



AVALON TO RAISE UP TO \$A6.6M TO FUND ONGOING DRILLING AND FEASIBILITY STUDIES AT VISCARIA COPPER PROJECT, SWEDEN

Australian-based minerals Company Avalon Minerals Ltd (ASX: **AVI**; "Avalon") is pleased to announce that it is currently raising up to **A\$6.6m** to fund ongoing drilling and Feasibility Studies at the Company's advanced **Viscaria Copper Project**, located in northern Sweden.

Avalon has appointed Indian Ocean Capital Ltd to manage the raising, which will include a placement of **15 million shares at 21 cents per share** to sophisticated investors - raising up to A\$3.15 million ("Placement"), and a **one-for-seven non-renounceable Entitlements Issue at 21 cents per share** ("Entitlements Issue") to existing shareholders.

Participants in the Placement will also be eligible to participate in the Entitlements Issue and the Directors of Avalon have reserved the right to place any shortfall in the Entitlements Issue at their discretion.

The initial A\$3.15m in funds from the placement is due to be received within the next 14 days.

Use of Funds

The funds raised from the Placement and Entitlements Issue will predominately be applied to the following activities:

- Processing and reporting assays from the recent drilling programmes;
- Resource upgrade studies for the Link Zone;
- Continue testing the 'A' Zone South plunge from the parent hole;
- Continue testing for open cut resources within and along strike from the 'A' Zone and the 'D' Zone, including the Link Zone;
- In-fill drilling of the prospective 'A' Zone and 'D' Zone for open cut resources;
- Drill testing high priority regional exploration targets;
- Submission of the Viscaria mining concession application with the Mines Inspector of Sweden;
- Completion of an updated Scoping Study into the development of both stand-alone and toll treatment operations at Viscaria;
- Continue investigations into third party toll treatment opportunities for processing Viscaria Ore;
- Review and investigate opportunities for acquiring additional copper/gold resources within the Kiruna region;
- Continue the data entry and resource modelling of the Company's wholly-owned Adak VMS project.

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It has been a very active second half of the year, with a total of 2,784.8 metres of diamond drilling and 3,077 metres of RC drilling completed and Avalon expects to complete the majority of the remaining diamond and RC drilling program within the next two weeks. Results from both the drilling and targeted down-hole EM surveys are due in January and February 2010.

The Company plans to continue with an active drilling program during 2010 and importantly, is able to continue with diamond drilling during the winter months. Drilling is due to cease on or around 18 December 2009 and is scheduled to recommence in January 2010.

The forthcoming drilling programs will include infill drilling of the open pittable copper resources within the 'D' Zone and 'A' Zone areas.

In addition, the Company will continue testing for down plunge extensions of the high-grade 'A' Zone South, where an initial parent hole and the first of a series of daughter holes has been completed. Assays for most of this drilling have now been submitted for analysis and will be reported as they come to hand.

Viscaria Project

The Viscaria copper project currently comprises an Inferred Resource of 39mt @ 1.3% Cu for 500,000 tonnes of contained copper. In addition, the Project contains 200 square kilometres of highly-prospective VMS targets along strike from the historical Viscaria copper mine, which produced 12.3mt @ 2.3% Cu between 1982 and 1997.

An Appendix 3B and Prospectus for the Entitlements Issue will be lodged shortly and this announcement will end the Trading Halt entered into by the Company on 2 December 2009.

– ENDS –

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Competent Persons Statements

The information in this report relating to Exploration Results is reviewed by Ms Louise Lindskog BSc Hons (Geol) who is a Member of the Australasian Institute of Mining and Metallurgy and is the company's Exploration Manager. Ms Lindskog has over 7 years of exploration experience in a variety of mineral deposit styles including uranium, diamonds, base metals and gold mineralisation and she consents to inclusion of the information in this report in the form and context in which it appears. She 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".

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 deposit in northern Sweden where a maiden JORC Code compliant copper resource has been defined. This resource comprises of an Inferred Resource of:

8.2 million tonnes grading 2.7% Cu for the 'A' Zone South;
 5.1 million tonnes grading 1.2% Cu for the 'A' Zone North;
 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.

When combined, this totals 514,600 tonnes of contained copper.

In addition the recently acquired cluster of six closed historical copper- zinc mines at Adak, 300km south of Viscaria, also provides potential for Avalon to grow its base metal inventory within northern Sweden.

Figure 1: Longitude Section: South, Link Zone and Deep 'A' Zone South Targets

