



Viscaria Copper – Iron Ore Project

August 2010

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Competent Persons Statement

The information in this report relating to the Mineral Resource and Exploration Results is reviewed by Mr Andrew Munckton BSc (Mining Geology) who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Avalon Minerals Ltd as the Company's General Manager of Operations. Mr Munckton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

Exploration Targets

This presentation comments on and discusses Avalon's exploration in terms of target size and type. The information relating to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Resources or Reserves. It is uncertain if further exploration work will result in the determination if a Mineral Resource or Ore Reserve

Avalon Snap Shot



- Advanced Viscaria Cu-Fe Project in Northern Sweden
- Resource: 40.6Mt 1.3% Cu
- Scoping Study completed:
 - 10 year LOM
 - US \$110M pa revenue
 - US \$24M pa cash margin
 - Fast payback
 - Solid returns
- Targeting production of 14,000tpa Cu and 400,000tpa Fe concentrate in 2012-13
- Established infrastructure on doorstep:
 - High capacity rail and ports
 - Nearby smelters and processing plants



Corporate Snapshot



Capital Structure

Shares on issue	132.3m
Unlisted options	1.9m
Market Capitalisation (18cps)	\$23.8m
Cash	\$2.0m
Debt	nil
Enterprise Value	\$21.8m



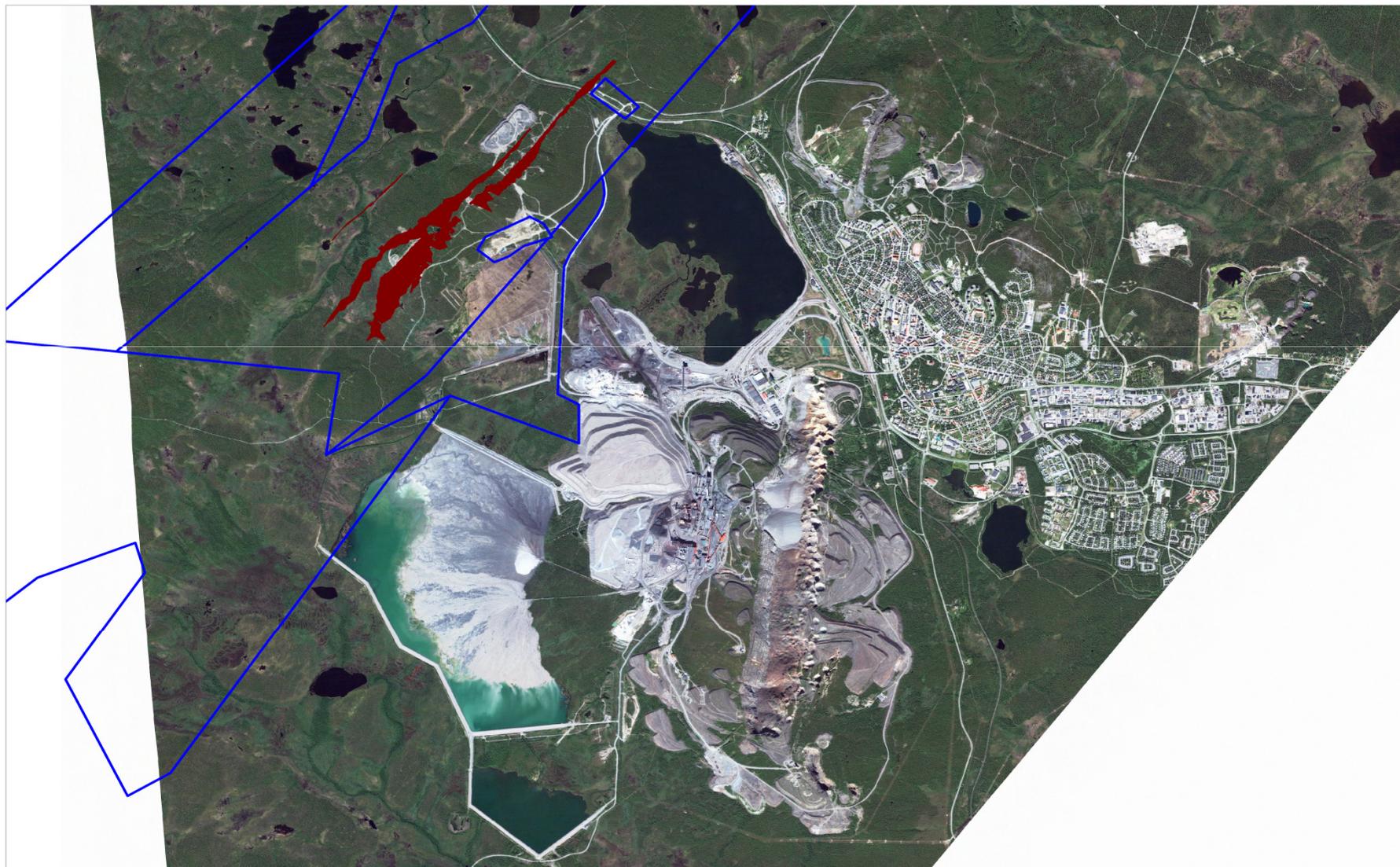
Major Shareholders

Directors and Management	26.7%
Galena Fund	9.8%
Citicorp	5.0%
Top 20	65.7%

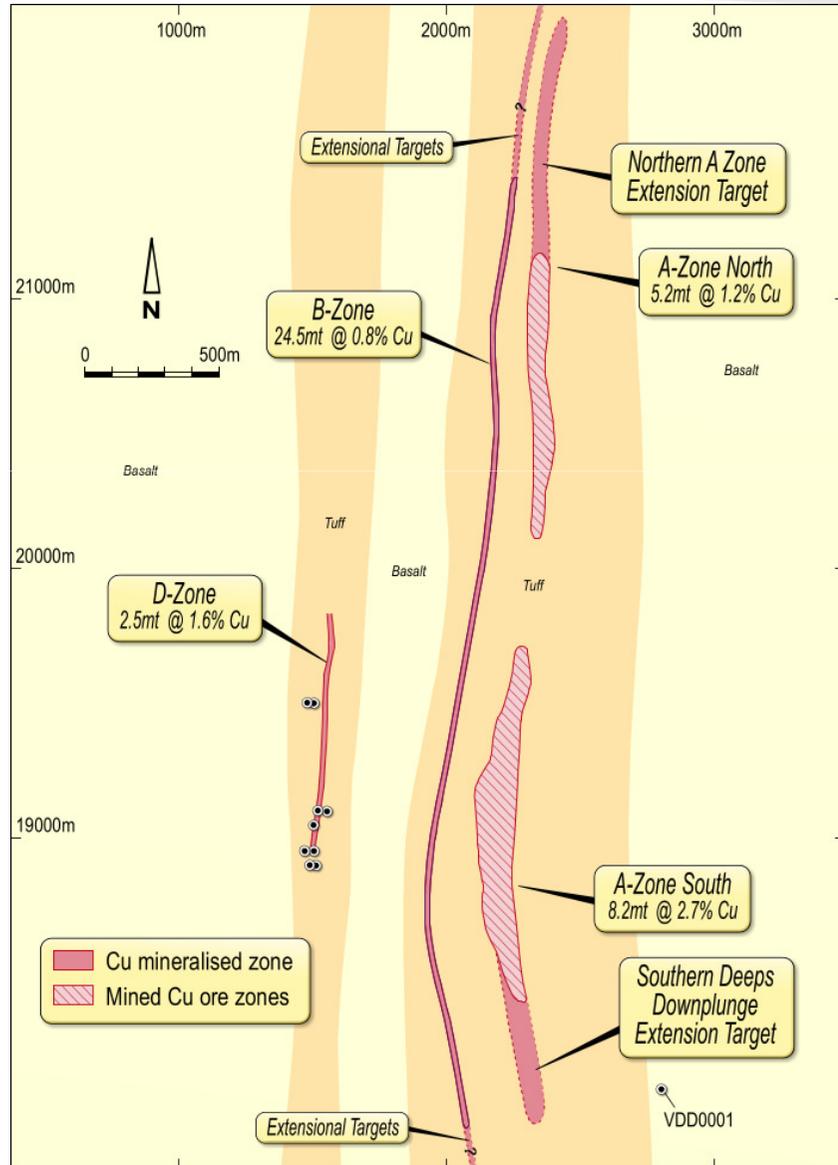
Board and Management

David McSweeney	Chairman
Andrew Munckton	Chief Executive Officer
Stephen Stone	Non-Executive Director
Gary Steinepreis	Non-Executive Director
Tan Sri Abu Mohamed	Non-Executive Director
Grant Brock	Project Manager
Louise Lindskog	Exploration Manager

Kiruna, LKAB and Viscaria



Viscaria Copper Resource



	Mt	Cu %	Cu Metal 000 tonnes
Inferred			
“A” Zone N	5.4	1.2	65
‘A’ Zone S	8.2	2.7	224
‘B’ Zone	24.5	0.8	191
‘D’ Zone	2.5	1.6	40
TOTAL	40.6	1.3	520

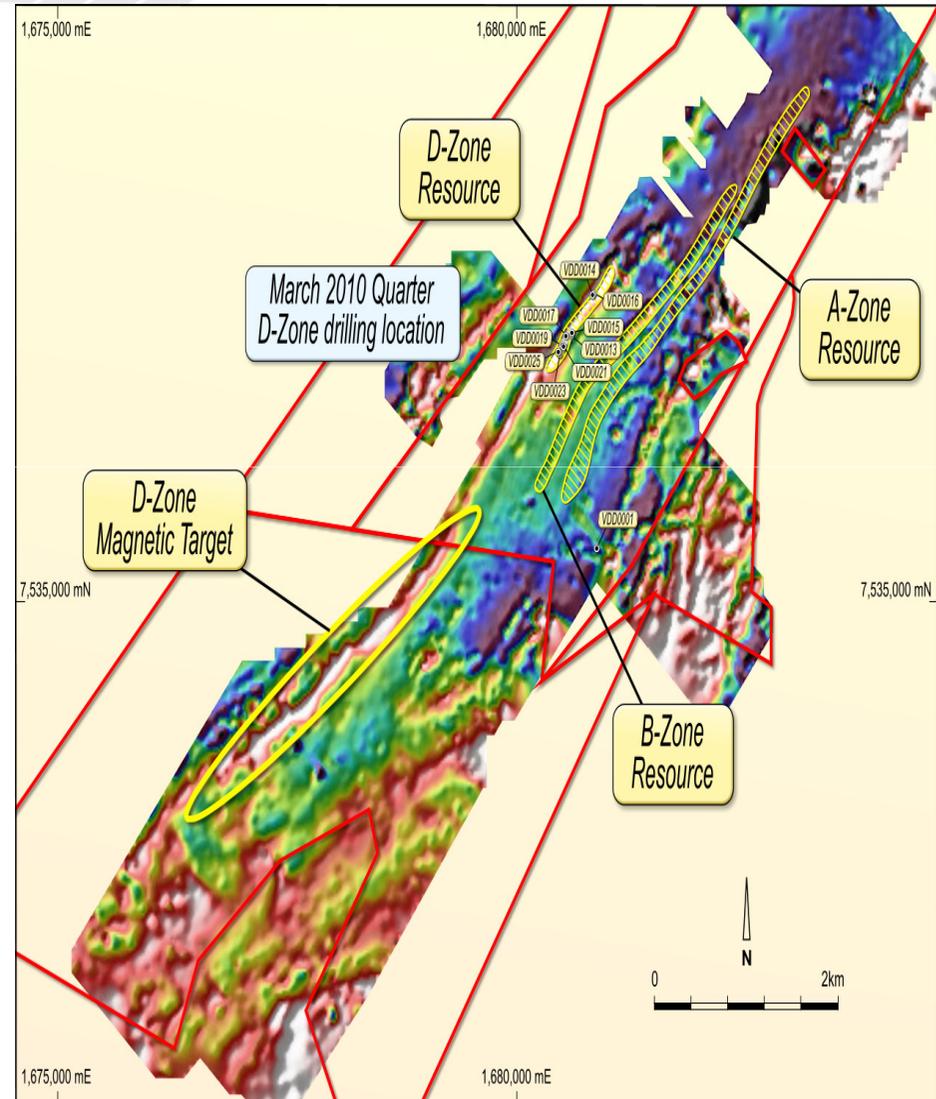
Updates in progress:

- ‘D’ Zone....90 holes drilled
 - 6 to 8 Mt target
- ‘B’ Zone.....150 holes drilled
 - New interpretation
- ‘A’ Zone....2500 holes drilled
 - Near surface, low cost

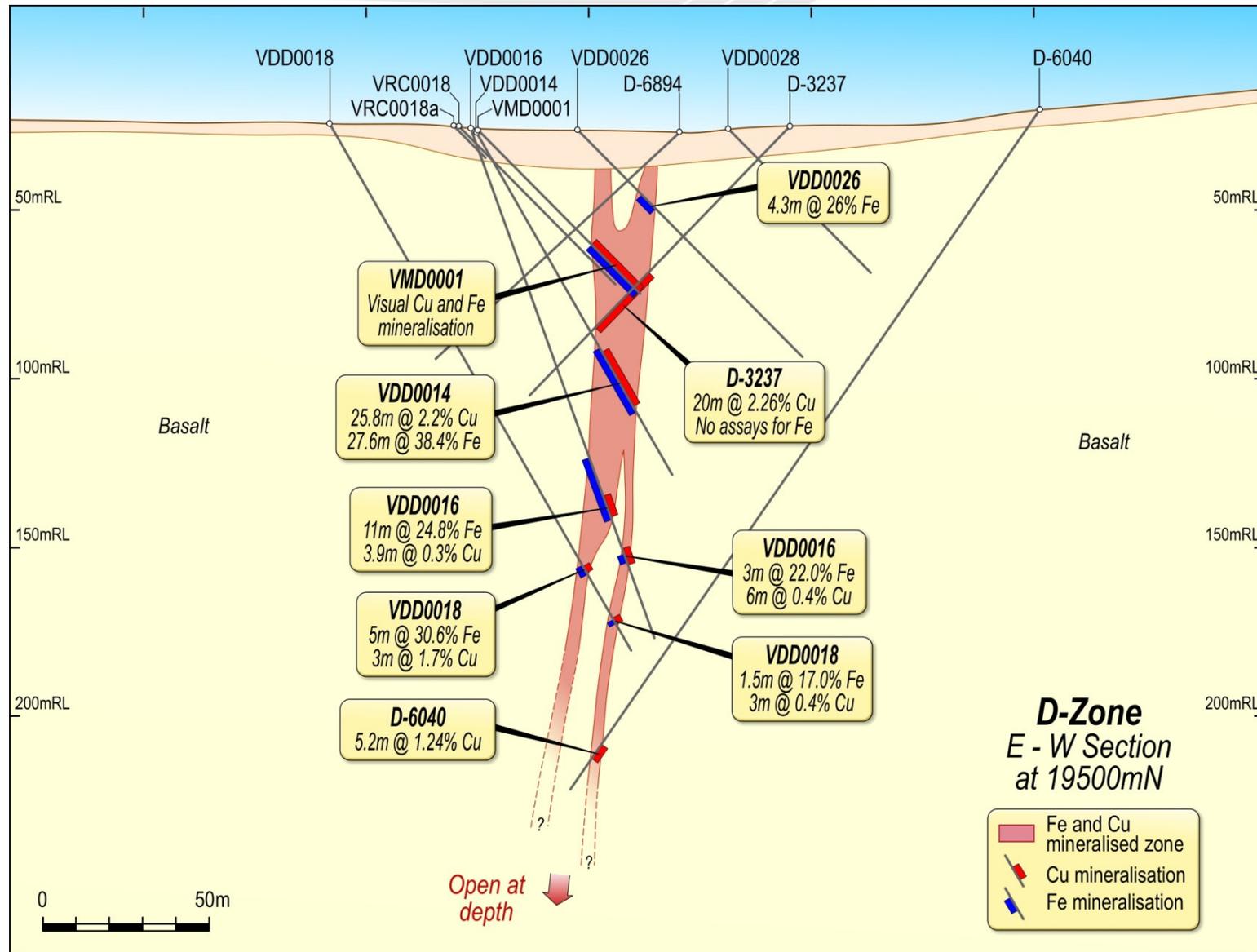
Viscaria Iron Ore



- D Zone
 - Adjacent to Viscaria Cu mine
 - 20m wide at 37% Fe
 - Quality concentrate
 - 70% Fe, 1% SiO₂, 0.03%Cu, 50%WR
 - 66% Fe, 3.5% SiO₂, 0.09%Cu, 58%WR
- 5 km from Kiruna (LKAB)
 - 28mtpa ore, 20mtpa pellets
 - Concentrator, Pellet Plant
 - 68%Fe, 2% SiO₂ pellets
- 6km magnetite rich 'D' Zone
 - Drilled at northern end
 - 43m @ 36% Fe
 - 28m @ 38% Fe
- 30-50mt Exploration Target
 - Skarn Iron Ore coincident with Copper
 - Never tested
 - Drilling commenced



D Zone Cu and Fe



Viscaria Development Plan



	Base Case	Upside Case
Mine	A, B, D	A, B, D, D Extn
Process rate	1.5mtpa	3.0mtpa
Annual Saleable Products	49,000tpa @ 26% Cu 392,000tpa @ 69% Fe	89,000tpa @ 26% Cu 1,060,000tpa @ 69% Fe
Delivered Grade	1.0% Cu 22% Fe	0.9% Cu 30% Fe
Recovery	88% Cu 83% Fe	88% Cu 83% Fe
LOM	10 Years	10 Years

Figures above are indicative averages over the life of mine

Desktop Economics



	Base Case	Upside Case
CAPEX	US \$125M	US \$185M
OPEX	US\$ 86M pa	US \$167M pa
Cash cost (after credits) Revenues	US \$2,000/t, US \$0.89/lb Cu US \$110M pa	US \$1,000/t, US \$0.45/lb Cu US \$238M pa
NPV @ 10%	US \$86M	US \$186M
IRR	25.8%	35%
Pay Back	3.1 Years	2.6 Years
Average Annual Expenditures /Revenues over Life of Mine		

Commodity Price Assumptions:

- Copper = US\$5,290/t (US\$2.40/lb)
- Iron Concentrate = US \$106/t (US \$1.54/dmtu)

Project Comparison



- Projects with similar ore processing

Project, Location, Owner	Copper	Iron Ore
Ernest Henry - Australia (Xstrata)	72Mt @ 1.0% Cu 50ktpa Cu metal output	22% mag Fe 1.2mtpa @ 67% Fe
Cairn Hill - Australia	??	??
Marcona - Peru (Shougang Hierro)	0.1% Cu removed but not concentrated	8.2mtpa DR pellets, BF pellets Concentrate, Fines
Pampa del Pongo- Peru (Cardero after Rio Tinto)	0.1% Cu DFS	42% Fe DFS
Mina Justa – Peru (Chariot Resources)	0.8% Cu Flotation and leaching	35% Fe 63% Fe con- mag sep
Viscaria – Sweden (Avalon)	40Mt @1.3% Cu Proposed 14,000tpa Cu metal	Exp Target 30-50 Mt @37% Fe Proposed 400,000tpa at 69%Fe
Generally applies to IOCG deposits....Gwaler Craton, Andean Copper Belt.		

Viscacia Project Work Program

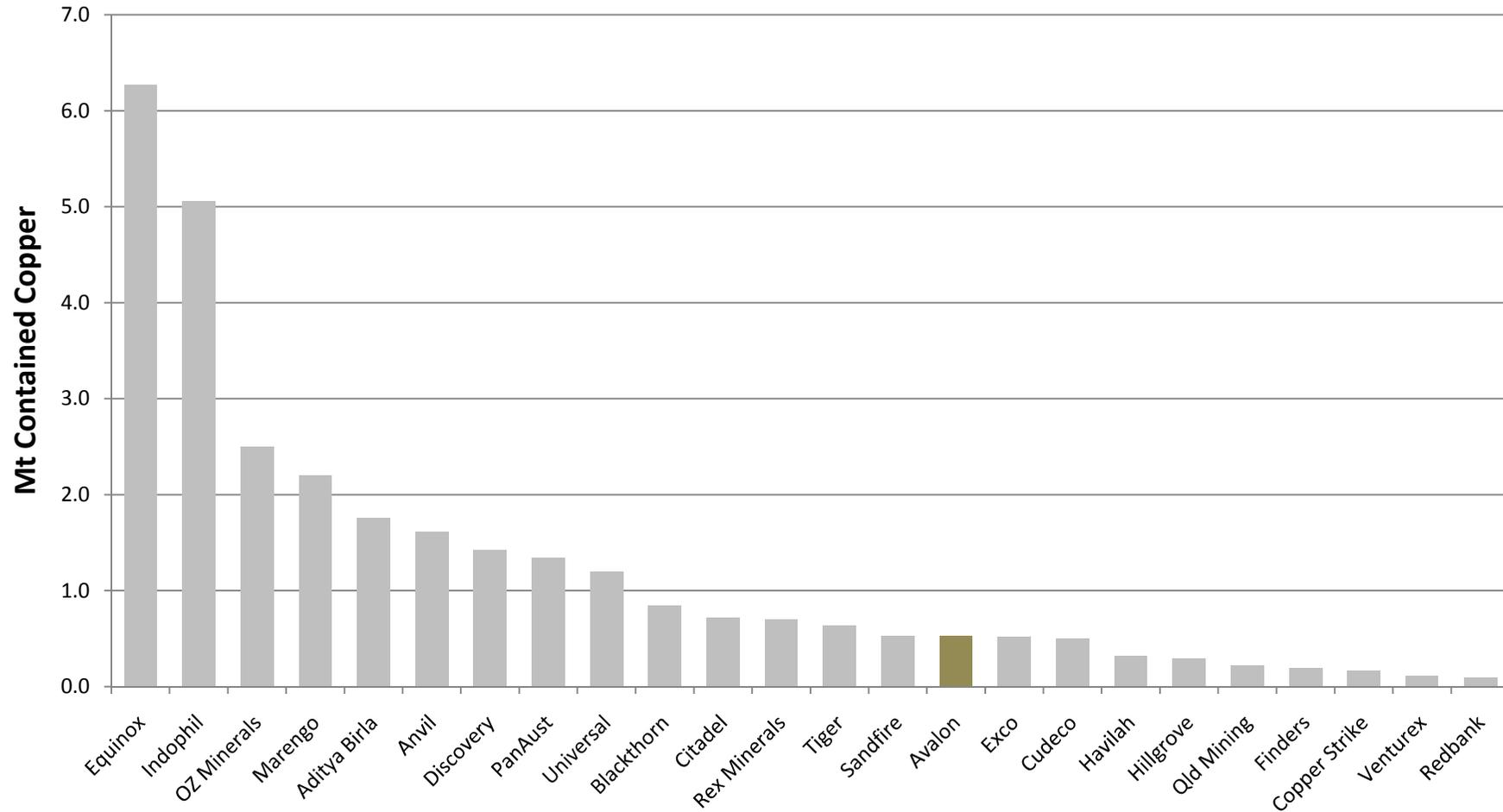


		2009	2010	2011	2012	2013
Pre-feasibility	Cu and Fe					
	Resource Update					
Metallurgy	D Zone					
	A and B Zone					
Mining concession Permitting	Application					
	EIA & E Court					
Drilling	A,B,D Zone					
	D Zone Extn					
Definitive Feasibility Study	Cu & Fe					
	Detailed design					
Construction & Development	Plant					
	Infrastructure					
Mining	A Zone					
	D Zone					
Concentrate Production	Commission					
	Design capacity					

Peer Comparison



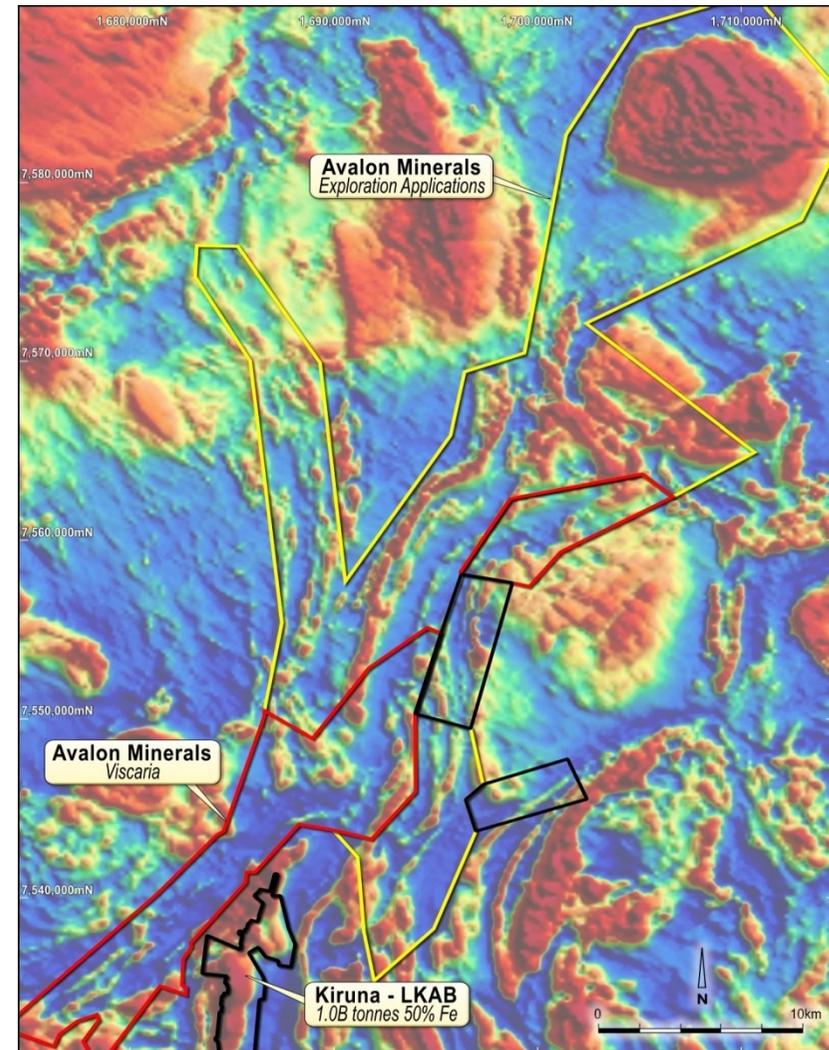
Contained Cu tonnes (Mt)



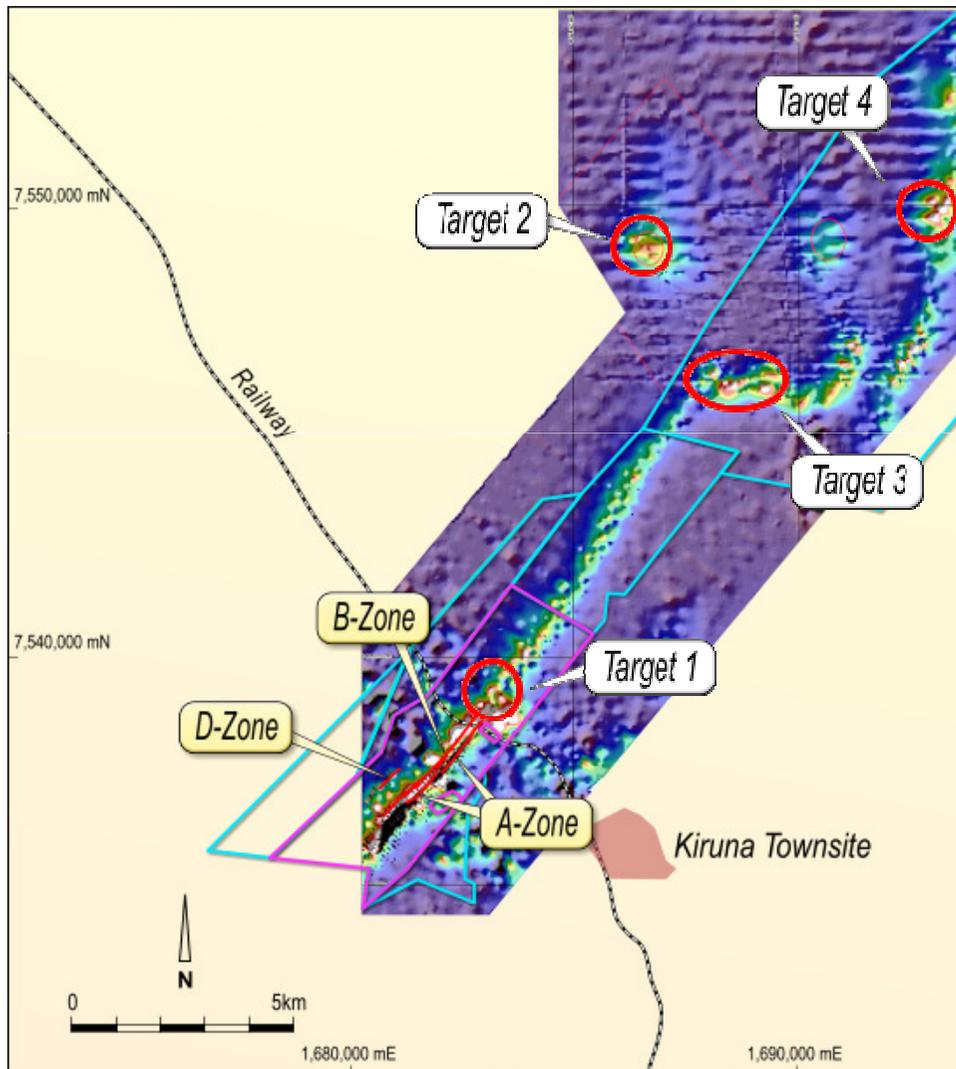
Fe and Cu Exploration



- Outstanding exploration ground
 - 423km² tenure acquired - May 2010
 - Further ground under review
- Regional Cu-Au and Fe mineralization
 - Magnetics/Gravity/EM
 - Comprehensive geological, geochemical datasets (SGS), (LKAB)
- Multiple Targets
 - IOCG
 - VMS Cu and Zn
 - Skarn Iron Ore
 - Apatite Iron Ore
- Focus
 - + 10mt 2% Cu
 - + 50mt Fe Skarn +/- Cu
 - + 100mt Apatite Fe
 - Close to enabling infrastructure



Cu Exploration

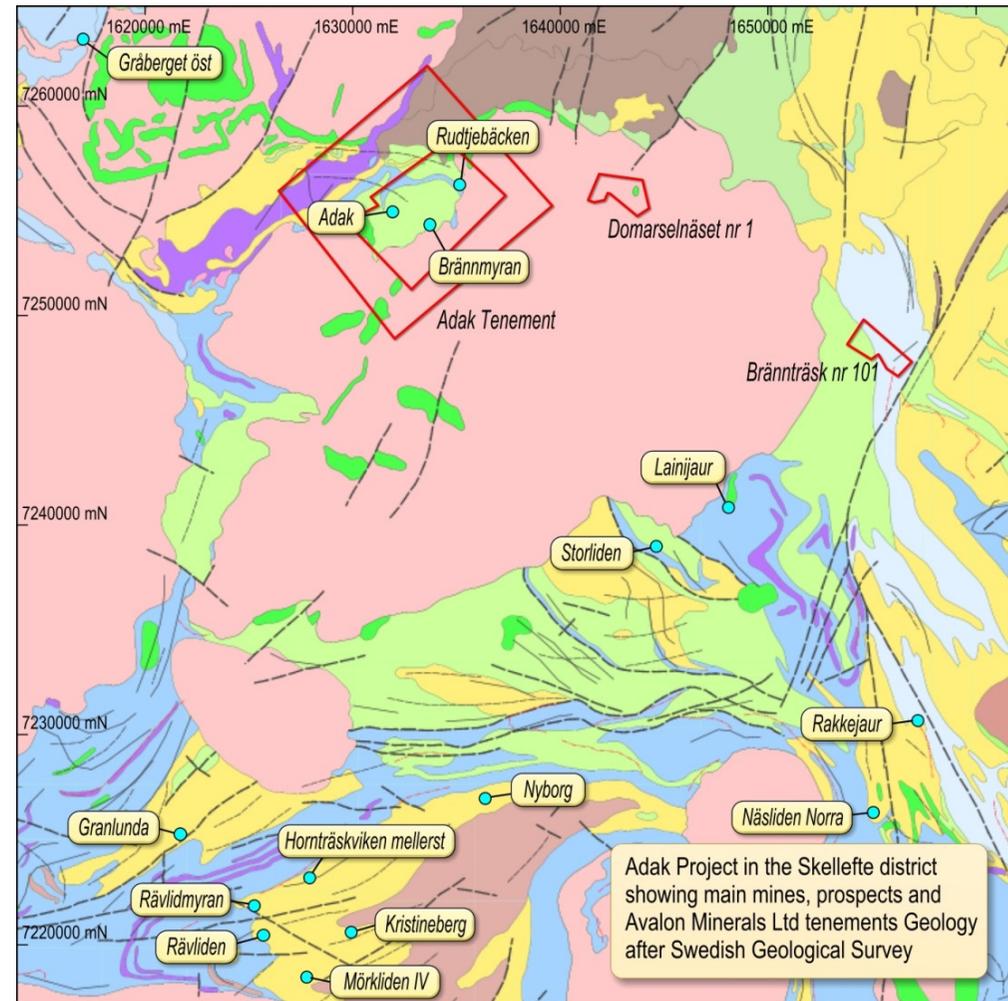


- Viscaria trend
 - 40km strike length
 - EM conductor
- Highlights 'A' and 'B' Zone
 - Massive sulphide lenses
 - 4 primary targets identified
- Exploration program
 - Geochemical sampling
 - Geophysics
- Drilling 2011
 - 1000m Percussion
 - Base of till geochemistry

Adak Copper / Zinc Project



- Discovered in 40's in Skellefte Base Metals Belt, 300km south of Kiruna
- Historical production
 - 6.3mt @ 2.0% Cu,
 - 4.7mt @ 0.9% Cu and 3.0% Zn
- Room and Pillar UG
- Historical data being assembled
 - Paper and sepiä
 - Old core
 - Historical drilling and production
 - 18 months work
- Attractive exploration address
 - Dome structure with draped VMS deposits
 - Recent high grade discoveries (Storliden) 8% Zn and 3% Cu
- Concentrators and smelters within transport distance
 - Kristeneberg
 - Boliden and others



Sweden – A Mining Country



- **Government**
 - Supports mining
 - 28% company tax, 0.2 % royalties
 - Approvals process transparent
- **Iron Ore**
 - 28mtpa - LKAB
 - Markets - W Europe, M East, Asia
 - Pellets, Concentrates and Fines
- **Copper**
 - 3rd in Europe
 - Mines and smelters - Boliden
 - Imports 60% of smelter feed (S America)
 - Markets W Europe and M East
 - LME grade products
- **First World**
 - Infrastructure
 - Sovereign Risk
 - Recent exports to Asia and China



Sweden has an established mining and export industry

Photos



Summary - Avalon Minerals



■ Established ASX Listed Company

- ✓ Management with track record of project development
- ✓ Strong medium term outlook for copper and iron ore
- ✓ Scoping Study completed and PFS underway

■ High quality Project

- ✓ Historical Base Metals production
- ✓ Near term production planned Cu and Fe Concentrates
- ✓ Robust project economics
- ✓ Excellent Exploration potential

■ Infrastructure established

- ✓ High capacity Rail and Ports
 - ✓ Nearby Smelters and Processing Plants
 - ✓ Good relations with largest producers in each commodity
-

Contact Details



David McSweeney

Managing Director & Chairman



Avalon Minerals Limited www.avalonminerals.com.au
91 Havelock Street T +61 8 9322 2752
West Perth F +61 8 9322 2827
Western Australia 6005 M +61 (0) 439 399 318
david@avalonminerals.com.au



Richard Simpson

Director - Corporate Finance

Hartleys Limited www.hartleys.com.au
Member of the ASX T +61 8 9268 2824
Level 6, 141 St Georges Terrace F +61 8 9268 2830
Perth WA 6000 M +61 (0) 419 933 484
GPO Box 2777, Perth WA 6000 richard_simpson@hartleys.com.au

Andrew Munckton

Chief Executive Officer



Avalon Minerals Limited www.avalonminerals.com.au
91 Havelock Street T +61 8 9322 2752
West Perth F +61 8 9322 2827
Western Australia 6005 M +61 (0) 435 635 598
andrew.munckton@avalonminerals.com.au

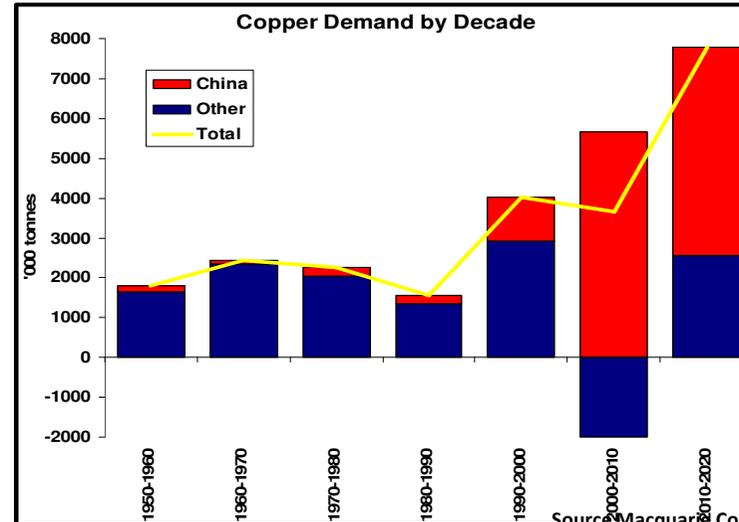
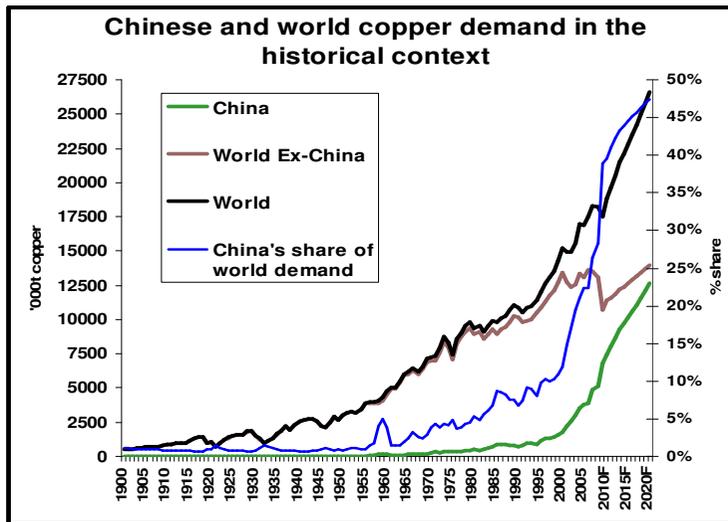


Ben Wale

Manager - Corporate Finance

Hartleys Limited www.hartleys.com.au
Member of the ASX T +61 8 9268 3055
Level 6, 141 St Georges Terrace F +61 8 9268 2830
Perth WA 6000 M +61 (0) 423 740 059
GPO Box 2777, Perth WA 6000 ben_wale@hartleys.com.au

Copper Demand

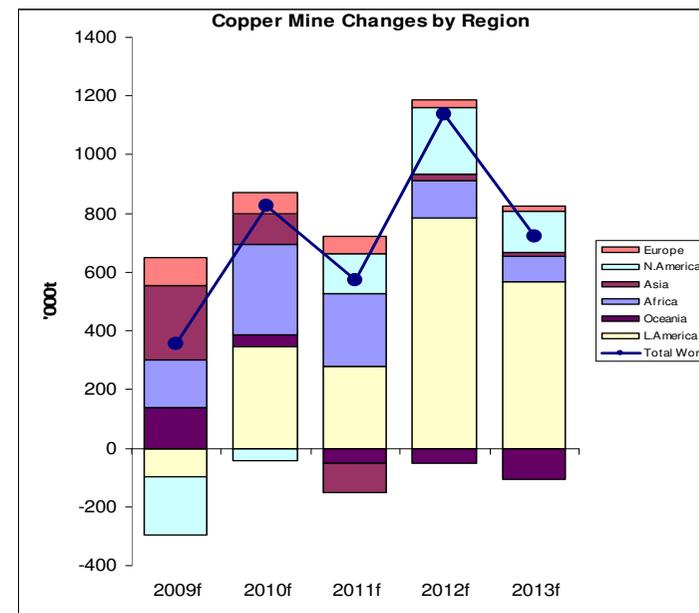
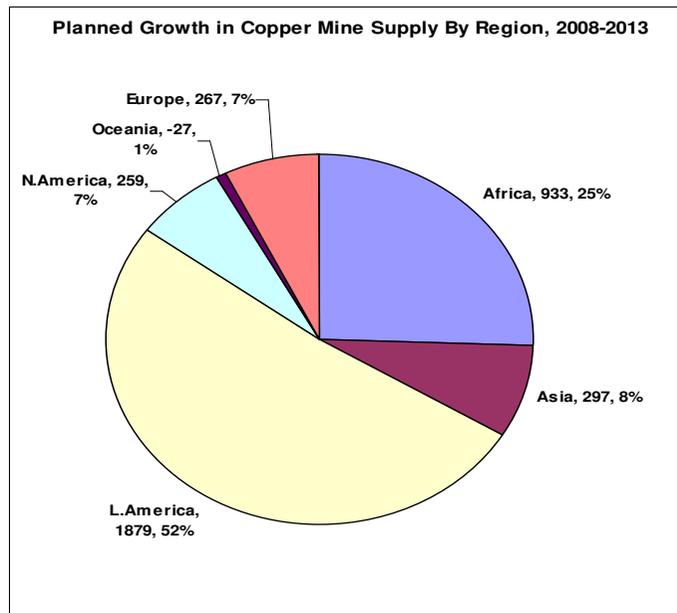


Source: Macquarie Commodities

- Demand strong, supporting prices, supply response limited
 - South American supply diminishing due to
 - Mine maturity,
 - Discovery rate lower than extraction rate
- 2010-2020 Rest of World demand returns and Chinese growth limited by supply
 - CAGR in China assumed 5-6% but might be 8-10% with sufficient supply
 - CAGR Europe 1-2%

Demand forecast to grow by 8 million tonnes over next 10 years

Copper supply



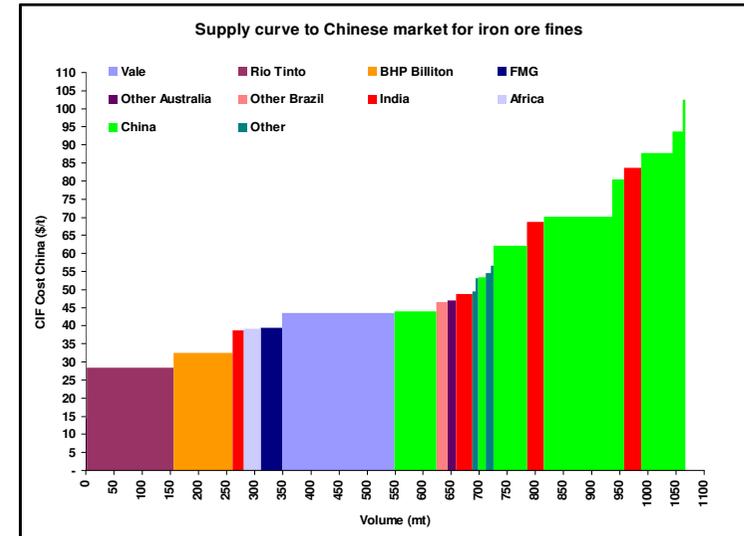
Source Macquarie Commodities

- Latin American mines high grading over extended period when prices are high
- Discovery rate has crashed despite increasing expenditures...no new super giants
- African sovereign risk
- Australian investment curtailed by Govt tax uncertainty

Iron Ore



Iron Ore Demand million tonnes	2007	2008	2009E	2010F	2011f	2012f	2013f	2014f	2015f
Demand									
Europe	140	134	97	111	117	123	125	125	126
Asia	585	655	790	848	932	993	1066	1143	1221
of which:									
Japan	139	144	106	133	144	135	135	135	135
Korea	46	50	42	48	53	56	57	57	58
Taiwan	16	16	12	16	17	18	18	18	19
China	377	438	623	643	709	774	847	922	1000
Rest of World	56	57	45	56	65	75	77	79	82
Total Seaborne Demand	781	846	932	1015	1114	1191	1269	1347	1429
YoY change (mt)	68	64	87	83	99	77	78	82	82
% Change y-o-y	9.5%	8.3%	10.2%	8.9%	9.8%	6.9%	6.5%	6.2%	6.1%
Total Ex-China	404	408	309	372	405	417	421	425	429
% Change y-o-y	2.5%	0.9%	-24.2%	20.5%	8.9%	2.9%	1.1%	0.8%	1.0%
Supply									
Australia	282	327	385	419	471	533	603	667	729
Brazil	265	273	266	312	336	369	400	436	477
Canada	20	20	27	33	36	40	44	47	50
India	94	105	119	125	125	125	120	100	90
S.Africa	32	33	44	46	50	52	0	61	61
Sweden	19	18	17	22	23	23	25	22	22
Others (inc disruption)	73	81	87	63	66	55	55	52	60
Total Seaborne Supply	786	856	945	1020	1107	1197	1247	1385	1489
Implied balance	5	11	13	5	-7	6	-22	38	60



Source Macquarie Commodities

- Benchmark pricing is history....Quarterly Index and Spot pricing predominates
- Demand in Europe recovering, China surging
- Supply dominated by 'BIG 3' - balanced by high cost Chinese domestic production
- European producers with scale can compete into the Asian and Middle East markets
- Freight advantage into Europe and niche market with worlds best quality products.