



A\$1M SHARE PLACEMENT TO UNDERPIN SWEDISH COPPER PROJECT DEVELOPMENT

Key Points

- **Avalon completes A\$1M share placement comprising 6.6m shares at 15.5 cents per share**
- **Placement to underpin resource definition and feasibility studies at the advanced Viscaria and Adak copper projects in northern Sweden**

Avalon Minerals Ltd (**ASX: AVI**) is pleased to announce that it has today (**Thursday**) completed a share placement to sophisticated investors to raise a total of **A\$1.023m** through the issue of **6.6 million shares at 15.5 cents per share**.

The funds raised will be utilised to fast track resource definition drilling and feasibility studies at Avalon's advanced **Viscaria** and **Adak** copper projects in Sweden, which were acquired from Phelps Dodge Corporation earlier this month.

The share placement – which was managed by Perth-based stockbroking firm, Montagu Stockbrokers Pty Ltd – has been completed pursuant to the “excluded offer” provisions of the Corporations Act, 2001. The shares issued as part of the placement will rank equally in all respects with the existing ordinary shares of the Company.

Avalon is initially focusing on the advanced Viscaria Mine, which is located approximately 1,200km north of Sweden's capital Stockholm and has been identified as having significant near-term production potential.

The previous owners of the Viscaria Mine, Outokumpu, operated the mine from 1982 – 1997, producing 12.5 million tonnes @ 2.3% Cu for 280,000 tonnes of copper in concentrate. The mine was closed at a time when the copper price was approximately US\$2,000 per tonne; since then, the copper price has increased by some 400% to approximately US\$8,000 per tonne.

Avalon is reviewing the potential for Viscaria's remaining copper mineralization in the A Zone, the 2.9km unmined B Zone (200m to the west of the A Zone) and the D Zone, further to the West. The forthcoming exploration and feasibility programs will include:

- the capture and validation of all existing data;
- construction of a resource model in preparation for mining studies;
- concentrate marketing reviews;
- infill and extension drilling; and
- metallurgical test work.

These activities will be followed by mine and process design as well as financial analysis.

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The Company has also commissioned CSA Australia Pty Ltd to review the resource potential of the A, B and D Zones at Viscaria.

The ultimate aim of the Company is to delineate sufficient resources at Viscaria to sustain a return to copper mining operations.

The chart below sets out the production statistics and concentrate specifications for the final 3 years of operations at the Viscaria Copper mine as well as estimates on operating costs from historical reports:

Viscaria Production Statistics 94-96 (Outokumpu Annual Reports)

	1994	1995	1996
Cu in Concentrate	16,700t	11,400t	14,800t
Gold in Concentrate	200kg	230kg	100kg

Concentrate Specifications		Viscaria Mining Costs 1996
Cu	25%	\$26.0A/t – hauled to surface \$8.0A/t - processing \$34.0A/t - TOTAL Cu price 1996 \$2,000/t Cu price 2008 \$8,000/t
Au	.5g/t	
Ag	60g/t	
Zn	2.3%	
Pb	0.1%	
S	25.5%	
Fe	26.0%	
SiO2	13%	

Transport costs to the smelters was relatively low given the fact that the Viscaria deposit is adjacent to modern rail infrastructure which was used to transport the concentrate to Smelters in Sweden and Finland.

Commenting on the capital raising, Avalon's Chairman and Managing Director, Mr David McSweeney, said: "The funds raised will enable us to accelerate exploration, feasibility and development studies for our advanced Swedish copper projects with a view to advancing these assets to a mining stage.

"With the acquisition of the Viscaria copper project, Avalon is well placed to join the ranks of the Copper producers in a country with low sovereign risk, good infrastructure and a strong skill base.

Competent Persons Statements

The information in this report relates to Exploration information reviewed by Mr Geoff Hewlett MSc DIC MAIG who is a Member of the Australasian Institute of Mining and Metallurgy 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".



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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 strategy for achieving this objective is to acquire advanced resource projects with the potential for early cash flow.

Avalon's aim is to explore its current portfolio of copper, zinc and uranium assets in its own right and with the use of joint ventures, whilst expanding its portfolio in Australia and overseas.