

ASX ANNOUNCEMENT

29 AUGUST 2012

Encouraging 88.3m thick copper and iron intersection at the D Zone Prospect on the Viscaria Project, Sweden

Highlights

- Assay results from the fourth and final drill hole testing for extensions of high-grade copper mineralisation at the A and D Zone Mineral Resources on the Viscaria Project have been received;
- Drill hole VDD0129, drilled at the D Zone Prospect, intersected a thick copper-iron intersection (88.3m @ 0.4% Cu and 21.9% Fe) containing two higher grade copper intersections as follows;
 - 17.0m of 1.3% Cu and 23.3% Fe (1.6% CuEq) from 300.0m (down hole width) including 9.0m @ 1.8% Cu and 23.0% Fe (2.1% CuEq)
 - 16.3m of 0.5% Cu and 24.4% Fe (0.9% CuEq) from 229.7m (down hole width) including 5.0m @ 1.0% Cu and 30.6% Fe (1.5% CuEq)
- The copper-magnetite mineralisation in VDD0129 extends the mineralisation intersected recently in VDD0128 (68.5m @ 0.6% Cu & 28.2% Fe from 177m, including 5.1m @ 2.1% Cu & 42% Fe and 6.4m @ 1.8% Cu & 34.5% Fe) over 50m down dip, suggesting it is probable that the current Mineral Resource for D Zone can be expanded;
- Drill hole VDD0129 was drilled outside of the currently defined Mineral Resource envelope at the D Zone prospect. The current Mineral Resource for D Zone comprises 11.9Mt at 0.6% Cu and 24% Fe. The
- Mineral Resource is reported above a 15% mass recovery for magnetite and a 0.0% copper grade cut-off and is classified as having 4.46Mt @ 0.5% Cu, 23.5% Fe Inferred, 6.1Mt @ 0.6% Cu, 24.8% Fe Indicated and 1.379Mt @ 0.5% Cu, 23.1% Fe Measured according to the guidelines of the JORC Code (2004);
- A much larger drill program is scheduled to commence in November 2012 with the objective of increasing significantly the Mineral Resources on the Viscaria Project.

Australian resources company Avalon Minerals Limited ('Avalon' or 'Company') (ASX: AVI) is pleased to announce that the geochemical assay results for the fourth and final hole of the recently completed drill program at the Viscaria Project in northern Sweden have been received (Figures One and Two). The drill program comprised approximately 2000m of drilling, with the objective of testing for extensions of high-grade copper mineralisation at the A and D Zone Mineral Resources.

Avalon's Managing Director, Jeremy Read, said "drill hole VDD0129 at the D Zone prospect has intersected a very thick, 88.3m sequence of copper and iron mineralisation grading over 0.7% copper equivalent, which is an extremely pleasing result. This intersection extends the mineralisation intersected in VDD00128 over 50m further down dip and this has the potential to increase the D Zone Mineral Resource." Mr Read said.

"Importantly within the thick intersection of copper and iron mineralisation, occurs two higher grade copper intersections of 9m grading 2.1% copper equivalent and 5m of 1.5% copper equivalent."

"The overall thick copper-magnetite intersection suggests that there is scope to increase the tonnes of mineralisation which should be extractable using open pit methods, while the two high grade copper intersections indicate that parts of the D Zone mineralisation have potential to be extracted using underground mining methods."

"The indication that the D Zone mineralisation also has underground as well as open pit potential, in addition to the A Zone mineralisation, adds a new dimension to the project" Mr Read said.

Details of Drill Hole VDD0129

Drill hole VDD0129 intersected copper-iron mineralisation over a broad 88.3m (down hole width) interval from a depth of 229.7m. The mineralisation is hosted in an interlayered sequence of tuffaceous, volcanic sediments and dolerites. The chalcopyrite (copper sulphide mineralisation) is characterised by disseminations, stringers and veins and is associated with skarn-like alteration. The magnetite (iron oxide mineralisation) is characterised by fine to coarse grained disseminations that increase in abundance to massive magnetite in some zones.

The mineralisation has two dominant copper enriched zones. The first copper zone extends 16.3m down hole from 229.7m and returned an intersection of 0.5% Cu and 24.4% Fe, which is 0.9% CuEq*. Within this interval occurs a higher grade copper mineralisation intersection of 5.0m @ 1.0% Cu and 30.6% Fe, which is 1.5% CuEq*.

The second copper zone extends 17.0m down hole from 300.0m and returned an intersection of 1.3% Cu and 23.3% Fe, which is 1.6% Cu Eq*. Within this interval occurs an even higher grade copper mineralisation intersection of 9.0m @ 1.8% Cu and 23.0% Fe, which is 2.1% CuEq*.

The survey details of drill hole VDD0129 are given in Table One with the drill hole location shown in Figures Two and Three. Copper mineralisation typical of that intersected in hole VDD0129 is shown in Figure Four.

Table One

Hole	Easting (RT90)	Northing (RT90)	RL (m)	Azimuth (degrees)	Inclination (degrees)	From (down hole m)	To (down hole m)	Intersection Width (down hole m)	% Cu	% Fe	End of Hole(m)
VDD00129	1,680,822	7,537,463	510.8	134	-60	229.7	318.0	88.3	0.4	21.9	348
						including					
						235.0	240.0	5.0	1.0	30.6	
						and					
						300.0	309.0	9.0	1.8	23.0	

Copper Equivalent Formula

*% CuEq = % Cu + ((%Fe x Fe price US\$/tonne x Fe recovery)/(Cu price US\$/tonne x Cu recovery))

Cu price US\$/tonne = \$7,163.00 (US\$3.25/lb)

Cu Recovery = 90%

Fe price US\$/tonne = \$144.93 (calculated from US\$100 Net Price per tonne of magnetite concentrate containing 69% Fe)

Fe Recovery = 70%

Results from extensive metallurgical test work completed by Avalon Minerals Limited indicate that both copper (Cu) and iron (Fe) have a reasonable potential to be recovered from the mineral resource contained within the Viscaria Project.

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

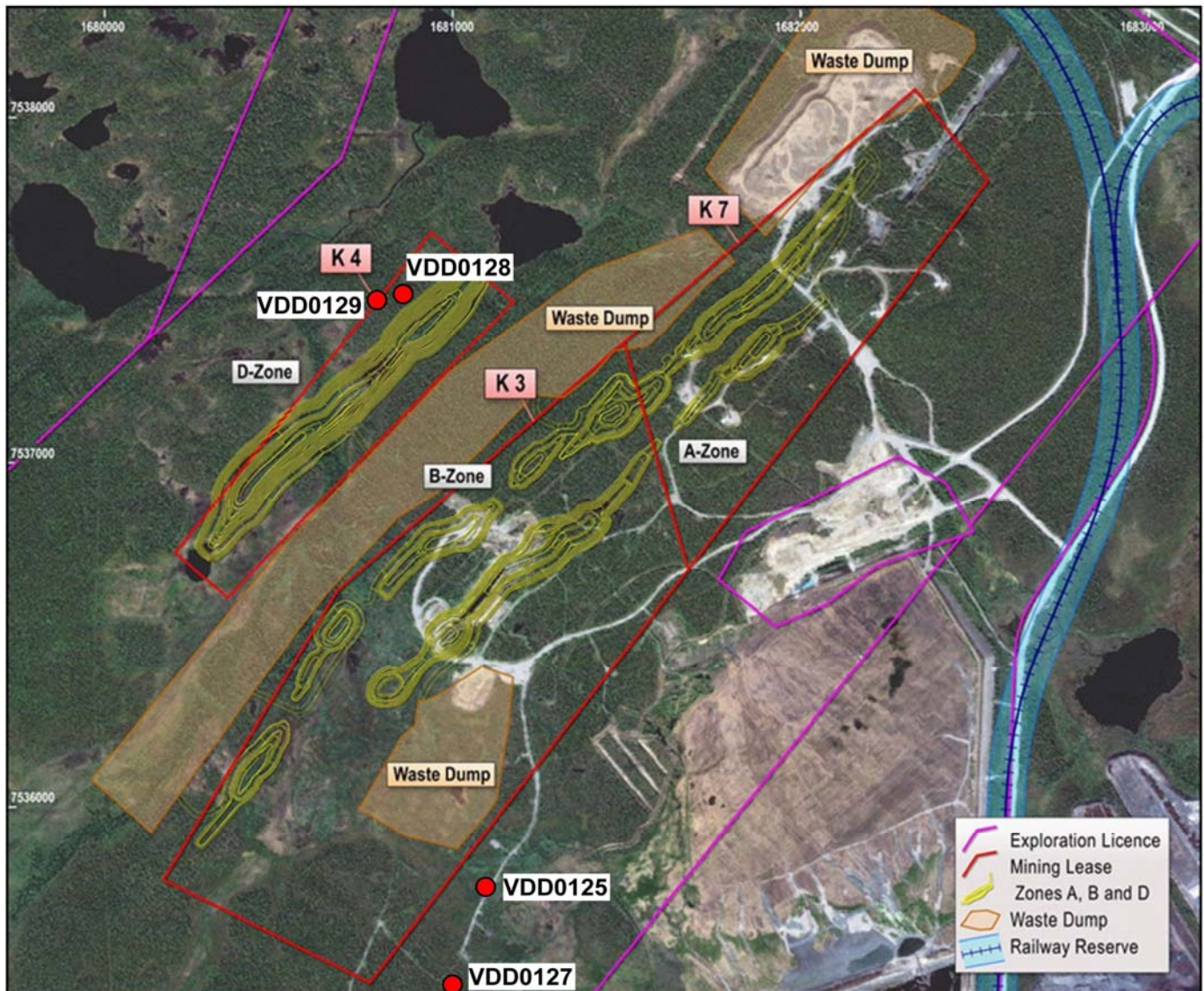
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Figure One - Project Location



Figure Two - Location of Drill Hole VDD0129, as well as previously announced holes VDD0125, VDD0127 and VDD0128



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 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.

Figure Three - Long sectional view of the D Zone Mineral resource displaying the distribution of copper grade (Mineral Resource not updated with the results from VDD0128 and VDD129. Surface RL = -230m to -250m).

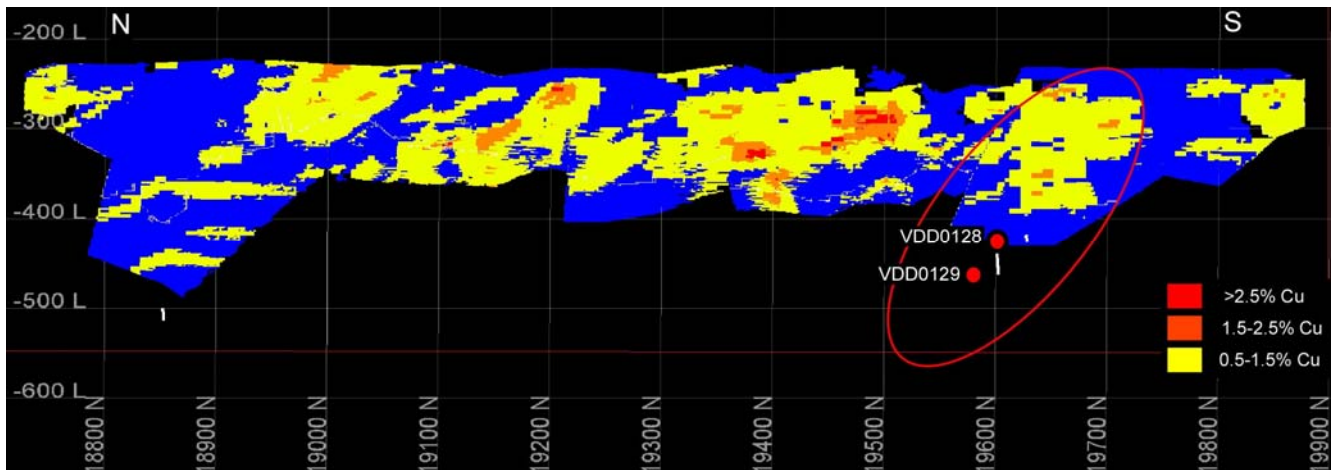


Figure Four - Magnetite-Copper Sulphide Mineralisation Intersected in Drill Hole VDD0129 (yellow sulphide = chalcopyrite; black = magnetite; white= calc-silicate)

