

ASX ANNOUNCEMENT

22 May 2012

Thick, high-grade copper intersection from First Extension Hole Assays at A-Zone, reaffirming the growth potential of the Viscaria Project

Highlights

- Drill hole VDD0125 intersects 18.6m @ 1% Copper (down hole intersection), including a high-grade zone of 7.8m @ 1.9% Copper;
- VDD0125 was the first drill hole completed testing for extensions of high-grade copper mineralisation at the A-Zone Mineral Resource;
- Drill hole VDD0125 was drilled outside of the currently defined Mineral Resource envelope at the A Zone prospect. The current Mineral Resource for A-Zone comprises 21.6Mt at 1.5% Cu. The Mineral Resource is reported above a 0.4% copper grade cut-off and is classified as having 2.5Mt @ 1.5% Cu Inferred, 4.7Mt @ 1.2% Cu Indicated and 14.4Mt @ 1.7% Cu Measured according to the guidelines of the JORC Code (2004);
- Assay results for VDD0128, the first drill hole completed testing for extensions of high-grade copper mineralisation at the D-Zone Mineral Resource will be available in approximately two weeks.

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to announce that assays for VDD0125, the first hole of a four-hole drill program at the Viscaria Project in northern Sweden (Figures One and Two), have been received. VDD0125 returned an intersection of 18.6m @ 1% Cu from 450.4m (down hole intersection), including 7.8m @ 1.9% Cu from 453.2m.

Avalon's Managing Director, Jeremy Read, said that this intersection confirmed that there is excellent potential to increase the Company's copper Mineral Resources on the Viscaria Project.

"This intersection shows that the high-grade copper mineralisation which occurs within the A-Zone Mineral Resource extends at depth, which will allow Avalon to increase the Company's copper Mineral Resources on the Viscaria Project."

"The intersection of 18.6 metres of copper mineralisation in the first completed hole is a very positive step. It provides us with valuable information to allow us to plan for a much larger drill program later in the year, the goal of which will be to significantly increase our high-grade copper Mineral Resources." Mr Read said.

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Geochemical assay data for next hole, VDD0128 will be available in approximately two weeks time.

The four hole drill program is estimated to total 2,000m of diamond drilling. This drilling is being divided between drilling at the southern section of A-Zone, targeting the plunging high copper shoots 600m below the surface and stepping out >50m beneath the high grade shoots of D-Zone, at the 200-300m depth interval. The drill program is being undertaken by two drill rigs and is expected to be completed in late May.

Details of Drill Hole VDD0125

Drill hole VDD0125 intersected a succession of basaltic units and tuffaceous, volcanic sediments. There are several occurrences of shear zone hosted, mineralised veins primarily within tuffaceous, volcanic sediments between 450.4m and 469m. The mineralisation is characterised by chalcopyrite (copper sulphide) and pyrrhotite (iron sulphide).

The survey details of drill hole VDD0125 are given in Table One with the hole location shown in Figure Two. Copper mineralisation typical of the 18.6m intersection is shown in Figure Three.

Table One

Hole	Easting (WGS 84)	Northing (WGS 84)	RL (m)	Azimuth (degrees)	Inclination (degrees)	From (down hole m)	To (down hole m)	Intersection Width (down hole m)	End of Hole (m)
VDD0125	1681119.056	7535701.18	525.195	310.205	-65.0	451.0	468.0	17.0	503.9

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

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Figure One - Project Location



Figure Two - Location of Drill Hole VDD0125

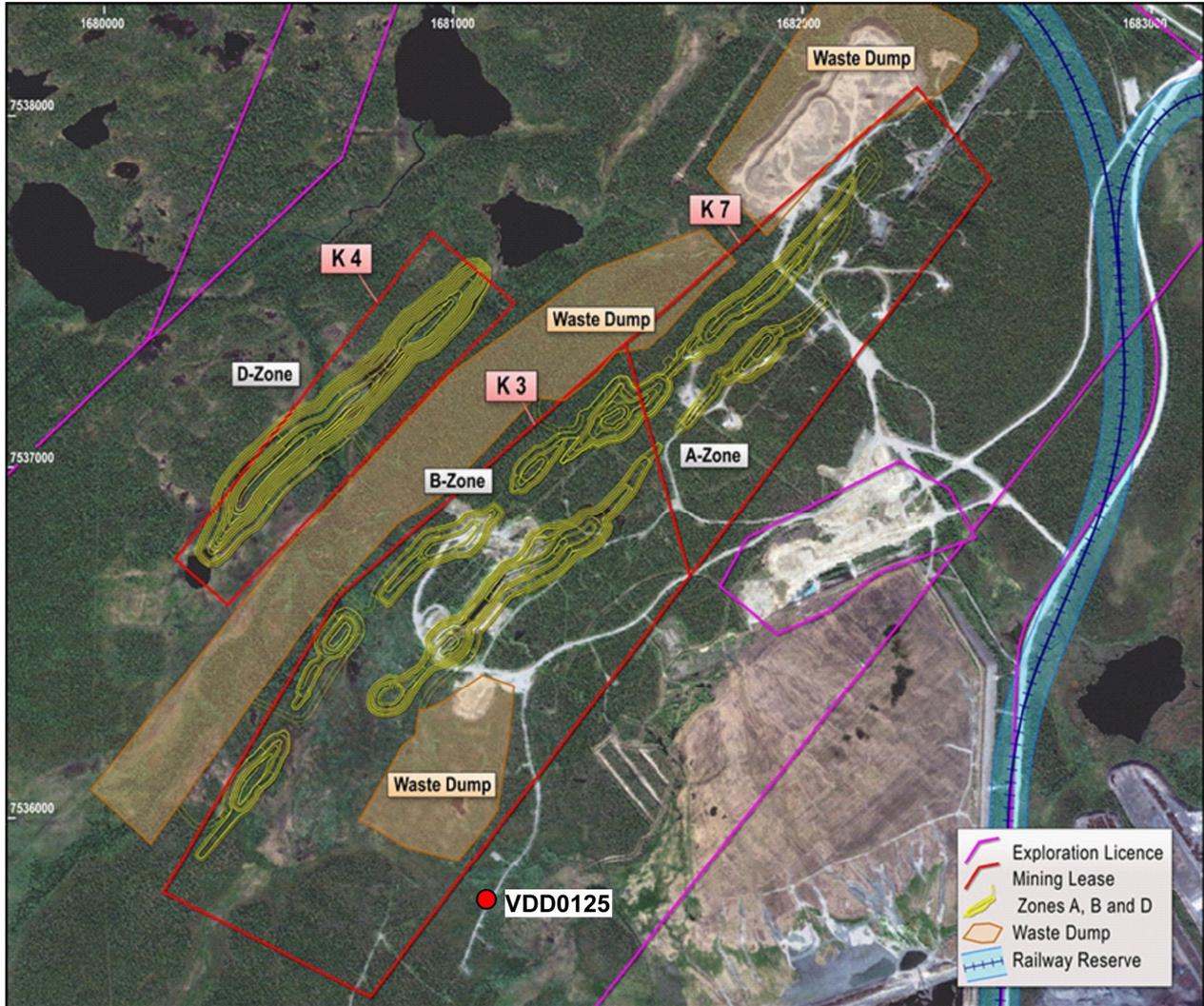


Figure Three - Typical Copper Mineralisation Intersected in Drill Hole VDD0125



Competent Person's 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.