

2 APRIL 2013

ASX ANNOUNCEMENT



AVALON BEGINS DRILLING AT THE HIGHLY PROSPECTIVE TJÄRRO REGIONAL COPPER-GOLD PROSPECT

Highlights

- Avalon has begun drilling at the highly prospective Tjärro Copper-Gold Prospect, located approximately 20kms to the northeast of the Viscaria Project, in northern Sweden;
- This is the first exploration drilling on Avalon's 720km² of regional tenements and represents the culmination of a four year target generation program;
- Tjärro is highly prospective due to the coincidence of an electromagnetic (EM) conductor, magnetic anomaly, strongly anomalous copper geochemistry and historic drilling;
- Historic drilling near the Tjärro prospect intersected:
 - 15m of 1.3% Cu from 80m, including 8m @ 1.7% Cu;
 - 34.45m @ 0.6% Cu & 0.4g/t Au, including 3.6m @ 1.6% Cu & 1.2g/t Au;
- The Tjärro prospect is 2.3km long and therefore has the potential to host a large Copper-Gold orebody;
- The first drill hole at Tjärro should be completed within the next 7 days.

ASX: AVI

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Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to announce that drilling has begun at the Tjärro Prospect ('Tjärro'), which is considered the most prospective copper-gold regional prospect closest to Avalon's flagship Viscaria Project in northern Sweden (Figure 1). Tjärro is situated approximately 20kms northeast of the Viscaria Project and is part of Avalon's 720km² exploration tenement package.

The Tjärro Prospect was favoured for exploration because of the excellent historic drilling results obtained from this area. Historic drill holes from Tjärro area intersected;

- 15m of 1.3% Cu from 80m, including 8m @ 1.7% Cu;
- 17m @ 1% Cu, including 7m @ 1.4% Cu; and
- 34.45m @ 0.6% Cu & 0.4g/t Au from 85.15m, including 3.6m @ 1.6% Cu & 1.2g/t Au.

These results indicate that this area contains significant amounts of high grade copper and also gold mineralisation at shallow depths.

Helicopter electromagnetic/magnetic ('Heli-EM') survey data from the Tjärro area shows several significant zones of conductivity that strike north-south over a strike length of 2.3kms (Figure 2). The 3D modelling of the EM and magnetic data indicates that the shallow historic drilling did not intersect the dominant EM conductor. The main EM conductor has not yet been drill tested.

Drill holes have been planned to target both the dominant EM conductor and the magnetic anomaly, with the first hole expected to be completed within the next seven days (Figure 3).

Avalon's Managing Director, Mr Jeremy Read, said, "The commencement of drilling at Tjärro is a pivotal moment for Avalon as we have been working for 4 years to define regional exploration targets and we have generated some quality targets with the potential to host sizeable bodies of copper-gold mineralisation"

"What makes Tjärro particularly prospective is the combination of an EM conductor, magnetic anomaly, significant size and existing copper mineralisation in the area of the EM/mag target."

"Intersecting copper-gold mineralisation at Tjärro has the potential to be a game changer for Avalon. If we are able to truck ore down to our planned processing plant at Viscaria, this would significantly enhance the value of the Viscaria Project", said Mr Read.

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 it 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.

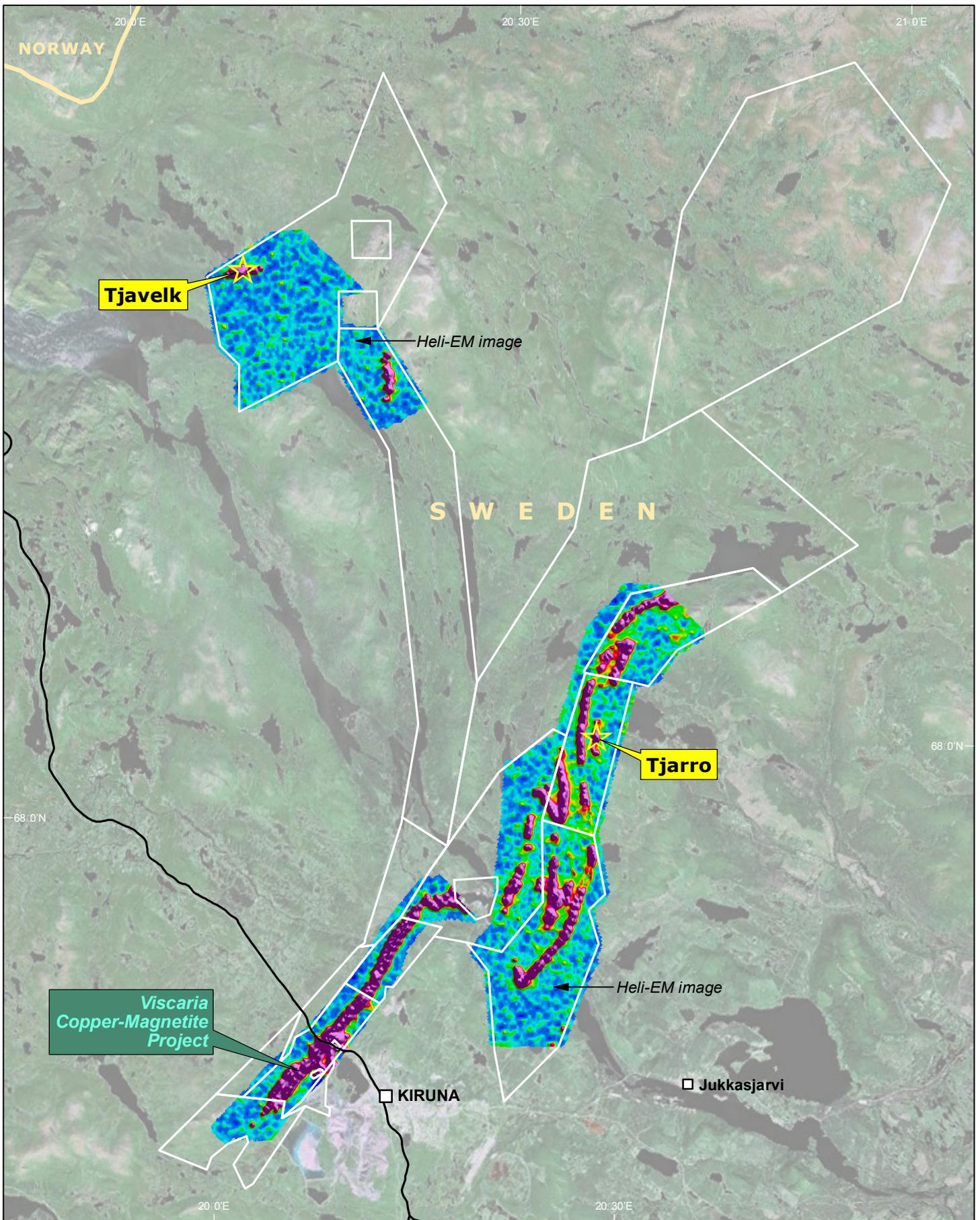
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Competent Persons Statement

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.



0 5 10 km

Transverse Mercator Projection.
RT90 gon vast 2.5 Datum.

-  Regional prospect
-  Exploration Tenure
-  International boundary
-  Railway



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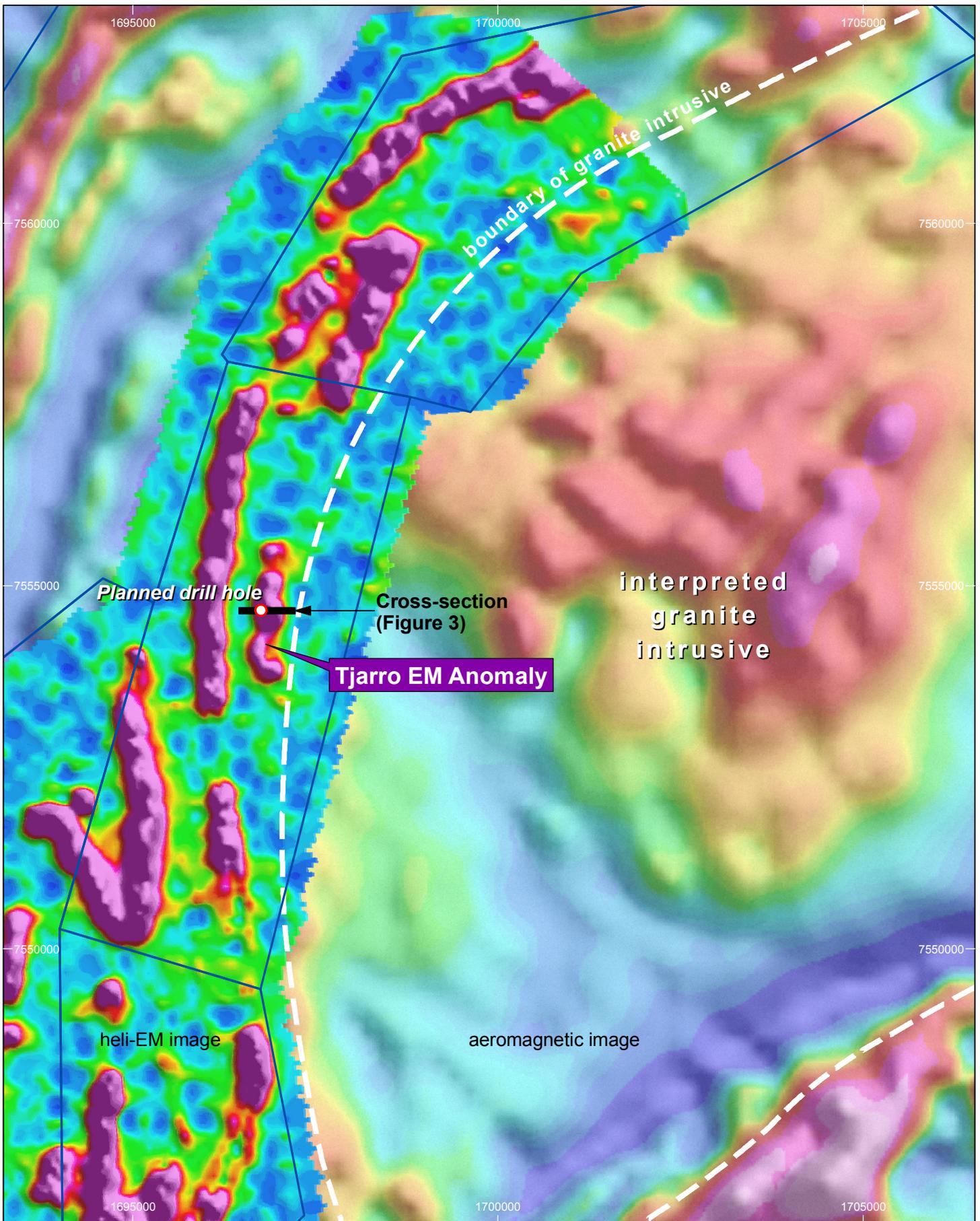
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Prepared: QH Date: 29.01.2013

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**NORTHERN SWEDEN
LOCATION OF REGIONAL PROSPECTS**

FIGURE 1



0 1 2 3 km
 Transverse Mercator Projection.
 RT90 gon vast 2.5 Datum.

○ Planned drill hole
 □ Exploration Tenure

TJARRO PROSPECT, SWEDEN
HELI-EM & AEROMAGNETICS

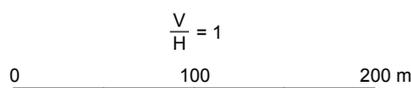
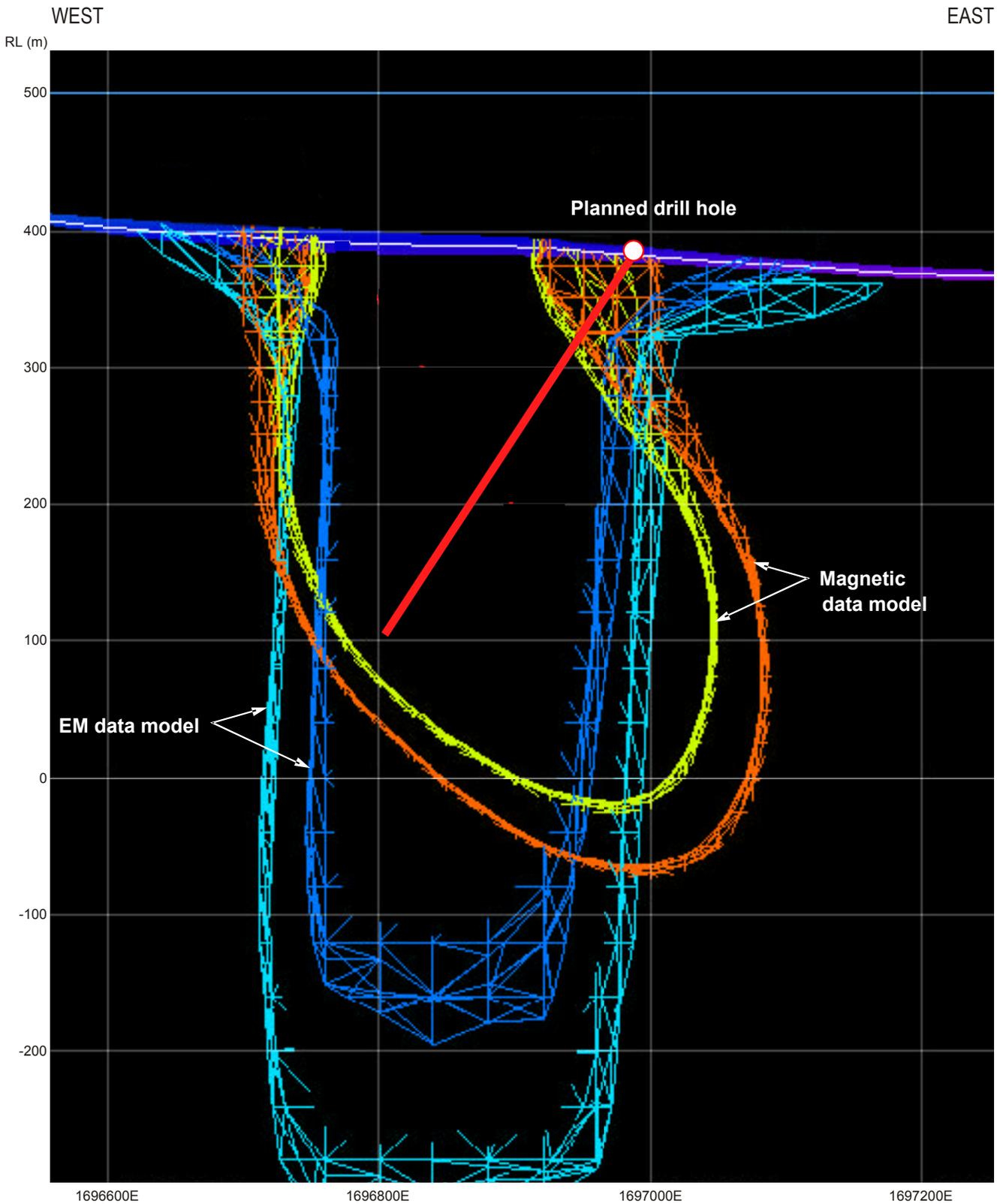


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FIGURE 2



TJARRO PROJECT, SWEDEN
PLANNED DRILL HOLE ON A SECTION THROUGH TJARRO 3D EM MODEL

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FIGURE 3

