



DRILLING CONTINUES TO CONFIRM POTENTIAL OF VISCARIA VMS PROJECT, SWEDEN

METALLURGICAL TESTING TO EXAMINE POSSIBILITY OF DUAL MINING BOTH HIGH-GRADE COPPER AND MAGNETITE IRON ORE

Australian-based metals company Avalon Minerals Ltd (ASX: **AVI**; "Avalon") is pleased to provide the following update on exploration drilling progress at its 100%-owned **Viscaria VMS Project** in northern Sweden, where assays from drilling at the previously unmined 'D' Zone have delivered excellent initial results for both copper and magnetite iron ore.

So encouraged is Avalon from these initial result that it now intends to conduct baseline metallurgical testing of both the copper mineralised zone and magnetite-rich zone for potential exploitation as a **dual-product mining opportunity**.

'D' Zone Drilling

Diamond drilling of the 'D Zone' – the largest of Avalon's three potentially open-cut mineable resources – is the first of a series of drilling programs designed to increase and infill resources at Viscaria and to seek out new mineral deposits. The drilling commenced in January, with two rigs progressing through the planned 3,500 metre program.

To the end of February, 11 holes of the planned 45 hole program had been completed and while assay results are only available from one hole (VDD 013), these results have supported the overall interpretation of the zone.

Best results from VDD 013 included:

- 6.8m @ 1.58% Cu and 0.7ppm Ag from 66.2m;**
- 2.8m @ 1.13% Cu from 84.2m;**
- 42.9m @ 35.5% Fe and 1.8ppm Ag from 93.5m; and**
- 11.4m @ 41.7% Fe and 1.3ppm Ag from 141m.**

Other assays are pending, but preliminary interpretation of the other ten diamond drill holes completed to date in the 'D' Zone (VDD12-17, 19, 23, 25 and 27) has concluded that:

- A consistent 20-30 metre width of magnetite-rich iron mineralisation is apparent ~ as expected from the historical drilling;
- There are at least two zones of copper-rich mineralisation 3 - 5 metres wide on the eastern contact of the magnetite zone where chalcopyrite, copper oxides and native copper have been observed in drill core;

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- The magnetite-rich zone includes sections of massive magnetite as well as coarse grained, disseminated magnetite in a matrix rich in calcium and magnesium carbonates;
- The chalcopyrite appears as disseminated sulphides in a matrix of altered carbonate and magnetite.

Note: Drilling is generally 60° toward grid west and true widths are approximately 50% of in-hole width. Minor core loss particularly within the magnetite-rich zone is evident.

Summary

Commenting on the result, Andrew Munckton, the recently appointed General Manager of Operations for Avalon said: “The ‘D’ Zone magnetite encountered to date appears similar to many skarn iron ore deposits located in the wider area around the Kiruna district. Generally, these types of deposits produce high-quality magnetite concentrate with treatment and are ideal feed for iron ore pellet production.”

“With the ‘D’ Zone being within five kilometres of LKAB’s Kiruna Iron ore Project – one of the world’s highest quality and largest pellet producers – we are now assessing the opportunities for mining the iron ore component alongside the copper,” said Mr Munckton. “This would add significant additional value to our operations.”

Mr Munckton was also confident that Avalon would be able to convert the current Inferred copper Resource at the ‘D’ Zone into the Indicated and Measured categories.

“The copper mineralisation encountered by our drilling program to date also gives us confidence that the Inferred Resource of 2.5 million tonnes at 1.6% Cu at the ‘D’ Zone will be confirmed at a higher confidence category.

“The recently acquired detailed magnetics over the area south of the ‘D’ Zone indicate a four kilometre long magnetic zone with approvals currently being sought to drill test the ‘D’ Zone magnetic target over the coming months.”

The drilling program will switch to the copper and gold rich ‘A’ Zone at Viscaria at the completion of the 45 hole program while the ‘D’ Zone cores and results are fully assessed.

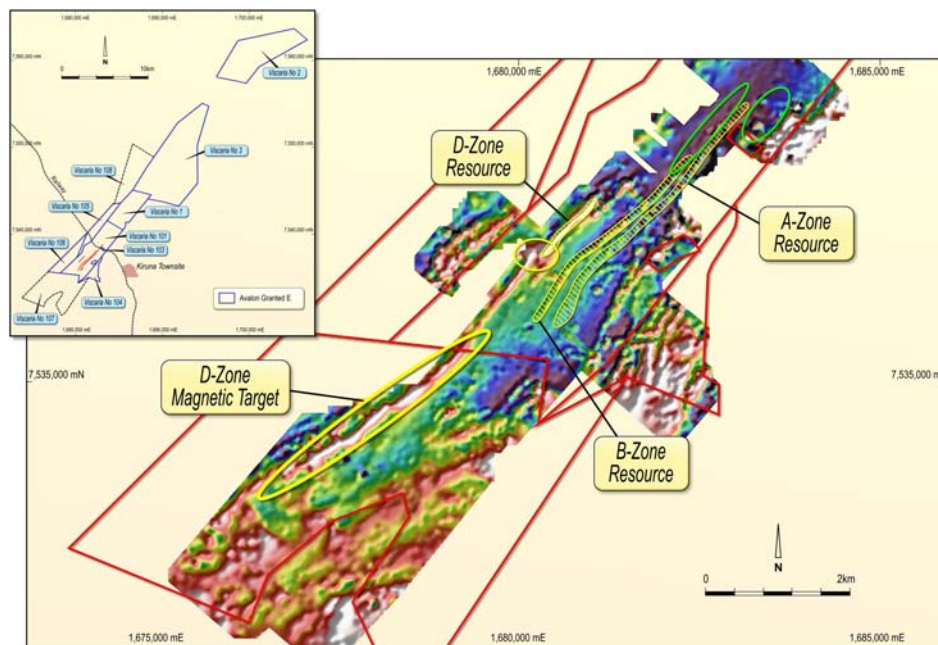


Figure 1: Magnetic image showing magnetite rich unit extending 4 kilometres south of ‘D’ Zone

Notes:

- All drill holes VDD 12-17, 19, 23, 25 and 27 occur within the ‘D’ Zone resource envelope illustrated on Figure 1.
- VDD 013 is located at 7536998mN and 1680597mE



Assay Results from drill hole VDD0013

Hole ID	From	To	Width	Ag_ppm	Al_%	Ca_%	Cu_%	Fe_%	Mg_%	Mn_ppm	P_ppm	S_%	Ti_%
VDD0013	66.2	73	6.8	0.7	0.5	7.1	1.6	31.0	6.3	555.2	1672.8	1.4	0.0
VDD0013	84.15	87	2.85	0.2	0.0	18.4	1.1	4.8	5.6	938.7	130.6	0.4	0.0
VDD0013	93.5	136.4	42.9	1.8	0.3	3.2	0.3	35.5	8.3	759.6	895.0	0.3	0.0
VDD0013	141	152.4	11.35	1.3	0.7	0.9	0.1	41.7	6.3	399.6	435.7	0.1	0.0

– ENDS –

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Competent Persons Statement

The information in this report relating to the Mineral Resource and Exploration Results is reviewed by Mr Andrew Munckton BSc (Mining Geology) who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Avalon Minerals Ltd as the Company's General Manager of Operations. Mr Munckton has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".

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 has been defined. This resource comprises of 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.

When combined, this 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.