

Drilling Commences at Viscaria Project, Sweden - 1st EM Conductor tested June/July 2009

In June 2009 Avalon commenced the first stage of its drilling program at Viscaria.

The first program was designed to test the large shallow EM Conductor 500m north of the 3km long A Zone estimated to start at 50m below the surface. The program also tested along strike extensions of the A Zone historical production 12.3mt @ 2.3% Cu.

Avalon said it was pleased to use RC drilling to conduct the maiden drilling as this

style of drilling is not commonly used in Sweden. Avalon has also demonstrated the relevance and significance of the Geotem data as a tool for exploration in the Viscaria region given its success in identifying two mineralised conductors. Drilling, down-hole EM survey and assay results are being reviewed by the company's geologists and by the consultant geophysicists Southern Geoscience before commencing further drilling



Drilling Extends Known Limits of A Zone and Conductor Mineralisation

Avalon has demonstrated the relevance and significance of the Geotem data as a tool for exploration in the Viscaria region given its success in identifying 2 mineralised conductors. This will now be an important tool in locating near surface and deeper mineralisation in the regions outside the immediate mine areas where only limited exploration for copper mineralisation has been carried out.

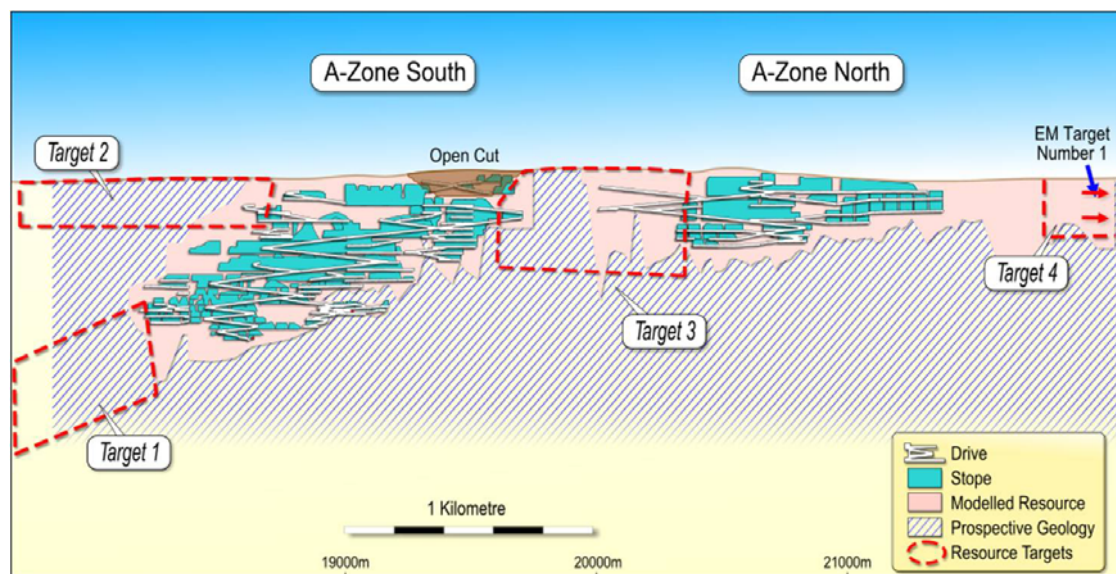
In addition, Avalon commenced a field test program of the Company's portable Niton XRF analyser. By comparing the results of this program with the initial drilling and assaying the Niton has been shown to be a reliable predictor of grade and mineralisation anomalism prior to assaying.

The second drilling program commenced in September 2009.



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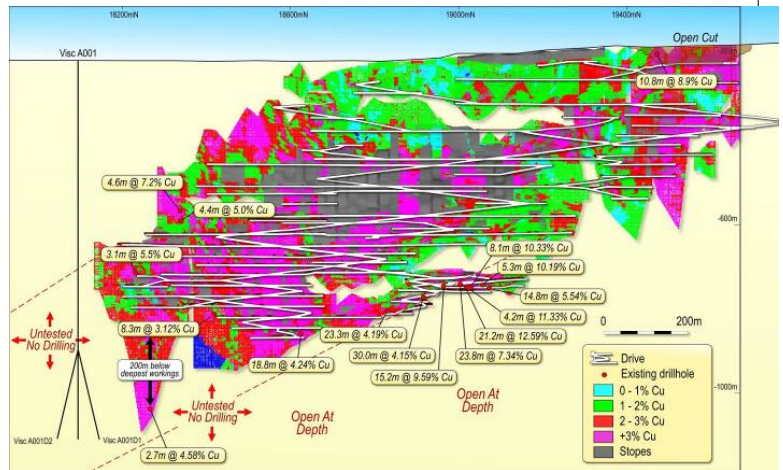


Deep Diamond Drilling Commences at A Zone South

Avalon has commenced diamond hole VDD0001 designed to intersect the down-plunge extensions of the A Zone South ore body. As at the date of this newsletter the hole had reached a depth of 600m with the target zone interpreted to be between 700 to 800ms vertical depth.

The initial parent hole will be used to create 2 initial daughter holes with the use of specialised directional drilling equipment supplied by Devico of Norway.

Initial results from this program as well as the results from the shallower drilling targets should be available by the end of the calendar year/early 2010.



Appointment of Louise Lindskog as Exploration Manager

Avalon appointed Louise Lindskog on 15th July 2009 as the Company's Exploration Manager.

Louise gained a Bachelor of Science Hons (Metalliferous Economic Geology) at the James Cook University, Townsville and is also fluent in the Swedish language.

Louise is highly experienced in a variety of mineral deposit styles including uranium, diamonds, base metals and gold mineralization.

She was previously employed by Bannerman Resources as a

Senior Geologist as well as by Nifty Copper Operations, Newmont Tanami Operations, Elkedra Diamonds and Pasmenco Century Mines.

Louise has gained experience as Acting Project Manager for a uranium project in Namibia, supervising RC rig activities, geologists, drill crew and administration staff and training geologist's and field assistants in logging RC chip & diamond core and regional mapping.

Other experience includes: planning and organisation and execution of RC drilling programs,

report writing (Resource, Exploration and Technical), management of the resource exploration database, developing new systems and implementing them. Modeling and estimating inferred resources as well as compiling various datasets into a regional 3D geological models utilizing ArcMap, Micromine and MineSight.

The Directors are delighted to have Louise as part of the Avalon team and are looking forward to the exciting challenges ahead.

Louise is currently in Sweden managing the Viscaria Exploration program.



The Viscaria Story

The Viscaria copper deposits were found in 1973 by a renegade geologist working for the nearby State owned Kiruna Iron ore company- LKAB. This geologist should be in the geologist's hall of fame. Without any authorisation he seconded a drilling rig from the iron ore mine and drilled a hole on the Viscaria outcrop following his discovery of a certain flower on the hill which he believed was an indicator of high levels of copper in the soil.

The flower was known as "Viscaria". He was unsuccessful with the 1st hole and was reprimanded for his behaviour. However, he was very persistent and at the next opportunity he seconded another rig and drilled another hole this time making the discovery hole.

In the years that followed LKAB drilled out the main A Zone mineralisation and by 1982 were in a position to commence development of a new copper mine.



“The Avalon Team is growing as we progress the Viscaria Project”

David McSweeney





Stock Analysis –October 14th 2009 by Peter Strachan

AVALON MINERALS (AVI) is another tightly capitalised, copper focused exploration and development company, featured by StockAnalysis in previous editions at a price closer to 10 cents. **Avalon has to be a speculative buy.**

Viscaria is well located to transport, labour and smelter off-take. The mine was closed down when copper prices were sub -\$1/lb, with developed underground mine faces offering ore at 2.5% Cu. Recent drilling by Avalon shows some potential for

open pit ore, but the results were a little disappointing. Avalon will look for some open pit ore, which could ease it into production while the underground operations are dewatered and refurbished.

With a market capitalisation of just \$15 million, any glimmer of hope from the current drilling programme could easily push the stock, run by industry professional, David McSweeney of Gindalbie fame, to a market capitalisation of over \$30 million.

Inevitably, Avalon will require additional equity, but David has a strong following, having made a lot of money for shareholders with his previous efforts.



AVI – Current Capital Structure

| | |
|------------|------------------|
| Shares | 100m |
| Options | 6.3m @ Av 24 cts |
| Cash (est) | \$2.0m |
| Price | \$0.23 |
| Market Cap | \$23m |

Investors and Staff – Sweden Trip August 2009

A delegation of German and Swiss investors visited Viscaria in August 2009.

A presentation of the Company's Viscaria Copper Project was given to the group including a site visit and dinner.

The presentation and site visit were successful and is expected to be followed by several delegations throughout the year.



The Australian—Copper firms on Comex, LME as demand forecast brightens

September 09, 2009

COPPER prices jumped to their highest level in more than a week overnight, ending on a strong footing after expectations of economic growth and stronger demand in coming months buoyed the metal, but analysts said long-term direction would depend on Chinese buying.

Strength was also seen in battery-material lead, which soared to a 16-month high of \$US2517.25 a tonne, and zinc, which rose to \$US2015, its highest since July 2008, on worries about supplies from China.

Copper for delivery in three months on the London Metal Exchange closed at \$US6480 a tonne, up from \$US6324 at the close on Monday.

In New York, copper for December delivery finished with hefty a gain of US8.95 cents (3.12 per cent) at \$US2.9560 a pound on the Comex division of the New York Mercantile Exchange.

The range stretched up to \$US2.9810, the highest for the December contract since August 31, when it nearly set a double-top

with the \$US2.9895 per pound peak reached on August 28, a level last seen in early October 2008.

Some chartists said they saw the August 28 high as a next upside target, which should be overtaken this week as copper bulls aim for psychological resistance at \$US3 a pound.

The metal, used in power and construction, touched \$US6530 a tonne on the LME, up about 50 per cent since early April, when markets first saw the worst of the recession as over.

"Things are a bit more optimistic," said Justin Lennon, an analyst at Mitsui Bussan Commodities in New York. "We've made a (bottom) level from where we all agree it's not going to go below. That's really encouraging for markets."

After pointing out that German exports rose in July for the third month in a row and July industrial production in Britain was up more than expected, Sterling Smith, analyst for Country Hedging in the US, said global demand seemed to be improving and was supportive for copper prices.

He added that the long US weekend sparked a flurry of pent-up buying, especially when the US dollar sank to its lowest level against the euro this year.

The weaker greenback makes for cheaper metals that are priced in the US dollar, like copper, for holders of other currencies.

Stocks of copper in LME warehouses were below 260,000 tonnes on July 13, on Chinese state and consumer buying, against levels above 540,000 late February.

Inventories have been rising since the middle of July and now stand at above 315,000 tonnes, but analysts say this is unlikely to erode confidence in the copper market.

"Economic recovery (is) likely to continue to support metals prices,"



Competent Person's Statement

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 who is a full-time employee. 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".

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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 deposits in northern Sweden.

For more information please visit our website at www.avalonminerals.com.au

Or contact us at info@avalonminerals.com.au