

13 March 2015

Dale Allen
Senior Adviser
Listings Compliance (Perth)
ASX

By email

Dear Dale

Response to Appendix 3Y Query – Change of Director’s Interest Notice

I refer to your letter dated 9 March 2015 in relation to the recently lodged Appendix 3Y (Change in Director’s Interest) lodged on 3 March 2015 and to the queries raised by ASX.

Please find the Company’s response to the matters raised below:-

1. *Please explain why the Appendix 3Y was lodged late.*

The Appendix 3Y lodged on 3 March 2015 related to the sale of 258,666 ordinary shares by Mr Paul Niardone.

Mr Niardone had placed a ‘sell’ order for shares with his broker some time ago. He only became aware that the sell order had actually been processed when the broker provided details of a settlement on 26 February 2015. Unfortunately, the details provided were unclear on the price paid and the total amount of shares sold, resulting in Mr Niardone querying the transaction further.

Due to a public holiday in Western Australia on Monday 2 March 2015 (where the director and broker are located), the details of the transaction were not finally clarified until Tuesday 3 March 2015. The Appendix 3Y was then immediately lodged.

It is noted that the transaction did not occur during a ‘closed period’ under the Company’s Securities Trading Policy.

2. *What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

Each of the Directors has entered into an Acknowledgement and Undertaking for the purposes of Listing Rules 3.19A and 3.19B.

The Company also has in place a ‘Securities Trading Policy’ governing trading in the Company’s shares by its directors.

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

The Company considers that the arrangements set out in 2 above are appropriate for a Company the size of Avalon Minerals Limited to enable it to meet its obligations under Listing Rule 3.19A.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'R Shand', written in black ink.

Roslynn Shand
Company Secretary
Avalon Minerals limited



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 40 Central Park
152 - 158 St Georges Terrace
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000

www.asx.com.au

9 March 2015

Ms Roslynn Shand
Company Secretary
Avalon Minerals Limited
PO Box 1565
Milton Qld 4064

By Email: ros.shand@avalonminerals.com.au

Dear Roslynn

Avalon Minerals Limited (the "Company") Appendix 3Y – Change of Director's Interest Notice.

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX Limited ("ASX") on 3 March 2015 for Mr Paul Niardone.
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Y for Mr Paul Niardone indicated that changes in the directors' relevant interests occurred on 20 February 2015, it appears that the Appendix 3Y should have been lodged with the ASX by 27 February 2015. As the Appendix 3Y was lodged on 3 March 2015, it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y for Mr Paul Niardone was lodged late?
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to dale.allen@asx.com.au. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible (i.e. before 4.00pm W.S.T.) on **Friday 13 March 2015**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately

Yours sincerely,

[sent electronically without signature]

Dale Allen
Senior Adviser, Listings Compliance (Perth)