



AVALON EXPANDS SCOPE OF VISCARIA PRE-FEASIBILITY STUDY FOLLOWING POSITIVE DRILLING AND METALLURGICAL RESULTS

BASE CASE SCOPE FOR FLAGSHIP SWEDISH PROJECT INCREASED TO 1.5Mtpa OF COPPER AND IRON ORE, PRODUCING 13,000tpa OF COPPER METAL AND 400,000tpa OF MAGNETITE CONCENTRATE OVER 10 YEARS

Australian-based minerals company Avalon Minerals Ltd (ASX: **AVI**; "Avalon") is pleased to advise that it has substantially expanded the scope of the Pre-Feasibility of its 100%-owned **Viscaria Copper-Iron Project** in northern Sweden following recent successful drilling and metallurgical testwork programs.

The **Base Case** for the Pre-Feasibility Study has been **increased from 500,000 tonnes per annum (tpa) of copper ore to 1.5 million tonnes per annum of copper and iron ore.**

The **Upside Case** for the Project has been **increased from 750,000tpa of copper ore to 3.0Mtpa of copper and iron ore.**

In addition, the prospective life of the operation has been extended in the Base Case from 7 years to 10 years with recent additions to the D Zone ore.

The changes to the scope of the Pre-Feasibility Study follows the completion of the D zone drilling campaign and the positive assay results received, coupled with the metallurgical test work completed to date by the Company.

Basis for Expansion

Previously, the Base Case for the Viscaria Copper Project was constructed from both the Underground and Open Pit resources in the A, B and D Zones. The production estimate totalled between 3.5 million tonnes at 1.6% Cu. This scenario resulted in average annual production of 7,000 tonnes per annum of copper metal for a period of seven years.

The recent 'D' zone exploration and metallurgical test work, combined with a review of the optimisation and design of the 'A' and 'B' Zone open pits, has resulted in a revision to the Exploration Target within all three zones to between **12 and 16 million tonnes averaging 1.0% Cu and 27% Fe.**

This scenario would result in prospective average annual production of between **13,000tpa and 14,000tpa of copper metal** and approximately **400,000tpa of magnetite concentrate grading between 66% and 69% Fe** for a period of 10 years.

Metallurgical test work undertaken on ore from the 'D' Zone to date has shown that an acceptable quality copper concentrate can be produced (*see ASX Announcement – June 30*) and that magnetite concentrate grading either Blast Furnace Grade (64% to 68% Fe) or Direction Reduction Grade (69% to 71% Fe) can be produced from the copper flotation tails and magnetite-rich ores with additional grinding.

Commenting on the announcement, Avalon's CEO, Mr Andrew Munckton, said:

"The expansion of the Base Case for the Viscaria Project PFS is a direct result of the highly successful work programs undertaken on the 'D' Zone over the past six months – first in recognising this potentially large-scale Exploration Target at 'D' Zone, and then conducting successful resource drilling programs and metallurgical test work.

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"The expanded mining scenario now under study is expected to lead to a resource upgrade for the D Zone from the previously announced 2.5Mt copper resource to include both the copper and iron mineralisation.

"The expansion of the D Zone together with a re-interpretation of the near surface copper mineralisation at A and B Zone's has provided Avalon with a strong basis to lift the planned scale and production estimate of the Viscaria Cu and Fe project and bring additional material into consideration in the Pre-feasibility Study.

It should be noted that the Exploration Target at D Zone discussed above is based upon 52 Reverse Circulation and Diamond drill holes with several thousand Base Metal and Iron assays over the appropriate mineralised zones. However, the potential quantity and grade of material at the 'D Zone Exploration Target is conceptual in nature. There has been insufficient exploration work completed to date to define a Mineral Resource and that it is uncertain if further exploration work will result in the determination of a Mineral Resource.

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Competent Persons Statement

The information in this report relating to the Mineral Resources, Exploration Results and Exploration Targets 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 CEO and 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 a Competent Person 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;
5.6 million tonnes grading 1.3% Cu for the 'A' Zone North;
24.3 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 520,000 tonnes of contained copper.