ASX Release **25 September 2008**

HIGH-GRADE RESOURCES DEFINED AT VISCARIA COPPER PROJECT, SWEDEN

Key Points

- **High-grade Inferred JORC Code reported Mineral Resource of 8.2Mt @ 2.7% Cu for 221,400t of contained copper remaining within un-mined portions of the southern half of the 'A' Zone at Viscaria.**

- **Early cash flow possible from potential open cut material in 'A' Zone South and 'D' Zone.**

- **Intersections from 'A' Zone South historical drilling include:**

  7.4m @ 2.68% Cu;
  7.1m @ 3.46% Cu;
  8.3m @ 3.12% Cu; and
  23.3m @ 4.19% Cu.

Australian-based resource company, Avalon Minerals Ltd (ASX: **AVI** – "Avalon"), is pleased to announce a substantial increase in the Mineral Resource inventory for its 100%-owned **Viscaria Copper Project** in northern Sweden, with the delineation of an additional Inferred Mineral Resource of 8.2Mt @ 2.7% Cu remaining within the un-mined portions of **the A Zone South. (The A Zone South Resource).**

The 1.5 km long, 'A' Zone South resource is the highest grade of the resources so far identified by the Company's independent resource consultants, CSA Global Pty Ltd, in its review of historical data and adds to the previously announced 'A' Zone North, 'B' and 'D' zone resources.

Current JORC Code reported Inferred Mineral Resources at Viscaria are:

A Zone South – 8.2Mt @ 2.7% Cu;
A Zone North – 5.1Mt @ 1.2% Cu;
B Zone – 24.1Mt @ 0.8% Cu; and
D Zone – 2.5Mt @ 1.6% Cu.

For a total of 39.9Mt @ 1.3% Cu and 515,400 tonnes of copper metal

The 'A' Zone

The Viscaria 'A' Zone is geologically continuous over a defined strike length of 4,000m with a central zone (200m) of low grade mineralisation separating the 'A' Zone North (2,100m) from that in the South (1,700m). (see Figure 3 below)

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'A' Zone South Resource

The 'A' Zone South Mineral Resource was estimated by CSA Global after an extensive review of historical data including drilling, mine voids, solid modelling and block modelling. Mine opening information was digitised and modelled from historical mine closure plans with this information used to define and exclude mineralisation in previously mined areas. Historical drilling within the 'A' Zone South ranges from closely spaced grade control drilling to drilling on 25m sections.

The 'A' Zone South accounted for more than half of the 12.3Mt @ 2.3% Cu produced by the previous operators, LKAB and Outokumpu between 1982 and 1997. Copper grades within the 'A' Zone South are commonly greater than 3% Cu, with widths greater than 8 metres over considerable strike lengths in some areas of the mine (see Figure 1).

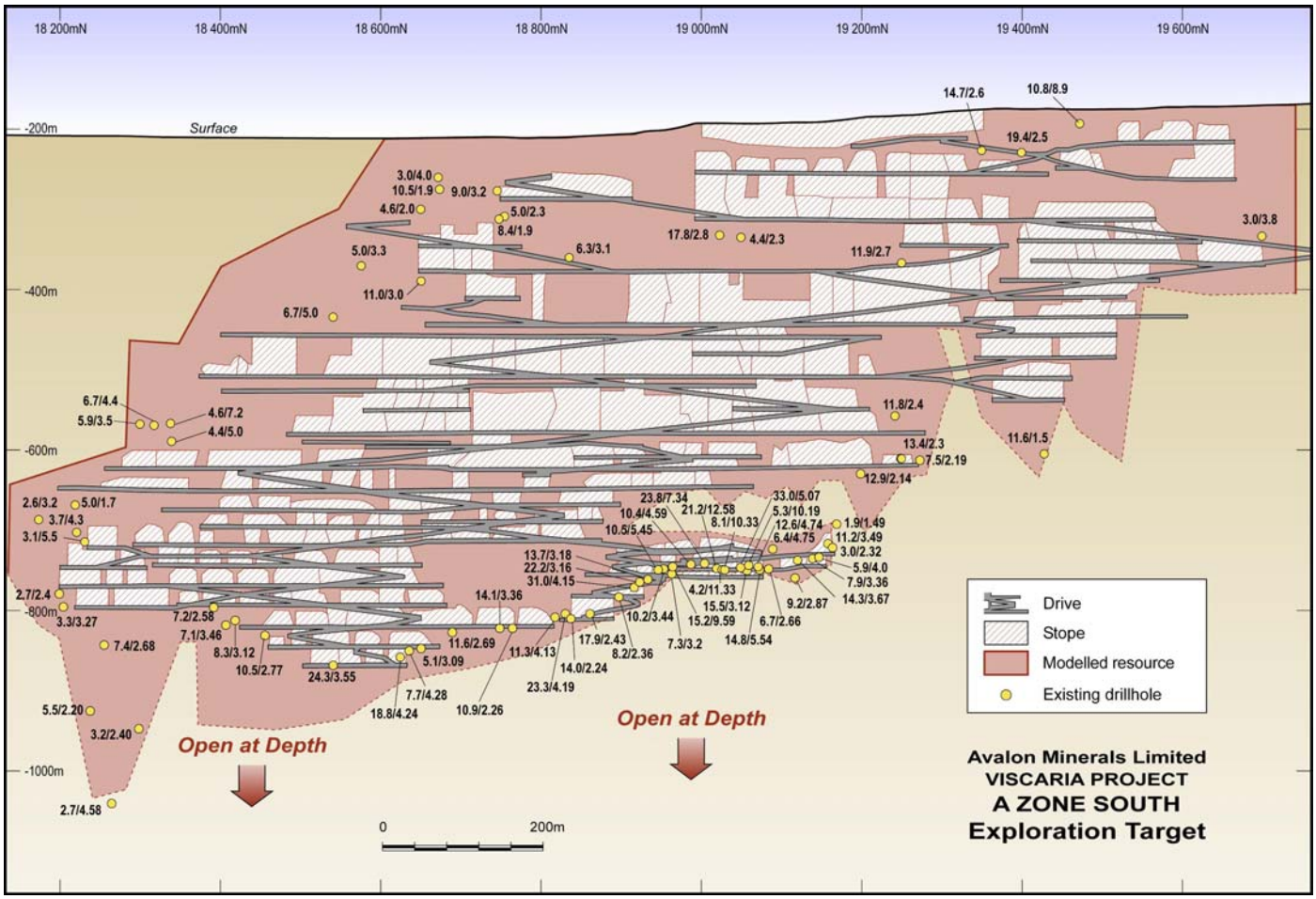

Figure 1 - 'A' Zone South long section – Remnant mining opportunities and high-priority, high-grade exploration targets.

The ‘A’ Zone South mineralisation is tabular, dips steeply towards the east and appears to be affected by two shallow south-plunging offsets. The drillhole data and grade modelling show two distinct breaks or offsets in the south-western part of the ‘A’ zone with mineralisation appearing to overlap in some locations. The down-dip and lateral termination of mineralisation appears limited by lack of drilling rather than un-mineralised holes.

Mining Studies

A team of experienced consultants have been appointed to complete a Scoping Study into the re-opening of the Viscaria mine. Mineral resource estimation and mine design (for both open pit and underground mining) as well as operating and capital budget estimates are being managed by CSA Global. Input into these estimates is being received from Peter George of Rapallo Engineering and Mike Kitney of MSP Consulting (Process Engineering). Peter George is an Australian-based Mining Engineer who has managed and operated underground copper mines in Sweden on behalf of Boliden AB (Sweden’s largest base metal mining company).

Mining Consultants at CSA Global have commenced open pit optimisation studies of surface material in the ‘D’ Zone and the ‘A’ Zone (north and south) as well as underground mine design studies. With the existence of over 10km of decline and 20km of drives, access to remnant ore and new ore deposits at Viscaria will be subject to de-watering of the decline.

Investigations into the cost and time to de-water the ‘A’ Zone has commenced with initial water studies indicating that the water is Ph neutral.

Avalon is now fast tracking opportunities to re-open the Viscaria mine and to generate an early cash flow from copper production.

Drilling planned to start in the latter part of this year will have the objective of converting Inferred Mineral Resources to an Indicated category. It will be primarily directed towards zones identified from mining studies where resources can be easily upgraded and have the potential to be brought quickly into production.

The ‘A’ Zone South is recognised as having the potential to provide early access to high-grade underground ore with grades of 3% Cu.

These remnant positions at shallow levels in the mine are being targeted as a priority for initial mine design studies, in conjunction with drilling to confirm widths and grades of copper mineralisation.

Importantly, the existing +12km of decline developed to extract ore from the ’A’ Zone is believed to be in good working order and subject to Feasibility Studies and de-watering approvals, the decline could be re-opened. Development of an equivalent decline today would cost in excess of A$35 million.

With both near-surface and underground copper resources available, the Company is examining the opportunity to secure an early cash flow from open pit mining whilst de-watering the main decline to access shallower underground lodes.

Additionally, and in what is a boost to the Company’s development plans, several senior ex-Outokumpu personnel responsible for mining and geology at Viscaria have agreed to provide consulting services to Avalon in Sweden.

Infrastructure

The infrastructure at Viscaria is one of the key factors that initially drew Avalon to purchasing the Viscaria Project. The availability of such high-quality and world-class infrastructure will further enhance the results of the current Scoping Study and subsequent Feasibility studies .

The key components of infrastructure are:

- Power - The Viscaria deposit benefits from access to cheap, readily available hydro-electric power on grid at the equivalent of A$0.05/kw hr;
- Rail -The Viscaria Project has access to a modern high-tonnage low-cost iron ore transport railway;
- Plant and Equipment - a review of available second hand plant and equipment capable of supporting a new flotation plant has commenced; and
- Skilled workforce - Sweden is a highly experienced mining country and Viscaria is adjacent to the mining town of Kiruna, which has a population of some 20,000. It is significant to note that labour rates in Sweden have been very stable and have not experienced the massive inflation which has occurred in Australia over the past three years.

Off-take

The Company has commenced marketing studies and entered discussions with several Swedish smelters into possible offtake agreements and has visited the Ronnskar Smelter owned by Boliden AB of Sweden, located 300km south of Viscaria by rail. Historically, the 25% copper concentrate produced by Outokumpu from Viscaria was sought after by European concentrators as a reliable and clean source of local concentrate.

Subject to the completion of Feasibility studies, the Viscaria mine could once again become a long-term European supplier of copper concentrate.

Resource and Reserve drilling

The Company is advanced in its plans to commence a program of infill drilling at the Viscaria project. This drilling is designed to upgrade the classification of resource estimates in preparation for inclusion in a Bankable Feasibility Study.

Drilling can be undertaken all year round at Viscaria and is not conditional on seasonal weather conditions. Drilling approval has been obtained from the Swedish mines department and site visits have been made by drillers who have provided costing and logistic advice.

An initial infill drilling program of 5,000m of diamond drilling has been approved and is scheduled to commence before the end of this year.

Viscaria Overview

The historical Viscaria Copper mine is located in the Norrbotten area of Northern Sweden (see Figure 2 below), 4km from the Kiruna Iron Ore mine, Sweden's largest iron ore mine and the world's second largest underground mine. Viscaria is 80km north of Europe's largest open cut (18Mt/annum @ 0.3%

Cu) Aitik copper mine which is owned by Boliden (currently being expanded to 35Mt/annum @ 0.3% Cu).

Outokumpu closed the Viscaria mine in 1997, after approximately **12.54 million tonnes of ore grading 2.29% Cu**, 2% Zn and 0.5g/t Au had been mined, mainly from the 'A' Zone over a period of 15 years. At the time of its closure, the spot copper price was approximately US$1.00/lb compared to a spot price of over US$3.60/lb today. Only minimal exploration has been conducted at Viscaria since the mine closed.

Summary

The Company's objective is to become a **copper producer within 3 years** based on existing resources at Viscaria. In addition, the Company plans to extend the known high-grade resources at Viscaria through extensional drilling, and to grow the resource base and production profile.

Avalon has committed to a programme of work designed to establish a low capital, early cashflow start-up project at Viscaria. It will simultaneously pursue Mineral Resource upgrades set to commence in November 2008 over selected high-grade areas within the 9km strike of Viscaria and within the three main ore zones.

Competent Persons Statements

The information in this "ASX Announcement" relating to in-situ Mineral Resources at the Viscaria deposit has been based on information compiled by Paddy Reidy BSc (Hons. Geology) of CSA Global Pty Ltd. Paddy Reidy is a Member of the Australasian Institute of Mining and Metallurgy, and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'(JORC Code 2004 Edition). Paddy Reidy consents to the inclusion of such information in this "ASX Announcement" in the form and context in which they appear.

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

– ENDS –

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Figure 2 - Project Location Map

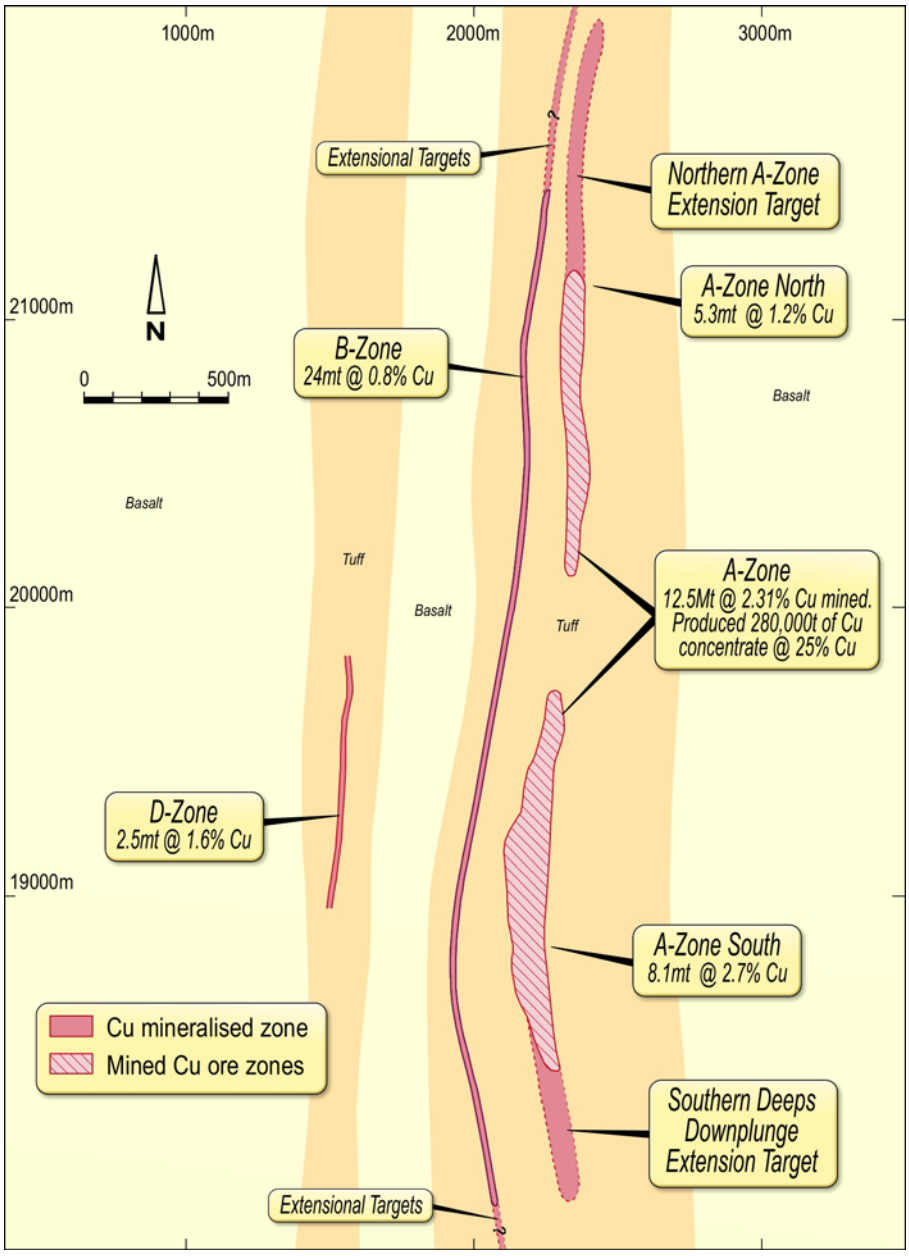

Figure 3 - Viscaria Project Plan View