

17 May 2013

ASX ANNOUNCEMENT



UPDATE ON MOU FUNDING

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX:AVI) announces that ZJ Advisory Sdn Bhd has advised that it does not wish to proceed with the investment in Avalon and has provided notice of termination of the Memorandum of Understanding (MoU) as announced on 15 April 2013.

The Company will continue with other financing avenues to fund the acquisition of the Discovery Zone Prospect (announced 6 May 2013), as well as progress the development of the Viscaria Copper-Iron Project in Sweden and the Company's strategy to add value by completing a Bankable Feasibility Study on the project.

This announcement will now bring to an end the current trading halt.

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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