



ASX/Media Release

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AVALON MINERALS LTD JUNE 2008 QUARTERLY REPORT

HIGHLIGHTS

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ASX Code: AVI
50.6 million shares
11 million unlisted options

Cash
A\$1.45 million

Directors
David McSweeney (Executive
Chairman)
Stephen Stone (Director)
Gary Steinepreis (Director)

Swedish Copper Projects

- **26.6mt JORC Compliant Inferred Resources announced for Viscaria Project B and D Zones**
 - ***B Zone* - 24.1Mt @ 0.8%Cu for 182,000t of contained Cu**
 - ***D Zone* - 2.5Mt @ 1.6%Cu for 40,000t of contained Cu**
- **Excellent progress made towards establishment of JORC Compliant Resource for northern A Zone in August 2008.**
- **Diamond drilling planned to commence in August in the A Zone.**
- **Mining scoping studies initiated for Viscaria**
- **Unmined intersections within the A Zone include 5m @ 3.3% Cu, 13.8m @ 2.2% Cu and 15.9m @ 2.5%Cu.**
- **New tenements applied for north of Viscaria**
- **Viscaria Tailings re-treatment samples collected**
- **684 km Airborne VTEM survey completed at Adak and processing in progress to identify drill targets**
- **Apartment, office and warehouse secured in Kiruna to assist with the development of Viscaria Project**



SUMMARY

During the June Quarter, Avalon moved quickly to complete initial JORC-compliant resource estimates at the advanced **Viscaria** copper project in northern Sweden (*see figure 1*), with the definition of a **maiden 26.6Mt Inferred Resource** in two zones of the Viscaria Project.

In addition, the company completed an **extensive airborne VTEM survey** over the Adak project.

Both projects are part of large mineralised systems with strong potential for additional copper and zinc deposits within the landholdings.

The advanced Viscaria copper project meets the Company's stated objective, in that it has near-term production and cash flow potential as well as exploration and resource upside.

SWEDISH PROJECTS

Viscaria Copper Project

Overview & Location

The historical Viscaria Copper mine is located in the Norrbotten area of Northern Sweden, 4km from the Kiruna Iron Ore mine, Sweden's largest iron ore mine and the world's second largest underground mine. Viscaria is 80km north of Europe's largest open cut (18mt/annum @ .3% Cu) Aitik copper mine which is owned by Boliden (currently being expanded to 35mt/annum @ .3% Cu).

The Viscaria project is located adjacent to road, rail and hydro power infrastructure and a short distance from the regional mining centre of Kiruna (population 20,000).

The regional Ronnskar copper smelter owned by Boliden is located 300km south and is linked by the rail network which crosses the Viscaria tenements.

Outokumpu closed the Viscaria mine in 1997, after approximately **12.54 million tonnes of ore grading 2.29% Cu**, 2% Zn and .5g/t Au had been produced, mainly from the A Zone over a period of 15 years. At the time of its closure, the spot copper price was approximately US\$1.00/lb compared to a spot price of over US\$3.60/lb today. Only minimal exploration has been conducted at Viscaria since the mine closed.

During the Quarter, Avalon took delivery of over 30 cabinets of historic mine plans sections and reports on Viscaria from Outokumpu. These were delivered to Sweden where geological staff are cataloguing, interpreting and digitally capturing appropriate data. This data includes over 3,100 diamond drill holes (for approximately 260,000m) which together define three main parallel strata-bound zones of copper mineralisation; A,B and D.

Mine scoping studies at Viscaria were also commenced during the June Quarter. The benefits of developing an open cut on the D Zone, and select open cut opportunities in the A and B Zones; as well as underground mining higher-grade areas from all three zones is being examined as part of the scoping studies. (*See Figures 2 & 3*).

In addition to the potential for open cut material, the Company has been informed by previous explorers that the D and B Zones contained zinc and precious metals credits. Outokumpu only carried out limited assaying and sampling for zinc and precious metals in the D and B Zones. Avalon plans to review the zinc and base metals credits of both zones as part of Avalon's ongoing resource programs.

Resource Estimate

'D' Zone

During the Quarter, a maiden JORC-compliant Inferred Resource estimate (based on a 0.3% Cu cut-off) was released for the **D Zone** of **2.5Mt @ 1.6% Cu**. The D Zone mineralisation is defined over a 1km strike length down to 100m.

'B' Zone

A maiden JORC-compliant Inferred Resource for the **B Zone** of **24.1 Mt @ 0.8% Cu** was announced during the Quarter. The B Zone is over 3km in strike length and is defined down to over 400m in depth. During Outokumpu's previous mining activities, substantial underground diamond drilling was conducted from the A Zone development drives and into the nearby B Zone mineralisation.

'A' Zone

Historical data from Outokumpu, including over 130 mine closure cross-sections, level plans and long sections depicting stopes, drives and decline openings, along with drill traces and mapped geology with section spacing typically 25m to 50m have been digitally captured and are currently being wire-framed into a 3D model.

The ongoing capture and validation of Viscaria data into digital format has already identified high-priority areas for high-grade (>2%) Cu in the A Zone, where a campaign of diamond drilling is expected to commence in August 2008.

Unmined intersections within the A Zone include 5m @ 3.3% Cu, 13.8m @ 2.2% Cu and 15.9m @ 2.5%Cu. **(See Figure 4).**

An inferred JORC Resource for the A Zone is on schedule to be completed in August 2008.

Viscaria Resources A, B & D Zones					
		Tonnes	Cu	Zn	Au
Inferred	B	24mt	.8%	?	?
Inferred to 100m	D	2.5mt	1.5%	?	?
Inferred	A	August 08			

Additional Tenement Applications – Viscaria

Avalon has moved quickly to apply for additional ground surrounding both the Adak and Viscaria mines. This includes an application for new tenements to the north of Viscaria, covering conductive target zones identified from historic airborne EM data carried out by Billiton in 1998. This exploration targeted IOCG (Olympic Dam) type targets within the prospective volcanic stratigraphy along which Avalon now holds 111km² of prospective ground.

Ongoing Activities

Avalon is planning to commence pre-feasibility studies in the second half of 2008 as part of the aggressive push to rapidly develop the Viscaria Copper Project towards near-term production.

Ongoing tasks include:

- the capture and validation of all existing data;
- construction of resource models for A Zone South;
- concentrate marketing reviews;
- planning and design of infill drilling of potential near surface open cut ore and depth extensions of the A Zone for August 2008;

- planning and design of infill, depth and strike extension drilling at the D Zone to lift the resource category in October 2008;
- metallurgical test work; and
- A Zone dewatering study has commenced.

Avalon's ultimate aim is to delineate sufficient resources at Viscaria to sustain a return to copper mining operations by 2011.

Viscaria Tailings Dam – Re-treatment Studies

The 13mt Viscaria tailings dam is located adjacent to the Viscaria deposit. During the Quarter, the Company took a 60kg sample of material from the tailings dam. A testwork program to review the potential for the recovery of magnetite and base metals from the dam has commenced with results due in the September Quarter.

Adak Copper Project

Overview and Location

The Adak copper project contains four historical mines – **Adak, Lindsfold, Brannmyran and Rudtjebacken** – covering an area of 26.71 km² (see figure 4), and is located in the world-class Skelleftea VMS mining district of Northern Sweden. **(See Figure 5).**

The Adak mines were operated by the Government of Sweden between 1940 and 1977 when the last mine was closed by Swedish mining giant Boliden. The total material mined at Adak was approximately **8.3mt @ 2.02% Cu plus 4.75mt @ 0.87% Cu and 3.0% Zn.**

Avalon's attraction to Adak is due to the exploration potential surrounding the existing mines and at depth, and its strategic location within trucking distance of existing concentration facilities.

VTEM Survey

The Company conducted a 684 line km airborne electromagnetic (VTEM) geophysical survey at Adak during the June Quarter.

The survey was flown on a 100-metre line spacing in a north east orientation and targeted Volcanogenic Massive Sulphide (VMS) mineralisation of the Adak/Storliden-style deposits. The data from the VTEM survey has been received and the interpretation has commenced.

Compilation of an extensive database of hundreds of historical drillhole records with copper and zinc assays - which are stored in the archives of the Swedish Geological Survey (SGU) in Mala - continued during the Quarter.

Digital capture of an extensive set of mine closure plans also allows comparison of the drill-defined mineralisation with un-mined zones of copper and zinc. This comparison, along with the airborne EM, will enable Avalon to rank and select priority targets for drilling at Adak.

It is noteworthy that the Adak project has not been subject to any substantial exploration since the closure of the mine in 1977 as a result of a fire and low prevailing copper prices.



Overview of Mining in Sweden

Sweden has a very rich mining history which has been of great economic importance to the country. Mining and metal production are still important Swedish industries, and Sweden is one of the leading ore and metal-producing countries in the European Union.

The many benefits of operating in Sweden include well developed infrastructure, a highly skilled mining and exploration workforce, extremely low sovereign risk and a very strong mining culture built up over many decades.

AUSTRALIAN PROJECTS

Western Australia

Lennard Shelf Zinc-Lead Project – Rox Resources Earning 60%

Avalon's 2,594km² Lennard Shelf Project, located in the acclaimed Lennard Shelf zinc province in the East Kimberley region of Western Australia, encompasses a number of advanced zinc exploration targets, including the Oscar Range, Barramundi and Lawford Projects. Commencement of exploration activities in the Lennard Shelf project awaits the completion of the relevant heritage surveys.

Resource Properties Pty Ltd (RPPL) ELA's – Uranium

Avalon holds a total of 13 applications for exploration licences comprising 11 ELA's in proven uranium districts in the Yilgarn region of Western Australia – which are considered prospective for calcrete-hosted uranium mineralisation – and two uranium prospects in the Kimberley region which are considered prospective for roll-front styled uranium deposits.

As a result of the acquisition of the Swedish projects, the Company has decided to divest its uranium portfolio via the sale of Resource Properties Pty Ltd. Further details of this will be announced shortly.

Marloo Project – Avalon 100%

As a result of the acquisition of the Swedish copper projects the Company has decided to seek a joint venture partner for the Marloo Project and the other two projects in the Paterson Province. A summary report outlining these projects has been prepared to assist with this divestment.

Queensland

Empress Springs – Gold, Uranium and Base Metals – Avalon 70%

In 2007, Avalon entered into a Joint Venture agreement with ASX-listed nickel producer, Independence Group NL, to earn a 70% interest in the Empress Springs gold, base metals and uranium project in North Queensland.

The project, located 40km south of Croydon, comprises one granted EPM (15416) and one application EPM (15414) which together cover a total area of 833km².

The project is situated within a well-known gold producing region with historical production of 750,000oz at Croydon and nearby the recent discovery by Gold Aura Ltd of polymetallic mineralisation at Wallabadah, located 30 km north of Croydon.

During the Quarter, Avalon conducted a field program of MMI soil and geobotanical sampling over some of the targets - previously identified by Mining Consultants SRK within EPM 15416 - to assist in defining priority drill targets. The samples were delivered to laboratories in Perth and two large

coincident polymetallic geochemical anomalies - T1 & T2 (2150m and 5250m in length) - were confirmed by both geochemical methods.

Further MMI and geobotanical sampling is planned to both infill and extend coverage within EPM15416 and on to EPM15414. Bedrock geochemical drilling and geophysical mapping is also proposed, and will assist with better definition of drill targets.

Funding was obtained by Avalon to the value of \$64,250 from the Queensland Government under their Collaborative Drilling Initiative for a program of bedrock drilling to test beneath transported cover target zones of combined soil, geo-botanical and favourable structure.

CORPORATE

During the Quarter, an apartment, office and warehouse was secured in Kiruna, Sweden, to assist with Avalon's development of Viscaria Project.

As at 30 June 2008:

- Avalon has 417 shareholders with the Top 20 holding 65.41% of the Company.
- The Company has \$1.45 million cash on hand.



David McSweeney
Executive Chairman

Competent Persons Statements

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 and Adak copper deposits in northern Sweden where a maiden JORC Code compliant copper resource comprising an Inferred Resource of 24.1 million tonnes grading 0.8% Cu for the 'B' Zone and 2.5 million tonnes grading 1.6% Cu for the 'D' zone, for a combined 220,000 tonnes of contained copper has been delineated.

Figure 1 – Location map of Viscaria and Adak copper projects, Sweden



Figure 2 – Surface plan of Viscaria showing A, B and D Zones

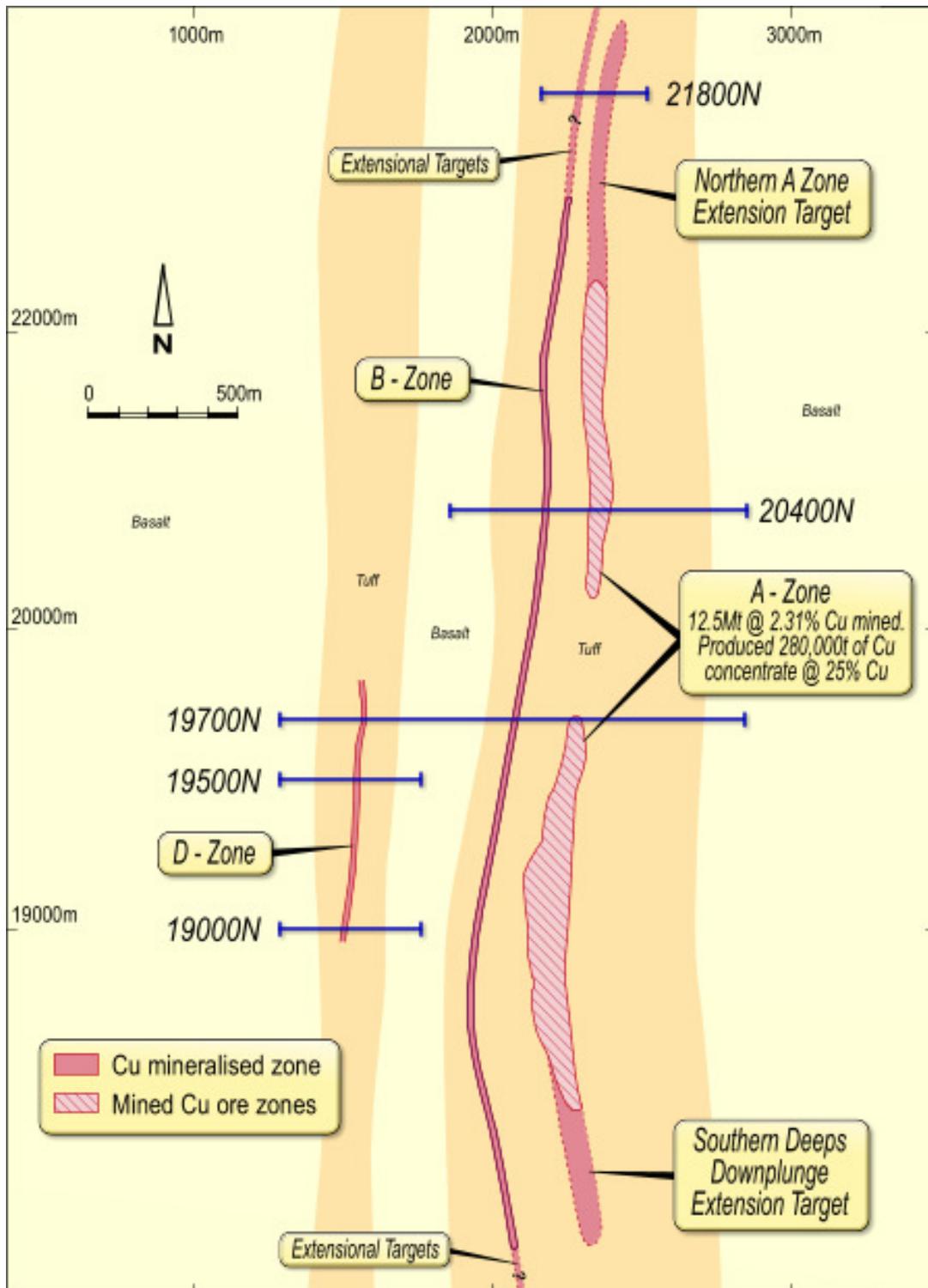


Figure 3 - Cross Sections of A, B & D Zones

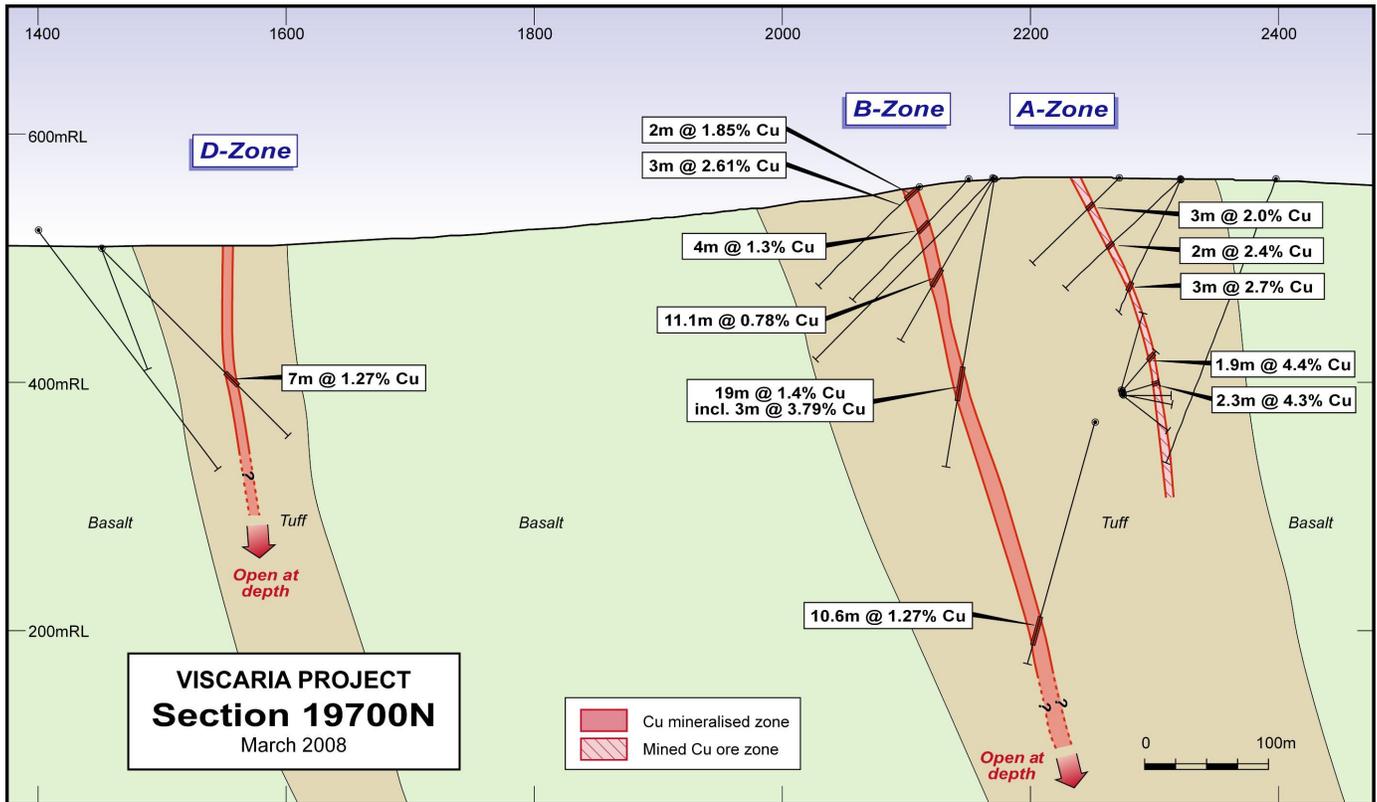


Figure 4 –A Zone Long Section

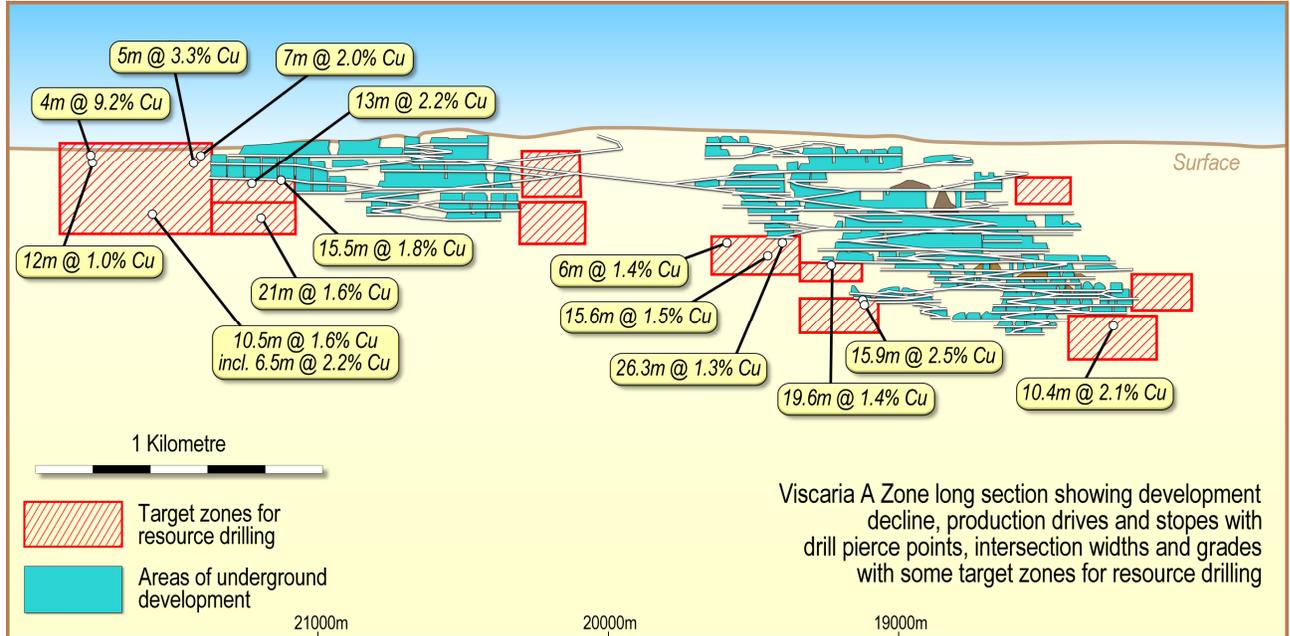


Fig 5: Adak Tenement

