

## HIGH GRADE COPPER ZONES FROM FIRST ASSAYS AT A ZONE DRILLING, VISCARIA COPPER PROJECT, SWEDEN

### Highlights

- Assays for the first 2 drill holes from A Zone at the Viscaria Copper Project have been received;
- Results include:
  - VDD0135B: high grade copper zone of 8.3m @ 2.0% Cu & 0.5g/t Au and a second mineralised zone of 6m @ 1.4% Cu & 0.1g/t Au, which may indicate a structural repetition of the main A Zone mineralisation.
  - VDD0131: 5.5m @ 1.2% Cu, including 3.55m @ 1.6% Cu.
- The mineralised intersections in VDD0135B and VDD0131 have extended the known mineralisation zones by 150m down plunge;
- VDD0135B has also extended the known mineralisation zones by approximately 60m down dip;
- These latest drilling results add to several historic drill holes at A Zone which intersected:
  - D-3437: 19m at 1.7% Cu from 326m; including 8m at 2.3% Cu.
  - D2254: 8m @ 1.5% Cu from 177m, including 4m @ 2.8% Cu.
  - D4034: 8m @ 2% Cu from 136m.
  - D6696: 14.95m @ 1.1% Cu from 27m, including 4.5m @ 2% Cu.
- Drilling is continuing to intersect similar mineralisation at A Zone and assay results will be announced within the next 2 weeks; and
- Viscaria Copper Project drill program will comprise ~25,000m of drilling, with the objective of extending the Mineral Resources at the A and D Zone prospects and delivering on the potential increases to the project NPV outlined in the Scoping Study.

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to announce assay results for the first two drill holes from the A Zone Prospect of the current drill program on the Viscaria Copper Project ('Viscaria'), in northern Sweden (Figure 1).

This drill program will comprise approximately 25,000 metres of drilling, with the objective of extending the known Mineral Resources at the A and D Zone prospects and delivering on the potential increases to the project Net Present Value as defined in the Scoping Study (see ASX announcement 11 October 2012).

The Company's Managing Director Mr Jeremy Read said, "Drill results like 27m @ 1.2% Cu, including 8.3m @ 2.0% Cu and 6m @ 1.4% Cu from VDD0135B are extremely encouraging, as it is a thick intersection of copper mineralisation which includes a high grade copper zone of mineable thickness."

"The drill results from the first two holes drilled at our A Zone prospect indicate that the copper resources which were previously mined at A Zone, in the Viscaria copper mine, extend both at depth and also down plunge."

"The results from these first two drill holes have extended the known mineralisation at A Zone at least a further 150 metres further down plunge and appear to be consistent with previous drilling results in these areas."

"In the case of VDD0135B, the known mineralisation has also been extended by approximately 60 metres down dip. This indicates that there is excellent potential for the A Zone Mineral Resource to be significantly extended, as we had indicated previously," he added.

The details of the geochemical assay data for these drill holes are shown in Table 1. The location of drill holes VDD0135B and VDD0131 are shown in Figure 2.

Drilling is continuing and further geochemical results should be available within the next two weeks.

### **VDD0135B: Central A Zone (Figure 3)**

Drill hole VDD0135B intersected 27m @ 1.2% Cu & 0.2g/t Au from 294 metres, including a high grade interval of 8.3m @ 2.0% Cu & 0.5g/t Au and a moderate grade interval of 6m @ 1.4% Cu & 0.1g/t. This drill hole extends the known mineralisation at A Zone down dip by approximately 60 metres from historic drill hole D-6696, which intersected 14.95m @ 1.1% Cu from 27.5m, including 4.6m @ 2% Cu.

VDD0135B also extended the known mineralisation down plunge by approximately 40 metres from the previous mining development. Therefore, this excellent mineralised intersection could potentially result in an increase of the A Zone Mineral Resource (Table 2).

The results of the previously announced Scoping Study indicate that the high copper grades in this area could potentially be economically mined by underground methods (Development Case B as detailed in the Scoping Study).

VDD0135B also intersected a thin, low grade interval of copper mineralisation a further 110 metres down hole. This newly discovered mineralisation zone presents the possibility that the A Zone mineralisation is structurally repeated in the footwall.

This is an exciting possibility as finding another mineralisation zone with the same characteristics as A Zone could be significantly beneficial to the overall project economics. However, this zone requires further drilling in order to understand its significance.

**Table 1: Drill hole details and assays results.**

Hole	Prospect	Easting (RT90, m)	Northing (RT90, m)	Azi. (°)	Dip (°)	From (down hole m)	To (down hole m)	Interval Width (down hole m)	% Cu	g/t Au	End of Hole (m)
VDD00135B	A Zone	1,682,134	7,537,238	312	-57	294.00	321.00	27.00	1.2	0.2	486
						Including					
						295.00	303.30	8.30	2.0	0.5	
						also including					
						313.00	319.00	6.00	1.4	0.1	
						And					
						432.00	435.00	3.00	0.6	-	
VDD00131	A Zone	1,682,154	7,537,110	314	-54.3	411.00	416.50	5.50	1.2	N/A	546
						Including					
						412.00	415.50	3.55	1.6	N/A	

#### VDD0131: Central A Zone (Figure 4)

Drill hole VDD0131 intersected 5.5m @ 1.2% Cu from 411 metres, including 3.55m @ 1.6% Cu. This drill hole extends the known mineralisation at A Zone down plunge by approximately 110 metres from VDD0135B, as well as approximately 30 metres down dip from historic drill hole D-3437. Therefore, this mineralised intersection could potentially result in a significant increase of the A Zone Mineral Resource (Table 2).

**Table 2: Currently Defined Mineral Resources on the Viscaria Project**

Resource Name	Classification	Tonnes (t)	Cu Grade (%)	Cu Metal (t)
A Zone*	Measured	14,439,000	1.66	239,000
	Indicated	4,690,000	1.22	57,000
	Inferred	2,480,000	1.03	26,000
	<b>Subtotal</b>	<b>21,609,000</b>	<b>1.49</b>	<b>322,000</b>
B Zone*	Measured	123,000	1.33	2,000
	Indicated	4,118,000	0.72	30,000
	Inferred	15,410,000	0.77	118,000
	<b>Subtotal</b>	<b>19,650,000</b>	<b>0.76</b>	<b>150,000</b>
D Zone Cu Resource	Indicated**	3,500,000	0.94	32,900
	Inferred**	1,870,000	0.80	14,960
	<b>Subtotal</b>	<b>5,370,000</b>	<b>0.89</b>	<b>47,860</b>
<b>Overall Cu</b>	<b>Total</b>	<b>46,629,000</b>	<b>1.01</b>	<b>519,860</b>

Resource Name	Classification	Tonnes (t)	Fe Grade (%)	Fe Mass Recovery (%)	Fe Metal (t)
D Zone Fe Resource	Indicated***	9,470,000	25.90	31.3	2,964,110
	Inferred***	5,320,000	25.60	30.8	1,638,560
<b>Overall Fe</b>	<b>Total</b>	<b>14,790,000</b>	<b>25.80</b>	<b>31.1</b>	<b>4,602,670</b>

\* 2011 Mineral Resources for A Zone and B Zone are reported above a cut-off grade of 0.4% Cu.

\*\* 2012 Copper Mineral Resource for D Zone above a cut-off grade of 0.4% Cu.

\*\*\* 2012 Iron Mineral Resource for D Zone above a cut-off grade of 15% Fe Mass Recovery.

## 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 the Company 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 a leading producer of base metals (copper, zinc, lead) and precious metals (gold and silver) and is the largest producer of iron ore in the European Union.

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](http://www.avalonminerals.com.au) or contact:**

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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.

The Mineral Resource estimate for the A Zone Prospect 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.

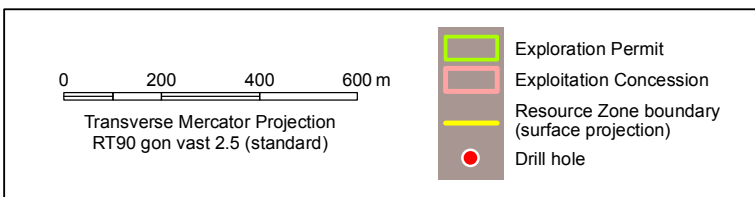
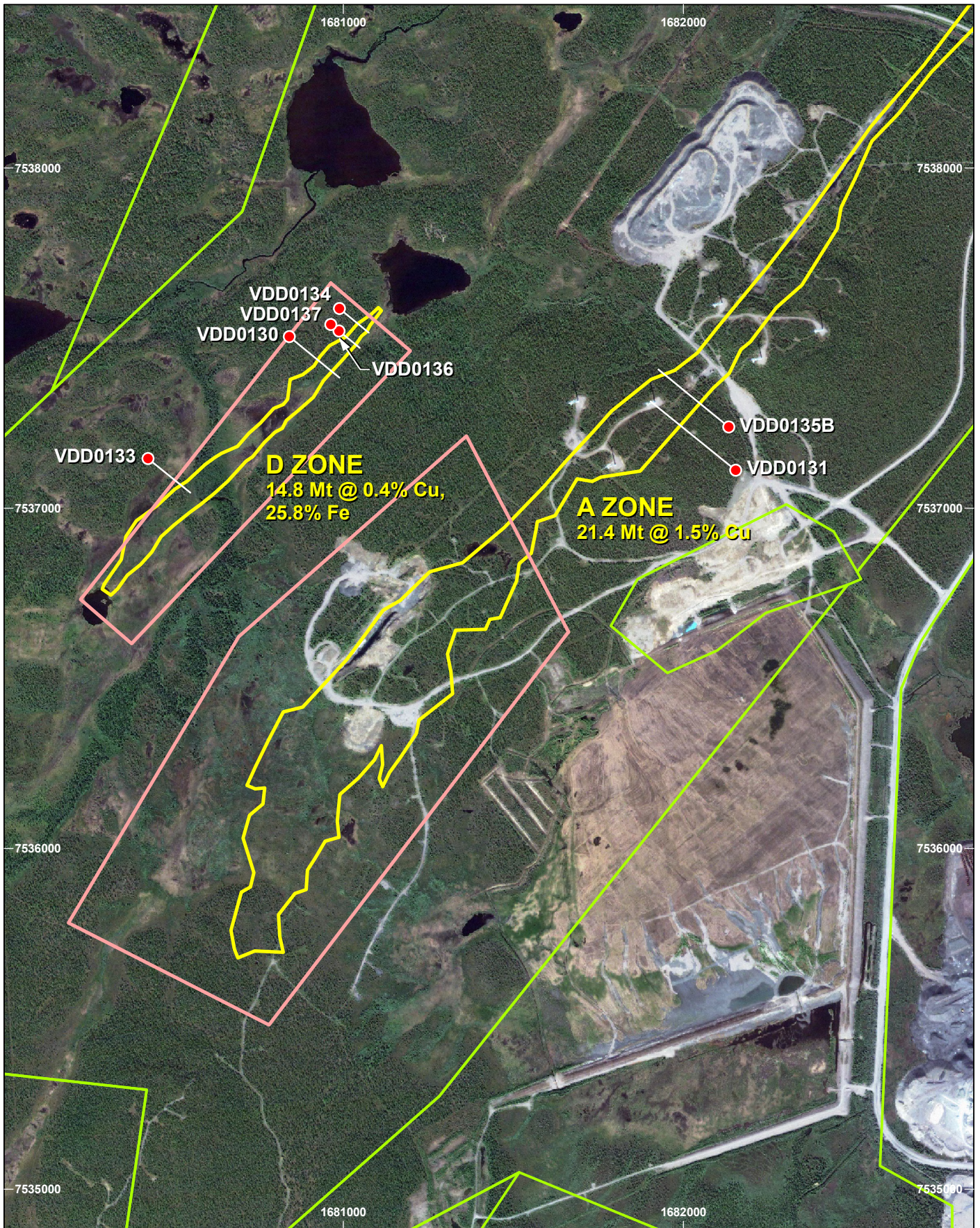
The Scoping Study results were compiled and prepared by Tim Horsley (MAusIMM) of Xstract Mining Consultants who is a Competent Person as defined by the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2004 Edition and who consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.



**Figure 1 - Project Location**







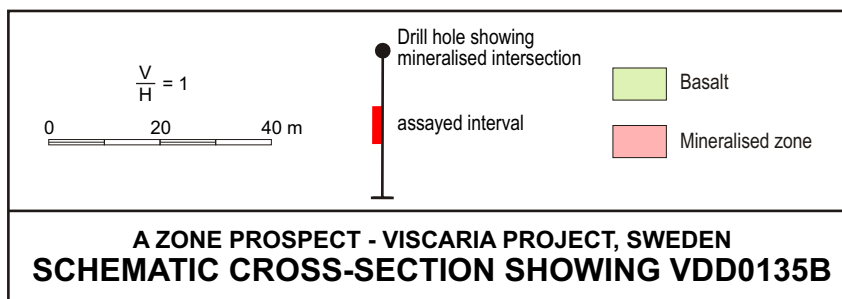
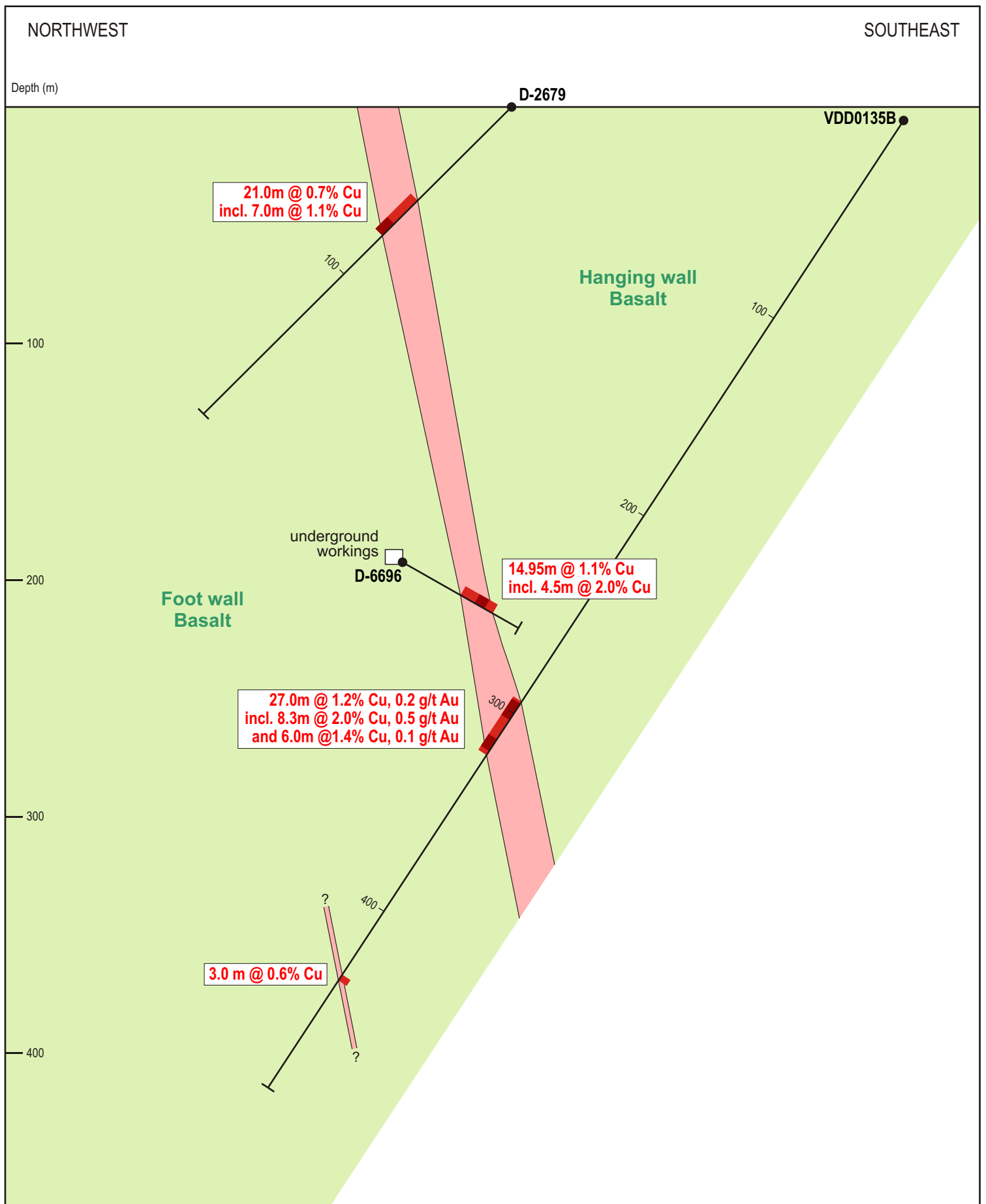
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**VISCARIA PROJECT, SWEDEN**  
**LOCATION OF DRILL HOLES**

Prepared: QH	Date: 07.12.2012
Revised: 21.01.2013	Drwg: AV-002
<b>FIGURE 2</b>	





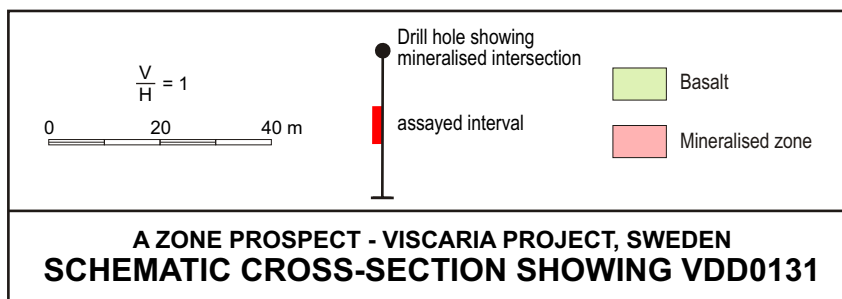
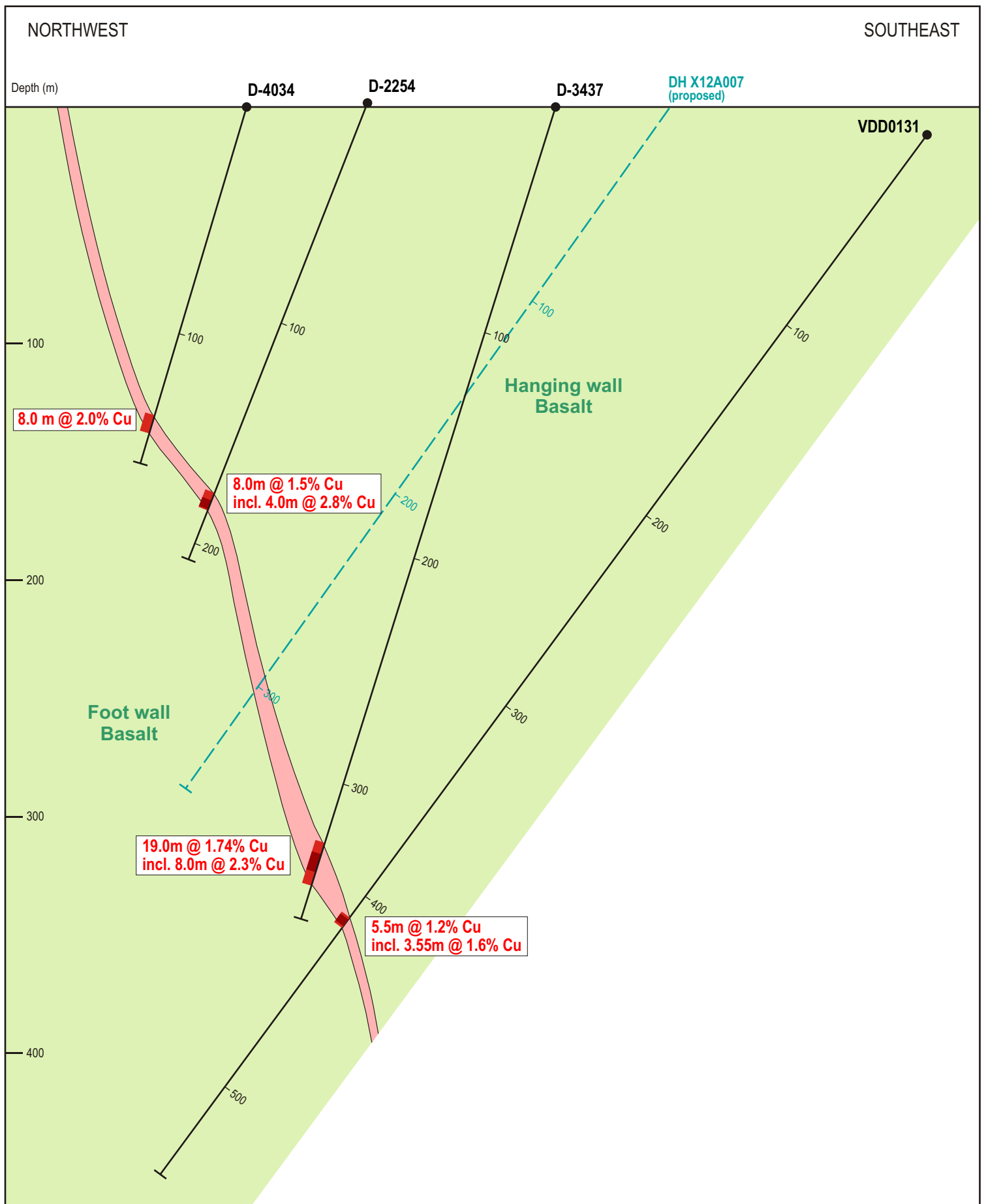
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**FIGURE 3**







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**FIGURE 4**