



MAIDEN 26.6Mt JORC COPPER RESOURCE AT VISCARIA PROJECT, SWEDEN

Key Points

- 26.6Mt Inferred Resource for 222,000 tonnes of contained copper at Viscaria Project, Sweden, to JORC-Code reporting standard.
- 'B' Zone Inferred Mineral Resource of 24.1Mt grading 0.8% Cu for 182,000 tonnes of contained copper including sizeable areas of higher grade mineralisation.
- 'D' Zone Inferred Mineral Resource of 2.5Mt grading 1.6% Cu for 40,000 tonnes of contained copper.
- Excellent potential for further resource upgrades including modelling and initial estimates for the 'A' zone, expected to be completed in August 2008.
- Size and continuity of copper resources in both the 'B' and 'D' zones significantly larger than expected.
- Excellent infrastructure including existing rail connection, hydro-generated grid electrical power and proximity to the nearby mining town of Kiruna.
- Unmined intersections within the 'A' zone include 5m @ 3.3% Cu, 13.8m @ 2.2 % Cu and 15.9m @ 2.5% Cu.

Australian-based resource company, Avalon Minerals Ltd (ASX: AVI – "Avalon"), is pleased to announce the completion of a **maiden Mineral Resource estimate to JORC-Code reporting standard** for its 100%-owned **Viscaria Copper Project**, located in the Norrbotten area of Northern Sweden, approximately 1,200km north of Stockholm.

The Mineral Resource estimate comprises an Inferred Resource of **24.1 million tonnes grading 0.8% Cu for 182,000 tonnes of contained copper** in the 3km long 'B' zone and an Inferred Resource of **2.5 million tonnes grading 1.6% Cu for 40,000 tonnes of contained copper** in the 1.5km long 'D' zone. This results in a combined **222,000 tonnes of contained copper** using a cut-off grade of 0.3% Cu.

The maiden Mineral Resource estimate comes less than 3 months after Avalon completed the acquisition of the advanced Viscaria and Adak Copper Projects in Sweden from Phelps Dodge Exploration Sweden AB. The acquisition – which cost Avalon US\$420,000 (plus 1% NSR royalty) in March 2008 - and the Mineral Resource estimate has provided a strong platform for the establishment of a copper production business in the Nordic region in the medium term.

The Mineral Resource estimate is based upon historical drilling carried by the previous owners Outokumpu. This represents the first stage of an ongoing

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ASX Code: AVI

Issued Capital
50.6 million shares
11 million unlisted options

Cash
A\$1.6 million

Directors
David McSweeney
(Managing Director &
CEO)

Stephen Stone
(Director)

Gary Steinepreis
(Director)



review of copper resources by Avalon and, at this stage, covers two of the three known mineralised zones at the Viscaria Mine. The estimate was completed by the Company's geological consultants, CSA Australia Pty Ltd ("CSA") using an extensive database of drilling and assay results acquired and compiled by Avalon.

In total, Avalon has access to data from 3,121 diamond drill holes for a total of 268,063 metres of drilling that today would cost A\$40m to replicate.

(see tables 1 – 3 below for resource summaries)

Viscaria Overview

The Viscaria Copper Mine is located in Northern Sweden, 4km from the 2.3 billion tonne (at 68% Fe) Kiruna mine, Sweden's largest iron ore mine and the world's second largest underground mine.

Viscaria was operated by Outokumpu from 1982 to 1997 and produced 12 million tonnes @ 2.3% copper with zinc and other precious metals credits. The mine was closed at the time when the copper price was around A\$1.00/lb and due to a strategic decision by Outokumpu to exit all of its mining operations.

Importantly, the project is linked by rail to the copper smelter at Skelleftea in northern Sweden operated by New Boliden. New Boliden's 1.6 billion tonne Aitik copper-gold project, located 80km to the south of Viscaria (*see figure 1*), is currently producing at 18 million tonnes per annum of ore and is serviced by road and rail networks that traverse Avalon's tenements.

Avalon has three exploration licences at Viscaria (101,102 and 103), and has applied for exploration permits over nearby open ground, for a total area of approximately 67km².

'A' Zone

The 'A' zone has delivered the highest grade of the three copper zones at Viscaria and was therefore the focus of previous mining. The actual in situ copper grade in the 'A' Zone was in excess of 3% and the head grade averaged 2.3% Cu.

Although the 'A' zone averaged approximately 2% Zn, only 25% of the holes were assayed for zinc. Assaying and modeling the zinc and other metal by-product credits and zones within the 'A' zone will be undertaken by Avalon during its upcoming resource and feasibility drilling programs.

An estimation of the remaining resources at the 'A' zone is currently underway and is due to be completed during the September 2008 Quarter. Simultaneously, Avalon is designing a drilling program to explore for and define further high-grade zones within the 'A' zone orebody with emphasis given to potential open cut material and extensions of the existing underground zone close to existing mine developments.

The existing +12km of decline developed to extract ore from the 'A' zone is believed to be in good working order and, subject to feasibility studies and de-watering approvals, the 'A' zone decline could be re-opened. Development of a similar decline would cost approximately A\$36 million today. In addition, over 15km of strike driving on ore would cost over A\$45 million to install today.

The Company commissioned SRK Consulting ("SRK") to review the drilling data base and to prepare a model using Leapfrog software. SRK advised that the down-dip and lateral delineation of mineralisation is limited by lack of drilling rather than un-mineralized holes. SRK recommended that, in the short term, drill testing of the depth extension of the south-western 'A' zone should be a priority.

Please see table 4 below which shows a selection of drill hole widths and grades in unmined areas of the 'A' zone.

'B' Zone

The largest of the unmined mineralised zones is the 2.8km long 'B' zone (*see figure 3*), which lies 200m west of the 3km long 'A' zone. The bulk of the 12 million tonnes of historical mining took place within the 'A' zone and over 12km of decline was developed.

The bulk of the Inferred Resources (16.5 million tonnes) in the 'B' zone are below 100m. This is of particular relevance if mining re-commenced in the more extensive 'A' zone. This would enable resources in the 'B' zone to potentially be accessed from existing infrastructure in the 'A' zone. The extensive underground development in the 'A' zone also allows for easy underground drill access to drill test the 'B' zone.

Both the 'B' and 'D' zones are in the footwall of the 'A' zone of the Viscaria deposit and are located west of the 'A' zone, which dips to the east. The Inferred Mineral Resource of 24 million tonnes @ 0.8% Cu within the 'B' zone demonstrates continuity along the entire strike length and in the vertical extent. It also includes sizeable areas of higher grade mineralisation. The fact that the 'B' zone mineralisation is accessible from the existing 'A' zone decline provides for a possible low-capex approach to underground mining of this zone.

Avalon will review the potential for open cut material in the north of the 'B' zone where grade and widths are generally better than in the south.

Figures 3 and 4 from the block model produced by CSA using Datamine highlights areas within the 'D' and 'B' zones which have potential to host higher grade resources but which lack adequate drilling.

'D' Zone

The 'D' zone (*see figure 2*) is approximately 1.5km long and is situated 400m west of the 'B' zone. The tenor and continuity of the 'D' Zone mineralization is very encouraging with grades averaging 1.6% Cu. There is good potential to extend the resource at the 'D' zone through further drilling and it is particularly noteworthy that the 'D' zone has only been drilled from the surface up to this point.

Viscaria Development

As part of the ongoing exploration and development programme at Viscaria, the following activities are either underway or scheduled to be completed shortly:

- Scoping Studies – currently underway;
- 'A' zone resource modelling – scheduled for completion in August 2008; and
- in-fill and exploration drilling programme – scheduled to commence in the September 2008 Quarter.

Viscaria Regional Exploration

In April 2008 the Company acquired an extensive airborne EM data base of over 500 line kilometres (part of a larger 3,025 line kilometre survey) flown by Redman Ventures Corp (Redmond) of Vancouver BC and processed on behalf of Billiton Resources UK BV (Billiton) in 1997.

The data is currently being interpreted by Perth-based Southern Geoscience Consultants Pty Ltd. The anomalies generated from this work will be reviewed in conjunction with recently recovered regional exploration reports by LKAB and Outokumpu AB, which do not appear to have been available to previous explorers.

LKAB is the owner of the nearby Kiruna iron ore mine and were the initial discoverers, owners and developers of the Viscaria copper project before introducing Outokumpu, which owned and developed the Viscaria copper mine until it was shut down in 1997.

Summary

The maiden Mineral Resource estimate for the Viscaria Project represents a significant milestone in Avalon's development and validates the Company's decision to purchase the Viscaria and Adak projects in March this year.

Commenting on the Mineral Resource estimate, Avalon's Chairman and Managing Director, Mr David McSweeney, said "the size and continuity of copper resource in both the 'B' and 'D' zones was significantly larger than anticipated at the time when the project was acquired from the previous owners, Phelps Dodge in March 2008."

"What is really exciting is the size and continuity of the whole Viscaria system," Mr McSweeney said. "We already know that the Viscaria Mine was a profitable producer when it shut down in 1997, however what we don't know is just how big and deep the broader system is and how many more deposits may exist within the Company's 67km² of tenements.

"It is also significant to note that, at the time of Viscaria's closure in 1997, the copper price was around US\$1.00/lb compared to over US\$3.70/lb today," he added.

The Viscaria project benefits from an excellent infrastructure including an existing rail connection, hydro-generated grid electrical power and proximity to the nearby town of Kiruna, which has a population of over 20,000 people.

"Kiruna is the site of a world-class iron ore mine with an associated skilled mining workforce," Mr McSweeney continued. "Being in an active mining region will allow Avalon to fast track the development of Viscaria."

Competent Persons Statements

The information in this "ASX Announcement" relating to in-situ Mineral Resources at the Viscaria deposit, 'B' and 'D' Zones has been based on information compiled by Paddy Reidy BSc(Hons Geology) of CSA Australia Pty Ltd. Paddy Reidy is a Member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'(JORC Code 2004 Edition). Paddy Reidy consents to the inclusion of such information in this "ASX Announcement" in the form and context in which they appear.

The information in this report relating to Exploration Results is reviewed by Mr Geoff Hewlett MSc DIC MAIG who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists and is the company's Exploration Manager. Mr Hewlett has over 30 years of exploration experience in a variety of mineral deposit styles including uranium, base metals and gold mineralisation and he consents to inclusion of the information in this report in the form and context in which it appears. He qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

- ENDS -

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Avalon Minerals – Background

Avalon Minerals Ltd listed in March 2007 with the aim of developing and discovering mineral deposits.

Avalon's corporate objective is to build a diversified resource mining group based on cash flows from producing operations. The primary project generation strategy has been successful with the acquisition of the advanced Viscaria copper deposits in northern Sweden.

Table 1 - CSA estimated Mineral Resource for Viscaria.

CLASSIFICATION	ZONE	COMMODITY	TONNES	Cu%	Contained Metal Tonnes
Inferred	B	Cu	24,100,000	0.8	182,000
Inferred	D	Cu	2,500,000	1.6	40,000

Note: the Viscaria May 2008 Mineral Resource Estimate was carried out using 3-D wireframes encapsulating >0.3% (Cu). The resource was estimated using Datamine software. Resources were reported using a lower cut-off of 0.3%Cu.

The Viscaria May 2008 Mineral Resource Estimate as set out above does not include any zinc or precious metals credits as this information has not yet been captured.

Table 2 - Resource summary by depth below surface for B zone

B Zone				
	Classification	Tonnes (Mt)	Grade %	Cu Metal Tonnes
Surface to - 100m	Inferred	7.7	0.8	59,000
below 100m		16.5	0.8	123,000
Total		24.1	0.8	182,000

Table 3 - Resource summary by depth below surface for D zone

D Zone				
	Classification	Tonnes (Mt)	Grade %	Cu Metal Tonnes
Surface to - 100m	Inferred	1.9	1.6	30,000
below 100m		0.6	1.7	10,000
Total		2.5	1.6	40,000

Scope of Work by CSA

In brief, the scope of the work carried out by CSA included:

- statistics and analysis for model requirements for each domain;
- Mineral Resource classification, statements and generation of grade-tonnage curves; and
- reporting and documentation of the process.

The Mineral Resource in 'B' Zone extends from surface to 100m vertical and was primarily drilled from surface. The Mineral Resource below this level was predominantly drilled from the A Zone underground mine which is located between 150 and 200m to the east of the 'B' Zone.

The 'A' Zone mineralisation and mine development plunges to the South to a known depth of 600 vertical metres below surface, resulting in a bias towards resources defined at depth.

Resources have not been extrapolated more than 50m from the nearest drillhole with defined mineralisation both down dip and along strike.

Table 4 -Drill hole widths and grades in unmined areas of the 'A' zone.

BHID	Northing	RL (average surface RL is- 190m)	Metres (Down Hole Width	Cu Grade %	Including m	At %
D-2216	21770	-280	4	9.2		
D-2367	21775	-255	12	1		
D-2271	21560	-460	10.5	1.6	6.5	2.2
D-2189	21400	-255	7	2		
D-3555	21420	-285	5	3.3		
D-8113	21120	-340	15.5	1.8		
D-8117	21225	-350	13.8	2.2		
D-3437	20190	-470	21	1.6		
D-3735	19590	-555	6	1.4		
D-8320	19400	-555	26.3	1.3		
D-6128	19450	-600	15.6	1.5		
D-8380	19230	-630	19.6	1.4		
D-7990	19120	-750	15.9	2.5		
D-8308	18260	-840	10.4	2.1		
Average true width are between 50% to 70% of downhole width						

Figure 1 - Project Location Map



Figure 2 - Geological surface plan showing A, B and D Zones.

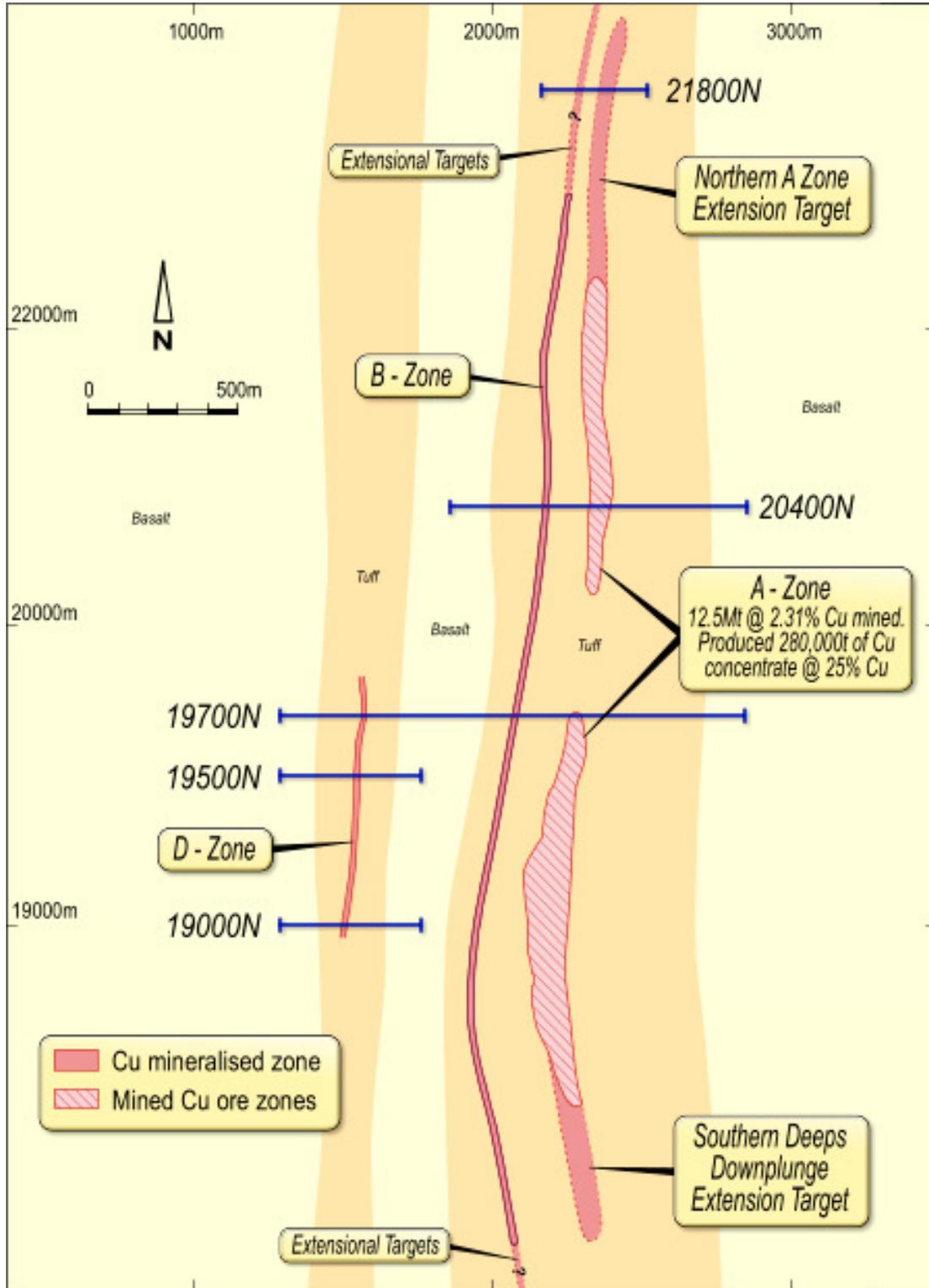


Figure 3 - Visualiser view of B zone in Datamine. The Legend depicts Cu grade in % and the grey zone shows a portion excluded due to lack of drill density.

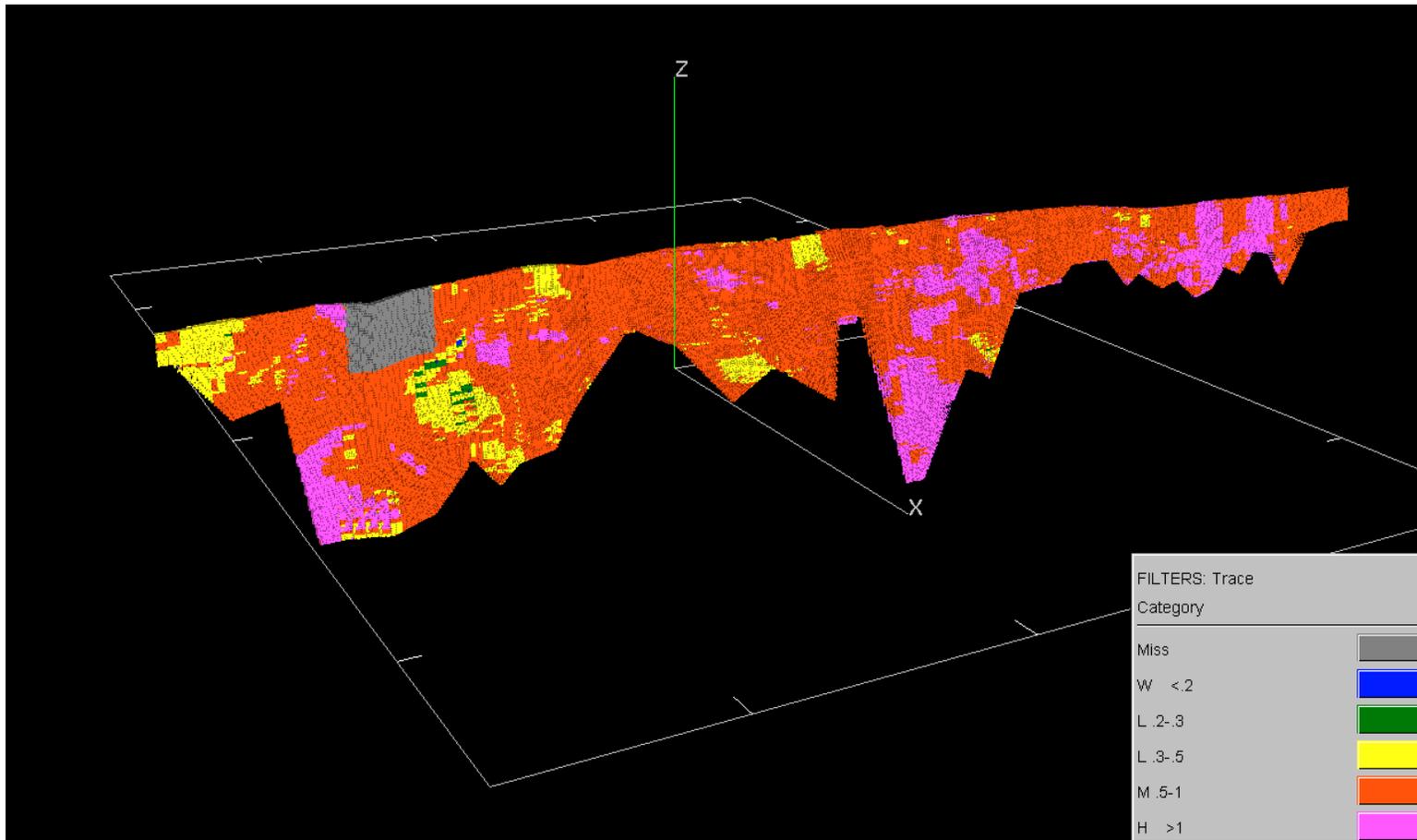


Figure 4 - Visualiser view of 'D' zone in Datamine. The Legend depicts Cu grade in cutoff %.

