715**	56,255	**65,155**	56,255
Non-current assets held for sale	10	**111,162**	-	**-**	-
Total current assets		**1,656,332**	3,200,563	**1,430,865**	3,200,553
Non-current assets					
Other financial assets	11	**25,354**	-	**2,524,441**	1,250,000
Plant and equipment	12	**173,060**	72,101	**167,868**	72,101
Exploration and evaluation	13	**3,888,096**	1,926,667	**40,498**	676,677
Total non-current assets		**4,086,510**	1,998,768	**2,732,807**	1,998,778
Total assets		**5,742,842**	5,199,331	**4,163,672**	5,199,331
Current liabilities					
Trade and other payables	14	**541,432**	242,935	**501,149**	242,935
Total current liabilities		**541,432**	242,935	**501,149**	242,935
Total liabilities		**541,432**	242,935	**501,149**	242,935
Net assets		**5,201,410**	4,956,396	**3,662,523**	4,956,396
Equity					
Contributed equity	15	**7,125,612**	5,273,763	**7,125,612**	5,273,763
Reserves	16	**176,963**	49,840	**176,963**	49,840
Accumulated losses	17	**(2,101,165)**	(367,207)	**(3,640,052)**	(367,207)
Total equity		**5,201,410**	4,956,396	**3,662,523**	4,956,396

The above Balance Sheet should be read in conjunction with the accompanying notes.

AVALON MINERALS LTD

Statement of Changes in Equity
For the year ended 30 June 2008

		Consolidated		Parent entity	
	Note	**2008**	2007	**2008**	2007
		$	$	**$**	$
Total equity at the beginning of the financial year		**4,956,396**	-	**4,956,396**	-
Loss for the year		**(1,733,958)**	(367,207)	**(3,272,845)**	(367,207)
Total recognised income and expense for the year		**(1,733,958)**	(367,207)	**(3,272,845)**	(367,207)
Equity transactions					
Share options		**127,123**	49,840	**127,123**	49,840
Contributions of equity		**1,903,000**	5,273,763	**1,903,000**	5,273,763
Share issue costs		**(51,151)**	-	**(51,151)**	-
Total equity at the end of the financial year		**5,201,410**	4,956,396	**3,662,523**	4,956,763

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AVALON MINERALS LTD

Cash Flow Statement
For the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Cash flows from operating activities					
Payments to suppliers and employees (inclusive of goods and services tax)		**(634,824)**	(296,929)	**(553,135)**	(296,929)
Security deposits		**(11,520)**	-	**(11,520)**	-
Sundry income		**50,000**	-	**50,000**	-
Interest received		**140,249**	33,535	**140,249**	33,535
Net cash outflows from operating activities	27	**(456,095)**	(263,394)	**(374,406)**	(263,394)
Cash flows from investing activities					
Payments for plant and equipment		**(138,118)**	(79,177)	**(132,838)**	(79,177)
Payments for investments in controlled entities		**(100,000)**	-	**(134,902)**	-
Loans to other entities		**(25,354)**	-	**(25,354)**	-
Loans to controlled entities		**-**	-	**(2,015,862)**	-
Payments to acquire exploration properties		**(451,128)**	(250,000)	**-**	(250,000)
Exploration and evaluation expenditure		**(1,487,007)**	(136,884)	**(67,075)**	(136,894)
Net cash inflow from investing activities		**(2,201,607)**	(446,061)	**(2,376,031)**	(446,071)
Cash flows from financing activities					
Proceeds from issues of securities	15(b)	**1,023,000**	4,045,000	**1,023,000**	4,045,000
Costs of share issues	15(b)	**(51,151)**	(171,237)	**(51,151)**	(171,237)
Net cash (outflow)/inflow from financing activities		**971,849**	3,873,763	**971,849**	3,873,763
Net increase/(decrease) in cash and cash equivalents held		**(1,685,853)**	3,144,308	**(1,778,588)**	3,144,298
Cash and cash equivalents at the beginning of the financial year		**3,144,308**	-	**3,144,308**	-
Cash and cash equivalents at the end of the financial year	8	**1,458,455**	3,144,308	**1,365,710**	3,144,298

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied for the financial year to 30 June 2008, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on the basis of the going concern and historical cost conventions.

The company and the consolidated entity incurred operating losses after income tax of ($3,272,845) (2007: ($367,207)) and ($1,733,958) (2007: ($367,207)) respectively for the year ended 30 June 2008 and incurred net cash outflows of $1,778,588 and $1,685,853 respectively. At balance date the company and consolidated entity had cash of $1,365,710 and $1,458,455 respectively and trade creditors of $501,149 and $541,432 respectively.

The directors announced a (1) for (4) Pro Rata Non- Renounceable Entitlement Issue ("issue") on 25 September 2008 at an issue price of 15 cents per share, to raise up to A$1,953,750. The directors are confident this will be successful. However should it be unsuccessful the directors will need to seek alternative sources of funding or amend the current business plan.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the consolidated entity and company not continue as a going concern.

The presentation currency is Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

Standards adopted during the year

The Group has adopted AASB 7 *Financial Instrument Disclosures* and AASB 2008 – 4 *Amendments to Australian Accounting Standard – key management personnel disclosures.* Adoption of these standards effected only disclosures and did not have any effect on the financial position or performance.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the reporting period ending 30 June 2008. These are outlined as follows:

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 8	*Operating Segments*	This new standard will replace AASB 114 *Segment Reporting* and adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 below.	1 July 2009
AASB 123 (revised June 2007)	Borrowing costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 below.	1 July 2009
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments*.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the segment disclosures included in the Company's financial report.	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 and 12]	Amending standard issued as a consequence of AASB 123 (revised) *Borrowing Costs.*	1 January 2009	As the Company does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009
AASB 101 (revised) and AASB 2007-3	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements of reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to impact the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of the amounts disclosed in the financial report. The Group has not determines at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share Based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions' introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements that may be affected by these amendments. However the group has not yet determined the extent of the impact, if any.	1 July 2009

Notes to the Financial Statements
For the year ended 30 June 2008

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 3 (revised)	Business Combinations	The revised standard introduces a number of significant changes to the accounting for business combinations.	1 July 2009	The Group has business combinations that may be affected by these amendments. However the group has not yet determined the extent of the impact, if any.	1 July 2009
AASB 127 (revised)	Consolidated and Separate Financial Statements	Under the revised standard, a change in the ownership interest of a subsidiary (that does not result in a loss of control) will be accounted for as an equity transaction.	1 July 2009	If the Group changes its ownership interest in existing subsidiaries in the future, the change will be accounted for as an equity transaction. This will have no impact on goodwill, nor will it give a rise to a gain or loss in the Group's income statement.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending standard issued as a consequence of revisions to AASB 3 and AASB 127.	1 July 2009	No change to the accounting policy, therefore no impact.	1 July 2009
Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made in IAS 27 deleting the cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognized in profit or loss in an entity's separate financial statements (i.e., the parent company accounts). The distinction between pre and post acquisition profits is no longer required. However the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganizations, to be based on the previous carrying amount of the subsidiary (that is, share equity) rather than its fair value.	1 January 2009	No change to the accounting policy, therefore no impact.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to International Financial Reporting Standards	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes to IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009	The Group has not yet determined the extent of the impact of the amendments, if any	1 July 2009

Note 1. Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Avalon Minerals Ltd ("Company" or "parent entity") as at 30 June 2008 and the results of all the subsidiaries for the financial period then ended.

Avalon Minerals Ltd and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

The group operates in one business segment, being mineral exploration, and currently operates in Australia and Sweden.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised when the Group's right to payment is established.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Summary of Significant Accounting Policies (continued)

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease (refer to note 21).

(h) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Consolidated Entity's identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Note 1. Summary of Significant Accounting Policies (continued)

(i) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Note 1. Summary of Significant Accounting Policies (continued)

(l) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments, as appropriate. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

(m) Investment in controlled entities

Investments in controlled entities are held at the lower of cost and recoverable amount.

(n) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Exploration equipment	5 years
Furniture, fittings and equipment	5 years
Computer and electronic equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Note 1. Summary of Significant Accounting Policies (continued)

(o) Trade and other payables

Trade payable are carried at amortised cost. These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions for legal claims are recognised when: the Consolidated Entity has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Retirement benefit obligations

The Consolidated Entity contributes to various defined contribution funds for its employees.

Contributions to the defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Scheme.

The fair value of options granted under the Employee Share Option Scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Note 1. Summary of Significant Accounting Policies (continued)

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half-year, adjusted for bonus elements in ordinary shares issued during the half-year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Consolidated Entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 *Exploration for and evaluation of mineral resources*.

Note 1. Summary of Significant Accounting Policies (continued)

Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Consolidated Entity's rights of tenure to that area of interest are current.

(u) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the Australian Taxation Office, are presented as operating cash flow.

(v) Foreign currency transactions and balances

(i) Functional presentation and currency

The functional currency of each of the Group's entities is measured suing the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into fuctionjal currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except when deferred in equity as a qualifying cash flow or net investment hedge.

Note 1. Summary of Significant Accounting Policies (continued)

(iii) Group companies

The results and the financial position of all the Group entities (none of which has a currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained profits are exchanged at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

Note 2. Financial instruments and financial risk management

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the board of directors under policies approved by the Board.

The board identifies and evaluates financial risks and provides written principles for overall risk management.

(i) Market risk

Price risk - The Company is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk.

(ii) Credit risk

The Company's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables.

The Company trades only with recognised, credit worthy third parties. The Company has no significant concentrations of credit risk.

Note 2. Financial instruments and financial risk management (continued)

The Group's primary banker is National Australia Bank Limited, at balance date all operating accounts are with this bank, other than funds transferred to Sweden to meet the working capital needs of the subsidiary companies. The cash needs of the subsidiary operations are monitored by the parent company and funds are advanced to the Swedish operations on a needs basis. The Directors believe this is the most efficient method of combing the monitoring and mitigation of potential credit risks arising out of holding cash assets in overseas jurisdictions, and the funding mechanisms required by the group.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The remaining contractual maturities of the Group's and parent entity's financial liabilities are:

	Consolidated		**Parent entity**	
	2008	2007	**2008**	2007
	$	$	**$**	$
Three months or less	**33,744**	52,822	**18,280**	52,822
Greater than three months	**582,353**	719,746	**134,360**	719,746
	616,097	772,568	**152,640**	772,568

The Group funds its activities through capital raising in order to limit its liquidity risk.

(iv) Fair values

All assets and liabilities recognised on the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(v) Interest rate risk

The Group's exposure to interest rates related primarily to the Group's cash and cash equivalents.

At balance date, the Group had the following exposure to Australian variable interest rate risk.

	Consolidated		**Parent entity**	
	2008	2007	**2008**	2007
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**1,458,455**	3,144,308	**1,365,710**	3,144,298

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The 1% sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period.

Note 2. Financial instruments and financial risk management

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

The average interest rate for the year ended 30 June 2008 was 6.09% (2007: 2.13%)

	Consolidated Higher/(Lower)		**Parent entity Higher/(Lower)**	
	2008	2007	**2008**	2007
	$	$	**$**	$
Judgments of reasonably possible movements:				
Post tax profit				
+1.0% (100 basis points)	**22,219**	15,673	**19,631**	15,673
-1.0% (100 basis points)	**(22,219)**	(15,673)	**(19,631)**	(15,673)

The movements in profit are due to higher/lower interest income from cash balances. The movement in 2008 are more sensitive than in 2007 due to the cash balances being for a whole year rather than a part year as in 2007.

The Group deals with financial institutions that have a AA rating or better.

(vi Foreign exchange risk

The Group and parent are exposed to fluctuations in the Australian dollar against the Swedish Kroner. The risk is managed by reference to potential adverse effects in the market. For the Group and parent, directors believe the potential exchange rate effects would not have a material effect to the income statement or equity.

Note 3. Accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Consolidated Entity and that are believed to be reasonable under the circumstances.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation expenditure

The Consolidated Entity has carrying balances for exploration and evaluation. Each year the Group assesses whether these balances have suffered any impairment, in accordance with the accounting policy stated in Note 1(t). The recoverable amounts are based on the assumption that the assets will either become economic mining properties or will be sold to a third party.

Note 3. Accounting estimates and judgments (continued)

Share-based payment transactions

Leases in which the Company retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the rental income.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using a Binomial pricing model.

Commitments – operating leases

The Group measures the commitments for expenditure in relation to operating leases by reference to the current market rate.

Note 4. Segment reporting

	Australia $	Sweden $	Eliminations $	Consolidated $
Primary reporting – geographical segments				
Year ended 30 June 2008				
Revenue				
Sundry	50,000	-	-	50,000
Total segment revenue	**50,000**	**-**	**-**	**50,000**
Interest income				140,249
Total consolidated income				**190,249**
Result				
Segment result	(3,504,230)	(25,484)	1,795,756	(1,733,958)
Profit before income tax	(3,504,230)	(25,484)	1,795,756	(1,733,958)
Income tax expense	-	-	-	-
Profit after income tax	**(3,504,230)**	**(25,484)**	**1,795,756**	**(1,733,958)**
Assets				
Segment assets	4,576,208	1,509,991	(343,357)	5,742,842
Total assets	**4,576,208**	**1,509,991**	**(343,357)**	**5,742,842**
Liabilities				
Segment liabilities	1,400,517	1,486,487	(2,345,572)	541,432
Total liabilities	**1,400,517**	**1,486,487**	**(2,345,572)**	**541,432**
Capital expenditure				
Plant & equipment	132,837	5,280	-	138,117
Total liabilities	**132,837**	**5,280**	**-**	**138,117**

Notes to the Financial Statements
For the year ended 30 June 2008

Note 4. Segment reporting (continued)

	Australia $	Sweden $	Eliminations $	Consolidated $
Depreciation				
Plant & equipment	37,070	88	-	37,158
Total depreciation	**37,070**	**88**	**-**	**37,158**
Exploration expenditure				
Acquisitions of exploration properties	-	451,128	905,741	1,356,869
Exploration and evaluation expenditure	706,233	939,476	-	1,645,709
Exploration expenditure written off	(929,987)	-	-	(929,987)
Total exploration expenditure	**(233,754)**	**1,390,604**	**905,741**	**2,072,591**
Share-based payments				
Options issued	127,123	-	-	127,123
Total depreciation	**127,123**	**-**	**-**	**127,123**

Year ended 30 June 2007

During the 2007 financial year the Consolidated Entity operated only in Australia.

Secondary reporting – business segments

The Consolidated Entity operates predominantly in mining and exploration sector.

	Consolidated		**Parent entity**	
	2008 **$**	2007 $	**2008** **$**	2007 $

Note 5. Revenue

	Consolidated 2008 $	Consolidated 2007 $	**Parent entity 2008 $**	Parent entity 2007 $
Other revenue				
Interest	**140,249**	33,535	**140,249**	33,535
Sundry	**50,000**	-	**50,000**	-
	190,249	33,535	**190,249**	33,535

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$

Note 6. Expenses

Loss before income tax includes the following:

	2008 $	2007 $	**2008 $**	2007 $
Employee benefits expense				
Salaries	**189,154**	125,000	**189,154**	125,000
Directors' fees	**66,230**	17,500	**62,709**	17,500
Superannuation	**44,774**	11,250	**44,774**	11,250
Share based payments	**127,123**	49,840	**127,123**	49,840
Other	**59,909**	10,032	**59,909**	10,032
	487,190	213,622	**483,669**	213,622
Rental expense relating to operating leases	**61,892**	6,415	**61,892**	6,415
Depreciation	**37,158**	7,076	**37,070**	7,076
Foreign exchange loss	**806**	-	-	-

Note 7. Income tax

(a) Current income tax

	2008 $	2007 $	**2008 $**	2007 $
Current income tax benefit relating to origination and reversal of temporary differences	-	-	-	-
Deferred tax assets not brought to account as realisation is not considered probable	-	-	-	-
Income tax expenses reported in the income statement	-	-	-	-

(b) Reconciliation between income tax expense and the product of accounting loss before income tax multiplied by the group's applicable income tax rate as follows:

	2008 $	2007 $	**2008 $**	2007 $
Accounting loss before income tax	**(1,733,958)**	(367,207)	**(3,272,845)**	(367,207)
At the group's statutory income tax rate of 30%	**(520,188)**	(110,162)	**(981,853)**	(110,162)
Expenditure not allowable for income tax purposes	**38,137**	14,952	**38,137**	14,952
Deductible share issue costs	-	(14,420)	-	(14,420)
Provision for impairment	-	-	**375,000**	-
Provision for inter-company non-recovery	-	-	**159,503**	-
Under/over provision of prior year	**14,419**	-	**91,081**	-
Deferred tax asset not brought to account as realisation is not considered probable	**467,632**	109,630	**318,132**	109,630
Income tax expense	-	-	-	-

Note 7. Income tax (continued)

(c) Deferred assets and liabilities at 30 June relates to the following:

	Balance sheet 2008 $	Balance sheet 2007 $	**Income Statement 2008 $**	Income statement 2007 $
Consolidated				
Deferred tax liabilities				
Exploration expenditure	**(33,379)**	(578,000)	**(544,621)**	(578,000)
Total deferred tax liabilities	**(33,379)**	(578,000)	**(544,621)**	(578,000)
Deferred tax assets				
Employee provisions	**10,984**	3,009	**7,975**	3,009
Share issue costs charged to equity	**-**	57,679	**(57,679)**	-
Income tax losses	**657,336**	684,621	**(27,285 0**	684,621
Total deferred tax assets	**668,320**	745,309	**(76,989)**	687,630
Deferred tax assets not brought to account as realisation is not considered probable	**(634,941)**	(167,309)	**(467,632)**	(109,630)
Net deferred tax recognised	**-**	-	**-**	-

	Balance sheet 2008 $	Balance sheet 2007 $	**Income Statement 2008 $**	Income statement 2007 $
Company				
Deferred tax liabilities				
Exploration expenditure	**-**	(203,000)	**(203,000)**	(203,000)
Total deferred tax liabilities	**-**	(203,000)	**(203,000)**	(203,000)

Note 7. Income tax (continued)

	Balance sheet 2008 $	Balance sheet 2007 $	**Income Statement 2008 $**	Income statement 2007 $
Deferred tax assets				
Employee provisions	**10,984**	3,009	**7,975**	3,009
Share issue costs charged to equity	**-**	57,679	**(57,679)**	-
Income tax losses	**474,458**	309,621	**164,834**	309,621
Total deferred tax liabilities	**485,442**	370,309	**115,133**	312,630
Deferred tax assets not brought to account as realisation is not considered probable	**(485,442)**	(167,309)	**318,133**	(109,630)
Net deferred tax recognised	**-**	-	**-**	-

The Company and the Consolidated Entity has not recognised the deferred tax assets in the financial statements as it is not considered probable that sufficient taxable amounts will be available in future periods in which to be offset.

	Consolidated		Parent entity	
	2008 $	2007 $	**2008 $**	2007 $

Note 8. Current assets – Cash and cash equivalents

Cash on hand and at bank	**1,458,455**	3,144,308	**1,365,710**	3,144,298

Cash at bank earns interest at floating rates based on daily bank deposit rates. The cash at bank is bearing floating interest rates between 2.90% and 7.1% the carrying amounts of cash and cash equivalents represents fair value.

Note 9. Current assets – Trade and other receivables

Other receivables	**52,958**	32,181	**43,906**	32,181
Deposits	**11,780**	10,235	**11,780**	10,235
Prepayments	**21,977**	13,839	**9,469**	13,839
	86,715	56,255	**65,155**	56,255

Note 10. Current assets – Non-current assets held for sale

Exploration properties	**111,162**	-	**-**	-

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$

Note 11. Non-current assets – Other non-current assets

(a) Other financial assets

Loans to controlled entities	**-**	-	**2,015,862**	-
Less: Provision for non-recovery of intercompany loan	**-**	-	**(531,677)**	-
Loans to other entities	**25,354**	-	**25,354**	-
	25,354	-	**1,509,539**	-

(b) Investments in controlled entities

Investments in controlled entities (see note 26)	**-**	-	**2,264,902**	1,250,000
Less: Provision for impairment	**-**	-	**(1,250,000)**	-
	-	-	**1,014,902**	1,250,000
Total other non-current assets	**25,354**	-	**2,524,441**	1,250,000

Loans to controlled entities are unsecured, interest free and repayable on demand.

Loans to other entities refers to a loan made to Haliburn Resources Limited, a company of which Mr McSweeney is a director. The loan is interest free and is to be repaid on listing of the company on the Australian Securities Exchange.

Refer to Note 13 for impairment discussion.

Note 12. Non-current assets – Plant and equipment

Plant and equipment				
Plant & equipment at cost	**217,295**	79,177	**212,016**	79,177
Less accumulated depreciation	**(44,235)**	(7,076)	**(44,147)**	(7,076)
	173,060	72,101	**167,868**	72,101

Reconciliation

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of each financial period is set out below.

Plant and equipment				
Balance at 1 July	**72,101**	-	**72,101**	-
Additions	**138,117**	79,177	**132,837**	79,177
Depreciation expense	**(37,158)**	(7,076)	**(37,070)**	(7,076)
Balance at 30 June	**173,060**	72,101	**167,868**	72,101

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$

Note 13. Non-current assets – Exploration and evaluation

Exploration and evaluation – at cost less amounts written off	**3,888,096**	1,926,667	**40,498**	676,677
Reconciliation				
Balance at1 July	**1,926,667**	-	**676,677**	-
Purchases of mineral tenements	**1,356,869**	1,650,000	-	400,000
Expenditure during the year	**1,645,709**	276,667	**66,835**	276,667
Expenditure written off	**(929,987)**	-	**(703,014)**	-
Expenditure transferred to Non-current assets held for sale	**(111,162)**	-	-	-
Balance at 30 June	**3,888,096**	1,926,667	**40,498**	676,677

The ultimate recoupment of exploration and evaluation costs carried forward is dependent upon the successful development and/or commercial exploitation, or alternatively sale, of the respective areas of interest.

During the year the carrying balances of exploration properties were impaired and the expenditure expensed due to the disposal or relinquishment of exploration tenements. Where the balances were carried in subsidiary companies, a provision for impairment was brought to account against the initial investments and intercompany loans as it was considered unlikely that either the investment cost or the loans would be recovered. (See Note 11)

Note 14. Current liabilities – Trade and other payables

Trade payables	**403,076**	140,439	**362,793**	140,439
Other payables	**101,743**	92,465	**101,743**	92,465
Employee leave liabilities	**36,613**	10,031	**36,613**	10,031
Balance at 30 June	**541,432**	242,935	**501,149**	242,935

Trade creditors and other payables are non-interest bearing and generally payable on 30 day terms.

Note 15. Contributed equity

(a) Share capital

	Number of shares	$
Ordinary shares – fully paid	**50,600,000**	**7,125,612**

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Note 15. Contributed equity (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price $	$
20 December 2006	Placement of shares	9,500,000	0.01	95,000
8 February 2007	Shares issued pursuant to tenement purchase agreements	2,000,000	0.20	400,000
8 February 2007	Placement of shares	6,000,000	0.075	450,000
16 March 2007	Shares issued pursuant to an agreement to purchase 100% of the issued capital of Xmin Ltd	5,000,000	0.20	1,000,000
16 March 2007	Issue of shares pursuant to a prospectus	17,500,000	0.20	3,500,000
	Less: Transaction costs arising on placement of shares			(171,237)
	Balance at 30 June 2007	**40,000,000**		**5,273,763**
2 August 2007	Shares issued pursuant to an agreement to purchase 100% of the issued capital of Resource Properties Pty Ltd	4,000,000	0.22	880,000
14 April 2008	Shares issued to a sophisticated investor	6,600,000	0.155	1,023,000
	Less: Transaction costs arising on placement of shares			(51,151)
	Balance at 30 June 2008	**50,600,000**		**7,125,612**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Effective 1 July 1998, the corporations legislation abolished the concepts of authorized capital and par value shares. Accordingly the Company does not have authorized capital nor par value in respect of its issued capital.

(d) Employee share option scheme

Information relating to the Employee Share Option Scheme, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in Note 22.

Note 15. Contributed equity (continued)

(e) Options

At the end of the financial period options over ordinary shares on issue are as shown below:

- 5,400,000 options exercisable at 20 cents and expiring 31 January 2010;
- 5,600,000 options exercisable at 40 cents and expiring 31 January 2010;
- 800,000 options exercisable at 20 cents and expiring 31 January 2010;
- 125,000 options exercisable at 25 cents and expiring 31 January 2010; and
- 1,075,000 options exercisable at 40 cents and expiring 31 January 2010;

(f) Movements in options

Date	Details	Notes	Number of options
7 February 2007	Allotment of options		11,000,000
	Balance at 30 June 2007		**11,000,000**
10 October 2007	Allotment of options		250,000
12 October 2007	Allotment of options		1,000,000
15 October 2007	Allotment of options		500,000
9 January 2008	Allotment of options		250,000
	Balance at 30 June 2008		**13,000,000**

(g) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Group funds its activities through capital raising, and does not have any debt facilities. The Group is not subject to any externally imposed capital requirements.

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$

Note 16. Reserves

	Consolidated 2008 $	Consolidated 2007 $	Parent entity 2008 $	Parent entity 2007 $
Share-based payments reserve	**176,963**	49,840	**176,963**	49,840
Movements in reserves				
Share-based payments reserve				
Balance at 1 July	**49,840**	-	**49,840**	-
Option expense	**127,123**	49,840	**127,123**	49,840
Balance at 30 June	**176,963**	49,840	**176,963**	49,840

Nature and purpose of reserves

Share-based payments reserve
The share-based payments reserve is used to recognise the fair value of options issued and not exercised.

Note 17. Accumulated losses

Balance at July 1	**(367,207)**	-	**(367,207)**	-
Net loss attributable to members of Avalon Minerals	**(1,733,958)**	(367,207)	**(3,272,845)**	(367,207)
Balance at 30 June	**(2,101,165)**	(367,207)	**(3,640,052)**	(367,207)

Note 18. Key management personnel disclosures

(a) Directors

The following persons were directors of Avalon Minerals Ltd during the financial year:

Chairman - executive

D McSweeney

Non-executive directors

G Steinepreis

S Stone

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity, directly or indirectly, during the financial period:

Name	Position
D J Kelly	Company Secretary/Chief Financial Officer
G Hewlett	Exploration Manager

(c) Key management personnel compensation

	Consolidated		Parent entity	
	2008	2007	**2008**	2007
	$	$	**$**	$
Short term employee benefits	**544,992**	162,591	**544,992**	162,591
Post employment benefits	**41,250**	11,250	**41,250**	11,250
Share based payments	**102,614**	49,840	**102,614**	49,840
Other	**12,696**	-	**12,696**	-
	701,552	223,681	**701,552**	223,681

(d) Equity instrument disclosures relating to key management personnel

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report on pages 19 to 24.

Note 18. Key management personnel disclosures (continued)

Option holdings

The numbers of options over ordinary shares in the Company held during the financial period by each director of Avalon Minerals Ltd and other key management personnel of the Company, including their personally-related parties, are set out below.

2008 Name	Balance at the beginning of the year	Granted during the period as remuneration	Exercised during the period	Other changes during the period	Balance at the end of the period	Vested and exercisable at the end of the period
Directors of Avalon Minerals Ltd						
D McSweeney	10,000,000	-	-	-	10,000,000	10,000,000
G Steinepreis	500,000	-	-	-	500,000	500,000
S Stone	500,000	-	-	-	500,000	500,000
Other key management personnel						
D J Kelly	-	500,000	-	-	500,000	500,000
G Hewlett	-	1,000,000	-	-	1,000,000	1,000,000

2007 Name	Balance at the beginning of the year	Granted during the period as remuneration	Exercised during the period	Other changes during the period	Balance at the end of the period	Vested and exercisable at the end of the period
Directors of Avalon Minerals Ltd						
D McSweeney	-	10,000,000	-	-	10,000,000	10,000,000
G Steinepreis	-	500,000	-	-	500,000	500,000
S Stone	-	500,000	-	-	500,000	500,000
Other key management personnel						
D J Kelly	-	-	-	-	-	-

No options were vested and unexercisable at the end of the financial period.

Share holdings

The numbers of shares in the Company held during the financial year by each director and the key management personnel of the Consolidated Entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2008 Name	Balance at the beginning of the year	Received during the period on the exercise of options	Other changes during the period	Balance at the end of the period
Directors of Avalon Minerals Ltd				
D McSweeney	6,237,210	-	612,496	6,849,706
G Steinepreis	750,000	-	-	750,000
S Stone	750,000	-	-	720,000
Other key management personnel				
D Kelly	-	-	-	-
G Hewlett	-	-	-	-

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Note 18. Key management personnel disclosures (continued)

2007 Name	Balance at the beginning of the year	Received during the period on the exercise of options	Other changes during the period	Balance at the end of the period
Directors of Avalon Minerals Ltd				
D McSweeney	-	-	6,237,210	6,237,210
G Steinepreis	-	-	750,000	750,000
S Stone	-	-	720,000	720,000
Other key management personnel				
D Kelly	-	-	-	-

(e) Loans to key management personnel

There are no loans made to directors or other key management personnel of Avalon Minerals Ltd.

(f) Other transactions with key management personnel

There were no other transactions with directors or key management personnel.

	Consolidated		Parent entity	
	2008 **$**	2007 $	**2008** **$**	2007 $

Note 19. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Company and its related practices.

Assurance services				
Audit services				
Ernst & Young:				
Audit and review of financial report	**29,960**	25,000	**29,960**	25,000
Independent Accountant's Report	**-**	15,450	**-**	15,450
	29,960	40,450	**29,960**	40,450

Note 20. Contingent liabilities

As at 30 June 2008 the Company has no contingent liabilities. (2007: nil)

Note 21. Commitments for expenditure

(i) Capital commitments

Commitments for minimum expenditure on mining tenements contracted for at the reporting date but not recognised as liabilities, payable:

Within one year	**61,857**	164,651	**-**	164,651
Later than one year but not later than 5 years	**400,000**	455,277	**-**	455,277
Later than 5 years	**-**	-	**-**	-
	461,857	619,928	**-**	619,928

Note 21. Commitments for expenditure (continued)

Exploration expenditure commitments are required to keep licences in good standing. The Consolidated Entity is committed to this expenditure on the current tenements. In order to maintain current rights to tenure of its mineral tenements leases, the Consolidated Entity will be required to outlay amounts to meet minimum expenditure requirements to the Department of Mineral and Petroleum Resources. These obligations may be varied from time to time, or subject to approval, and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

(ii) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable, representing non-cancellable operating leases:

Within one year	**73,120**	46,640	**73,120**	46,640
Later than one year but not later than 5 years	**81,120**	106,000	**81,120**	106,000
Later than 5 years	**-**	-	**-**	-
	154,240	152,640	**152,640**	152,640

The Consolidated Entity is currently occupying its registered office and pays rent to the owner on normal commercial terms and conditions.

Note 22. Share-based payments

(a) Employee Share Option Scheme

All staff (including executive directors) are eligible to participate in the scheme.

Shares and options are issued on the following terms:

- The entitlement from time to time of each Eligible Participant shall be determined by the directors in their absolute discretion based on the directors' assessment of length of service, remuneration level and the contribution the Eligible Participant will make to the long term performance of the Consolidated Entity, together with such other criteria as the directors consider appropriate in the circumstances.

- The maximum number of securities which may be issued pursuant to the scheme shall not be greater than 5% of the issued shares of the Consolidated Entity, from time to time.

- Options are granted under the plan for no consideration.

- Options granted under the plan carry no dividend or voting rights.

- When exercisable, each option is convertible into one ordinary share.

The exercise price of options is determined by the directors which is not less than 80% of market price on the date upon which the directors first resolved to grant the options. Amounts receivable on the exercise of options are recognised as share capital.

Note 22. Share-based payments (continued)

Set out below are summaries of options granted under the Scheme during the year.

Grant date	Expiry date	Exercise price	Issued during the period	Exercised during the period	Lapsed during the period	Balance at end of the period
		$	Number	Number	Number	Number
2008						
10 October 2007	31 January 2010	0.20	100,000	-	-	100,000
		0.40	150,000	-	-	150,000
12 October 2007	31 January 2010	0.20	500,000	-	-	500,000
		0.40	500,000	-	-	500,000
15 October 2007	31 January 2010	0.20	200,000	-	-	200,000
		0.40	300,000	-	-	300,000
9 January 2008	31 January 2010	0.25	125,000	-	-	125,000
		0.40	125,000	-	-	125,000
			2,000,000	-	-	2,000,000

There were no options issued under the scheme during the 2007 financial year, however directors were issued options as part of remuneration pursuant to shareholder approval received at a general meeting held on 7 February 2007.

Set out below are summaries of options granted pursuant to shareholder approval.

Grant date	Expiry date	Exercise price	Issued during the period	Exercised during the period	Lapsed during the period	Balance at end of the period
		$	Number	Number	Number	Number
2007						
7 February 2007	31 January 2010	0.20	5,400,000	-	-	5,400,000
7 February 2007	31 January 2009	0.40	5,600,000	-	-	5,600,000
			11,000,000	-	-	11,000,000

There were no shares issued during the period as a result of the exercise of options.

2008

Fair value of options granted – 20 cent options issued 10 & 12 October 2007

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 10.06 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Note 22. Share-based payments (continued)

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	10 & 12 October 2007
Expiry date	31 January 2010
Quantity	600,000
Exercise price	$0.20
Consideration	Nil
Share price at grant date	25 cents
Expected price volatility of the Company's shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6.45%

Fair value of options granted – 40 cent options issued 10 & 12 October 2007

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 4.19 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	10 & 12 October 2007
Expiry date	31 January 2010
Quantity	650,000
Exercise price	$0.40
Consideration	Nil
Share price at grant date	25 cents
Expected price volatility of the Company's shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6.45%

Fair value of options granted – 20 cent options issued 15 October 2007

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 10.05 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	15 October 2007
Expiry date	31 January 2010
Quantity	200,000
Exercise price	$0.20
Consideration	Nil
Share price at grant date	25 cents
Expected price volatility of the Company's shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6.45%

Note 22. Share-based payments (continued)

Fair value of options granted – 40 cent options issued 15 October 2007

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 4.18 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	15 October 2007
Expiry date	31 January 2010
Quantity	300,000
Exercise price	$0.40
Consideration	Nil
Share price at grant date	25 cents
Expected price volatility of the Company's shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6.45%

Fair value of options granted – 25 cent options issued 9 January 2008

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 5.04 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	9 January 2008
Expiry date	31 January 2010
Quantity	125,000
Exercise price	$0.25
Consideration	Nil
Share price at grant date	21 cents
Expected price volatility of the Company's shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6.47%

Fair value of options granted – 40 cent options issued 9 January 2008

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 3.66 cents per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Note 22. Share-based payments (continued)

The model inputs for options granted during the period ended 30 June 2008 included:

Grant date	9 January 2008
Expiry date	31 January 2010
Quantity	125,000
Exercise price	$0.40
Consideration	Nil
Share price at grant date	21 cents
Expected price volatility of the Company’s shares	70%
Expected dividend yield	Nil
Risk-free interest rate	6.54%

See pages 23 – 25 of the Directors Report for details of share options issued to directors during the period.

Volatility

The most appropriate expected volatility value to use in determining the value of an option is the historical volatility of the underlying share over a period equal to the expected life of the options ending on the grant date of the options. However, Avalon Minerals Ltd has had insufficient trading history to determine the historical volatility over this period. As such volatility has been determined with reference to broadly comparable companies listed on the Australian Securities Exchange.

2007

There were no options issued under the Scheme during 2007, however options were issued to directors pursuant to shareholder approval at a general meeting held 7 February 2007.

Fair value of options granted – 20 cent options

The assessed fair value at grant date of options granted during the year ended 30 June 2007 was $0.0087 per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2007 included:

Grant date	7 February 2007
Expiry date	31 January 2010
Quantity	5,400,000
Exercise price	$0.20
Consideration	Nil
Share price at grant date	7.5 cents
Expected price volatility of the Company’s shares	50%
Expected dividend yield	Nil
Risk-free interest rate	5.75%

Note 22. Share-based payments (continued)

Fair value of options granted – 40 cent options

The assessed fair value at grant date of options granted during the year ended 30 June 2007 was $0.00053 per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the period ended 30 June 2007 included:

Grant date	7 February 2007
Expiry date	31 January 2010
Quantity	5,600,000
Exercise price	$0.40
Consideration	Nil
Share price at grant date	7.5 cents
Expected price volatility of the Company's shares	50%
Expected dividend yield	Nil
Risk-free interest rate	5.75%

c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period was $127,123.

Note 23. Related party transactions

Directors and other key management personnel

During the financial year the Company advanced funds totalling $25,354 to Haliburn Resources Limited. Mr D McSweeney is the Chairman of Haliburn Resources Limited. The funds are repayable on completion of listing on the Australian Securities Exchange.

During the financial year the Company paid fees of $3,825 to McSweeney Partners, a company of which Mr McSweeney is a shareholder. The transactions were on normal commercial terms.

Controlling entities

The ultimate parent entity in the wholly-owned group is Avalon Minerals Ltd.

Ownership interests in related parties

Interests held in the following classes of related parties are set out in the following Notes:

Related parties – Note 26

Note 24. Events occurring after reporting date

On 4 August 2008 the Company reached agreement with newly established company Haliburn Resources Limited ("Haliburn") whereby Haliburn will acquire a 100% right to all tenements held by the Company's wholly owned subsidiary Resources Properties Pty Ltd. The consideration for the sale is 5,000,000 ordinary shares in Haliburn. Haliburn plans to list on the Australian Securities Exchange.

On 22 August 2008 Rox Resources Limited withdrew from the Lennard Shelf Joint Venture. These tenements have now been relinquished.

On 25 September 2008 the Company announced a 1 for 4 pro rata non-renounceable entitlement issue at an issue price of 15 cents per share to raise up to $1,953,750. Under the terms of the issue the Company proposes to issue up to 13,025,000 shares. The funds will be used to advance the development of the Viscaria Copper Mine in Sweden.

No other matters or circumstances have arisen since 30 June 2008 that has significantly affected, or may significantly affect:

(a) the Consolidated Entity's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Consolidated Entity's state of affairs in future financial years.

Note 25. Acquisitions of Subsidiaries

On 25 July 2007 the Company acquired 100% of the issued shares in Resource Properties Pty Ltd and issued 4,000,000 shares at a value of 22 cents per share, which did not constitute a business acquisition.

The total cost of acquisition was $980,000 and this comprised an issue of equity instruments and payment of cash.

The acquisition had the following effect on the Group's assets and liabilities after acquiring 100% of shares on Issue.

Note 25. Acquisitions of Subsidiaries (continued)

	Recognised value on acquisition
	$
Loans acquired	(79,710)
Exploration and evaluation	1,059,710
	980,000

	Recognised value on acquisition
	$
Cost of the acquisition	
Consideration paid in shares	880,000
Consideration paid in cash	100,000
Total cost of the acquisition	**980,000**

On 12 February 2008 the Company acquired 100% of the issued shares in the Swedish company Avalon Minerals Adak AB.

The total cost of acquisition was $17,451 comprised of a payment of cash.

The acquisition had the following effect on the Group's assets and liabilities after acquiring 100% of shares on Issue.

	Recognised value on acquisition
	$
Cash assets	17,451

	Recognised value on acquisition
	$
Cost of the acquisition	
Consideration paid in cash	17,451
Total cost of the acquisition	**17,451**

On 12 February 2008 the Company acquired 100% of the issued shares in the Swedish company Avalon Minerals Viscaria AB.

The total cost of acquisition was $17,451 comprised of a payment of cash.

The acquisition had the following effect on the Group's assets and liabilities after acquiring 100% of shares on Issue.

	Recognised value on acquisition
	$
Cash assets	17,451

	Recognised value on acquisition
	$
Cost of the acquisition	
Consideration paid in cash	17,451
Total cost of the acquisition	**17,451**

AVALON MINERALS LTD

Notes to the Financial Statements
For the year ended 30 June 2008

Note 26. Related parties

Subsidiaries

2008

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding**
Xmin Pty Ltd	Australia	Ordinary	100%
Resource Properties Pty Ltd	Australia	Ordinary	100%
Avalon Minerals Adak AB	Sweden	Ordinary	100%
Avalon Minerals Viscaria AB	Sweden	Ordinary	100%

2007

Name of entity	**Country of incorporation**	**Class of shares**	**Equity holding**
Xmin Ltd	Australia	Ordinary	100%

Note 27. Reconciliation of profit (loss) from ordinary activities after income tax to net cash outflow from operating activities

Cash at the end of the financial period is reconciled as follows:

	Consolidated		Parent entity	
	2008 **$**	2007 $	**2008** **$**	2007 $
Operating loss after income tax	**(1,733,959)**	(367,207)	**(3,272,845)**	(367,207)
Depreciation	**37,158**	7,076	**37,070**	7,076
Exploration expenditure written off	**929,987**	14,147	**703,014**	14,147
Non-cash employee benefits expense – share based payments	**127,123**	49,840	**127,123**	49,840
Provision for impairment	**-**	-	**1,250,000**	-
Provision for non-recovery of intercompany loan	**-**	-	**531,677**	
Changes in operating assets and liabilities				
(Increase) in other receivables	**(26,319)**	(56,255)	**(8,900)**	(56,255)
Increase in trade creditors and provisions	**209,914**	89,005	**258,455**	89,005
Net cash outflow from operating activities	**(456,095)**	(263,394)	**(374,406)**	(263,394)

Non-cash transactions

On 25 July 2007 the Company purchased 100% of the issued capital of Resource Properties Pty Ltd. Consideration for the purchase was 4,000,000 ordinary shares issued at a deemed price of 22 cents.

Note 28. Earnings per share

	Consolidated 2008 $
Basic and diluted earnings per share	**(3.85)**

	2008 Number
Weighted average number of shares used as the denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	**45,059,726**

There were a further 13,000,000 potential ordinary shares (options) not considered to be dilutive.

	2008 $
Losses used in calculating basic and diluted losses per share	
Net loss	**(1,733,958)**

	Consolidated 2007 $
Basic and diluted earnings per share	**(1.32)**

	2007 Number
Weighted average number of shares used as the denominator	
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share.	**27,901,554**

There were a further 10,125,000 potential ordinary shares (options) not considered to be dilutive.

	2007 $
Losses used in calculating basic and diluted losses per share	
Net loss	**(367,207)**

Note 29. Dividends

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial period ended 30 June 2008.

The balance of the Company's franking account is Nil.

Directors Declaration

In accordance with a resolution of the Directors of Avalon Minerals Ltd I state that in the directors' opinion:

(a) The financial statements and notes and additional disclosures included in the Directors' Report designated as audited, of the Company and of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2008 and of its performance for the period ended on that date; and

   (ii) complying with Accounting Standards and the *Corporations Regulations 200; and*

(b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2008.

On behalf of the Board

D McSweeney
Executive Chairman

Perth: 30 September 2008

AVALON MINERALS LTD

Independent Auditor's Report

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Avalon Resources Ltd is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Avalon Resources Ltd and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2008 The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Avalon Resources Ltd for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 (a) of the financial report. As a result of these matters, there is significant uncertainty whether the company and the consolidated entity will be able to continue as going concerns and therefore whether they will be able to pay their debts as and when they fall due and realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Ernst + Young

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
30 September 2008

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Independent auditor's report to the members of Avalon Resources Ltd

Report on the Financial Report

We have audited the accompanying financial report of Avalon Minerals Ltd which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report and the remuneration report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

AVALON MINERALS LTD

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

SHAREHOLDINGS

Substantial shareholders

The following substantial shareholders have lodged notices with the company as at 30 September 2008.

Holders	Ordinary shares
David McSweeney	8,349,706
David Donald Boyer	4,000,000
Gregory Wayne Down	4,197,426

Class of shares and voting rights

At 30 September 2008, there were 438 holders of the ordinary shares of the company. The voting rights attaching to the ordinary shares, set out in clause 12.7 of the company's Constitution, are:

Subject to any special rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- Each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

- on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and

- on a poll every person present who is a Shareholder or a proxy, attorney, or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares, (excluding amounts credited).

At 30 September 2008, there were options over 13,000,000 un-issued ordinary shares. There are no voting rights attached to the un-issued ordinary shares. Voting rights will be attached to the un-issued ordinary shares when the options have been exercised.

On-market buy-back

There is no current on-market buy-back.

AVALON MINERALS LTD

Distribution of Share & Option Holders (as at 30 September 2008)

Category	Number of holders	
	Ordinary shares	Unlisted Options
1 – 1,000	2	-
1,001 – 5,000	39	-
5,001 – 10,000	93	-
10,001 – 100,000	249	-
100,001 and over	55	7
	438	7

There were 23 holders holding less than a marketable parcel of ordinary shares.

Unquoted Securities

The Options on issue were issued as part of an Employee Incentive Scheme and are unquoted.

Restricted Securities

There were the following restricted securities as at 30 September 2008:

- 10,061,250 Ordinary Shares
- 3,900,000 Options exerciseable at 20 cents and expiring 31 January 2010
- 5,600,000 Options exerciseable at 40 cents and expiring 31 January 2010

Twenty Largest Security holders (as at 30 September 2008)

Holder name	Ordinary Shares	
	Number	%
Blackmort Nominees Pty Ltd	6,025,000	11.56
David McSweeney	4,510,000	8.65
David Donald Boyer	4,000,000	7.68
Gregory Wayne Down	4,000,000	7.68
Brookman Resources Pty Ltd	3,809,706	7.31
Sinom (Hong Kong) Limted	1,500,000	2.88
Derek Steinepreis	1,330,000	2.55
Craig Ian Burton	1,250,000	2.40
Bill Brooks Pty Ltd	1,000,000	1.92
Kimbriki Nominees Pty Ltd	1,000,000	1.92
Baracus Pty Ltd	900,000	1.73
Neil Alexander	750,000	1.44
Gary Steinepreis	750,000	1.44
Citicorp Nominees Pty Ltd	675,000	1.30
Colorado Conversions Pty Ltd	550,000	1.06
Leisurewest Consulting Pty Ltd	550,000	1.06
Catherine Ann Carroll	500,000	0.96
Stephen Stone	500,000	0.96
Thunder Luck International Ltd	500,000	0.96
Dgali Investments Pty Ltd	400,000	0.77
Total	**34,499,706**	**66.23**

Other information

Avalon Minerals Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

AVALON MINERALS LTD

Tenement Schedule

SWEDEN			
Tenement Holder	**Number**	**Name**	**Interest**
Avalon Minerals Viscaria AB	No 101	Viscaria	Granted 100%
Avalon Minerals Viscaria AB	No 102	Viscaria	Granted 100%
Avalon Minerals Viscaria AB	No 103	Viscaria	Granted 100%
Avalon Minerals Viscaria AB	No 104	Viscaria	Application 100%
Avalon Minerals Viscaria AB	No 105	Viscaria	Application 100%
Avalon Minerals Viscaria AB	No 106	Viscaria	Application 100%
Avalon Minerals Viscaria AB	No 1	Viscaria	Application 100%
Avalon Minerals Viscaria AB	No 2	Viscaria	Application 100%
Avalon Minerals Viscaria AB	No 3	Viscaria	Application 100%
Avalon Minerals Adak AB	No 1	Adak	Granted 100%
Avalon Minerals Adak AB	No 1	Domarsenaset	Granted 100%
Avalon Minerals Adak AB	No 101	Branntrask	Granted 100%
Avalon Minerals Adak AB	No 2	Adak	Application 100%
QUEENSLAND			
Independence Group NL	EPM 15416	Yappar River North	Granted 70%
Independence Group NL	EPM 15416	Yappar River South	Application 70%
WESTERN AUSTRALIA			
XMin Ltd	E45/2830	Marloo	Granted 100%
XMin Ltd	E45/2831	Marloo	Granted 100%
XMin Ltd	E45/2832	Marloo	Granted 100%
XMin Ltd	E45/2872	Marloo	Granted 100%
Resource Properties Pty Ltd	E36/636	Altona	Granted 100%
Resource Properties Pty Ltd	E20/652	Austin Downs	Application 100%
Resource Properties Pty Ltd	E59/1320	Bimbijy	Granted 100%
Resource Properties Pty Ltd	E20/653	Bocadeera	Application 100%
Resource Properties Pty Ltd	E20/665	Choallie Creek	Granted 100%
Resource Properties Pty Ltd	E59/1321	Cowantha	Granted 100%
Resource Properties Pty Ltd	E04/1714	Meda	Application 100%
Resource Properties Pty Ltd	E57/691	McLeod	Granted 100%
Resource Properties Pty Ltd	E04/1652	Frome Rock	Granted 100%
Resource Properties Pty Ltd	E29/665	Lake Barlee	Granted 100%
Resource Properties Pty Ltd	E58/347	Wondinong	Granted 100%
Resource Properties Pty Ltd	E58/348	Wyganoo	Granted 100%
Resource Properties Pty Ltd	E59/1318	Yardiacco	Granted 100%