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NEWS RELEASE

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Avalon Provides Corporate Update and Progress Report Drilling set to commence on Thor Lake Rare Earth Elements Target

Avalon Ventures Ltd. TSX-V: AVL (the “Company”) is pleased to provide the following update on its exploration activities and corporate development.

Thor Lake Rare Metals Project: Drilling Program

Following receipt of the requisite Land Use permit from the Mackenzie Valley Land & Water Board, the Company has signed a diamond drilling contract and anticipates that drilling operations on the Lake Zone Rare Earth Elements (“REE”) target will commence by July 25, 2007. Crew mobilization and camp construction will commence this week.

This phase of the work program will involve a minimum of 3,000 metres of drilling in 20 holes which are all planned to test targets for high grade REE mineralization in the southern portion of the Lake Zone, as recommended in the recently completed independent scoping study. Historical drilling in this area has produced significant intersections such as a 17 foot interval in hole 81-1 which averaged 0.70% Y_2O_3 and 4.11% TREO (“Total Rare Earth Oxide”) having a high proportion of neodymium and the heavy rare earths, as previously disclosed. The drilling program has a budget of \$1.1 million which will be largely funded from the proceeds remaining from the \$1.55 million flow-through private placement completed in December, 2006. Drilling operations will be supervised by J.C. Pedersen, P.Geo. and D.L. Trueman, P.Geo., under the overall direction of the Company’s Vice-President, Exploration, Dr. William Mercer, P.Geo.

In addition, the Company has budgeted a minimum of \$170,000 for environmental remediation work related to historical development work at the North T-Zone as well as ongoing community consultation work, to be funded from working capital. This work will be carried out concurrently with the drilling. A second phase winter drilling program is planned for early 2008.

Warren Township Anorthosite Project: Bulk Sampling Program

Processing of the 1000 tonne bulk sample of calcium feldspar ore from the Warren Township property is proceeding steadily after a series of start-up delays at the toll processing facility of Aerosion Limited located near Calgary, Alberta. Approximately 60% of the ore has now been processed with the balance to be completed by September, approximately three months behind schedule. The slow progress has resulted in significant cost increases with net program costs now expected to come in at close to \$900,000, of which approximately \$450,000 has been spent to date.

The Company continues to work closely with the customer, a major U.S. glass manufacturer, and the furnace trial has been re-scheduled for later in the fall. Careful attention to quality control by the Company's staff has successfully ensured that the product meets the desired chemical specifications. A final report on the results of the furnace trial is now expected by December, 2007. The project is being managed by Donald Hains, P.Geo., under the overall direction of Ian London, P.Eng., Vice President, Corporate Development.

Separation Rapids Lithium Project: Hydrometallurgical Testwork

With the growing demand for lithium chemicals from the rapidly expanding lithium ion battery market, the Company has initiated a research project at SGS Lakefield Research Limited to investigate the potential application of hydrometallurgical extraction technology to recover a lithium product suitable for the battery market from the petalite-rich lithium ores at Separation Rapids. Such technology has been successfully applied to other lithium minerals and initial literature research indicates this technology should be effective with petalite. A successful result would lead to a preliminary economic assessment of developing the project as a lithium chemicals producer. The project has a budget of \$35,000 and is being supervised by Ian London, P.Eng.

Board Resignation: Lawrence Page, QC

The Company also announces that Mr. Lawrence Page, QC has resigned effective July 12, 2007, as Chairman and as a Director of the Company in order to focus more attention on his many other business ventures. Mr. Page has served the Company as a Director since its formation in 1991. He was responsible for recruiting the President to join the Company in 1995 and supported its subsequent evolution into a growing rare metals and minerals company. On behalf of the Board and management, the President extends thanks to Mr. Page for his contribution to the growth achieved by the Company to date and wishes him every success in his future endeavours.

About Avalon Ventures Ltd.

Avalon Ventures Ltd. (TSX-V: AVL) is a Canadian junior mineral exploration and development company, with a primary focus on rare metals and minerals with high technology applications or offering environmental benefits. Avalon currently holds a portfolio of five such projects, including three that are at, or close to, the feasibility stage. To find out more about Avalon Ventures Ltd. (TSX-V: AVL), please visit our website at www.avalonventures.com. Shares Outstanding as at the date of this release: 51,785,123. Cash resources: \$2.3 million

This news release is available on the Company's official on-line investor relations site for investor commentary, feedback and questions. Investors are invited to visit the "Avalon Ventures" IR Hub at <http://www.agoracom.com/ir/avalon>. In addition, investors are invited to e-mail their questions and correspondence to AVL@agoracom.com or phone Don Bubar, P.Geo. President, at 416-364-4938. Mr. Bubar is the Qualified Person responsible for the technical content of this news release.

The language used in this News Release may contain forward-looking statements that may involve a number of risks and uncertainties. Actual events or results could differ materially from the Company's forward-looking statements and expectations. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.