

HELI-EM SURVEY REVEALS HIGH QUALITY GEOPHYSICAL TARGET TO BE DRILL TESTED AT VISCARIA PROJECT

Highlights

- High quality drill target defined by coincident electromagnetic ('EM') conductor and magnetic body of strike length 2000m, from the Viscaria regional Helicopter EM survey, at the Tjavelk prospect;
- Historical rock chip samples from the vicinity of the Tjavelk prospect returned copper values of 12.4% Cu, 6.8% Cu, 6.3% Cu, 5.6% Cu and 1.17% Cu and gold values of 3.1g/t Au, 3.7g/t Au, 1.8g/t Au and 1.3g/t Au;
- Previous drilling into the Tjavelk prospect intersected 34m @ 39.4% Fe and 0.17% Cu and 39m @ 38.4% Fe and 0.12% Cu at shallow depth, but without intersecting the combined magnetic/EM target;
- The Tjavelk prospect will be drill tested during Q1 2013, following consultation with stakeholders and approval of the drill program by the various regulatory bodies;
- A 25-30,000m drill program to extend the A Zone and D Zone Mineral Resources at Viscaria has commenced and will continue for 5-6 months.

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to announce the first results from a helicopter electromagnetic ('Heli-EM') survey of the regional exploration tenements which are part of the Viscaria Project ('Viscaria'), in northern Sweden.

The Heli-EM survey was flown with the intent of assisting in the generation and prioritisation of drill targets, with the goal of intersecting new bodies of copper or copper-magnetite mineralisation. Only a proportion of the regional exploration tenements at Viscaria (Figure One) were covered by the Heli-EM survey and priority was given to areas which, if they did contain copper bearing mineralisation, could be mined and trucked to the processing plant Avalon is planning to build at the A Zone and D Zone prospects in the south-west corner of its Viscaria Project tenements.

The Company's Managing Director Mr Jeremy Read said, "The first target generated from the Heli-EM survey is a high quality target as it is a very coherent and coincident magnetic and electromagnetic anomaly located at the Tjavelk prospect."

"The Tjavelk EM/magnetic anomaly is located in an area where rock chip samples have returned copper values varying from 1.2% Cu to 12.4% Cu, which is very encouraging," he added.

"Limited historical drilling has occurred at the Tjavelk prospect but this drilling did not test the EM conductor, which is a high quality target due to the coincidence of the magnetic and EM responses in an area where rock chips are running up to 12% Cu. Consequently, we will be drill testing the EM/magnetic anomaly as soon as we have consulted stakeholders and received approval from the various regulatory bodies", said Mr Read.

Interpretation of the Viscaria Heli-EM Survey

During mid 2012, a SkyTEM Heli-EM survey was completed in three separate survey blocks partially covering some of the regional exploration tenements comprising the Viscaria Project in northern Sweden (Figure One). The interpretation of the data from the north-western survey block has been completed and is reported below.

The background EM response in the north-western survey block is generally very resistive and free from EM responses associated with graphitic geological units. Within this survey block, two significant zones of conductivity are evident at the Tjavelk and Lulip Borri prospects (Figure Two). The conductor at the Tjavelk prospect strikes east-west and is approximately 2000 metres in strike length, while the conductor at the Lulip Borri prospect strikes north-south and is also about 2000 metres in strike length. The EM conductor at the Tjavelk prospect is the stronger conductor.

Interpretation of the EM data from the Tjavelk prospect suggests that the EM conductor dips to the north and plunges to the west and that it is coincident with the source of a strong magnetic anomaly. The source of the magnetic anomaly appears to be near surface and has been drill tested with three historical drill holes returning 38-39% Fe. However, the EM conductor occurs below 100 metres depth and appears not to have been tested by three further drill holes drilled to the east of the drill holes which tested the near surface source of the magnetic anomaly. Therefore, it appears that the EM conductor has not yet been drill tested.

Surface rock chip samples taken in the vicinity of the Tjavelk prospect returned 12.4% Cu, 6.8% Cu, 6.3% Cu, 5.6% Cu and 1.2% Cu and gold values of 3.1g/t Au, 3.7g/t Au, 1.8g/t Au, 1.3g/t Au and <0.01% Au. The coincidence of the magnetic and EM anomalies in an area of highly anomalous copper and gold geochemistry is extremely encouraging.

Drill testing of the combined magnetic/EM target at the Tjavelk prospect will occur as soon as possible following consultation with stakeholders and approval of the drill program by the various Swedish regulatory bodies. It is likely that drilling will be completed at the Tjavelk prospect by April 2013.

ABOUT AVALON

Avalon is an ASX listed mineral exploration company with high quality assets in Sweden, one of the leading metal producing countries in the European Union.

Avalon's flagship asset is the Viscaria copper-magnetite project located 1,200km north of Stockholm where the Company has delineated a global resource of 66.2 million tonnes of mineralisation, containing 51,000 tonnes of copper and 2.4 million tonnes of iron.

The Viscaria Project is surrounded by established infrastructure, lying immediately adjacent to LKAB's Kirunavaara Iron Ore operation and in close proximity to high-capacity rail and ports.

ABOUT SWEDEN

Sweden has a 1,000 year mining history, is the largest producer of iron ore in the European Union and is a leading producer of base metals (copper, zinc, lead) and precious metals (gold and silver).

There are excellent discovery opportunities, with much of the country underexplored by modern standards. Furthermore, Sweden possesses a world-class geological database and favourable minerals legislation, is politically and economically stable and has mining know-how, highly trained personnel and excellent infrastructure.

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

Mr Jeremy Read - Managing Director
Avalon Minerals Limited
Tel: 07 3368 9888
Em:
jeremy.read@avalonminerals.com.au
www.twitter.com/avalonminerals

Mr James Harris
Professional Public Relations
Tel: 08 9388 0944
Mob: 0400 296 547
Em: james.harris@ppr.com.au

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.

Figure One - Viscaria Heli-EM Survey Blocks

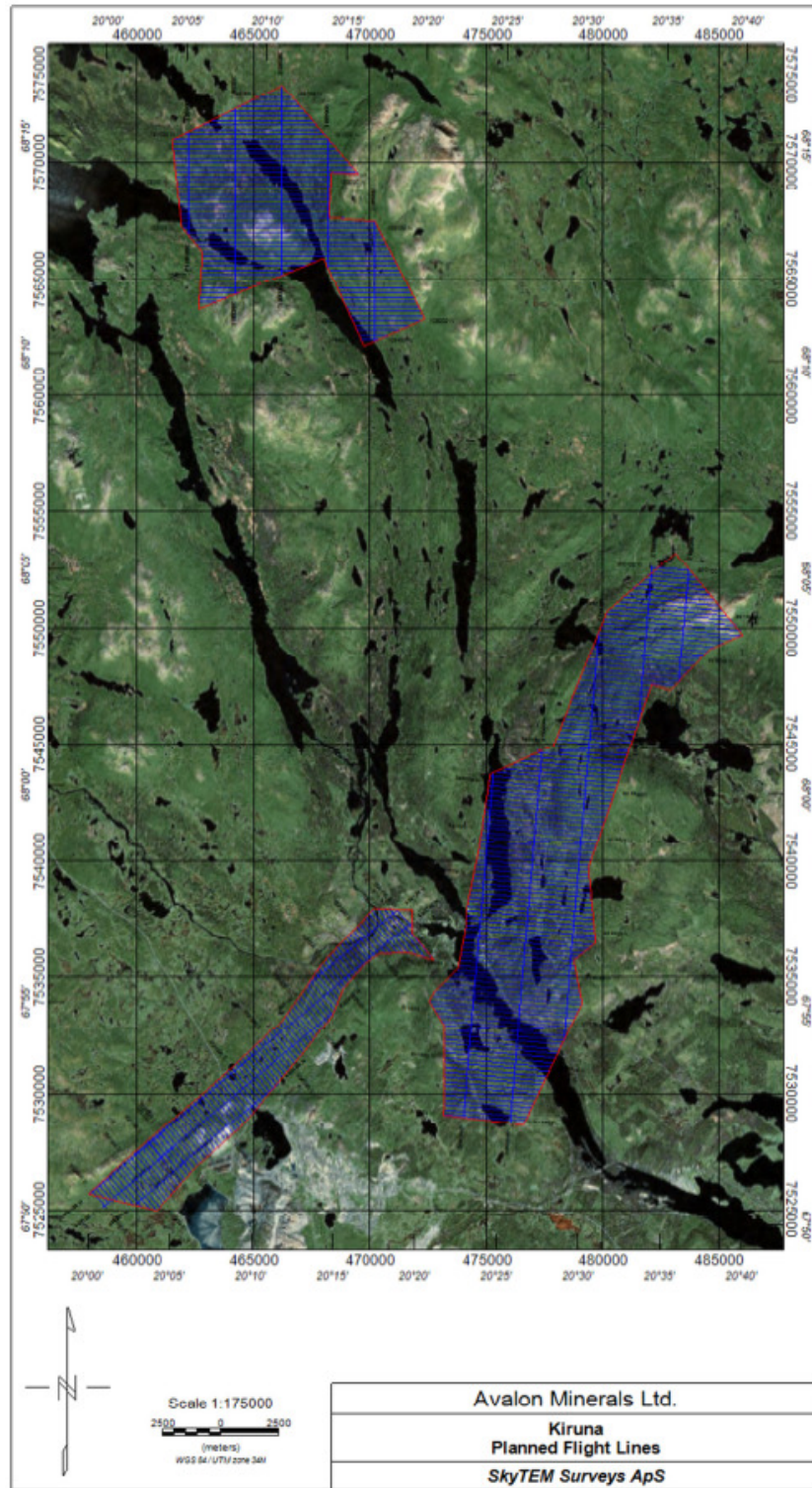
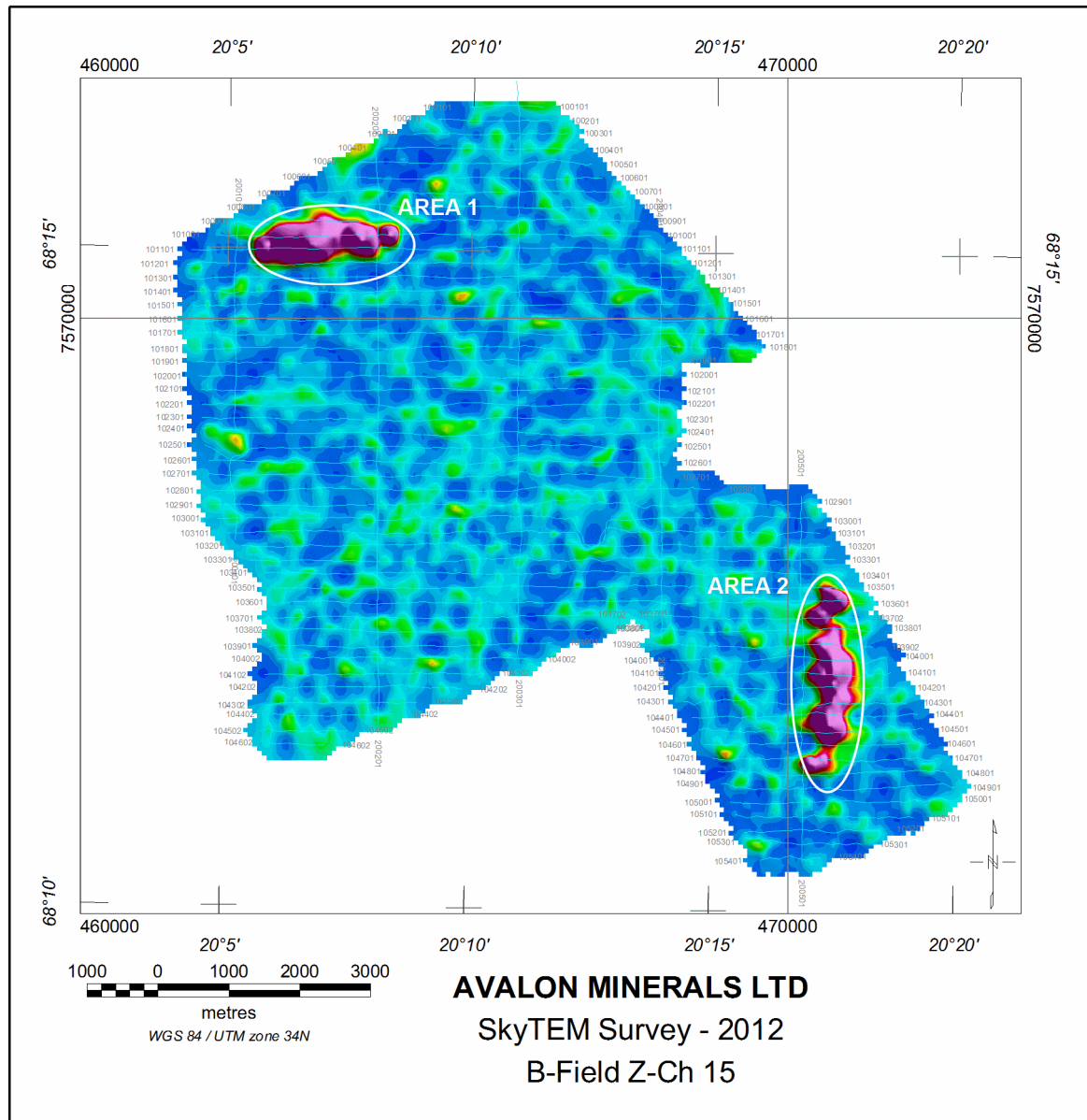


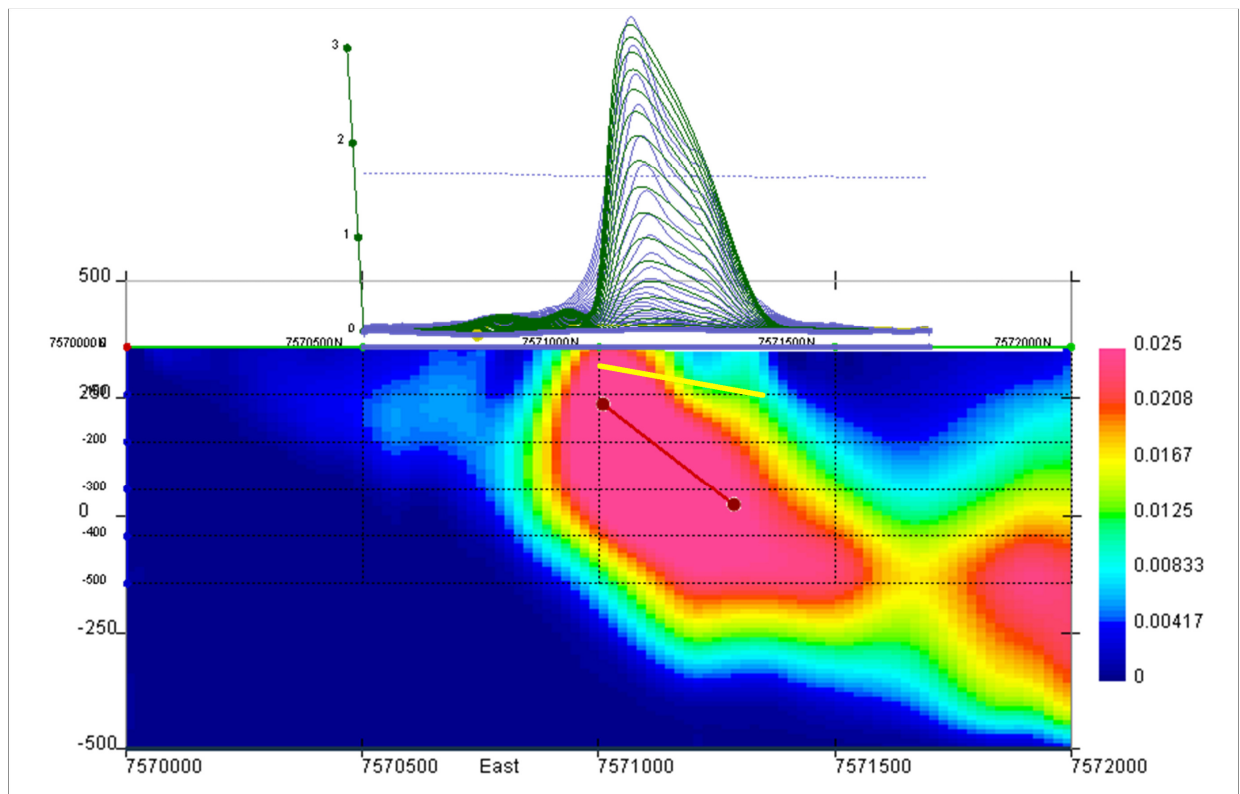
Figure Two - North-West Heli-EM Survey Block



Area 1 = Tjavelk Prospect

Area 2 = Lilip Borri Prospect

Figure Three - Tjavelk Prospect Geophysical Model and Target Conductor



Area model along profile line 20020, with associated magnetic 3D inversion section showing moderate to shallow northerly dip of magnetic body, and coincidence of main conductor