ASX Release **1st October 2010**

VISCARIA PROJECT RESOURCE UPGRADED AND INCREASED TO 600,000 TONNES OF CONTAINED COPPER

Key Points

- **Global Viscaria resources increased to 66.2 million tonnes, containing 600,000 tonnes of copper and 241 million dry metric tonnes units of iron.**
- **Maiden copper and iron resource estimate for D Zone of 9.0Mt at 0.55% Cu and 27% Fe.**
- **A Zone resource expanded from 13.4Mt at 2.1% Cu to 17.3Mt at 1.8% Cu with 75% of Cu metal in Measured and Indicated Resources.**
- **Initial resource defined for historic Tailings Dam at Viscaria of 12.5Mt at 0.27% Cu and 0.22% Zn.**
- **Mine design nearing completion as part of Viscaria Pre-Feasibility Study, which remains on schedule for completion shortly.**

Australian-based international mining company Avalon Minerals Ltd (ASX: AVI) is pleased to announce a significant upgrade and expansion of its Mineral Resources at its 100% owned Viscaria Copper and Iron project in Northern Sweden.

Global resources at Viscaria now total 66.2 million tonnes of both VMS and Skarn type mineralisation, for 600,000 tonnes of contained copper and 241 million dry metric tonne units (dmtu) of iron.

The resource upgrade and expansion follows completion of the 2010 drilling program, a reappraisal of economic cut-off grades and the discovery and drilling of the D Zone copper and iron mineralisation over 2010. Resource locations at the Viscaria Copper-Iron Project are illustrated in Figure 1.

Commenting on the resource upgrade Andrew Munckton, Avalon's Managing Director and CEO said,

"Importantly approximately 30% of the resources are amenable to open cut mining from the A, B and D zone resources at Viscaria and will support the open pit mining scenarios of 1.5mtpa and 3.0mtpa developed in the Pre Feasibility Study (PFS).

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It is important to appreciate that while today's announcement builds our confidence in the Viscaria project delivery, it should be recognised that we believe that the A, B and D horizons at Viscaria have Exploration Targets in excess of 100 million tonnes of ore amounting to between 0.9 to 1.1Mt tonnes of contained copper and 1.2 to 1.4Bn dmtu's of iron ore."

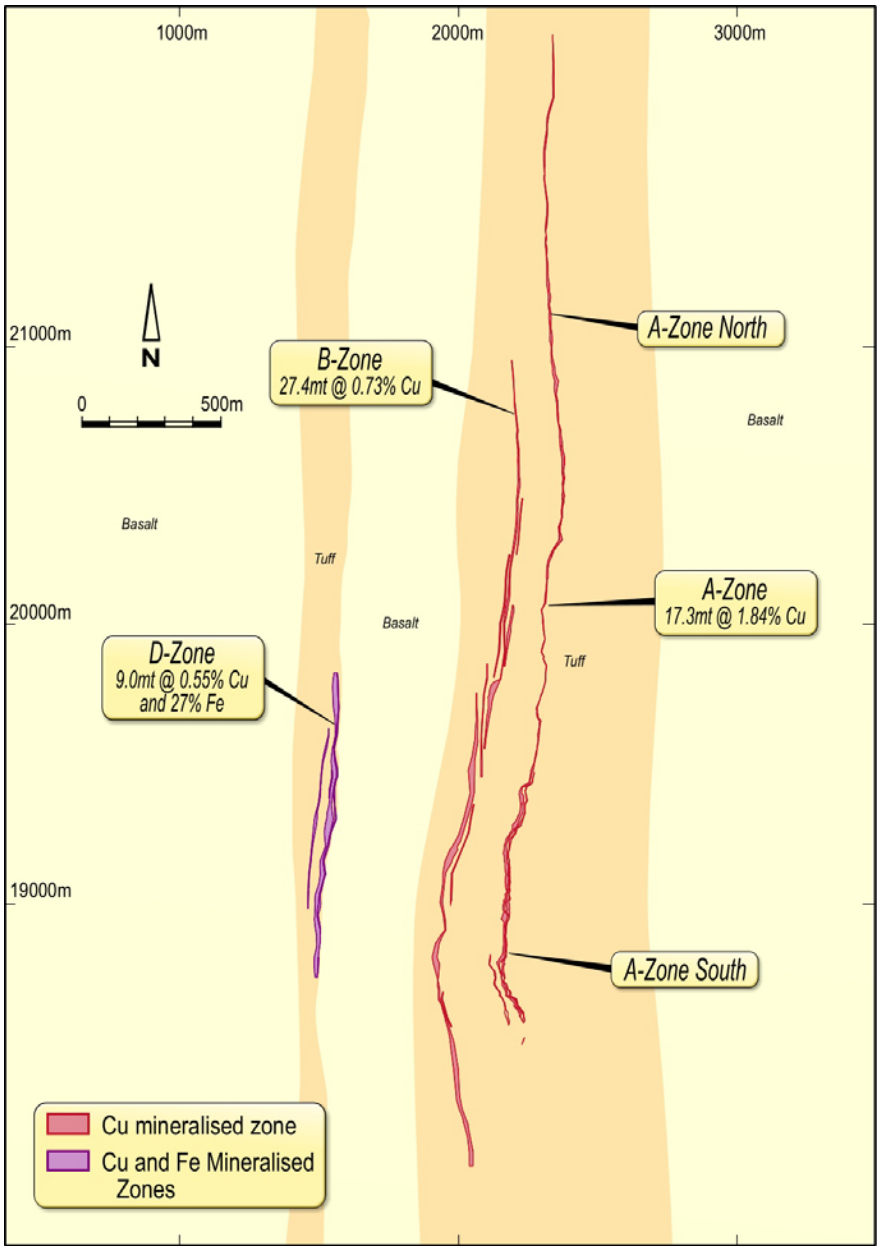

Figure 1 – Location of Viscaria Cu-Fe Resources

Skarn Style Deposits

D Zone

The D Zone ore is recognised as a zoned magnetite-chalcopyrite mineralisation within a calcium and magnesium rich dolomite unit. Magnetite Iron is generally coarse grained and disseminated but confined to the dolomite unit. Copper mineralisation is disseminated throughout the deposit at low grade (0.1 – 0.5% Cu) and several higher grade lodes (1.0-2.5% Cu) exist on the eastern contact of the dolomite, with the surrounding greenstone rocks.

The 2010 resource estimate is based on 81 diamond drill holes and is summarised in Table 1 below:

Table 1 – 2010 D Zone Resource Estimate

Classification	Tonnes ('000)	Cu %	Fe %	Cu Metal ('000t)	Fe Metal ('000t)
Inferred	8960	0.55	26.95	49	2415

The Resource contained within D Zone measures approximately 1100m in strike, 150m in depth, and ranges between 10 and 30m in width. The deposit is covered by approximately 5-10m of till material. Some areas, particularly the oxidised sections of the ore immediately underneath the till, suffered significant core loss issues during drilling and therefore the deposit has been classified as an Inferred Resource.

VMS Style Deposits

A Zone

The A Zone was the historical underground copper production centre at Viscaria. Between 1982 and 1997, 12 million tonnes at 2.3% Cu, 0.3% Zn and 3g/t Ag was extracted and treated from A Zone at the Viscaria plant.

In 2008 consultancy group, CSA Global estimated a resource of 13.6Mt at 2.1% Cu for A Zone North and A Zone South at a 0.8% Cu cut-off grade to a depth of 600m below the surface. The classification applied in 2008 was Inferred Resource due to the lack of QAQC data at the time.

The 2010 resource estimate is derived from additional drilling, QAQC data, density measurements and a reinterpretation of the ore zone domains at a 0.4% copper cut-off grade. All underground workings which were digitised from the original underground plans have been removed from the ore zone wireframes.

The resource is based on 2751 historical drill holes from both surface and underground. Classification for the 2010 resource estimate was determined by data density, kriging variance, and population statistics with the more densely drilled, near surface component dominating the Measured and Indicated categories. The A Zone mineralisation is over 4000m in strike length, between 3 and 20 metres thick and has been drilled to a depth of 800 metres below surface at the southern end.

A Zone is considered a continuous zone of Volcanogenic Massive Sulphide (VMS) mineralisation. The metal accumulation is dominated by two southerly plunging shoots of high grade copper mineralisation which correspond to the Measured and Indicated Resource classifications.

Resource classification is summarised in Table 2 and the distribution of the Measured, Indicated and Inferred Resources is illustrated in Figure 2.

Table 2 – 2010 A Zone Resource Classification

Classification	Tonnes (Mt)	Cu Grade %	Cu Metal ('000t)
Measured	6.7	2.47	165
Indicated	4.1	1.76	73
Inferred	6.5	1.24	80
Subtotal	**17.3**	**1.84**	**318**

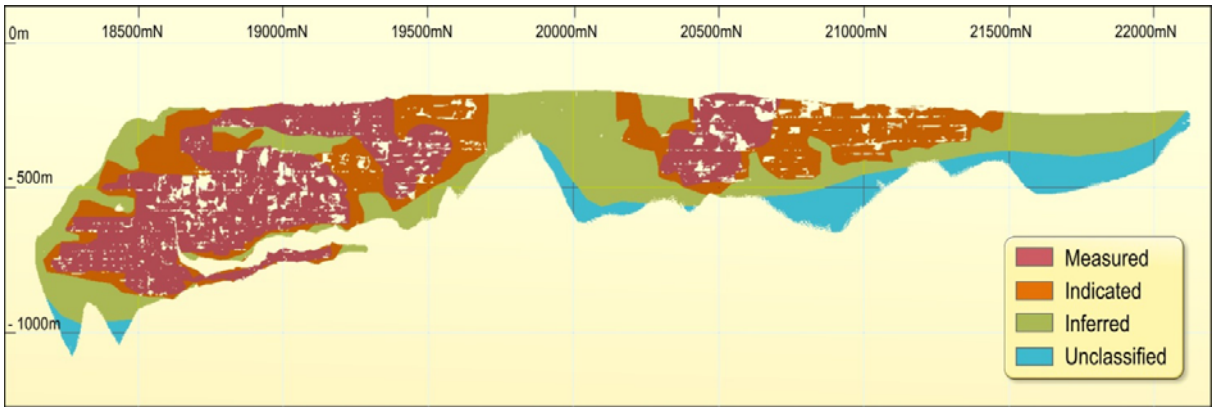

Figure 2 – ***Location of Measured, Indicated, Inferred Resources and Unclassified Material (Main Lode only) at A Zone.***

B Zone

B Zone is made up of a series of low grade (0.3% to 1.0% Cu) zones of disseminated chalcopyrite mineralisation in a sulphide, magnetite, and carbonate alteration halo.

Ore wireframes were established at a 0.3% Cu cut-off grade and interpreted by Avalon and CSA. CSA completed the block model development and copper grade estimate based on 187 predominantly diamond drill holes. The B Zone mineralisation covers approximately 3000m of strike length and is a single, steeply dipping lode approximately 4 metres in width at the northern end. At the southern end it breaks into several parallel lodes separated by barren greenstone rocks. The 2010 estimate is summarised in Table 3 below. No estimate of zinc, precious metal, or magnetite has been made in the 2010 resource estimate.

Table 3 – 2010 B Zone Resource Estimate

Classification	Tonnes (Mt)	Cu Grade %	Cu Metal ('000t)
Inferred	27.4	0.73	200

Tailings Dam

Recent drilling of the historical Viscaria processing plant Tailings Dam has shown significant sulphide, copper and zinc mineralisation remains. To date, seven holes have been drilled and very consistent assay results have been received as expected from a tailings style deposit.

The Tailings Dam consists of mineralisation deposited predominantly from A Zone underground ore with small contributions from B Zone underground, and a separate open pit mined deposit, Pahtohavare, which was also processed at the time.

Historical records show a total of 12.5 million tonnes of material was deposited in the facility. The resource is summarised in Table 4 below:

Table 4 – 2010 Tailings Dam Resource Estimate

Classification	Tonnes (Mt)	Grade %				Contained Metal	
		Cu	Zn	S	Fe	Cu ('000t)	Zn ('000t)
Inferred	12.5	0.27	0.22	1.48	12.8	34	27

Summary

Two different styles of mineral resources are present at Viscaria, in four separate deposits - namely D Zone Skarn; and A Zone, B Zone and Tailings Dam VMS. These are summarised in Table 5 and 6 below:

Table 5 – 2010 Resource Estimates Skarn

Zone	Classification	Tonnes (Mt)	Cu Grade %	Fe Grade %	Cu Metal ('000t)	Fe Metal ('000t)
D	Inferred	9.0	0.55	26.9	49	2415

Table 6 – 2010 Resource Estimates VMS

Zone	Classification	Tonnes (Mt)	Cu Grade %	Zn Grade %	Cu Metal ('000t)	Zn Metal ('000t)
A	Measured	6.7	2.47	-	165	-
A	Indicated	4.1	1.76	-	73	-
	Subtotal	**10.8**	**2.20**	**-**	**238**	**-**
A	Inferred	6.5	1.24	-	80	-
B	Inferred	27.4	0.73	-	200	-
Tailings Dam	Inferred	12.5	0.27	0.22	34	27
	Total	**57.2**	**0.97**	**NA**	**552**	**27**

Following the completion of the 2010 resource estimate for Viscaria, Avalon will now work to finalise mine design plans as part of the Viscaria Pre-Feasibility Study, which remains on schedule for completion shortly.

Competent Person's Statement

The information in this report that relates to A Zone and Tailings Dam Mineral Resources and Exploration Results 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.

JORC – 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.

– 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 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. Further work has defined 3 zones of copper mineralisation one of which is rich in magnetite iron. The 3 deposits; A Zone, B Zone and D Zone will form the basis of Pre-Feasibility Studies into the re commencement of mining operations at Viscaria in 2013.