



ASX/Media Release

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AVALON MINERALS LTD DECEMBER 2007 QUARTERLY REPORT

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ASX Code: AVI
44 million shares
11 million unlisted options
Nil convertible notes

Market Cap
A\$8.8million

Cash
A\$2.05 million

Directors
David McSweeney (Executive
Chairman)
Stephen Stone (Director)
Gary Steinepreis (Director)

HIGHLIGHTS

- Granting of the Lake Barlee Uranium tenement (WA) paves the way for uranium exploration to commence.
- Heritage clearances being finalised prior to commencement of NITON soil sampling program over 12 priority targets at the Lennard Shelf Zinc/Lead Project (WA).
- Exploration commences at Empress Springs (QLD) with initial field sampling program underway in December 2007.
- Recent regional seismic survey undertaken by Geoscience Australia covers the Empress Springs project area.
- Site visit and grab samples collected at Marloo Uranium Project (WA).
- Heritage objections withdrawn from five Uranium exploration licences, enabling the granting of the majority of EL's within the Company's uranium portfolio to be fast tracked.
- Additional new project development and acquisition opportunities reviewed, both in Australia and overseas.

Summary

The December 2007 Quarter rounded off an active first calendar year for Avalon with data reviews, site visits and ongoing project generation activities across the company's diverse portfolio of Australian assets.

At the Company's Lennard Shelf Zinc-Lead Project in Western Australia, progress continued to be made with heritage agreements and planning for the upcoming NITON soil sampling programme, to be conducted by Joint Venture partner Rox Resources.

Avalon's Western Australian uranium portfolio was further enhanced with the granting of the Lake Barlee exploration licence, the signing of Heritage Clearance Agreements over the Marloo tenements and further detailed analysis of data and planning of upcoming exploration activities.

At Empress Springs, the Company's Queensland based project, excellent progress was made during the Quarter with the completion of a geobotanical soil sampling programme and the definition of four target zones scheduled to be drilled in April – May this year.

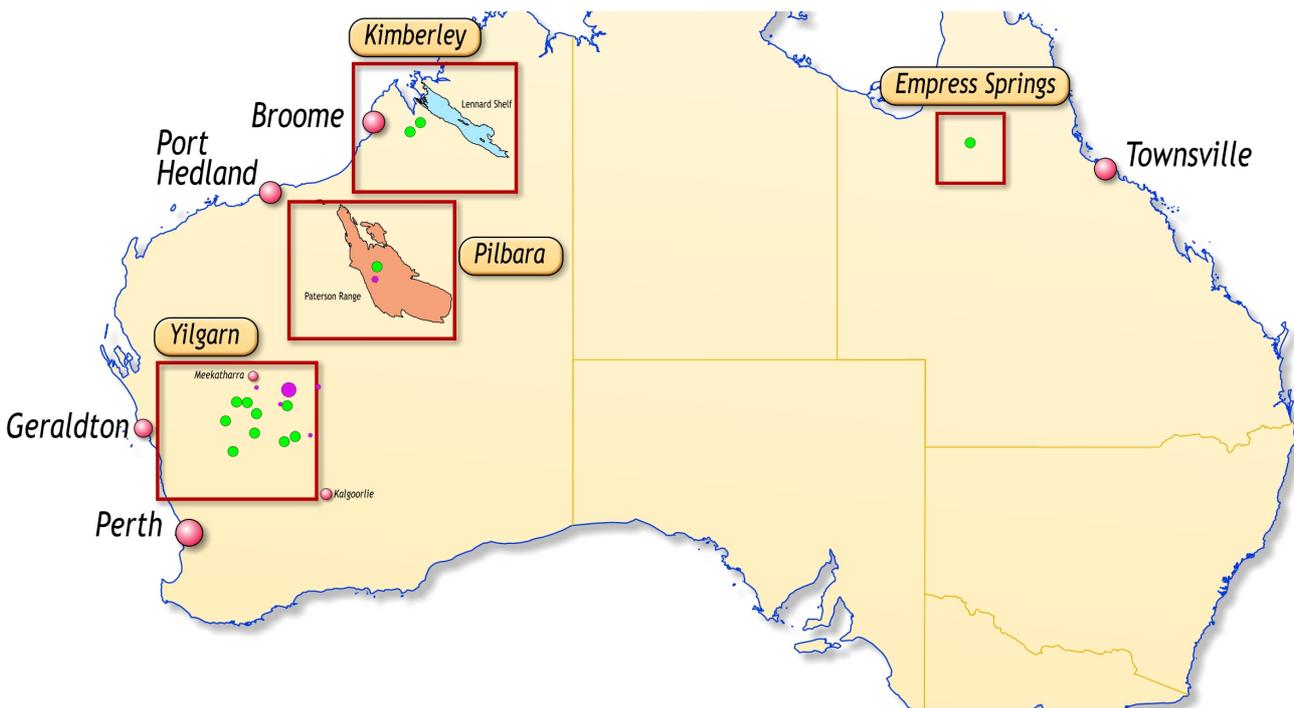


Fig 1 - Avalon Minerals Project Locations



WESTERN AUSTRALIA

Lennard Shelf Zinc-Lead Project – Rox Resources Earning 60%

Avalon's 2,594km² Lennard Shelf Project - located in the acclaimed Lennard Shelf zinc province in the East Kimberley region of Western Australia - encompasses a number of advanced zinc exploration targets, including the Oscar Range, Barramundi and Lawford Projects.

The Company's Joint Venture partner, Rox Resources, is managing the next phase of exploration and can earn a 60% interest in the project after an initial 12-month option during which it will be required to spend \$500,000 on exploration. Rox can then earn the 60% interest in the project by issuing \$300,000 worth of Rox shares to Avalon and spending a further \$1.5 million on exploration over three years.

Native Title heritage clearances are currently being finalised prior to a planned NITON soil sampling program over 12 priority targets, scheduled to commence in the current Quarter.

Resource Properties Pty Ltd (RPPL) ELA's – Uranium

Avalon holds a total of 13 applications for exploration licences comprising 11 ELA's in proven uranium districts in the Yilgarn region of Western Australia – which are considered prospective for calcrete-hosted uranium mineralisation – and two uranium prospects in the Kimberley region which are considered prospective for roll-front styled uranium deposits. During the Quarter, the Company reported that the first one of these applications, Lake Barlee (E29/665), had been granted.

Exploration planning has commenced at Lake Barlee, where uranium channel anomalies are located within the Raeside paleochannel part of the tenement. The geology comprises gypsiferous playa and other sediments of Quaternary age located on the edge of the lake which have an anomalous uranium channel radiometric response. Outcropping and partially covered Tertiary age sedimentary calcrete deposits are the target for uranium exploration.

The work program includes:

- imaging of government airborne radiometric data; and
- a regolith study of satellite imagery to define outcropping and shallowly buried calcrete.

Field work will include:

- outcrop sampling and deeper testing of buried calcrete; and
- auger and shallow aircore drilling to define areas of uranium mineralisation.

Where mineralised areas are defined, they will be the subject of follow-up and resource definition drilling. This work will utilize a scintillometer and the Company's NITON analyser, with samples to be analysed at a commercial laboratory.

Work programs for the remaining portfolio are pending subject to the grant of the tenements, with Heritage Agreements now completed for most of the outstanding exploration applications. Subsequent to the end of the year, the Company was informed that objections to EL's E29/665, E58/347, E59/348, E59/1318, E59/1320 and E59/1321 had been removed, paving the way for the grant of these tenements in the next few months.

In order to maintain maximum efficiency in the upcoming work programs, an experienced consultant geologist with a recent background in uranium exploration has been recruited to manage the Company's projects and a radiation management plan is currently being developed to ensure that its activities are implemented in a sustainable manner.



Marloo Uranium Project – Avalon 100%

The Marloo Project, covering seven exploration application licences over an area of some 900km², forms part of Avalon's three Paterson Projects in Western Australia's mineral-rich Pilbara region. The project area is located 30km south of the 180 million tonne Nifty Copper Mine and 40km west of Rio Tinto's unconformity-styled Kintyre uranium deposit (25,000 tonnes @ 4% U₃O₈).

During the Quarter, Avalon conducted a site visit to targets at Marloo including the previously generated Quest EM targets Plutarch, Zeno and Plato to take grab samples and to prepare plans for field work scheduled to commence in May 2008, once the results from the sampling are received.

Avalon's consultant geologist, Walter Witt, is continuing a program of ongoing refinement of the exploration targets and synthesis of the geology using the Company's extensive data with this work including:

- alteration mapping using ASTER and Quikbird high resolution imagery;
- thematic mapping and imaging of historic drilling; and
- surface geochemistry and geological interpretation.

Heritage Clearance Agreements have been signed for the Marloo group of tenements and all objections have been withdrawn, paving the way for the grant of these tenements in March 2008. Once these EL's are granted, the Company plans to conduct Native Title heritage clearance surveys and to rehabilitate access tracks into the project area, prior to commencing a preliminary geological and geochemical appraisal of the target areas.

The Company plans to drill test some of the better EM anomalies and favourable structural and geochemical targets in May or June this year.

QUEENSLAND

Empress Springs – Gold, Uranium and Base Metals – Avalon 70%

Last year, Avalon entered into a Joint Venture agreement with ASX-listed nickel producer, Independence Group NL, to earn a 70% interest in the Empress Springs gold, base metals and uranium project in North Queensland.

The project, located 40km south of Croydon, comprises one granted EPM (15416) and one application EPM (15414) which together cover a total area of 833km².

The region is a well-known gold producing region with historical production of 750,000oz at Croydon and the more recent discovery by Gold Aura Ltd of polymetallic mineralisation at Wallabadah, located 30 km north of Croydon.

Four target zones defined within EL15416 are scheduled for drill testing from April – May 2008. These are conceptual targets in an area defined as prospective for large-scale epigenetic copper-gold, polymetallic or gold mineralisation in basement rocks. Targeting is mainly based on structural interpretation of processed aeromagnetic and gravity data, together with synthesis of historical exploration data. Avalon's interpretation indicates that the project has hallmarks of an area which has suffered a history of intense structural deformation, shearing, and multiple granitoid intrusion, all of which is considered very prospective for discovering mineralisation.

During the Quarter, Avalon conducted a field program of MMI soil and geobotanical sampling over some of the targets previously identified by SRK within EPM 15416 to assist in defining drill targets. The samples were delivered to laboratories in Perth and the Company expects the results to be available within the next few weeks.

In addition to this field work, the Federal Government agency Geoscience Australia recently completed a north east trending seismic traverse line extending over 300km from the eastern edge of the Mt Isa area to Georgetown and beyond. This traverse passed right over the Company's Empress Springs project and it is hoped that processing of the data recovered from early time data and from the shallower parts of the profile will assist in refining the geological framework for the Empress Springs project.

During the Quarter, Avalon Minerals made a submission for funds made available by the Queensland Department of Minerals and Energy under the Collaborative Drilling Initiative and will advise on the outcome of this application once a response is received.

PROJECT GENERATION ACTIVITIES

During the Quarter, Avalon continued to assess additional mineral project opportunities both in Australia and internationally.

CORPORATE

As at 31 December 2007;

- Avalon has 435 shareholders with the Top 20 holding 63.47% of the Company.
- The company has \$2.05 million cash on hand.



David McSweeney
Executive Chairman

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 who 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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