AVALON VENTURES LTD.
VSE-AVL

130 Adelaide St. W., Suite 1901, Toronto, Ontario M5H 3P5
Tel: (416) 364-4938 Fax: (416) 364-5162
office@avalonventures.com www.avalonventures.com

NEWS RELEASE

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Further encouraging Rare Earth Element Assays from Lake Zone Phase 2 drilling program, Thor Lake, NWT. Summer drilling program underway.

Avalon Ventures Ltd. TSX: AVL (the "Company") is pleased to announce additional encouraging assay results from a further 13 holes drilled during the Phase 2 program on the Lake Zone Rare Earth Element ("REE") deposit, on its 100% owned Thor Lake Rare Metals project, located 100km southeast of Yellowknife, NWT. (Table 1). Highlights from these holes include broad intervals of **12.0m of 2.00% TREO in hole L08-89, 25.25m of 1.76% TREO ("Total Rare Earth Oxides") in hole L08-84 and 14.95m of 2.05% TREO in hole L08-85**. Individual intercepts averaged as high as **3.24% TREO over 4.2 metres in hole L08-84 and 2.92% TREO over 2.6m in L08-75A**. These intervals are believed to approximate true thicknesses. (Table 2).

Of greater significance is the continuing high proportions of the more valuable heavy rare earth elements ("HREE", Europium through Lutetium plus Yttrium) in all of these intercepts, especially in the lower "Basal Zone". For example, the 12.0 metre interval in the Basal Zone reported above for Hole L08-89 averaging 2.00% TREO consisted of a remarkable **30.5% HREO**. Interestingly, this hole was located the furthest west of any of the holes drilled to date on the surface of the lake, implying that the zone remains open to the west beyond the previously interpreted limits of the Lake Zone deposit. Potential western extensions of the deposit will be tested during the summer drilling program.

Individual values for some of the high demand HREE in the Basal Zone intersection in Hole L0-89 were **140.1 ppm terbium (Tb) oxide, 100.7 ppm europium (Eu) oxide, 788 ppm dysprosium (Dy) oxide and 3270 ppm yttrium oxide (Y) over 12.0 metres** (Table 3, 100ppm = 0.1 kg/t). Recent bid prices for these oxides as reported for June 17, 2008 by Metal-Pages.com on an FOB China basis include: US$720/kg Tb, US$470/kg Eu, US$115/kg Dy and $15.90/kg Y compared to just US$4.00/kg for the more abundant Light REE cerium. These elements are in short supply yet are vital to many current applications in electronics (colour phosphors) and hybrid cars (high strength magnets). Rapidly rising fuel prices are creating soaring demand for more fuel efficient cars (especially hybrids such as the Toyota Prius) which is estimated to contain an aggregate of 30kg of rare earth elements, including light rare earths used in the rechargeable battery and catalytic converter.

In addition to the HREE, the Basal Zone also contain high levels of neodymium (Nd), a light rare earth element also in high demand for magnet applications, that is currently quoted at US$31/kg on an FOB China basis. The high grade sub-zones typically contain in excess of 2,000ppm Nd oxide.

The 12.0 metre interval in L0-89 produced an Nd oxide assay of 3,381 ppm (Table 3, below. Note that 1000ppm = 1 kg per tonne).

As previously disclosed in the Company's news release dated May 21, 2008, a total of 6,447 metres were drilled in 34 holes and assays have now been received and reported for 21 of these holes, with the balance expected within the next few weeks. Once all the assays have been received and compiled a new block model and resource estimate will be generated for the deposit, which the Company anticipates will be ready to report by early September.

Metallurgical testwork program update

Following the completion of the definition drilling program on the ice of Thor Lake, the drill was moved to the south side of the Lake where a detailed drilling program involving 11 holes totalling 2277 metres was undertaken for the primary purpose of collecting at least 1600 kgs of mineralized drill core for metallurgical testwork. These holes will also provide useful information on lateral continuity and grade variability within the high grade mineralized sub-zones such as the Basal Zone. This program was completed by May 26, bringing the cumulative total drilled in the Phase 2 program to 8724 metres in 45 completed holes. Drilling has now resumed after a three week break (to allow for the ground to dry out), with a series of holes designed to better define the southern part of the Lake Zone deposit.

The metallurgical test program, being conducted at SGS Lakefield Research Ltd., has commenced with "QEMSCAN", microprobe and conventional mineralogical studies of all the ore types present, and focusing on the Basal Zone with its higher HREO values. This work will provide valuable information on the mineral species present, any interlocking relationships, and grain sizes, all key for the subsequent flotation test work. The flotation test work will commence once the mineralogical report is complete and assays are on hand for the metallurgical drill core samples. This work will focus on production of a saleable rare earth concentrate with high HREE content.

Finally, the concentrate products will be subjected to hydrometallurgical tests to investigate routes for extraction and separation of individual rare earth elements from the concentrate. In the process of flotation testing, the feasibility of extracting other valuable elements such as Nb, Ta and Hf will also be investigated. The principal HREE-bearing mineral phase in the Basal Zone has been confirmed as fergusonite, an yttrium-niobium-tantalum oxide mineral. Consequently, this zone also contains high levels of tantalum and niobium along with zirconium in zircon, all representing potential valuable by-product credits. **The 12.0 metre intercept of Basal Zone in L0-89 averaged 5,511 ppm niobium oxide and 597 ppm tantalum oxide, along with 4.47% zirconium oxide and 95.5 ppm gallium oxide** (Table 4).

A rigorous QA/QC program was implemented for all of the program samples to ensure high quality data. Analytical standards were prepared from crushed rejects of historical Lake Zone drill core samples, then analysed at five separate laboratories to determine an averarge value. These standards were then routinely inserted into the sample batches to monitor analytical data. All drill core was split on site, sampled in 2m intervals and shipped to Acme Laboratories facility in Yellowknife for sample preparation. Acme then shipped pulverized splits from all the samples its laboratory in Vancouver, BC. Duplicates and other check samples are being analysed at ALS Chemex Laboratories, Vancouver, BC.

All samples are being analysed at both laboratories by lithium metaborate/tetraborate fusion and dilute nitric acid digestion, followed by whole rock and 45 element multielement ICP analysis.

Details of the factors used to calculate rare earth oxides are posted on the Company website along with complete analytical data.

Drilling operations were performed by Peak Drilling Ltd. of Courtenay B.C. under the supervision of J.C. Pedersen, P.Geo., Senior Geologist. The Company's Vice-President, Exploration, Dr. William Mercer, Ph.D., P.Geo. provided overall direction on the project.

Full analytical details of all intervals for all REE and other rare metals received to date are posted on the Company's website along with a drill hole location plan and related cross-sections at http://www.avalonventures.com/projects/rare/thor_lake.

About Avalon Ventures Ltd.

Avalon Ventures Ltd. is a Canadian junior mineral exploration and development company, with a primary focus on rare metals and minerals with high technology and environmentally-beneficial applications. Avalon currently holds a portfolio of five such projects, including three that are at, or close to, the feasibility stage. Shares Outstanding: 64,649,748. Cash resources: approximately $13.0 million.

To find out more about Avalon Ventures Ltd., please visit our website at www.avalonventures.com. 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 and Dr. Mercer are the Qualified Persons responsible for the technical content of this news release.

This news release contains forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in development of mineral properties, demand and market outlook for metals and future metal prices. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, uncertainties with respect to the receipt or timing of required permits and regulatory approvals, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors. The forward-looking information contained herein is given as of the date hereof and the Company assumes no responsibility to update or revise such information to reflect new events or circumstances, except as required by law.

Table 1: Drill Hole Locations (new assays)

DDH No.	Northing	Easting	Dip (deg)	Az (deg)	Length (m)
L08- 73	6886917.5	417084.3	-90	n/a	186.05
L08- 74	6886917.2	416933.1	-90	n/a	186.05
L08- 75	6886968.5	416685.0	-90	n/a	27.45 (ab)
L08- 075A	6887019.2	416669.6	-90	n/a	204.35
L08- 77	6887079.3	416803.8	-90	n/a	210.45
L08- 78	6886683.6	416787.3	-90	n/a	183.00
L08- 79	6886669.1	416534.0	-90	n/a	164.70
L08- 82	6886519.8	416535.3	-90	n/a	188.80
L08- 83	6886520.7	416384.7	-90	n/a	179.95
L08- 84	6886668.8	416384.8	-90	n/a	173.85
L08- 85	6886818.9	416385.5	-90	n/a	213.50
L08- 89	6886709.6	416171.9	-90	n/a	213.50
L08- 90	6886667.8	416683.9	-90	n/a	192.15
L08- 91	6886673.0	416934.1	-90	n/a	213.50

Note: northing and easting coordinates are in NAD83 (zone12) in meters. (ab) = abandoned
n/a = not applicable
Drill holes up to L08-94 surveyed by registered surveyor. Remaining holes by hand held GPS.

Table 2: Lake Zone Drill Hole TREO Assay Summary: (Latest results)

Drill Hole		Zone	From (m)	To (m)	Width (m)	TREO+ Y (%)	HREO+ Y (%)	HREO as percent of TREO
L08-73		Complete Interval	15.00	116.00	101.00	1.08	0.15	13.5%
L08-73	incl		42.60	54.00	11.40	1.50	0.14	9.6%
L08-73	and		60.00	68.00	8.00	2.55	0.27	10.5%
L08-73	**and**	**Basal Zone**	**77.40**	**116.00**	**38.60**	**1.27**	**0.23**	**18.4%**
L08-73	**incl**	**incl**	**110.00**	**116.00**	**6.00**	**2.67**	**0.59**	**22.0%**
L08-74		Complete Interval	0.25	108.00	107.75	0.97	0.11	11.4%
L08-74	incl		0.25	16.00	15.75	1.62	0.11	6.6%
L08-74	**and**	**Basal Zone**	**76.00**	**108.00**	**32.00**	**1.65**	**0.23**	**14.1%**
L08-74	**incl**	**"**	**76.00**	**96.00**	**20.00**	**1.88**	**0.27**	**14.6%**
L08-75A			15.00	17.00	2.00	1.81	0.14	7.6%
L08-75A	and		23.00	27.00	4.00	1.35	0.11	7.8%
L08-75A	and		44.40	47.00	2.60	2.92	0.20	7.0%
L08-77		Complete Interval	44.00	114.35	70.35	0.83	0.12	14.9%
L08-77	incl		44.00	61.25	17.25	1.49	0.17	11.4%
L08-77	**and**	**Basal Zone**	**101.30**	**114.35**	**13.05**	**1.47**	**0.31**	**20.8%**

Drill Hole		Zone	From (m)	To (m)	Width (m)	TREO+Y (%)	HREO+Y (%)	HREO as percent of TREO
L08-78		**Complete Interval**	**17.90**	**124.85**	**106.95**	**0.70**	**0.10**	**14.1%**
L08-78	incl		17.90	42.50	24.60	1.21	0.12	9.5%
L08-78	**and**	**Basal Zone**	**109.70**	**124.85**	**15.15**	**1.20**	**0.28**	**23.5%**
L08-78	**incl**	**"**	**109.70**	**113.05**	**3.35**	**1.63**	**0.36**	**22.2%**
L08-79		Complete Interval	8.05	153.50	145.45	1.02	0.11	11.2%
L08-79	incl		24.00	27.25	3.25	1.79	0.13	7.2%
L08-79	and		35.40	74.60	39.20	1.46	0.14	9.9%
L08-79	and		86.00	98.00	12.00	1.71	0.15	8.8%
L08-79	**and**	**Basal Zone**	**130.50**	**153.50**	**23.00**	**0.97**	**0.17**	**17.6%**
L08-82		Complete Interval	35.00	136.00	101.00	0.86	0.13	15.6%
L08-82	incl		35.00	53.75	18.75	1.38	0.12	8.8%
L08-82	and		77.00	78.25	1.25	2.93	0.25	8.6%
L08-82	**and**	**Basal Zone**	**98.35**	**136.00**	**37.65**	**1.34**	**0.26**	**19.5%**
L08-83		Complete Interval	119.55	162.00	42.45	1.54	0.16	10.3%
L08-83	**incl**	**Basal Zone?**	**127.60**	**160.00**	**32.40**	**1.79**	**0.18**	**10.0%**
L08-83	**incl**	**"**	**131.15**	**138.00**	**6.85**	**3.05**	**0.20**	**6.4%**
L08-84		Complete Interval	7.25	99.80	92.55	1.38	0.12	8.7%
L08-84	incl		7.25	13.50	6.25	1.71	0.18	10.6%
L08-84	incl		26.60	34.00	7.40	2.80	0.22	8.0%
L08-84	and		57.00	68.00	11.00	2.43	0.17	7.1%
L08-84	**and**	**Basal Zone?**	**83.90**	**99.80**	**15.90**	**1.80**	**0.20**	**10.9%**
L08-84	**incl**	**"**	**88.50**	**92.70**	**4.20**	**3.24**	**0.31**	**9.5%**
L08-85		Complete Interval	17.70	152.95	135.25	1.11	0.13	11.8%
L08-85	incl		17.70	28.60	10.90	1.91	0.21	10.8%
L08-85	and		42.40	48.00	5.60	1.67	0.19	11.5%
L08-85	and		85.00	89.00	4.00	2.77	0.25	8.9%
L08-85	**and**	**Basal Zone**	**138.00**	**152.95**	**14.95**	**2.05**	**0.33**	**15.9%**
L08-89		**Basal Zone**	**131.00**	**190.00**	**59.00**	**1.03**	**0.23**	**22.4%**
L08-89	**incl**	**"**	**131.00**	**135.10**	**4.10**	**1.61**	**0.29**	**18.2%**
L08-89	**and**	**"**	**168.00**	**194.00**	**26.00**	**1.49**	**0.40**	**27.1%**
L08-89	**incl**	**"**	**176.00**	**188.00**	**12.00**	**2.00**	**0.61**	**30.5%**
L08-90		Complete Interval	24.40	130.00	105.60	0.64	0.08	13.1%
L08-90	incl		24.40	39.50	15.10	1.32	0.10	7.3%
L08-90	and		48.00	51.15	3.15	1.20	0.10	8.2%
L08-90	**and**	**Basal Zone**	**118.00**	**130.00**	**12.00**	**1.46**	**0.35**	**23.8%**
L08-91		Complete Interval	52.40	130.00	77.60	1.24	0.21	16.6%
L08-91	incl		52.40	63.25	10.85	2.48	0.32	12.8%
L08-91	**and**	**Basal Zone**	**79.90**	**87.65**	**7.75**	**1.92**	**0.32**	**16.9%**
L08-91	**and**	**Basal Zone**	**98.00**	**117.65**	**19.65**	**1.32**	**0.25**	**19.2%**

Notes: DDH L08-76 released previously
DDH L08-80 and 81 assays not yet received
HREO includes yttrium
Conversion factors from rare earth elements to rare earth oxides given on Avalon Ventures Ltd. website

Table 3: Individual REO values for selected high grade sub-intervals: Neodymium (Nd), Europium (Eu), Terbium (Tb), Dysprosium (Dy), and Yttrium (Y) as oxides

DDH	From	To	Width	Y2O3	Nd2O3	Eu2O3	Tb2O3	Dy2O3
L08-73	110.00	116.00	6.00	2884.48	4749.78	141.42	154.7	727
L08-74	76.00	96.00	20.00	1438.53	3578.78	77.76	71.9	335
L08-75A	44.40	47.00	2.60	786.07	5864.33	91.65	52.4	209
L08-77	101.30	114.35	13.05	1586.27	2787.68	75.84	85.3	389
L08-78	109.70	124.85	15.15	1445.53	2215.24	61.96	73.3	372
L08-79	130.50	153.50	23.00	876.64	1847.29	44.16	45.7	216
L08-82	98.35	136.00	37.65	1410.73	2519.85	60.03	65.8	323
L08-83	127.60	160.00	32.40	769.18	3453.05	76.96	54.5	213
L08-84	88.50	92.70	4.20	1295.21	6583.80	139.72	78.9	270
L08-85	138.00	152.95	14.95	1558.72	3977.12	96.59	94.2	427
L08-89	176.00	188.00	12.00	3270.32	3381.19	100.75	140.1	788
L08-90	118.00	130.00	12.00	1852.91	2720.20	71.94	82.2	427
L08-91	79.90	87.65	7.75	1625.68	3780.27	91.22	82.7	389

Notes:
1000 ppm is 1 kg. 10,000ppm is 1%. Recent bid prices for these oxides as reported by Metal-Pages.com on an FOB China basis are: US$720/kg Tb, US$470/kg Eu, US$115/kg Dy, US$15.90/kg Y, US$31/kg Nd

Table 4: Individual rare element values for selected high grade sub-intervals: Niobium (Nb), Tantalum (Ta), Gallium (Ga), and Zirconium (Zr) as oxides in ppm

DDH	From	To	Width	Nb2O5	Ta2O5	Ga2O3	ZrO2
L08-73	110.00	116.00	6.00	7,161	665.0	132.8	55,931
L08-74	76.00	96.00	20.00	4,025	222.6	158.2	38,500
L08-75A	44.40	47.00	2.60	9,904	729.5	204.6	54,832
L08-77	101.30	114.35	13.05	4,515	457.8	119.9	40,854
L08-78	109.70	113.05	3.35	4,824	407.7	136.4	42,733
L08-79	86.00	98.00	12.00	4,730	260.3	160.0	36,556
L08-82	77.00	78.25	1.25	6,158	364.2	155.5	56,446
L08-83	127.60	160.00	32.40	4,187	292.4	166.5	24,677
L08-84	57.00	68.00	11.00	8,602	434.4	176.1	45,017
L08-84	88.50	92.70	4.20	7,968	649.9	149.4	59,939
L08-85	85.00	89.00	4.00	6,174	476.5	146.6	42,373
L08-89	176.00	188.00	12.00	5,511	597.5	95.5	44,699
L08-90	118.00	130.00	12.00	4,682	474.4	108.1	36,950
L08-91	79.90	87.65	7.75	5,431	409.7	151.2	42,408

Notes:
1000 ppm is 1 kg. 10,000ppm is 1%