

ASX ANNOUNCEMENT

15 August 2012

PRESENTATION VISCARIA COPPER PROJECT

Attached is an investor presentation by the Company's Managing Director, Mr Jeremy Read, on the Viscaria Copper Project in Sweden.

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

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AVALON MINERALS LTD

A MINERAL EXPLORATION &
MINING PROJECT DEVELOPMENT
COMPANY WITH A PORTFOLIO
OF COPPER AND IRON ORE
ASSETS IN NORTHERN SWEDEN



AVALON MINERALS

- Assets
 - Viscaria Copper Project
 - Viscaria Regional Exploration



COMPANY SNAPSHOT

Capital Structure

- 330,873,602 shares
- Share Price: \$0.08
- Market Capitalisation circa A26\$M
- Top 10 holders 49% of share capital

Administrative

- Listed on ASX, Code AVI
- Head Office – Brisbane, Australia
- Sweden Office - Lulea

Share Register

- Abu Sahid Bin Mohamed 15.85%
- Siew Mun Chuang 9.06%
- Galena Fund 6.42%
- JP Morgan Nom 4.75%
- Brookman Resources 3.12%
- Pershing Australia 1.99%
- Spectral Investments 1.99%
- Flue Holdings 1.32%
- Osiris Capital 1.21%
- Slade Technology 1.12%

AVALON'S OBJECTIVES

- Minimum of 500% increase to shareholder value within a 2-4 year time period
- Double currently defined high grade copper Mineral Resources
- Demonstrate viability of project through completion of BFS
- Permit Project for development including environmental approvals
- Select development path which maximises returns for shareholders

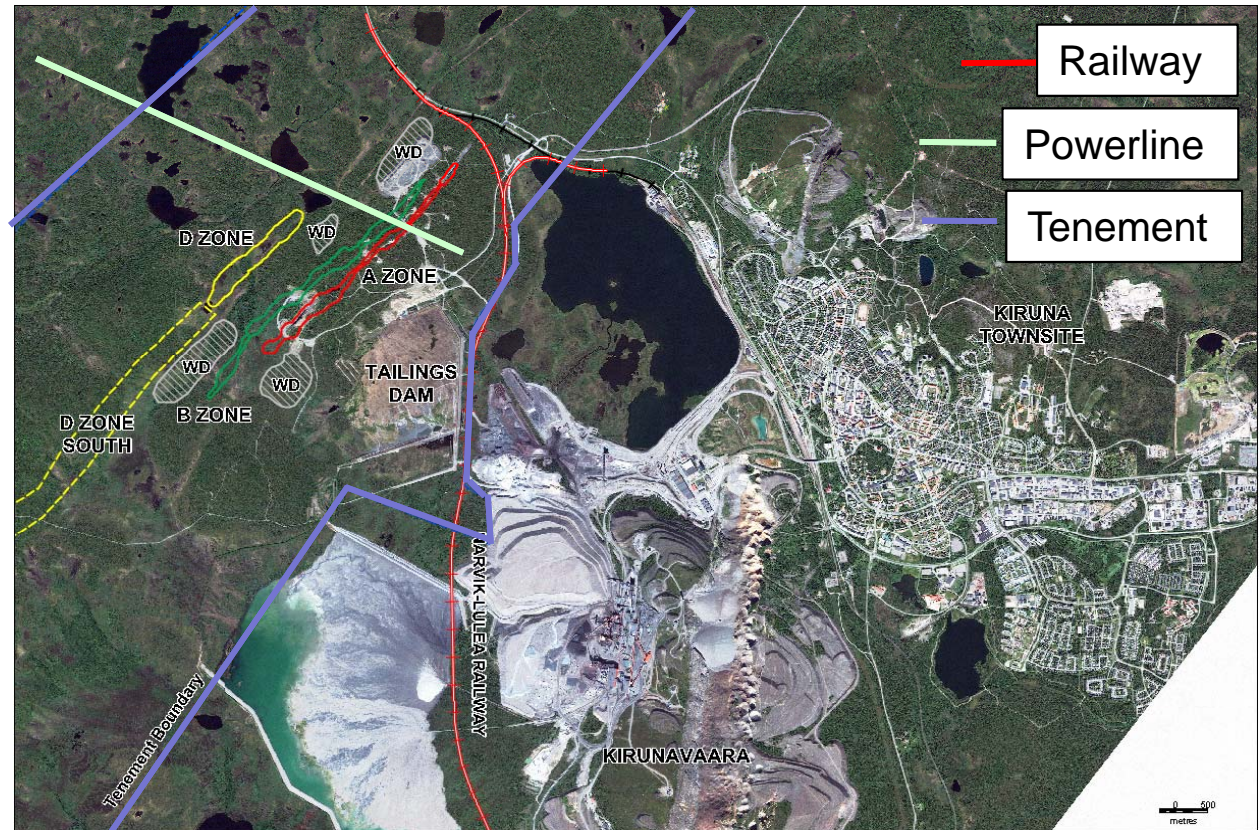
SWEDEN - EXCELLENT INFRASTRUCTURE AND MINING REGULATION

Infrastructure

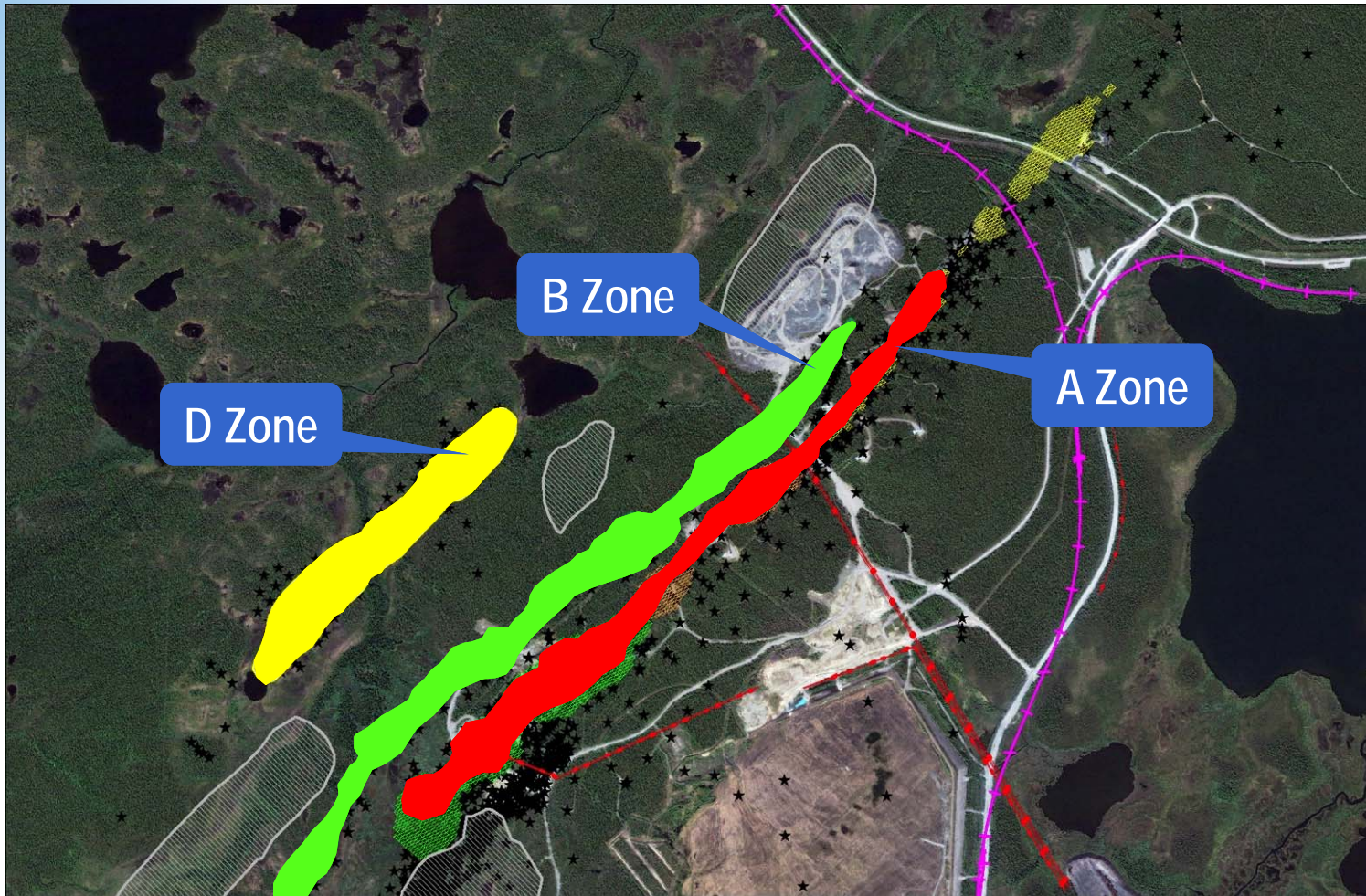
- 4km from mining centre of Kiruna (pop. 23,000)
- Nearby smelters
- Rail – heavy haul
- Ports – Narvik (ice free), Luleå
- Power (3c/Kwatt hour)

Mining Regulation

- Sweden 7th Globally (Fraser Institute 2011-2012)
- Western Australia ranks 12th
- 26.3% company tax rate
- 2 of 3 Mining Exploitation Concessions already granted



VISCARIA COPPER PROJECT



A ZONE

- 21.6Mt @ 1.5% Cu
- Inc. 9.5Mt @ 2.7% Cu

B ZONE

- 19.7Mt @ 0.8% Cu

D ZONE

- 11.9Mt @ 0.6% Cu & 24% Fe
- Inc. 3.2Mt @ 1.2% Cu

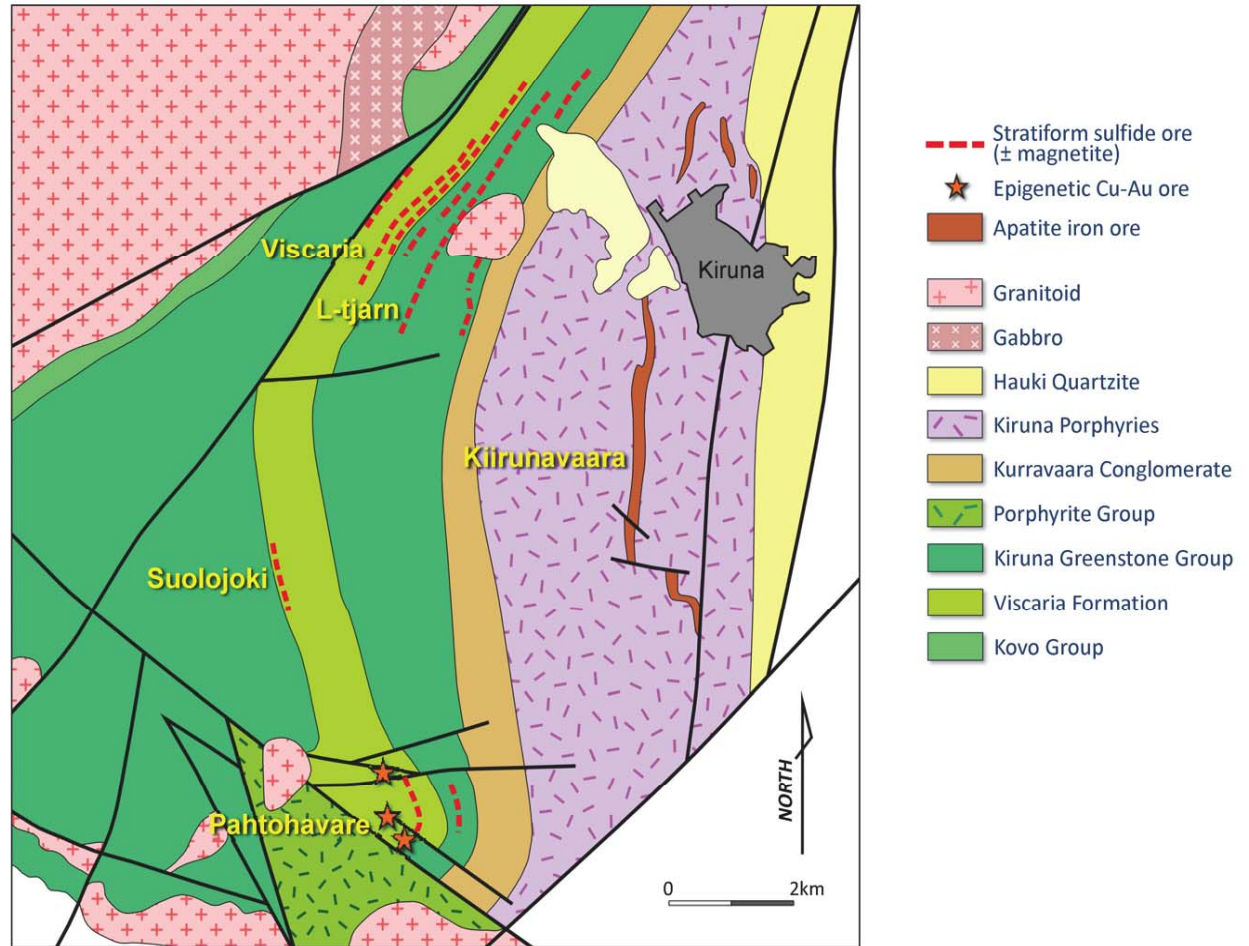
TOTAL

- 53.8Mt @ 1.0% Cu

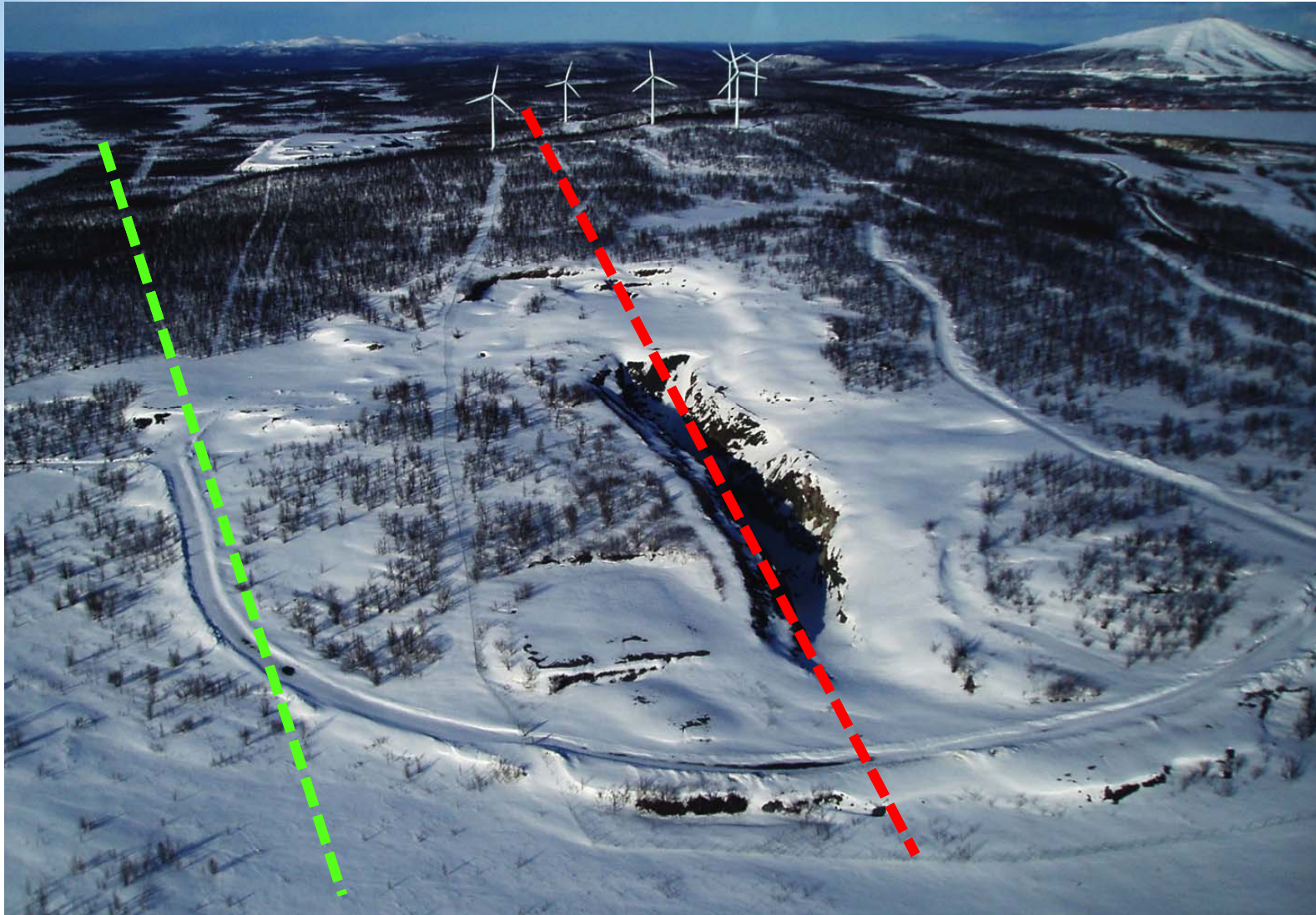
See slides 25, 26 and 27 for the JORC Classification of the Mineral Resources

PREVIOUSLY OPERATED VISCARIA COPPER MINE (A ZONE)

- World-class Iron Oxide Copper Gold (IOCG) and Iron province
- Discovered in the 1970's
- 15 years historical production from 1982 to 1997 (Outokumpu)
- Production of 12.5Mt of 2.3% Cu



VISCARIA COPPER PROJECT



A ZONE

•21.6Mt @ 1.5% Cu

B ZONE

•19.7Mt @ 0.8% Cu

VISCARIA COPPER PROJECT



Tailings Dam
(2 year capacity)

Processing
Plant Site

Power Line

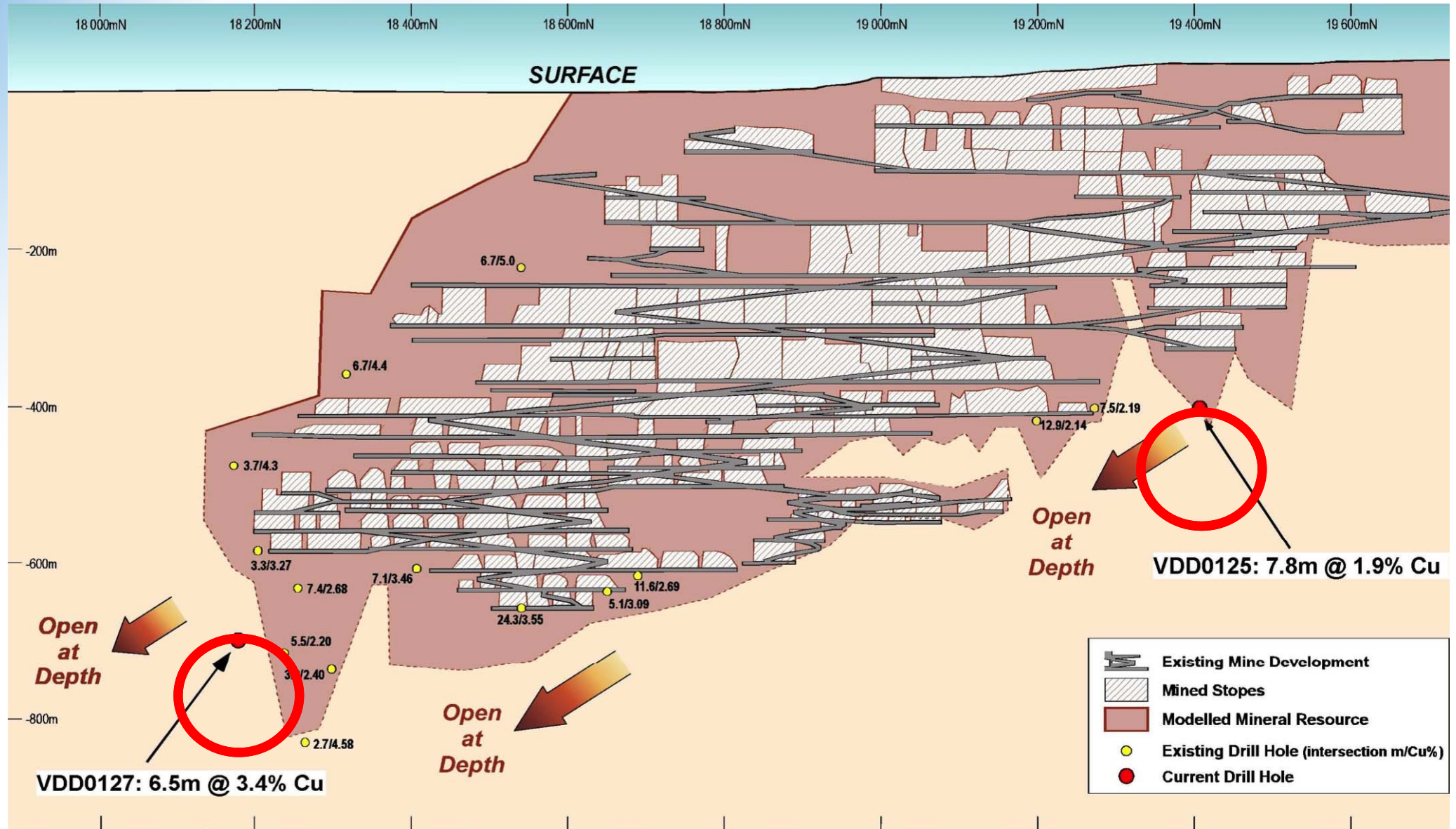
Portal

EXPLORATION STRATEGY

- Understand controls on High Grade (>2% Cu) mineralisation
- Scoping Study to determine NPV of combined Open Pit and Underground Mining Operation
- Drill intensive program at A, D Zones to double High Grade (>2% Cu) Mineral Resources
- Fully permit project including environmental approvals
- Test high priority regional exploration targets

SUCCESSFUL INITIAL 2012 DRILL PROGRAM

- A Zone Extensional Drilling – 2 holes, 2 high grade intersections



SUCCESSFUL INITIAL 2012 DRILL PROGRAM

- D Zone Extensional Drilling

- Hole VDD0128

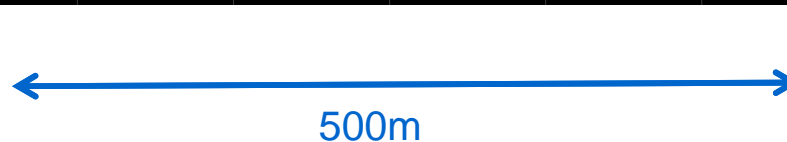
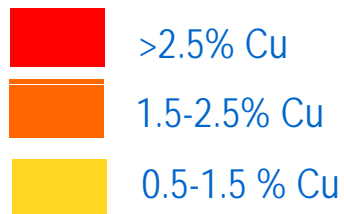
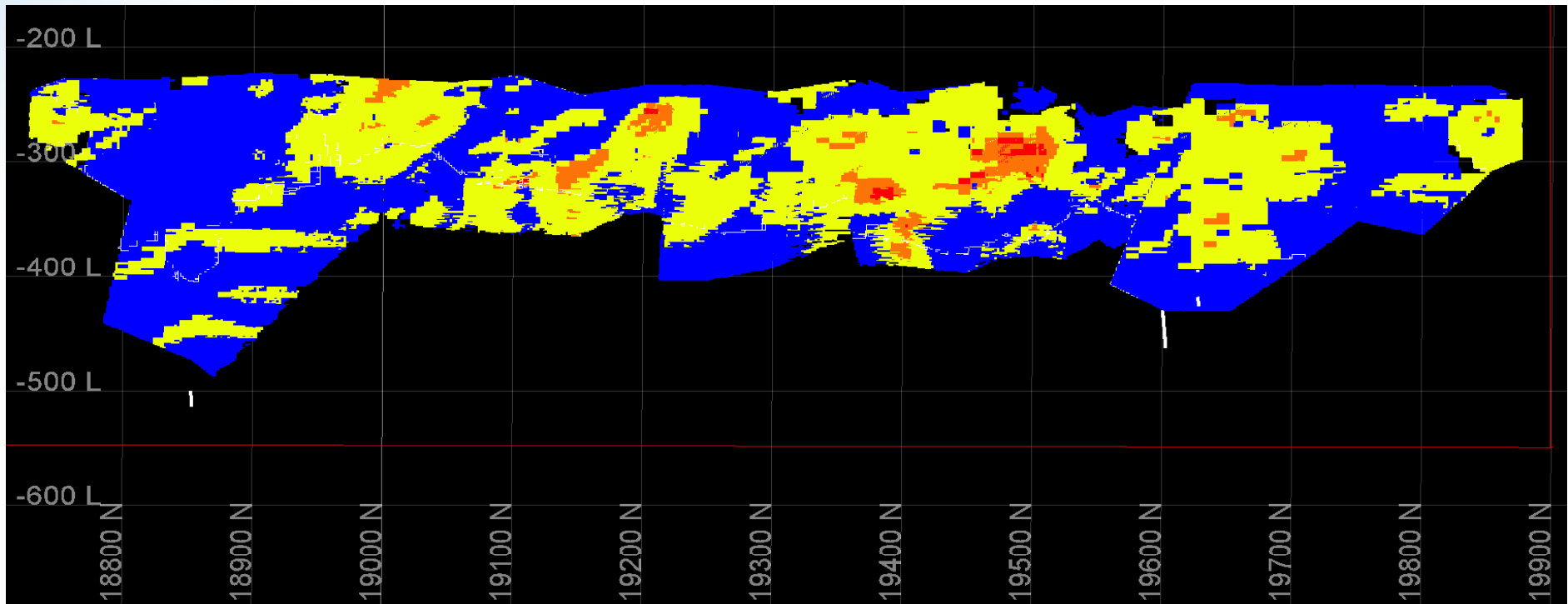
- 8.1m @ 2.2% CuEq* (1.5% Cu & 39.2% Fe) from 189.9m, including 5.1m @ 2.8% CuEq* (2.1% Cu & 42% Fe)
- 8.0m @ 2.1% CuEq* from 216.0m (1.5% Cu & 33% Fe) including 6.4m @ 2.4% CuEq* (1.8% Cu & 34.5% Fe)
- 68m @ 1.0% CuEq* (0.6% Cu & 28.2% Fe) from 189.9m

* See slide 28 for the CuEq formula



D ZONE OPEN PIT

- Wider and higher grade copper intersections than outlined from PFS resource model
 - 68m @ 1.0% CuEq (0.6% Cu & 28.2% Fe)
 - 19.8m @ 1.9% Cu
 - 38m @ 1.6% Cu
- Drilling to follow high grade shoots down plunge



CURRENT ESTIMATE OF VALUE OF OPEN PIT RESOURCES

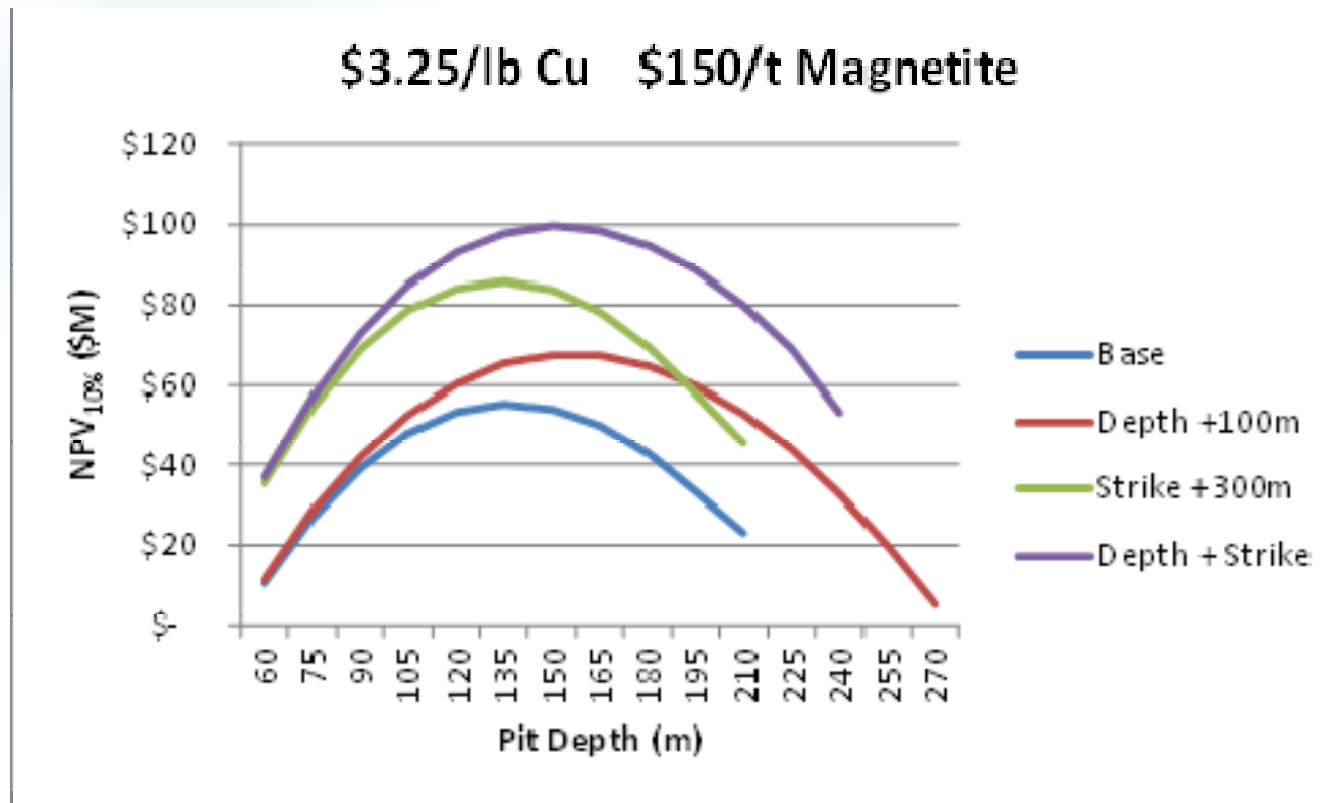
Mineral Resource	Open Pit Tonnes (Mt)	Mine Life (Years)	Grade (Eq Cu%)	Strip Ratio	Processing Rate (Mtpa)	NPV (US\$M)
A Zone	2.8	1.9	1.2	7.8	1.5	54
D Zone	6.3	4.2	1.3	4.9	1.5	115
TOTAL	9.1	6.1	1.2	5.3	1.5	169

Assumptions

1. Cu Price – US\$3.25/lb
2. Fe Price – US\$95.1/t
3. Exchange Rate – US\$1 = €0.75

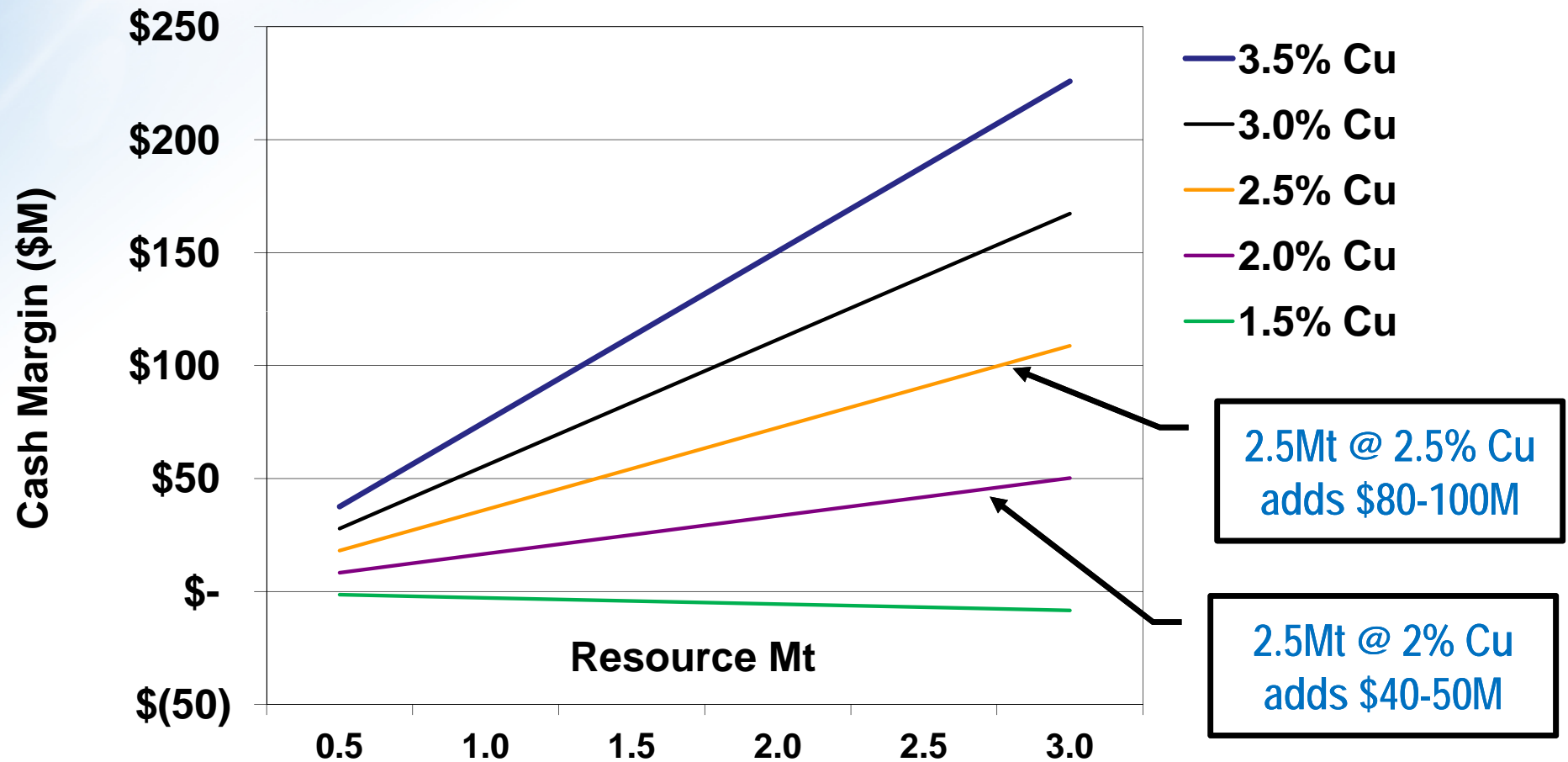
VALUE OF UNDERGROUND TO BE ADDED

FURTHER VALUE CREATION – D ZONE EXTENSION



- 300m STRIKE EXTENSION
- 35m DEPTH EXTENSION
- +\$50M NPV

FURTHER VALUE CREATION – A ZONE MINERALISATION



CLEAR PATHWAY TO ADDING \$80-150M IN VALUE



METAL PRODUCTION SCENARIO

- A Zone Open Pit
 - 500,000tpa @ 1.35% Cu
 - 6,7500t of Cu in concentrate
- D Zone Open Pit
 - 1,000,000tpa @ 0.5% Cu and 25% Fe
 - 5,000t of Cu in concentrate
 - 252,000t of Fe in concentrate
- Open Pit Copper Production
 - 11,750t of Cu in concentrate

UPSIDE

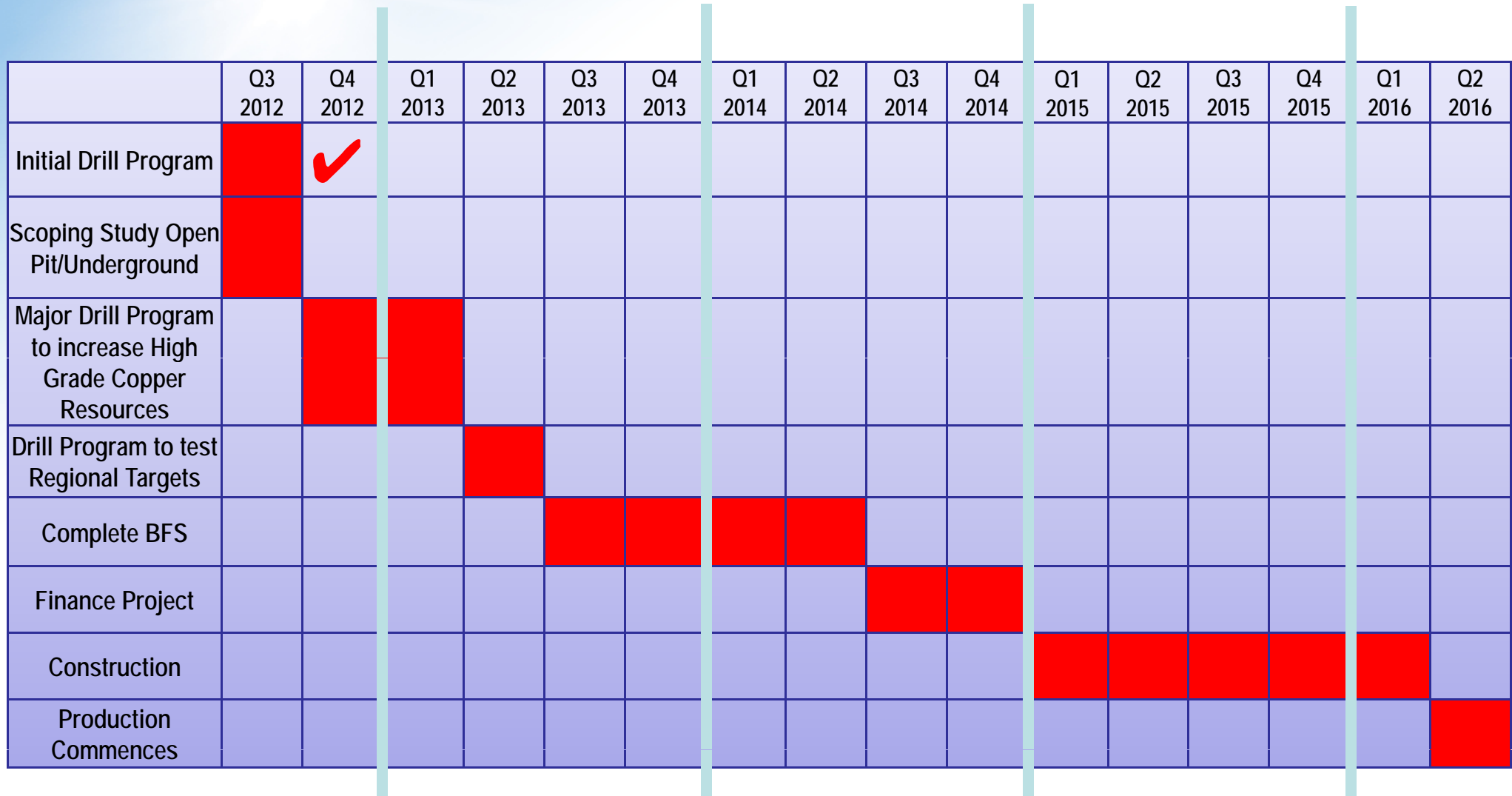
- 500,000tpa @ 2.5% Cu from underground at A and/or D Zone
- 12,500t of Cu in concentrate (doubles copper production)



UNDERGROUND – OPEN PIT SCOPING STUDY

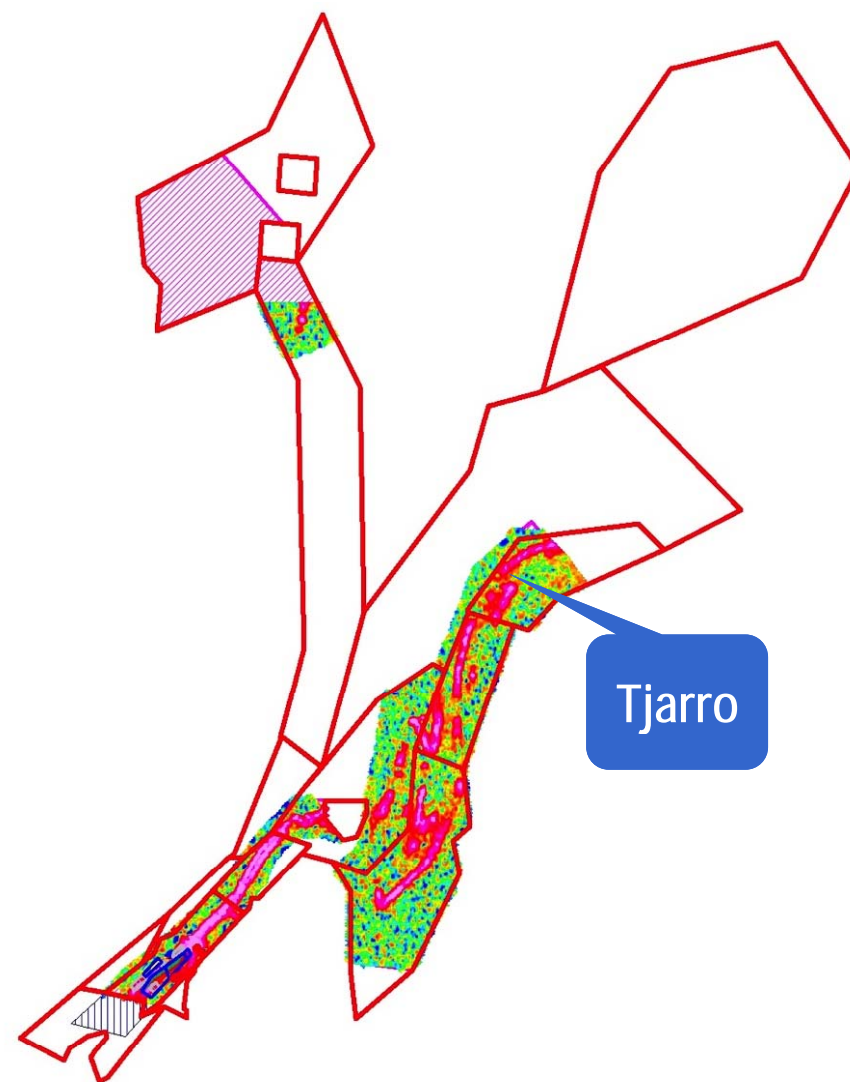
- Refine estimate of open pit mining inventory by incorporating new drilling results at D Zone
- Finalise current estimate of underground mining inventory by estimating underground mineable material at A, B and D Zones
- Determine optimum mining schedule between open pit and underground
- Sensitivity analysis Copper Price vs Mining Inventory at US\$2.75, 3.00, 3.25, 3.50/lb Cu
- Determine mining rate to maximise NPV
- Overall Project NPV including CAPEX estimate

PROJECT DEVELOPMENT TIME LINE

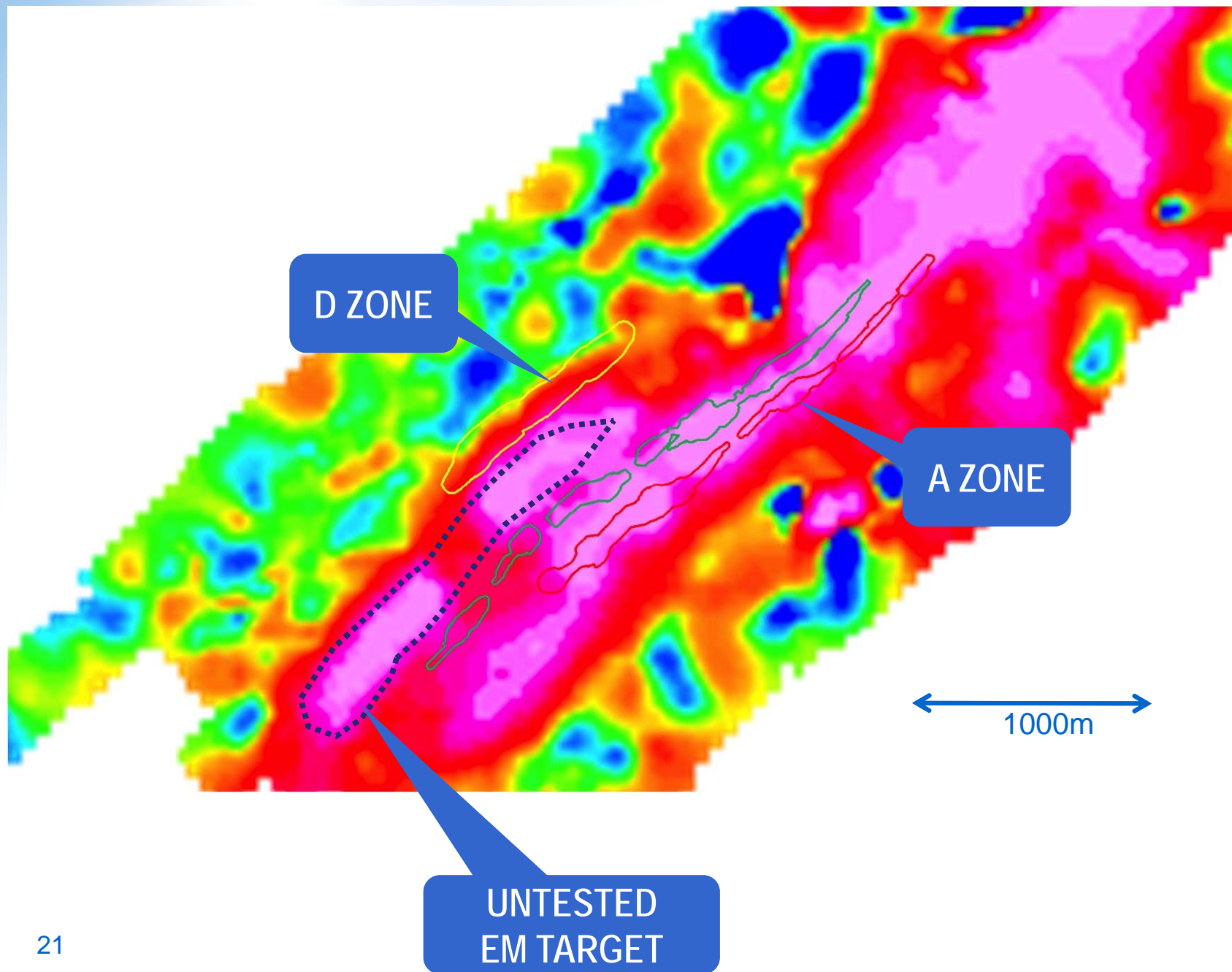


REGIONAL EXPLORATION TARGETS

- **Viscaria Regional Exploration**
 - 720km² tenure, 100km of cumulative strike
- **Heli-EM To Define Drill Targets**
 - Preliminary data received
 - Final data and interpretation in Sept
- **Priority Prospect - Tjarro**
 - Anomalous Cu and Fe, 7km long target
 - Geologically similar to Viscaria D Zone
 - 8m @ 1.7% Cu
 - 15m @ 1.3% Cu



HELI-EM TARGETS CLOSE TO A AND D ZONE RESOURCES



STRONG NEWS FLOW

- August
 - Assay results for final D Zone drill hole
 - Preliminary targets from Heli-EM regional survey

- September
 - D Zone Mineral Resource Upgrade
 - Results of Underground / Open Pit Scoping Study
 - Final results of Heli-EM Survey

- October
 - A Zone Mineral Resource Upgrade
 - Viscaria drill program to extend Mineral Resources at A and D Zones



CONCLUSIONS

- Viscaria Copper Project contains high grade Copper Mineral Resources (9.4Mt @ 2.7% Cu)
- Objective is to create shareholder value by:
 - Doubling the >2% Cu Mineral Resources
 - Fully permit project
 - Complete BFS
 - Implement combined open pit / underground mining operation
- Sweden 7th best mining destination globally
- Successful initial 2012 drill program completed at A and D Zones extended areas of >2% Cu mineralisation
- Open Pit / Underground Scoping Study underway to determine best way to maximize MPV
- Clear pathway identified to potentially add \$80-150M in project value



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CLASSIFICATION OF MINERAL RESOURCES – A ZONE

A Zone

Category	2011 CSA Mineral Resources			2010 Avalon Mineral Resources			Comparison		
	Tonnes	Grade (Cu%)	Copper Metal (T)	Tonnes	Grade (Cu%)	Copper Metal (T)	Tonnes	Grade (Cu%)	Copper Metal (T)
Measured	14,439,000	1.66	239,000	6,700,000	2.47	165,000	116%	-33%	45%
Indicated	4,690,000	1.22	57,000	4,100,000	1.76	72,000	14%	-31%	-21%
Meas + Ind	19,128,000	1.55	296,000	10,800,000	2.20	238,000	77%	-30%	24%
Inferred	2,480,000	1.03	26,000	6500000	1.24	81,000	-62%	-17%	-68%
Total	21,609,000	1.49	322,000	17,300,000	1.84	318,000	25%	-19%	1%

Note: Rounding errors may occur. Estimate is above 0.4% Cu.

CLASSIFICATION OF MINERAL RESOURCES – B ZONE

B Zone

Category	2011 CSA Mineral Resources			2010 CSA Mineral Resources			Comparison		
	Tonnes	Grade (Cu%)	Copper Metal (T)	Tonnes	Grade (Cu%)	Copper Metal (T)	Tonnes	Grade (Cu%)	Copper Metal (T)
Measured	123,000	1.33	2000						
Indicated	4,118,000	0.72	30,000						
Meas + Ind	4,240,000	0.74	32,000						
Inferred	15,410,000	0.77	118,000	25,388,000	0.76	192,900	-39%	2%	-38%
Total	19,650,000	0.76	149,000	25,388,000	0.76	192,900	-23%	0%	-23%

Note: Rounding errors may occur. Estimate is above 0.4% Cu.

CLASSIFICATION OF MINERAL RESOURCES – D ZONE

D Zone

2011 Mineral Resources								
Grade Tonnage Reported below a Cut off Grades of 15% Mass_Rec and above a Cut off of 0.3% Cu								
Deposit	Category	Tonnes	Cu (%)	Fe (%)	Mass_Rec (%)	Fe_Conc (%)	SiO2_Conc (%)	Copper Metal (T)
D Zone	Measured	32,000	0.58	14.74	9.19	49.47	3.20	190
	Indicated	489,000	0.65	10.84	9.16	43.60	2.89	3,160
	Meas + Ind	521,000	0.64	11.08	9.16	43.96	2.91	3,340
	Inferred	274,000	0.89	22.12	4.39	16.01	1.12	2,420
	Total	795,000	0.73	14.88	7.52	34.33	2.29	5,770

ADDITIONAL INFORMATION AND ATTRIBUTION

Copper Equivalent Formula

- $*\% \text{ CuEq} = \% \text{ Cu} + ((\% \text{ Fe} \times \text{Fe price US\$/tonne} \times \text{Fe recovery}) / (\text{Cu price US\$/tonne} \times \text{Cu recovery}))$
- Cu price US\$/tonne = \$7,163.00 (US\$3.25/lb)
- Cu Recovery = 90%
- Fe price US\$/tonne = \$144.93 (calculated from US\$100 Net Price per tonne of magnetite concentrate containing 69% Fe)
- Fe Recovery = 70%

Results from extensive metallurgical test work completed by Avalon Minerals Limited indicates that both copper (Cu) and iron (Fe) have a reasonable potential to be recovered from the mineral resource contained within the Viscaria Project.

Competent Persons Statement

The information in this report that relates to Mineral Resources and exploration targets is based upon information reviewed by Mr Jeremy Read BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Read is a full time employee of Avalon Minerals Ltd and 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 a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Read consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resource estimate for A, B and D Zones was compiled and prepared by Dr Bielin Shi (MAusIMM, MAIG) of CSA Global Pty. Ltd. who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.