

8 October 2013

ASX ANNOUNCEMENT



SETTLEMENT WITH HANNANS

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to advise that further to its announcement on 1 October 2013 that a settlement had been reached with Hannans Reward Limited (Hannans) regarding the variation of payment terms under a Heads of Agreement (HOA) dated 2 May 2013 and the formal demand as announced on 4 July 2013, that:

- (a) Hannans has advised Avalon in writing of the withdrawal of its statutory demand for payment and consented to the discontinuance of related court proceedings (with no order as to costs); and
- (b) Avalon has transferred to Hannans' Nominated Bank Account, the sum of AUD\$1,000,000.

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-Iron Project located 1,200km north of Stockholm where it has delineated a global resource of 49.2 million tonnes of copper mineralisation, containing 544,000 tonnes of copper and 18.9 million tonnes of iron mineralisation containing 6.2 million tonnes of recoverable 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

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