

4 July 2013

ASX ANNOUNCEMENT



RESPONSE TO HANNANS' FORMAL DEMAND

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) announced on 6 May 2013 that it had entered into a Binding Heads of Agreement (HOA) to acquire Hannans Reward Ltd's (ASX:HNR) (Hannans) Discovery Zone Prospect located in Sweden (HOA).

Avalon acknowledges receipt of a formal demand dated 3 July 2013 from Hannans, pursuant to which it is alleged that the first \$2 million payment (**First Payment**) to be made by Avalon under the HOA is due and payable.

Avalon is treating the matter seriously, but at this stage does not believe the money is due and payable as alleged by Hannans and intends to defend its' position.

Avalon is currently seeking legal advice to assess its' options and will update the market as to any developments as necessary.

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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