



ASX/Media Release

24 April 2009

AVALON MINERALS LTD MARCH 2009 QUARTERLY REPORT

Avalon Minerals Ltd
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ASX Code: AVI
65.6 million shares
6.3 million unlisted options

Directors

David McSweeney (Executive
Chairman)
Tan Sri Abu Sahid Mohamed
(Director)
Stephen Stone (Director)
Gary Steinepreis (Director)

HIGHLIGHTS

Swedish Copper Projects

- Exploration drilling program set to commence at Bahpagobba 500 metres north of the Viscaria 'A' Zone in May 2009

Corporate

- \$1.3m in funds received from strategic cornerstone investor Tan Sri Abu Sahid Mohamed

SWEDISH PROJECTS

Viscacia Copper Project

The Viscacia Copper Project is the Company's main focus and forms the basis for Avalon's copper development plans.

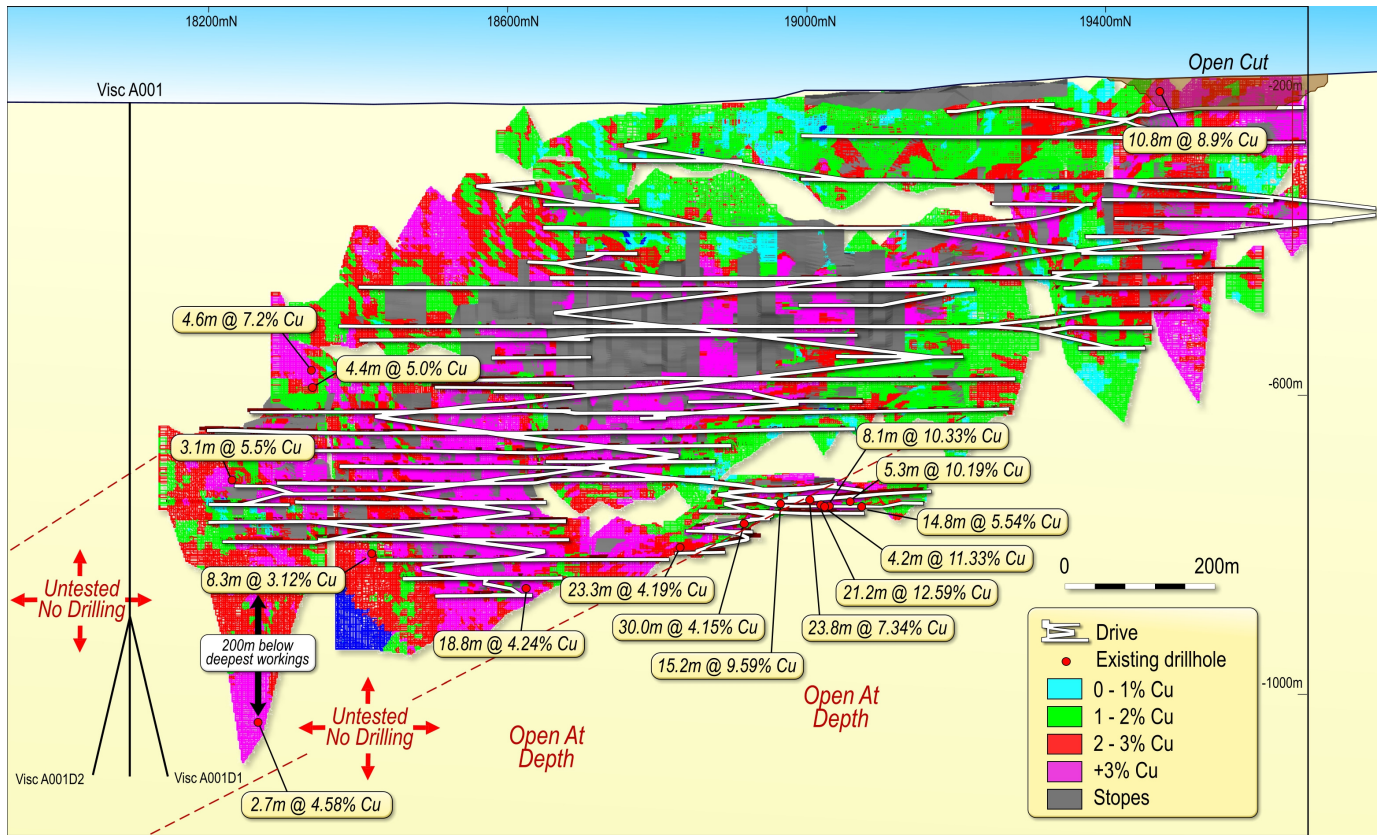
During the Quarter Avalon appointed Geologist Mr Peter Batten to review the exploration potential of the Viscacia Copper Project. The aim of the review was to identify new zones of plus 2 to 3 million tonnes of > 3 % copper mineralisation outside of the known resources to support the Company's conceptual base case start up scenario of 300,000 tpa @ 3 % Cu. Since joining the Company Peter Batten has reviewed all historical drilling information and data and visited site. This review has resulted in a drill program designed to test 2 separate areas both with potential to reach the target objectives - Bahpagobba and the 'A' Zone South extension target.

An initial program of 4,000m of reverse circulation and diamond drilling has been approved and is scheduled to commence in May 2009 to test the 2 high priority targets – ‘A’ Zone South extension and Bahpagobba.

Target No 1 - The ‘A’ Zone Extension Drilling Program

Historical production from the ‘A’ Zone South accounted for approximately 8 million tonnes of concentrate 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.

Figure 1 – A Zone South



From viewing the extensive 3,000 hole drill data base and the resource block model it is apparent that within the ‘A’ Zone South there is a high grade zone in the middle of the historic mining that is plunging to the south.

The historic drilling does not test depth extensions to the south, a sign that mine stoppage was planned well ahead of the actual cessation of mining date. This central core of the earlier ‘A’ Zone South orebody mined by Outokumpu exceeded 1Mt at better than 5% copper. Avalon considers the best location for new copper resources at the ‘A’ Zone South is the direct down plunge position of the high grade core.

Avalon has planned for one mother hole (Visc A001 - 950m) and four daughters for a total of 1,890m located 100m south of the nearest underground workings and planned to intercept the mineralised zone between 850m and 900m downhole. The daughters are planned to be 50m from this point north and south and up and downdip.

Target No 2 – Bahpagobba

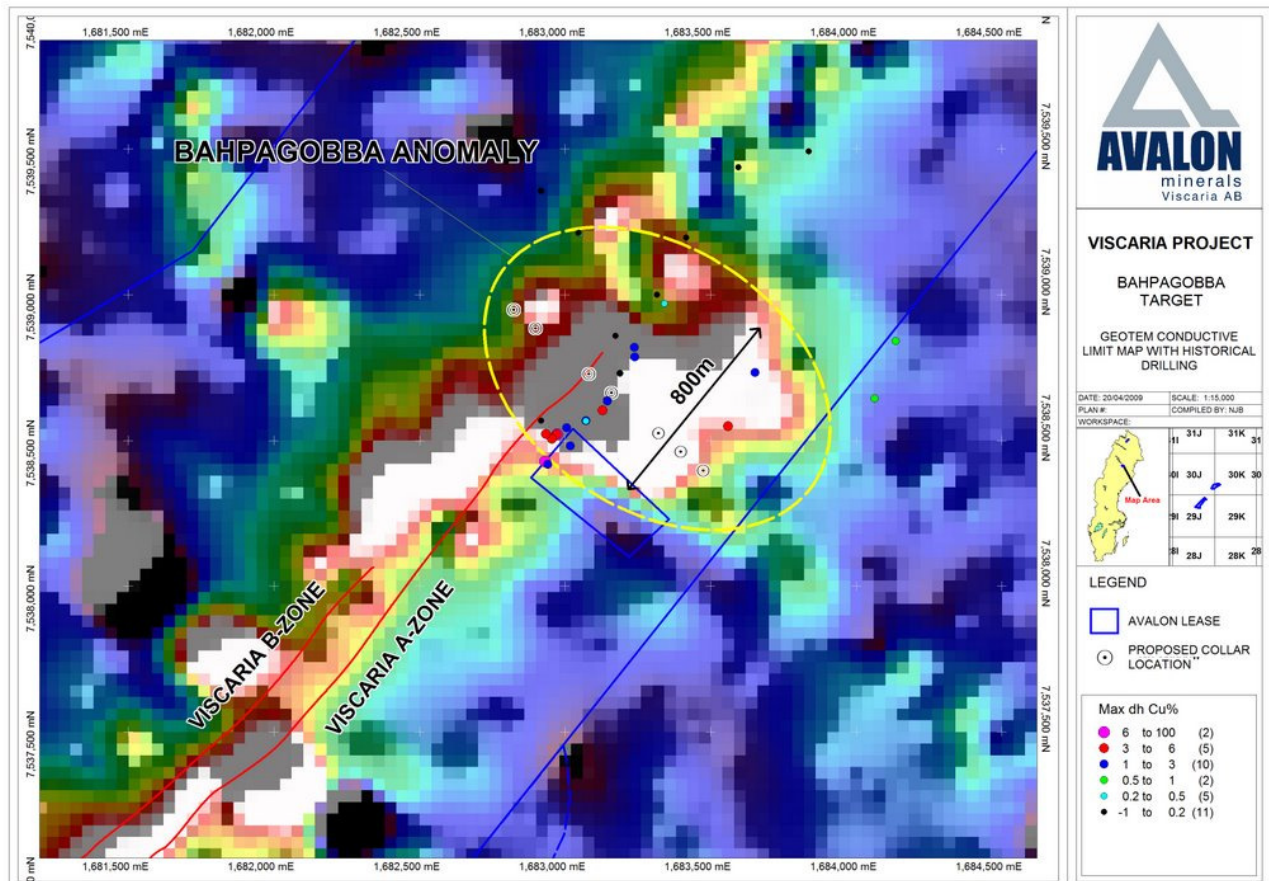
The Bahpagobba target is less than 500m north of the historical mining operations at Viscaria.

The EM conductors at Bahpagobba (up to five) start at 50m below the surface and can be drilled using Reverse Circulation (RC) drilling.

Avalon has planned a single traverse across the centre of the main off shale conductor and consisting of seven holes to test three conductor positions in total. Holes 1 – 3 are designed to test the ground EM position of the conductor. Hole 1 should hit the centre of this modelled conductor at about 100m vertical depth. The modelled conductor commences 60m below the surface dipping 70 degrees to the northwest.

A total of seven planned holes for 1,565m are planned at Bahpagobba can be drilled concurrently with the diamond.

Figure 2 – ‘A’ Zone North Target - Bahpagobba





Other Targets

In addition to the two (2) targets set out above Avalon has identified a number of other brownfields exploration targets at Viscaria including:

'D' Zone – (2.5mt @ 1.6% Cu)

The 'D' Zone is 400m east of the 'A' Zone and has not been drilled below 100m. 'D' Zone is also open to the south and the north.

'B' Zone - (24.1mt @ 0.8% Cu)

The 'B' Zone although lower in grade than the other zones at Viscaria, is 200 metres east of the 'A' Zone. A decline was extended from the 'A' Zone to the 'B' Zone by the previous operators. Within the overall 'B' Zone resource there are large zones of plus 1% and 1.5% Cu which may become economic once mining resumes in the 'A' Zone.

'A' Zone

In addition to the down plunge potential in the 'A' Zone South the Company has identified a number of other highly prospective zones for extensions of existing copper resources and for new resources below the existing 'A' Zone South resource model.

Regional

Avalon controls over 200km² of tenements at Viscaria. The Company has identified a number of highly prospective EM Conductor highs in this land package.

Overview & Location

Mining company Outokumpu closed the Viscaria mine in 1997, after approximately **12.54 million tonnes of ore grading 2.29% copper**, had been produced, mainly from the 'A' Zone and 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 price of approximately US\$2.00/lb today and importantly, only minimal exploration has been conducted at Viscaria since the mine closed.

The Viscaria Copper mine is located in the Norrbotten area of Northern Sweden, four kilometres from the Kiruna Iron Ore mine, Sweden's largest iron ore mine and the world's second largest underground mine. Viscaria is 80 kilometres north of Europe's largest open cut mine, the Aitik copper mine (18mt/annum @ 0.3% Cu) which is owned by Boliden and currently being expanded to 35mt/annum @ 0.3% Cu.

The Viscaria Project is located adjacent to road, rail and hydro power infrastructure and is only a short distance from the regional mining centre of Kiruna (population 20,000).

Resource Estimates

The Company now has a JORC code-reported mineral resource inventory of **39.9 million tonnes of copper** mineralisation in the 'D', 'B', 'A' North and 'A' South zones for a total of **514,400 tonnes of contained copper**.



Inferred Mineral Resources at Viscaria are currently:

'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.

Adak Copper Project

Overview and Location

The Adak copper project contains four historical mines – **Adak, Lindskold, Brannmyran and Rudtjebacken** – covering an area of 26.71km², located in the world-class Skelleftea VMS mining district of Northern Sweden.

The Adak mines were operated by the Government of Sweden between 1940 and 1977 when the last mine was closed by Swedish mining giant Boliden. The total material mined at Adak was approximately **8.3mt @ 2.02% Cu plus 4.75mt @ 0.87% Cu and 3.0% Zn.**

Avalon's attraction to Adak is due to the exploration potential surrounding the existing mines and at depth, and its strategic location within trucking distance of existing concentration facilities.

With the Company's focus shifting to Viscaria, Avalon plans to attract a joint venture partner to farm into the Adak project to earn a majority interest.

Overview of Mining in Sweden

Sweden has a very rich mining history which has been of great economic importance to the country. Mining and metal production are still important Swedish industries, and Sweden is one of the leading ore and metal-producing countries in the European Union.

The many benefits of operating in Sweden include; well developed infrastructure, a highly skilled mining and exploration workforce, extremely low sovereign risk and a very strong mining culture built up over many decades.

CORPORATE

Mr Tan Sri Abu Sahid Mohamed has been appointed as a Non-Executive Director of the Company and Mr Ahmad Hisham Kamaruddin was appointed as the Alternate Director for Tan Sri Abu Sahid Mohamed.



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 Peter Batten 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 Consultant. Mr Batten has over 20 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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On behalf of:
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Managing Director & CEO
Avalon Minerals Limited
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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 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 comprising an Inferred Resource of; 8.2 million tonnes grading 2.7% Cu for the 'A' Zone South, 5.1 million tonnes grading 1.2% Cu for the 'A' Zone North, 24.1 million tonnes grading 0.8% Cu for the 'B' Zone, and 2.5 million tonnes grading 1.6% Cu for the 'D' Zone, which combined totals 514,600 tonnes of contained copper. In addition the recently acquired cluster of six closed historical copper – zinc mines at Adak 300km south of Viscaria also provides potential for Avalon to grow its base metal inventory within northern Sweden.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AVALON MINERALS LTD

ABN

68 123 184 412

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9... months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(265)	(1,266)
(b) development	-	-
(c) production	-	-
(d) administration	(195)	(667)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	35
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	24	74
Net Operating Cash Flows	(426)	(1,824)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		(1)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		(36)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(37)
1.13 Total operating and investing cash flows (carried forward)	(426)	(1,861)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(426)	(1,861)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,352	1,652
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising expenses	(65)	(65)
	Net financing cash flows	1,287	1,587
Net increase (decrease) in cash held			
		861	(274)
1.20	Cash at beginning of quarter/year to date	323	1,458
1.21	Exchange rate adjustments to item 1.20		
		1,184	1,184
1.22	Cash at end of quarter		

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	68
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors fees and superannuation

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		

+ See chapter 19 for defined terms.

3.2 Credit standby arrangements		
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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	
Total		300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,184	323
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,184	323

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E36/636	Surrendered	100%	0%
	E20/652	Surrendered	100%	0%
	E20/653	Surrendered	100%	0%
	E04/1652	Surrendered	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	65,620,000	65,620,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) End of Restriction Period	13,520,000	13,520,000	10 cents	10 cents
		10,061,250	N/A	N/A
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,900,000 800,000 1,075,000 125,000 300,000 100,000		Exercise Price 20 cents 20 cents 40 cents 25 cents 30 cents 20 cents	Expiry Date 10/02/2010 31/01/2010 31/01/2010 31/01/2010 31/07/2011 31/07/2011
7.8 Issued during quarter	100,000		20 cents	31/07/2011
7.9 Exercised during quarter				
7.10 Expired during quarter	5,600,000		40 cents	10/02/2009

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: .. 24/04/09
(Director/Company secretary)

Print name: Desmond Kelly

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.