



A\$2M PLACEMENT TO UNDERPIN VISCARIA DEVELOPMENT

The board of Avalon Minerals Ltd (ASX: **AVI** "Avalon") is pleased to announce that it intends to raise a total of **A\$2 million** through the placement of **20 million shares at 10 cents per share** to progress drilling and Feasibility Studies at its flagship Viscaria Copper Project, located in Northern Sweden.

Avalon's objective is to become a copper producer within three years based on existing resources at Viscaria. In addition, the Company plans to extend the known high-grade resources at Viscaria through extensional drilling, and to increase the current JORC-compliant resource base, which currently comprises an Inferred Resource of 39.9 million tonnes at 1.3% copper.

Perth-based Montagu stockbrokers will manage the placement, with the new shares to be allocated to sophisticated investor clients of Montagu and to a cornerstone Malaysian investor, Mr Tan Sri Abu Sahid, who is the Chairman and major shareholder of Perwaja Steel, Malaysia's largest steel group which produces some 1.5 million tonnes of steel annually. Perwaja Steel purchases iron pellets from the nearby Kiruna iron ore mine in Sweden and Mr Tan Sri Abu Sahid he has personally visited Kiruna on several occasions.

Avalon's Chairman, Mr David McSweeney, said the capital raising was an excellent achievement given the current economic conditions and would underpin ongoing Feasibility Studies and drilling activities at Viscaria. "This is a great outcome considering the difficult climate for raising funds and is testament to the significant value created by the Company's resource modelling efforts since acquiring the Viscaria copper project earlier this year."

The Viscaria Project was shut down by its former owner, Outokumpu, 10 years ago after producing the equivalent of A\$1 billion in copper metal at today's copper price. At the time, Outokumpu was shutting down its mining operations worldwide, with other casualties of this process including the Forrestania nickel mine in Western Australia. This mine has been successfully redeveloped and expanded by Western Areas Limited.

"We are confident that we can develop and recommission the Viscaria Project in a similar manner to what Western Areas has achieved with Forrestania. Like Forrestania, which is known for its high grades of Nickel, Viscaria was known for its high grades of copper," said Mr McSweeney.

"We believe the exploration potential at Viscaria is excellent and we are confident that further high-grade, underground copper resources grading more than 3% copper can be discovered," he added.

The placement is subject to Shareholder approval.

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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 and Adak copper deposits in northern Sweden where a current JORC Code compliant copper resource comprising an Inferred Resource of 39.9 million tonnes grading 1.3% Cu for 515,000 tonnes of contained copper has been delineated.