

AVALON SECURES SWEDISH COPPER PROJECTS

ADDS TO EXTENSIVE AUSTRALIAN ASSET BASE WITH THE ACQUISITION OF TWO ADVANCED COPPER PROJECTS

- Avalon to acquire two advanced copper projects in northern Sweden from Phelps Dodge Exploration Sweden AB a subsidiary of Freeport-McMoRan Exploration Corporation for a total of US\$420,000 plus 1% NSR.
- Significant brownfields exploration/development opportunity in well-established mining region.
- Historical copper and zinc production, extensive mining infrastructure and advanced exploration database.

Diversified resources company Avalon Minerals Ltd (**ASX: AVI**) has taken a major step forward in its project acquisition strategy after securing **two advanced copper projects** in **northern Sweden** from Phelps Dodge Exploration Sweden AB a subsidiary of global mining group Freeport-McMoRan Exploration Corporation (Phelps Dodge), adding a significant new brownfields exploration and development opportunity to its portfolio.

The acquisition has the potential to reposition Avalon – which is headed up by well-known Australian mining executive David McSweeney – as a significant player in the Scandinavian mining industry. This region has a strong mining tradition and is currently attracting significant levels of investment from international mining companies including several Australian groups.

Avalon said today that it had signed an unconditional agreement with Phelps Dodge – for the purchase of the **Viscaria** and **Adak** copper mines, located in areas of northern Sweden renowned for their rich mining heritage.

In consideration of the acquisition, Avalon has agreed to pay US\$420,000 plus a 1% Net Smelter Royalty (NSR) on production.

The landmark acquisition follows a six month review by Avalon of project opportunities both in Australia and abroad, capping a very active first year of activity for the Company following its listing on the Australian Securities Exchange in March 07.

The **Viscaria Project** is located in the Norbottens area of Northern Sweden, approximately 1,200km from Sweden's capital Stockholm and just 4km from the 2.3 billion tonne Kiruna Mine, which is Sweden's largest iron ore mine and the world's second largest underground mine. Viscaria was operated by global stainless steel company, Outokumpu, between 1982 and 1997, producing **12.5 million tonnes of ore at 2.3% copper and 0.3g/t gold for 298,000 tonnes of copper concentrates** to a depth of 500 metres from the A Zone.

The project comprises extensive underground mining infrastructure developed to mine three sub-parallel lodes – A, B and D – and offers outstanding exploration potential particularly in the 2.8km long B Zone which is the largest of the unmined zones, as well as excellent infrastructure, access to power, roads and rail. The historical mine is located 4km from the large regional mining service centre of Kiruna with an experienced underground workforce. An extensive geological database is also available including information from over 8,000 historical drill holes which are held by the Swedish Geological Survey.

The **Adak Project** is located approximately 400km south of the Viscaria Project and comprises four historical mines – Adak, Lindkold, Brannmyran and Rudtjebacken – where, between 1945 and 1977, a total of **8.3 million tonnes @ 2.02% copper plus 4.75 million tonnes @ 0.87% copper and 3.0% zinc** was mined for production of 447,000 tonnes of copper concentrate, 42,000 tonnes of silver and 1,400 tonnes of gold. The Adak mines were owned by the Swedish Government and operated by Swedish mining house Boliden.

The project has the potential to develop as a large copper porphyry system with repetitions of the known mineralisation to be tested at depth. The acquisition includes an extensive geological and geophysical database with extensive historical drilling information.

Avalon's Managing Director, David McSweeney, said the acquisition represented a relatively low-cost and strategic opportunity at a time when copper was close to reaching \$4.00/lb in an active copper mining country. Copper mining ceased at Viscaria in 1997 when the copper price was \$1.00/lb. "Our strategy has been to target more advanced brownfields projects to complement our existing asset base of greenfields uranium and copper-gold exploration projects in Australia," he said. "We believe this represents an outstanding opportunity that more than fits the bill and has genuine company-making potential for Avalon."

“Sweden is one of the best places in the world to mine, not only in terms of its political stability and quality infrastructure, but also because of its richly mineralized geology and long history of successful mining operations,” Mr McSweeney said.

“Both the Viscaria and Adak projects are advanced assets with extensive infrastructure already in place and a proven production history,” he continued.

“We have already recruited an experienced geological team with expertise in this region and our intention is to initiate exploration activities as quickly as possible,” he continued.

“We believe that exploration will deliver new discoveries along strike and at depth at both Viscaria and Adak,” he said.

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