



AVALON MINERALS LTD

ABN 68 123 184 412

MARCH 2007 QUARTERLY REPORT



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Avalon Minerals Ltd
Suite 1
33 Ord Street
WEST PERTH WA 6005

PO Box 637
WEST PERTH WA 6872

Telephone: +61 8 9420 9300
Facsimile: +61 8 9481 2690

Email:
info@avalonminerals.com.au
Web:
www.avalonminerals.com.au

ASX Code: AVI
40 million shares
11 million unlisted options

Market Cap
A\$8.4 million
Cash
A\$3.48 million

Directors
David McSweeney
(Executive Chairman)
Stephen Stone (Director)
Gary Steinepreis (Director)

HIGHLIGHTS

- Avalon Minerals Ltd (ASX: AVI) listed on the ASX on 22 March 2007 following a successful \$3.5 million IPO.
- Sinom Group of China subscribed for 3.75% of the Company.
- Geological and management consultants CSA and Digirock Pty Ltd appointed to manage and implement Lennard Shelf Zinc Exploration Project.
- Avalon's exploration team mobilising to site on 25 April 2007.
- Heritage Agreements signed for six new Lennard Shelf Exploraton Licences.
- Epicurus Uranium Prospect within the Marloo tenements, 50km north west of the Kintyre Uranium Deposit, identified as priority exploration target within the Paterson Range Project group.
- Desmond Kelly appointed as Company Secretary.



About Avalon Minerals Ltd

Avalon Minerals Ltd was established in late 2006 to search for, acquire and develop mineral deposits.

The Company completed a successful listing on the Australian Stock Exchange on 22 March 2007, after closing a A\$3.5 million IPO oversubscribed, approximately three weeks after its launch. At the time of listing, Avalon had a total of 40 million shares on issue and 490 shareholders.

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

Avalon's primary strategy for achieving its major objective includes the acquisition of strategic regional exploration landholdings in proven mineral provinces.

Secondly, Avalon intends to acquire advanced resource projects with the potential for early cash flow.

The Lennard Shelf Zinc Project - Avalon 100%

Avalon's wholly-owned 2,594km² Lennard Shelf Project, located in the highly acclaimed zinc province in the East Kimberley region of Western Australia, fulfills the criteria for the Company's primary strategy of acquiring strategic regional landholdings in proven mineral provinces.

The Lennard Shelf Project forms the focus of the company's initial exploration program. The objective of this program is to identify new Mississippi Valley Type (MVT) zinc/lead deposits with the potential to support a standalone processing facility. The Company notes that the nearby Pillara zinc facility has recently been re-commissioned by Lennard Shelf Ltd, a joint venture company owned 50:50 by Teck Cominco Ltd and Xstrata.

The Lennard Shelf area has a long history of zinc exploration and is regarded as a world-class zinc province. In 2003, when Teck Cominco Ltd acquired the Lennard Shelf assets of Western Metals Ltd, reported resources in the region totaled 22.18 million tonnes, grading 6.9% zinc and 2.8% lead.



Figure 1 Map of Western Australia showing location of Avalon’s tenements in their respective geological provinces.

Exploration

During the Quarter Avalon advanced its exploration plans in the Lennard Shelf by appointing well known geological and management consultants, CSA Australia Ltd, to manage the exploration of the six granted Lennard Shelf Project tenements.

CSA Australia is globally recognised for its expertise in sediment-hosted base metals targeting, exploration and evaluation, especially in

carbonate-hosted environments. Significantly, CSA Perth personnel have specific and extensive expertise in the Lennard Shelf region.

In addition to the services of CSA, Avalon has appointed Digirock Pty Ltd as its consultant exploration manager for the Lennard Shelf Projects.

Avalon has purchased a hand-held XRF Niton machine to assist in the rapid analysis of the soils and rock material in the field. The Niton instrument allows for rapid in-situ measurement of zinc and lead in soils and will be a key tool in the Company’s plans to complete the assessment of target areas. The Niton is a recent technological breakthrough and was not available to earlier explorers of this region.



Figure 2 Geology and base metal deposits of the Lennard Shelf, showing the location of Avalon’s project areas.

On-ground exploration activities have commenced at Avalon’s three Lennard Shelf Projects - Oscar Range, Barramundi and Lawford - and will gain momentum during the dry season, with the aim of drill testing priority targets prior to the commencement of the 2007/08 wet season.

Tenement Applications

Subsequent to the end of the March Quarter, Avalon signed a

Cultural Heritage Agreement with the Kimberley Land Council (KLC) paving the way for the grant of six Lennard Shelf Exploration Licence applications.

The Paterson Projects - Avalon 100%

The Paterson Projects, located in the Paterson Range area of WA’s East Pilbara region, represent Avalon’s second exploration focus. Avalon has 1,409km² of tenements under application in the Paterson Range region, all prospective for a range of mineral types and exploration models.

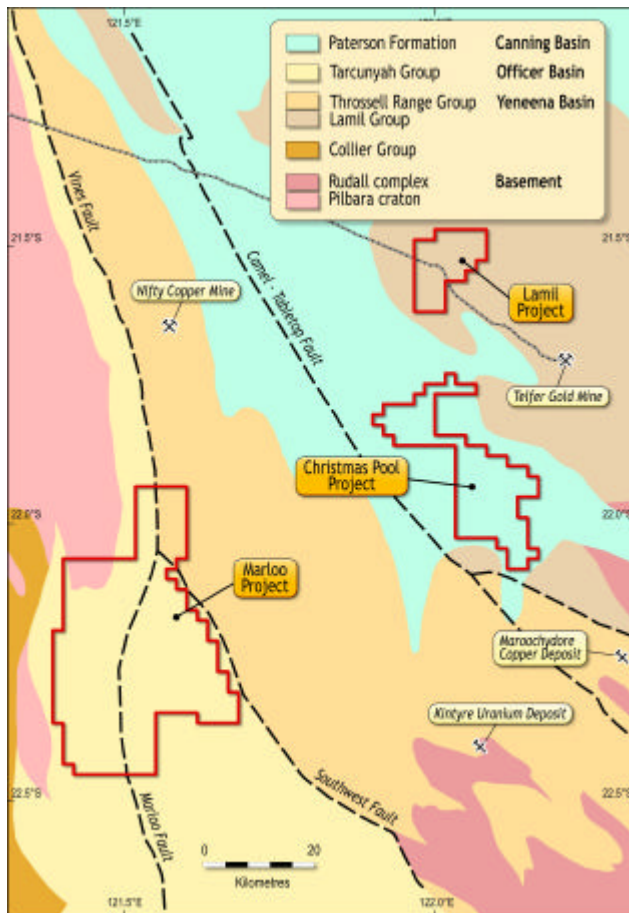


Figure 3 Geology and mineral deposits of the Paterson Province, showing Avalon’s project areas.

The Company has identified the uranium potential of the 980km² Marloo tenement package as the priority project within its Paterson project portfolio.

Located 85km southwest of the Telfer Gold Mine, 50km south of the Nifty Copper Mine and 40km north-west of the Kintyre Uranium Deposit, the Marloo project comprises four contiguous Exploration Licences.

Previous explorers identified widespread multi-element anomalies including uranium mineralisation at the Epicurus,

Cape Warton, Solomons Child and Tarcunyah West Prospects.

Neither the Epicurus Uranium Prospect – where a 1000m x 1000m multi-element anomaly with peaks of 100ppm U, 4,040ppm Pb, 177ppm Zn and 59ppm Mo (Molybdenum) – nor the Cape Warton prospect have been adequately tested for Kintyre-type uranium deposits.

The Epicurus Uranium Prospect is located on the south west margin of the Archaen Gregory Granitic Complex, on the unconformity with the overlying Tarcunyah group, invoking comparison with other non conformity-related uranium deposits such as Kintyre, 40km to the south east of Marloo, and the Alligator River Field in the Northern Territory.

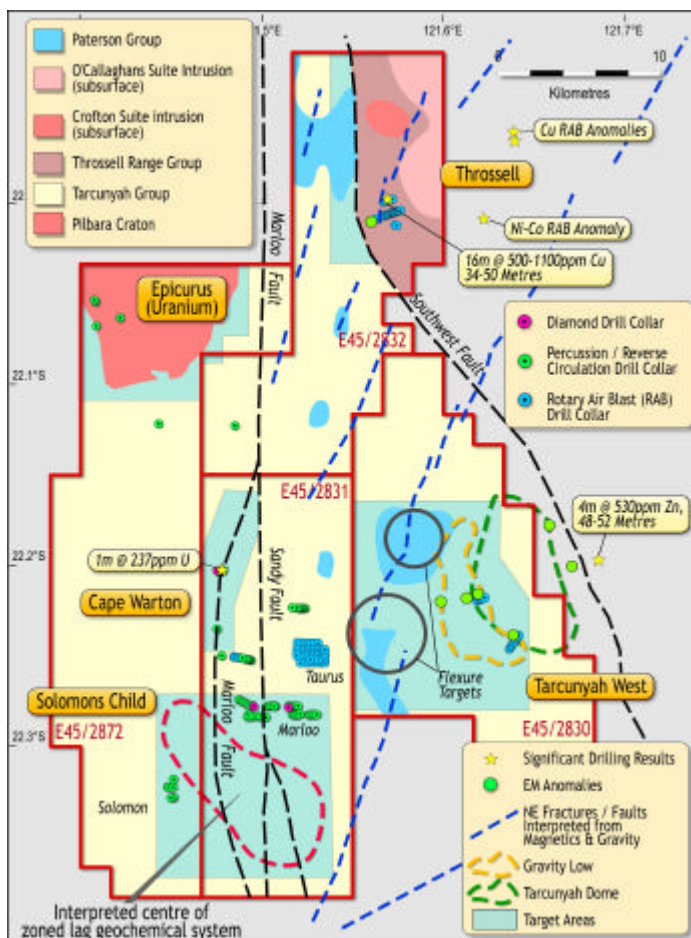


Figure 4 Geology, base metal deposits and occurrences, and drill hole locations, Marloo Project, showing Avalon's target areas.

Project Generation Activities

Avalon continued to assess additional zinc and uranium project generation opportunities during the Quarter.

Corporate

As at 31 March 2007, Avalon had 472 shareholders with the Top 20 holding 61% of the Company. The Company has A\$3.48 million cash on hand.



David McSweeney
Executive Chairman

In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr Stephen Stone, a director of the Company. Mr. Stone has in excess of 5 years experience in his field of activity and he consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.