



AVALON LAUNCHES MAJOR NEW RESOURCE EXPANSION DRILLING PROGRAMS AT VISCARIA COPPER-IRON PROJECT

+30,000m OF DRILLING UNDERWAY AT 'D' ZONE SOUTH PLUS RESOURCE IN-FILL DRILLING OVER A, B AND D ZONES

International minerals company Avalon Minerals Ltd (ASX: **AVI**; "Avalon" or "the Company") is pleased to announce the commencement of a major new resource extension drilling program at its 100%-owned **Viscaria Copper-Iron Project** in Northern Sweden.

The objective of the drilling is to convert previously established exploration targets to JORC reportable resources and to increase Avalon's overall JORC reported resource inventory, which comprises more than 66.2 million tonnes of both VMS and Skarn-type mineralisation for 601,000 tonnes of contained copper and 2.4 million tonnes of contained iron.

In addition, a major new regional exploration program has commenced targeting a number of high priority areas within Avalon's tenure in the broader Kiruna region.

The resource expansion and regional exploration programmes will run in parallel with the Bankable Feasibility Study into the development of the Viscaria Project.

Drilling Commenced at D Zone South

Drilling commenced at D Zone on 11 November 2010 with the aim of delineating JORC reported resources in this area, where Avalon has previously established an Exploration Target¹ of **30-50 million tonnes at 0.5% to 1.0% Cu and 25% to 35% Fe**.

This area is located to the south of the main mineralised zones at Viscaria.

Drilling will initially comprise both percussion and diamond drilling to define the copper and magnetite content of the D Zone South at a drill spacing of 800m. The drill programme is expected to take approximately three months to complete (see *Figure 1*).

In addition to this drilling, further diamond rigs are currently being mobilised to the Viscaria site to commence resource definition drilling at the northern end of D Zone, A Zone and B Zone over the established resource area.

Resource definition drilling in these areas will continue through the rest of 2010 and into the first half of 2011.

The planned drilling program comprises approximately 30,000m and is aimed at increasing open pit material from 15 million tonnes to 25 to 35 million tonnes to support the Development Case defined in the recently completed Pre-Feasibility Study of 3Mtpa for 10 years, on which the Viscaria BFS will be based.

This target of 25 – 35 million tonnes of open pit material is an interim target only.

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In addition to the copper-focused drilling along the already defined zones, four exploration targets for magnetite iron ore have been identified within the southern half of the Viscaria tenure (see Figure 1).

Work by previous developers has resulted in a small number of drill holes being completed into the prospective horizons which yielded encouraging results including **16m at 46% Fe** and **12m at 26% Fe** in drill hole 69001.

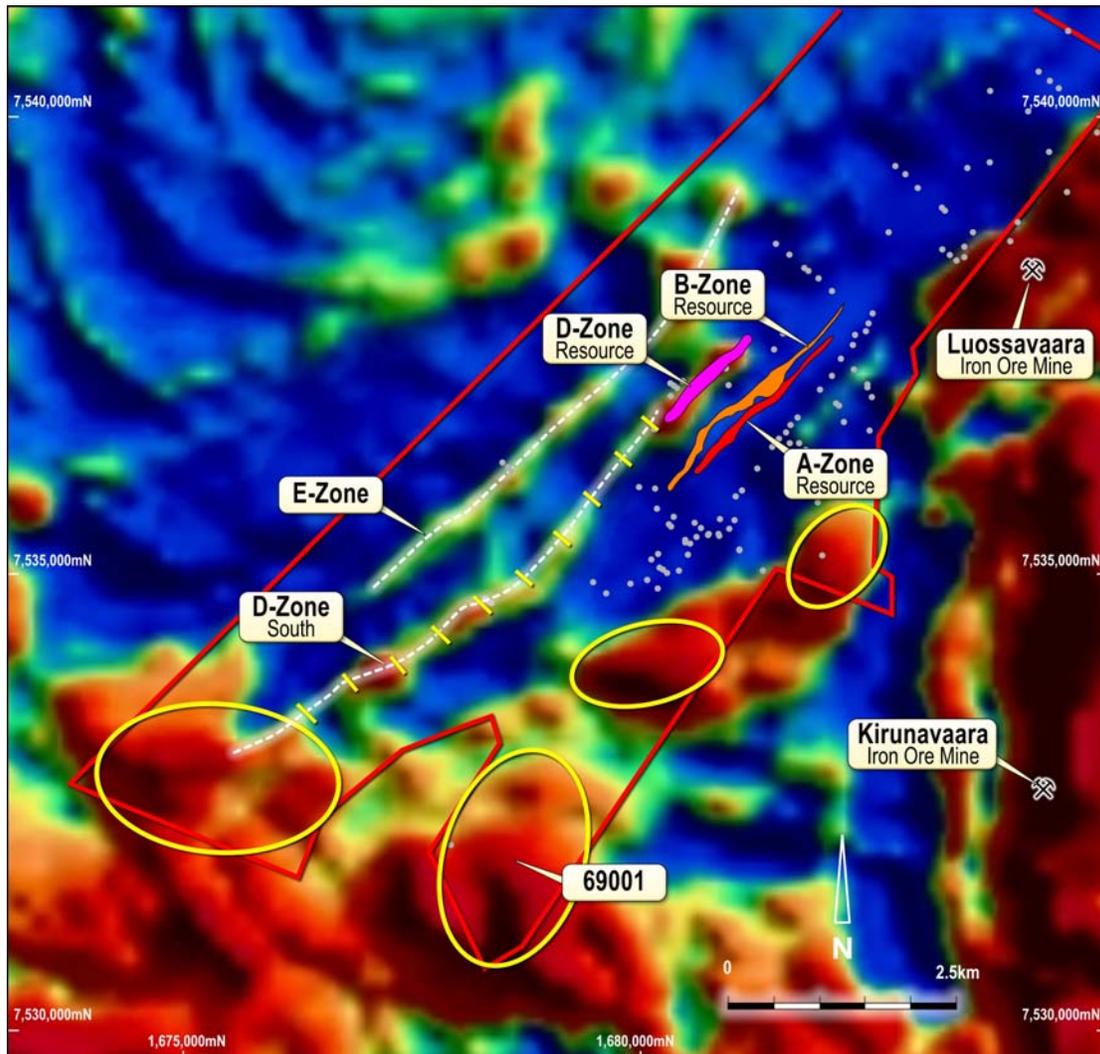


Figure 1 – Viscaria Project showing locations of D Zone South exploration drilling program and exploration targets for magnetite iron ore within the southern portion of the tenure.

Exploration Applications Granted

Earlier this year, Avalon applied for a substantial block of exploration tenements in the Kiruna area to the north and north-east of the Viscaria Project.

The tenure covers four applications and 463km² of land along the prospective Viscaria formation.

All four applications have recently been granted by the Bergsstaten (Mines Department of Sweden) and ground-based exploration has now commenced, including programs of geophysics and geochemistry. The consolidated tenure of Avalon in the Kiruna region now totals 648km² and is illustrated over the regional magnetics map in Figure 2.

Exploration Target Generation

Avalon's contiguous tenure in the Kiruna area contains several high priority targets identified from the recently acquired geochemical maps of the area. These areas have not been subject to detailed exploration for several reasons. Firstly, prior to 1995 it was not possible for foreign companies to control mining projects in Sweden. Secondly, the Swedish mining industry has generally restricted its exploration activities over the past 20-30 years to brownfields and near mine exploration.

The geochemical sampling conducted over the area, principally by previous owners, highlights copper anomalism over wide areas of tenure controlled by the regional geology and structure.

The broad regional targets are described below with their locations highlighted in Figure 2.

Kurravarra

Kurravarra is approximately 10km north of Viscaria and is a 20km long target with overlying copper and magnetite geochemistry. The Kurravarra target is located in a geologically similar environment to the Viscaria project area (66.2mt @ 0.9% Cu Resource including 9Mt @ 0.6% Cu and 27% Fe). The Company is highly encouraged by the coincident geochemical and geophysical signature at Kurravarra, which is significantly stronger and larger than the signature at the Viscaria Project. Regional EM data acquired for Viscaria continues for approximately 20km within the Kurravarra prospect.

Vittangjarvi

Vittangjarvi is 25 km north west of Viscaria and is a large area (approximately 10km by 6km) of geochemical copper anomalism over greenstone rocks of a similar age to Viscaria. The area has evidence of numerous, small-scale, alluvial copper mining operations, and hosts several large scale magnetite rich horizons adjacent to a large granite intrusion. Limited reconnaissance drilling has been completed by previous owners of the ground.

Karkejaure

Karkejaure is a large (8km by 7km) granodiorite intrusion 50km north of Viscaria. It carries a very large magnetic and gravity anomaly, and wide alteration halo of magnetite iron. Karkejaure is believed to be Proterozoic in age and is considered prospective for large scale Iron Oxide-Copper-Gold (IOCG) type mineralisation.

Kallojankka

Kallojankka is 10km north west of Viscaria. The prospect covers a 5km by 2km zone of anomalous geochemical copper mineralisation in greenstone rocks within the Kiruna shear zone to the northeast of the operating Kiruna mine. It is targeted for VMS style copper and base metal mineralisation related to the nearby granite intrusion.

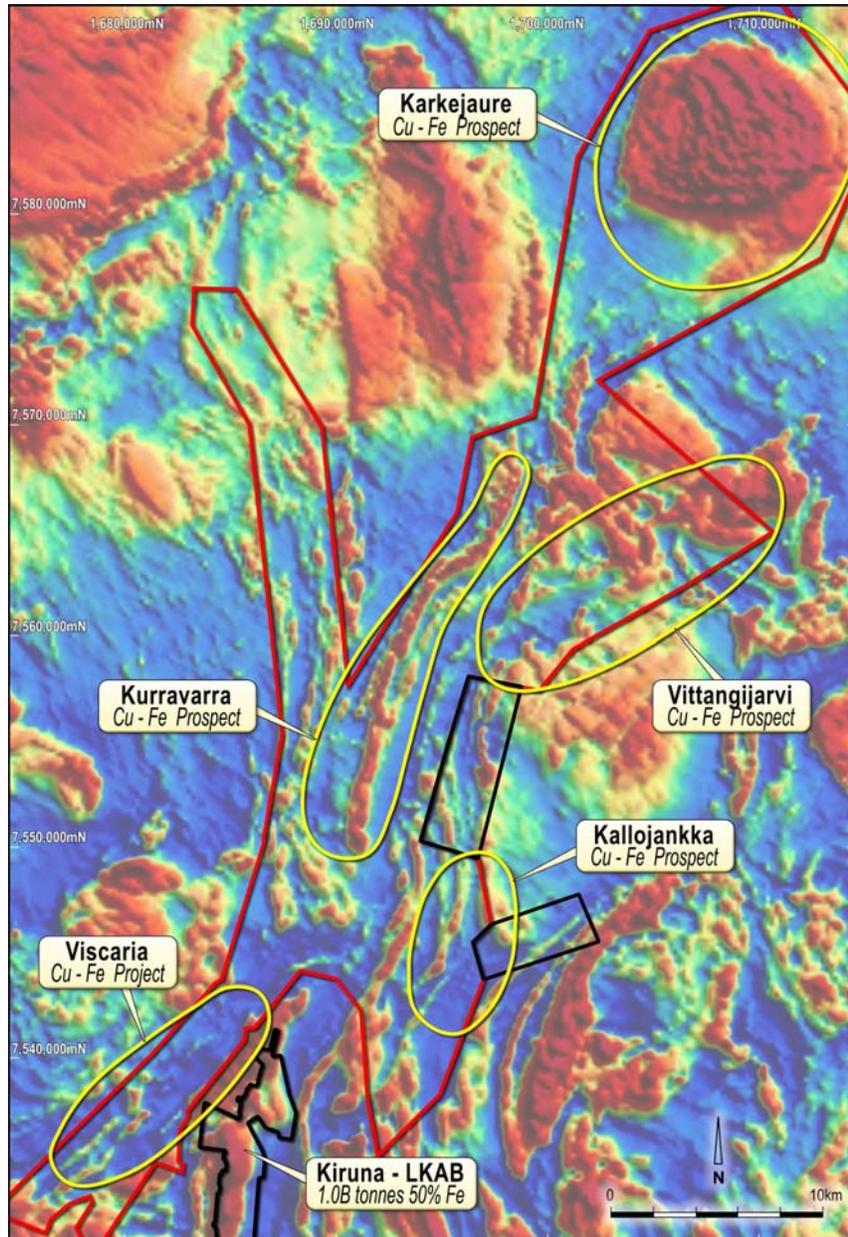


Figure 2 – Avalon granted tenure over regional magnetic with development projects and Exploration Prospect locations

¹JORC – 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.



Competent Person's Statement

The information in this report that relates to A Zone Mineral Resource, Tailings Dam Mineral Resource 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.

The Mineral Resource estimate for B Zone and D Zone has been compiled and prepared by Mr. David Williams (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.

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