



## CONTINUED HIGH GRADE COPPER INTERSECTIONS FROM VISCARIA COPPER-IRON PROJECT, SWEDEN

### HIGHLIGHTS

- Ongoing exploration and resource development drilling has returned further outstanding results from the D Zone, including:
  - 18m @ 1.4% Cu and 35% Fe from 95m
  - 44m @ 1.2% Cu and 30% Fe from 58m
  - 19m @ 0.9% Cu and 26% Fe from 94m
- Drilling extends D Zone mineralisation north, south and at depth
- Drilling of new down plunge targets at D Zone now underway
- Ongoing DTR metallurgical test work provides further confirmation magnetite mineralisation can be upgraded to high-quality +70% Fe product with low impurities, intersections include:
  - 80m @ 71.1% Fe and 0.7% SiO<sub>2</sub> with 31% weight recovery from 89m
  - 20m @ 71.0% Fe and 0.8% SiO<sub>2</sub>, with 36% weight recovery from 119m

***“The good ore width, strong copper grade and quality of the iron ore concentrate from D Zone provide the potential for a low cost open cut mining operation,”***  
**Avalon CEO, Andrew Munckton.**

International minerals company Avalon Minerals Ltd (ASX: **AVI**; “Avalon” or “the Company”) is pleased to announce that ongoing exploration and resource development drilling at its 100%-owned **Viscaria Copper-Iron Project** in Northern Sweden has delivered further outstanding results from the D Zone, with drilling continuing to return wider and higher grade copper intersections than were predicted by the September 2010 resource model.

Best results from the latest round of drilling include:

VDD0087	20m @ 0.5% Cu and 18% Fe from 92m
VDD0088	44m @ 1.2% Cu and 30% Fe from 58m
VDD0090	19m @ 0.9% Cu and 26% Fe from 94m
VDD0091	19m @ 1.0% Cu and 26% Fe from 136m
VDD0093	18m @ 1.4% Cu and 35% Fe from 95m
VRC0037	7m @ 1.71% Cu and 34% Fe from 36m

The copper and iron ore mineralisation at D Zone overlaps, presenting an attractive exploration and mining target. Metallurgical test work has demonstrated that the two metals can be easily separated with conventional processing.

Drilling results are summarised in Table 1 and head assay results and location of drill intersections are shown in Figure 1.

In addition, latest Davis Tube Recovery (DTR) results have provided further confirmation that the magnetite mineralisation within the D Zone resource can be effectively upgraded to achieve a high quality iron concentrate.

Latest DTR test work results include:

<b>VDD0083</b>	<b>9m @ 48% weight recovery (Wt Rec), 69.7% Fe and 1.0% SiO<sub>2</sub> from 59m</b>
<b>VDD0084</b>	<b>14m @ 35% Wt Rec, 68.9% Fe and 1.5% SiO<sub>2</sub> from 136m</b>
<b>VDD0086</b>	<b>80m @ 31% Wt Rec, 71.1% Fe and 0.7% SiO<sub>2</sub> from 89m</b>
<b>VRC0089</b>	<b>22m @ 36% Wt Rec, 71.0% Fe and 0.8% SiO<sub>2</sub> from 119m</b>

Drilling results are summarised in Table 2 and DTR results and locations of reported drilling are shown in Figure 2.

Commenting on the results, CEO of Avalon, Mr Andrew Munckton, said: "The good ore widths, strong copper grade and quality of the iron ore concentrate from D Zone provide the potential for a low cost, open cut mining operation.

"Widths of 20 to 40 metres of continuous mineralisation are amenable to underground mining techniques. Based on these results, Avalon has moved quickly to investigate deeper, down plunge extensions below the current open pit design, with the drill rigs currently undertaking a number of drill holes at up to 100 metres below the present pit design at the northern and southern ends of the D Zone deposit. This drilling is designed to extend the depth of the D Zone pit and to establish the potential for mineralisation amenable to underground mining below the D Zone resource.

"In addition, the extent of the D Zone deposit has now been confirmed approximately 130 metres south of our previous drilling. At the northern end, step out drilling continues to extend the mineralisation at depth and along strike. The northern-most hole, VRC0037, returned **7 metres at 1.71% copper and 33.7% iron** and finished in mineralisation. Further extension drilling is being planned.

"Avalon is now reviewing similar D Zone type copper/iron targets within the Company's extensive 600km<sup>2</sup> regional exploration package.

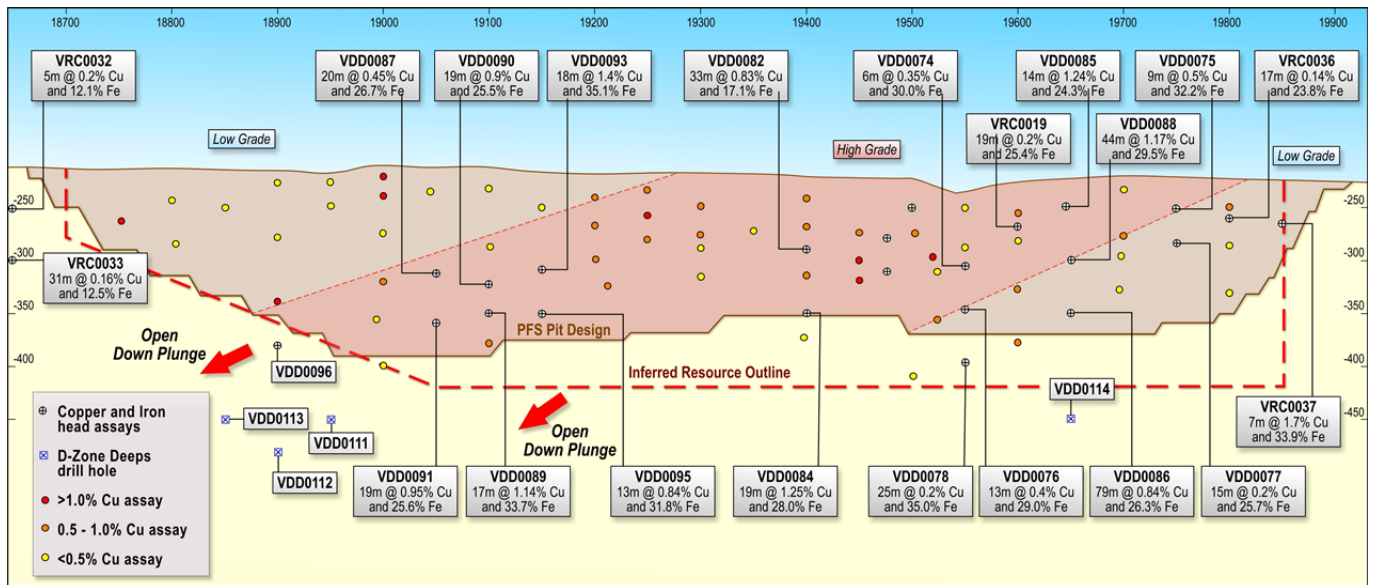
"With regards to the magnetite mineralisation, consistent weight recoveries between 30% and 50% and outstanding assay results for magnetite concentrate continue to be delivered from the D Zone iron mineralisation. Our aim here is to produce a concentrate in line with the nearby LKAB-owned Kiruna operation using simple magnetic separation after copper and sulphur has been removed by flotation. The DTR testwork results to date confirm our ability to achieve this.

"The drilling program will continue to evaluate the potential of the D Zone deposit over the June Quarter as we complete the infill program within the resource envelope and evaluate the results of the step out and deeper drilling," Mr Munckton concluded.

**Table 1: Drilling Intersections Viscaria D Zone**

North	Hole ID	From (m)	To (m)	Interval (m)	Fe%	Cu%
19850	VRC0037	36	43*	7	33.7	1.71
19800	VRC0036	12	29	17	23.8	0.14
19650	VDD0088	58	102	44	29.5	1.17
	VDD0092	121	124	3	9.3	0.65
19150	VDD0093	95	113	18	35.1	1.44
	VDD0095	128	141	13	31.8	0.84
19100	VDD0090	94	113	19	25.5	0.90
19050	VDD0087	92	112	20	17.5	0.45
	VDD0091	136	155	19	25.6	0.95
18620	VRC0032	32	37*	5	12.1	0.20
	VRC0033	77	108	31	12.5	0.20

NB: Assays are by XRF and ICP, \* Denotes end of hole, NA = not available



**Figure 1 – D Zone Drilling Overview**

**Table 2 – DTR Results Viscaria D Zone**

North	Drill Hole	From (m)	To (m)	Interval (m)	Wt Rec %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	Cu %	P %	S %
19400	VDD0082	58.1	61.8	3.7	45.7	69.9	0.57	0.16	0.127	0.04	0.001
19475	VDD0083	59	68.1	9.1	48.4	69.7	1.01	0.04	0.296	0.03	0.004
19400	VDD0084	62.5	73	10.5	29.0	70.2	1.10	0.13	0.035	0.01	0.02
	AND	136	149.5	13.5	34.7	68.9	1.45	0.06	0.226	0.03	0.01
19650	VDD0085	36	40	4	47.5	68.5	2.00	0.11	0.534	0.02	0.01
19650	VDD0086	89	169	80	31.4	71.1	0.69	0.10	0.004	0.01	0.02
19100	VDD0089	119	141	22	36.1	71.0	0.76	0.09	0.014	0.01	0.03

NB: DTR results are for Davis Tube Recovery using a75micron screen. Approximate fineness of sample is P<sub>80</sub> of 45microns. Assays are by XRF. Assay results are prior to Copper and Sulphur flotation.

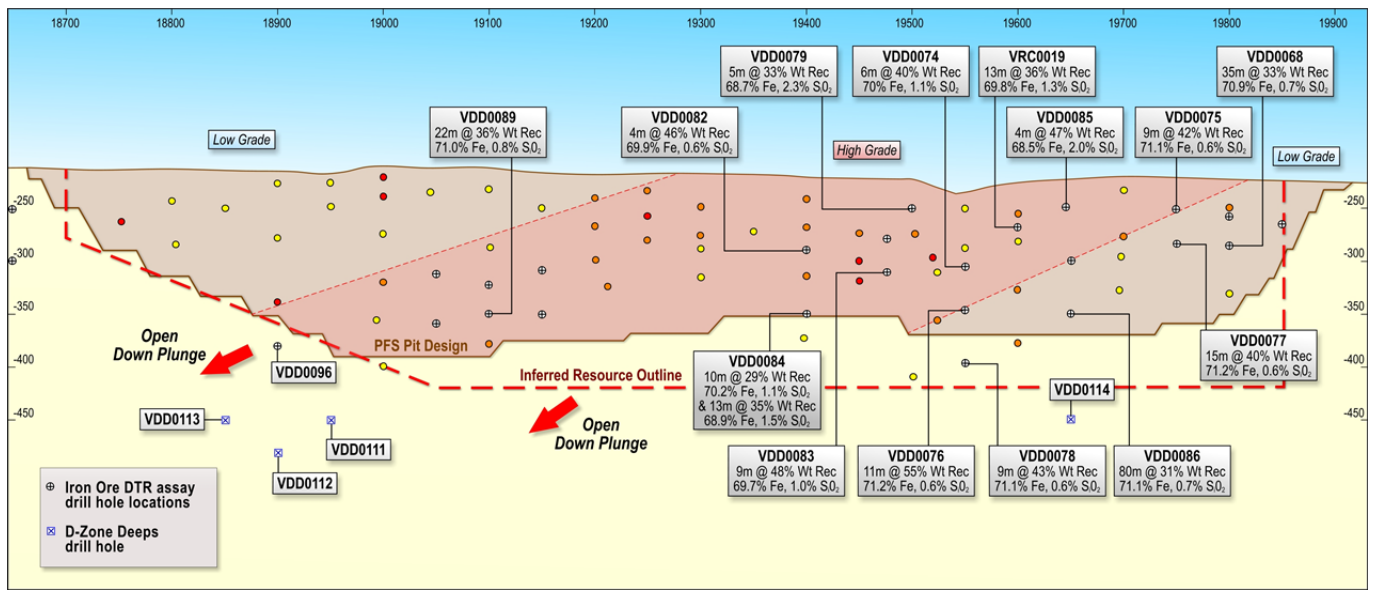


Figure 2 – D Zone DTR Drilling

**B Zone**

Recent drilling within B Zone has been designed to infill Inferred Resources within the current pit design.

Results have shown medium grade (0.5% to 1.2%) copper and sulphur mineralisation over the target horizon. The intersections encountered to date confirm the expected position and tenor of the mineralisation from previous drilling.

Further infill drilling is planned over the June quarter to allow conversion of resources to the Measured and Indicated categories and validation of pit geotechnical design parameters.

Table 3 – Drilling Intersections Viscaria B Zone

North	Hole ID	From (m)	To (m)	Interval (m)	Fe %	Cu %	S %
20600	VRC0040	45	47*	2	16.1	0.43	3.64
20550	VRC0042	31	40	9	15.5	0.70	3.65
20450	VRC0043	28	32	4	15.3	1.08	2.07
	AND	47	53	6	16.5	1.27	3.08
20350	VRC0044	52	58	6	17.2	0.57	3.06

NB: Assays are by ICP, \* Denotes end of hole

**Competent Person's Statement**

*The information in this report that relates to Mineral Resources and exploration targets is based upon information reviewed by Mr Andrew Munckton BSc (Mining Geology) who is a Member of the Australasian Institute of Mining and Metallurgy.*

*Mr Munckton 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 Munckton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**JORC – Exploration Targets**

*It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*

**– ENDS –**

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